



CITY OF BURLINGAME, CA

2020-21 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2021





Comprehensive Annual Financial Report

June 30, 2021

City of Burlingame, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021

Prepared by

City of Burlingame Finance Department

CITY OF BURLINGAME, CALIFORNIA



Comprehensive Annual Financial Report

June 30, 2021

INTRODUCTORY SECTION



Comprehensive Annual Financial Report

June 30, 2021

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2021**

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Comprehensive Annual Financial Report

June 30, 2021



Burlingame Finance Department

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November 10, 2021

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, 2021. 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, 2021. 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, 2021, 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.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis related to and involving the administration of Federal Awards. These reports are available in the City's separately issued Single Audit Report.

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 throughout 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 222 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 estimated population for Burlingame was 29,746 on January 1, 2021. The population has remained fairly level, decreasing by 1.3% over the past five years for the first time.

Budget Process

The City adopts an annual budget for all funds. 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 with 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

The City's top three revenue streams (from property tax, sales taxes, and transient occupancy tax) constituted nearly 81.1% 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. Due to the coronavirus pandemic, governmental restrictions decimated passenger demand for air travel. The City's transient occupancy tax (TOT) revenues were hardest hit.

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. Travel-related activity has been greatly impacted by the pandemic, 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 4.0% in September 2021, down from 5.3% in June 2021, but well above the pre-pandemic estimate of 2.0%. In comparison, California's unemployment rate stood at 7.5% in September, while it was 4.8 % nation-wide. 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

Property taxes, which are based on assessed value, are now the City's largest revenue source. Fiscal year 2020-21 property tax receipts were \$24.2 million, up approximately 3.9% from the prior year, and accounted for 39.0% of the City's General Fund revenue.

According to data obtained from the San Mateo County Assessor, the City has 8,727 parcels with a net total assessed value of nearly \$13.1 billion—an increase of \$1.3 billion, or 11.2%, since last year. Residential assessed values grew by 7.5%; commercial assessed values grew by 20.6%.

The median price of homes sold in Burlingame during the third quarter of 2021 was approximately \$2.8 million. The volume of homes on the market remained low (although 68 homes sold in the third quarter of 2021 as compared to 58 in 2020). County-wide, the median value of homes sold in the third quarter also increased – from over \$1.7 million in 2020 to over \$1.9 million in 2021. 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 for-sale 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.

Sales and use taxes accounted for 25.2% of General Fund revenue in fiscal year 2020-21. Sales and use tax revenues were \$15.7 million, which is approximately 5.8% more than the prior year's receipts of \$14.8 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.

Tourism and Business Travel

Burlingame's 12 major hotels provide convenient overnight accommodations for business travelers, flight crew, and tourists using San Francisco International Airport (SFO), with a total of approximately 3,711 rooms available for rental. Hotel occupancy rates are indicative of growth (or lack thereof) in the economy. Transient occupancy tax (TOT) revenues have historically constituted Burlingame's largest General Fund revenue. At nearly \$29.4 million, TOT accounted for approximately 34.8% of all General Fund revenues in fiscal year 2018-19, dropping to \$20.4 million in fiscal year 2019-20. For fiscal year 2020-21, the total TOT revenue is about \$5.7 million, which is 76.5% of the \$7.5 million projected in the amended budget and 80.5% lower than the pre-pandemic level.

Hotels in the Burlingame/Millbrae/SFO area are lagging behind in their recovery in comparison to San Mateo County overall due to the concentration of larger, full-service hotels focused on business meetings and conferences. The overall hotel occupancy for the area increased from 26.7% in June 2020 to 53.9% in June 2021, while the ADR (average daily rate) of area hotels is up approximately 8.6 percent from a year ago.

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 \$30 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: The City has an AAA credit rating for its outstanding pension obligation bonds, and an AA+ on the City's outstanding lease revenue bonds and water and wastewater revenue refunding bonds. The rating on the City's storm drainage revenue bonds is AA.

As of June 30, 2021, 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, 2021.

As of June 30, 2021, the City's general obligation debt limit was \$491 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 (\$7.0 million outstanding) considered to be general obligation debt, the City's legal debt margin was \$484 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, 2020. The City has received the award for 19 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. 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 to Amy Bernardo, Senior Accountant, and Sabrina Lee, Accountant, who are also major contributors to this effort. 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



Helen Yu-Scott
Finance Director & Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Burlingame
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



**CITY OF BURLINGAME, CALIFORNIA
ELECTED AND APPOINTED OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2021**

CITY COUNCIL

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

CITY MANAGER

Lisa K. Goldman

DEPARTMENT DIRECTORS

Community Development..... Kevin Gardiner
Finance Director and Treasurer..... Helen Yu-Scott
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

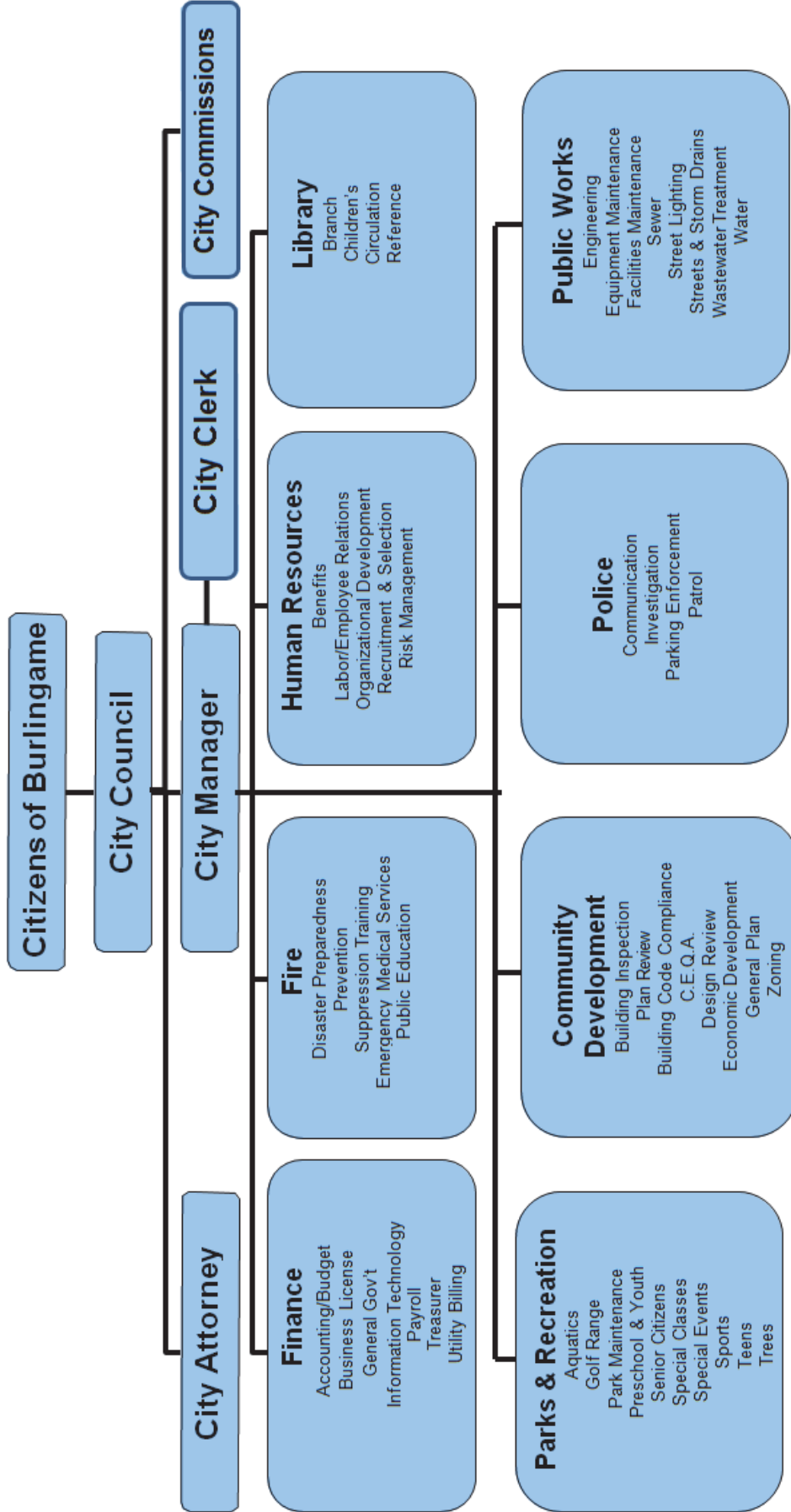
Meaghan Hassel-Shearer

CITY ATTORNEY

Michael Guina



**CITY OF BURLINGAME, CALIFORNIA
ORGANIZATIONAL CHART**



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

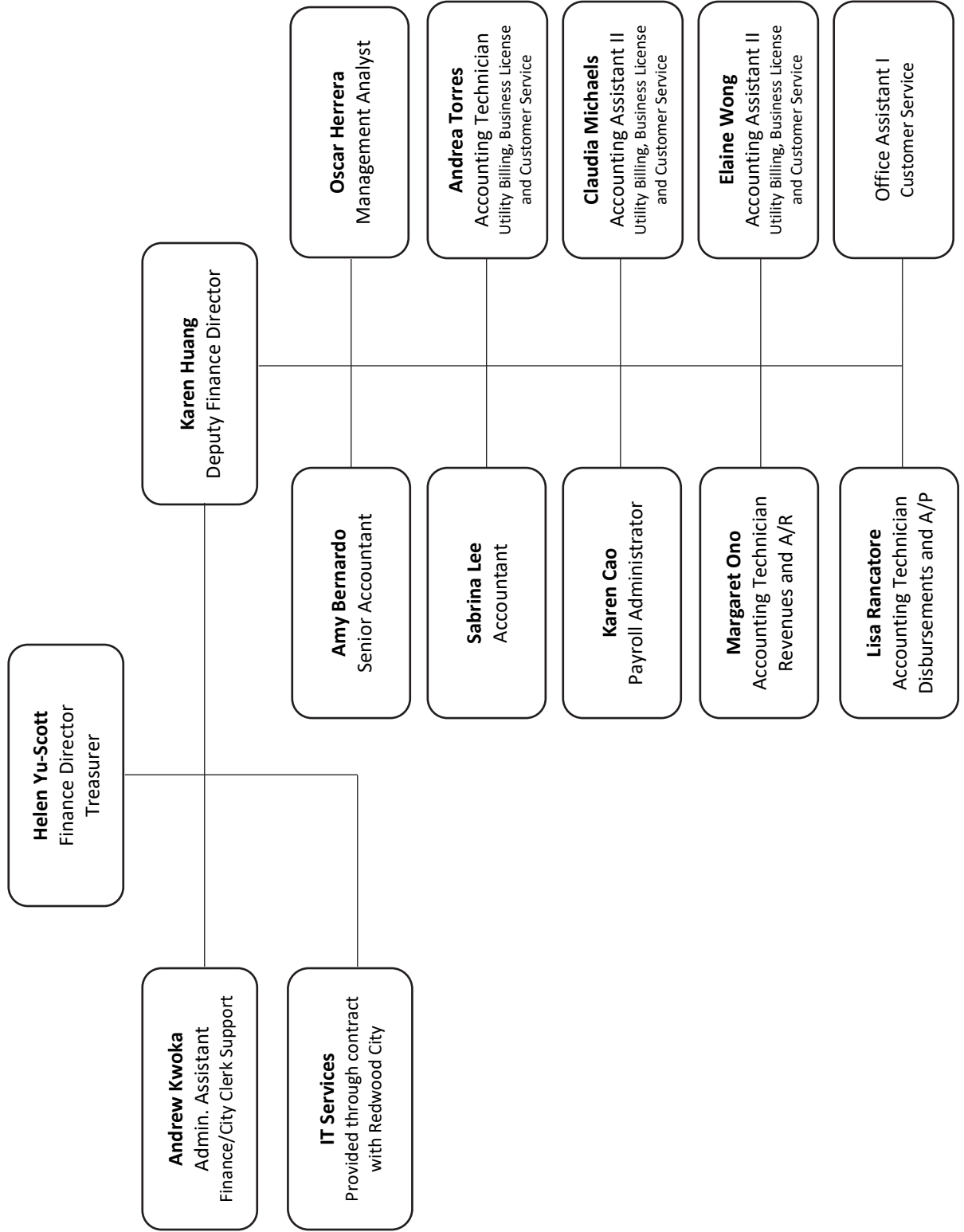
Plan checking, inspection, complaint response, development review and consultation, and building research and development

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 2020-21**



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, 2021

FINANCIAL SECTION



Comprehensive Annual Financial Report

June 30, 2021

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, 2021, 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, 2021, 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.

Changes of Accounting Principal

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities (GASB 84), which became effective during the year ended June 30, 2021 and established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds, as discussed in Note 12E.

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 10, 2021 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 10, 2021



Comprehensive Annual Financial Report

June 30, 2021

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This is Management's Discussion and Analysis of financial activities for the fiscal year ended June 30, 2021. 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 2020-21 (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 \$315.2 million, which is a \$9.5 million increase compared to the beginning net position.
- Governmental fund balances decreased \$23.0 million, to \$149.0 million. Of this amount, approximately \$12.0 million, or 8.1%, was unassigned fund balance and available for spending at the City's discretion.
- The Enterprise Funds net position increased by \$6.5 million to over \$140.7 million. Of this amount, \$41.9 million was unrestricted net position and available for use at the City's discretion.
- General Fund revenues decreased by \$10.0 million in fiscal year 2020-21, a decrease of 13.9% over the prior year's total of \$72.2 million. The decrease in revenue was largely the result of the COVID-19 pandemic, which drove transient occupancy (hotel) taxes down nearly \$23.6 million (80.5%) from their pre-pandemic level. Property tax revenues remained strong, rising over \$0.9 million (3.9%).
- Under the Governmental Accounting Standards Board Statement No. 84 (GASB 84), the activities of the formal agency funds are now reported as custodial funds. Deferred Compensation –Retirees Fund was merged into the General Fund since it does not meet the Custodial Funds' criteria. As a result, the General Fund beginning fund balance was restated and increased by \$65,709. The General Fund ending fund balance increased from the restated beginning fund balance of \$44.9 million to \$45.2 million. Of this amount, \$17.4 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.

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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, revenues 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

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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 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 \$315.2 million as of June 30, 2021. Net position increased by 3.1% from the beginning total net position of \$305.7 million. Assets and deferred outflows of resources as of the end

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of June 30, 2021 were \$589.2 million, reflecting a 5.6% positive change from the prior year, which included a \$36.5 million increase in capital assets and deferred outflows of resources coupled with a \$5.5 million decrease in current assets. Liabilities and deferred inflows of resources increased by 8.5% (\$21.5 million). In addition to the \$11.2 million increase in long-term debt due largely to the issuance of Storm Drainage Revenue Bonds, Series 2021 in June 2021, the City experienced an increase in net pension liability and related deferred inflows (\$5.2 million). Offsetting these increases somewhat was a \$4.0 million decrease in the City's OPEB (retiree medical obligations) liability and related deferred inflows.

The largest portion (approximately 63.6%) of the City's net position is its net investment in capital assets totaling \$200.5 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, \$90.9 million (28.8%), 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, 2021 was approximately \$23.8 million, or 7.6% of total net position.

City of Burlingame Comparative Statement of Net Position June 30, 2021 and 2020 (Amounts In Millions)						
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$193.70	\$203.78	\$88.66	\$84.11	\$282.36	\$287.89
Capital assets	176.95	141.17	108.56	111.06	285.51	252.23
Total assets:	<u>370.65</u>	<u>344.95</u>	<u>197.22</u>	<u>195.17</u>	<u>567.87</u>	<u>540.12</u>
Deferred Outflows:	<u>17.52</u>	<u>14.62</u>	<u>3.83</u>	<u>3.47</u>	<u>21.35</u>	<u>18.09</u>
Liabilities:						
Current liabilities	23.26	10.81	5.86	6.68	29.12	17.49
Other liabilities	2.85	2.70	1.60	1.54	4.45	4.24
Long term liabilities	182.14	166.35	49.96	54.58	232.10	220.93
Total liabilities:	<u>208.25</u>	<u>179.86</u>	<u>57.42</u>	<u>62.80</u>	<u>265.67</u>	<u>242.66</u>
Deferred inflows:	<u>5.37</u>	<u>8.19</u>	<u>2.93</u>	<u>1.64</u>	<u>8.30</u>	<u>9.83</u>
Net Position:						
Net investment in capital assets	124.84	107.08	75.64	74.43	200.48	181.51
Restricted	67.77	77.14	23.16	20.02	90.93	97.16
Unrestricted	<u>(18.07)</u>	<u>(12.70)</u>	<u>41.90</u>	<u>39.75</u>	<u>23.83</u>	<u>27.05</u>
Total net position:	<u>\$174.55</u>	<u>\$171.52</u>	<u>\$140.70</u>	<u>\$134.20</u>	<u>\$315.25</u>	<u>\$305.72</u>

**CITY OF BURLINGAME, CALIFORNIA
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Governmental Activities

Governmental activities increased the City's net position by \$3.0 million, with a total net position of \$174.6 million at the end of the fiscal year. The increase was attributable to a number of factors.

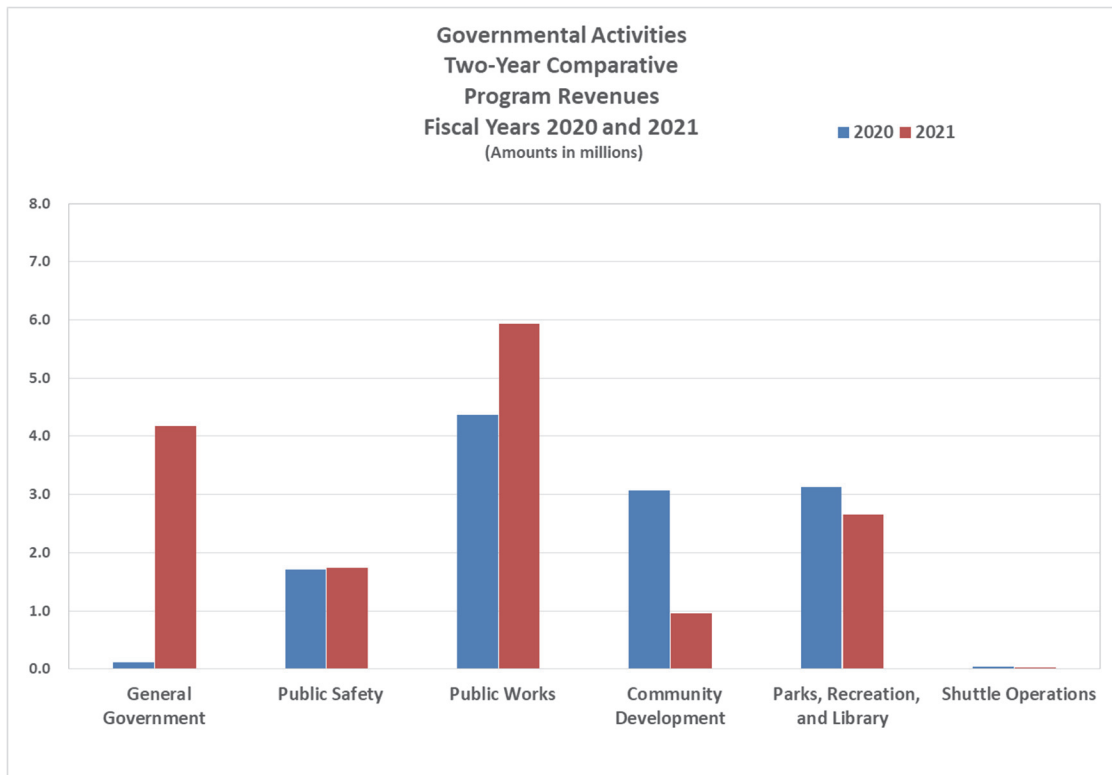
City of Burlingame Statement of Activities For the Fiscal Years Ended June 30, 2021 and 2020 (Amounts in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$9.67	\$11.81	\$39.24	\$42.63	\$48.91	\$54.44
Operating grants and contributions	4.32	0.42	-	-	4.32	0.42
Capital grants and contributions	1.50	0.20	-	-	1.50	0.20
General revenues:						
Property taxes	24.22	23.30	-	-	24.22	23.30
Sales taxes	15.67	14.80	-	-	15.67	14.80
Transient occupancy taxes	5.74	20.42	-	-	5.74	20.42
Other taxes	5.30	5.50	-	-	5.30	5.50
Other general revenue	0.37	0.39	0.28	0.83	0.65	1.22
Total revenues:	66.79	76.84	39.52	43.46	106.31	120.30
Expenses:						
Governmental Activities						
General government	11.03	6.71	-	-	11.03	6.71
Public safety	29.93	31.55	-	-	29.93	31.55
Public works	8.36	7.64	-	-	8.36	7.64
Community development	2.67	2.38	-	-	2.67	2.38
Parks, recreation and library	13.97	16.06	-	-	13.97	16.06
Shuttle operations	0.09	0.16	-	-	0.09	0.16
Interest	3.02	2.14	-	-	3.02	2.14
Business-Type Activities						
Water	-	-	14.73	15.11	14.73	15.11
Sewer service	-	-	11.77	12.22	11.77	12.22
Waste management	-	-	0.75	0.64	0.75	0.64
Landfill	-	-	0.21	0.21	0.21	0.21
Parking	-	-	1.28	1.00	1.28	1.00
Building inspection	-	-	2.55	2.35	2.55	2.35
Total expenses:	69.07	66.64	31.29	31.53	100.36	98.17
Increase/(decrease) in net position before transfers	(2.28)	10.20	8.23	11.93	5.95	22.13
Investment income (expenses)	3.00	6.00	0.51	2.94	3.51	8.94
Transfers	2.24	2.21	(2.24)	(2.21)	-	-
Change in net position:	2.96	18.41	6.50	12.66	9.46	31.07
Net position - beginning, restated	171.59	153.11	134.20	121.54	305.79	274.65
Net position - ending	\$174.55	\$171.52	\$140.70	\$134.20	\$315.25	\$305.72

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General revenues decreased by nearly \$13.1 million (20.4%). The decrease was largely the result of a 71.9% (\$14.7 million) decrease in transient occupancy tax receipts: The lower occupancy rates continued for most of fiscal year 2020-21, though some improvements were seen in May and June. The duration of the impact of COVID-19 on the travel industry is still unknown. Sales tax revenues increased by approximately \$0.9 million (5.8%) from the prior fiscal year. Property tax revenues remained strong, coming in \$0.9 million (3.9%) higher than in the prior year.

Expenses from governmental activities increased by over \$2.4 million, for a total of \$69.1 million for the fiscal year. Expenses increased 64.4% (\$4.3 million) in general government primarily due to the payment of a one-time liability insurance settlement. A 13.0% (\$2.1 million) decrease was experienced in the recreation, library, and shuttle programs, as the public health emergency dampened these activities.

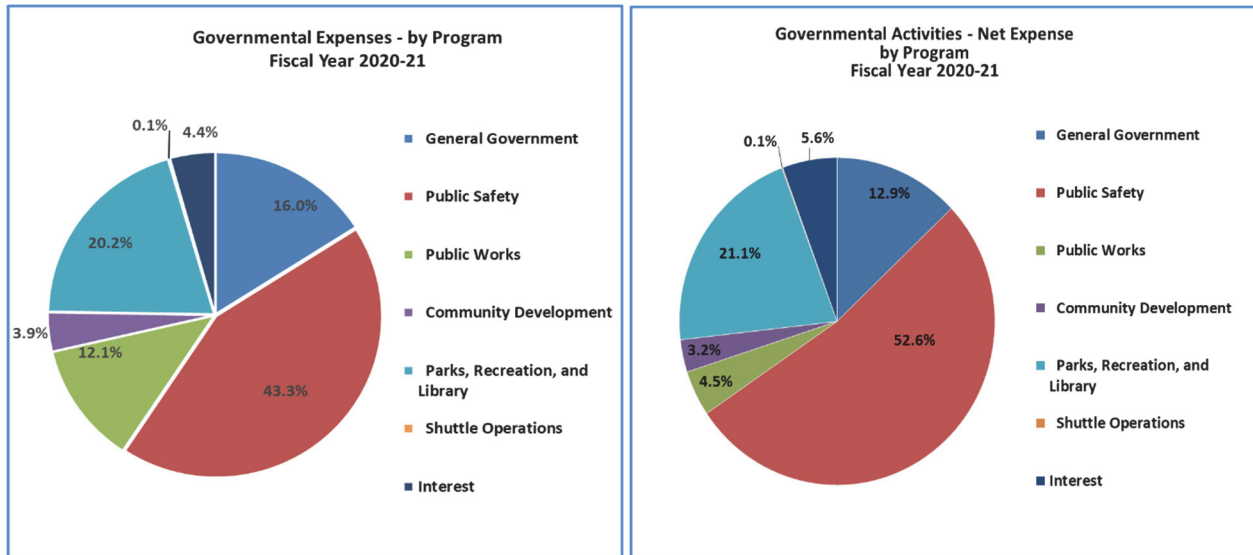
The majority of these governmental activities are financed from City taxes. However, the \$9.7 million collected in charges for services (reported as program revenues) for these various activities served to offset the departmental spending associated with some services. Overall, program revenues covered approximately 22.4% of governmental expenses over the fiscal year. The program revenues from governmental activities were slightly higher when compared to the fiscal year 2019-20. The funding from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) (\$3.7 million) and the Coronavirus Aid, Relief, and Economic Security Act (CARES) fund (\$0.4 million) helped the City to maintain its current service level without tapping further into its reserves.



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 (\$69.1 million in fiscal year 2020-21). This compares with the relative net cost after applying program revenues derived from each area's activity

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shown in the second chart. The total net cost of governmental activities (\$53.6 million in fiscal year 2020-21) 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 \$6.5 million, or 4.8%, from a net beginning position of \$134.2 million. The increase largely results from the collection of revenues needed to fuel future utility infrastructure and improvements. In fiscal year 2020-21, enterprise operations produced total operating revenues (consisting mainly of revenues from charges for services) of \$39.2 million, marking an 8.0% decrease from fiscal year 2019-20 operating revenues, which is a direct result of the COVID-19 pandemic impacts.

Business-type expenses totaled \$31.3 million. Operating expenses for these activities decreased slightly (0.7%) from prior-year expenses of \$31.5 million. This decrease was attributable primarily to expenses incurred with Water and Sewer utilities, although the cost of Parking operations also increased somewhat. These activities maintained relatively constant staffing levels throughout the year, despite decreasing service demand due to the pandemic.

The changes in net position reflected a relatively healthy increase for these enterprise activities. Unlike 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 available for spending over the 12-month fiscal period. The goals of the funds

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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 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	6/30/2021		7/1/2020		Change - Net Position/Fund Balance
	Net Position/Fund Balance	6/30/2021 Nonspendable	Net Position/Fund Balance	7/1/2020 Nonspendable	
General Fund	\$45.21	\$0.02	\$44.83	\$0.01	\$0.38
Capital Projects	52.18	-	61.09	-	(8.91)
Storm Drainage	8.14	-	7.09	-	1.05
Debt Service Fund	29.03	-	45.97	-	(16.94)
Non-Major Funds	14.44	-	12.98	-	1.46
Total	\$149.01	\$0.02	\$171.96	\$0.01	(\$22.95)

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 \$62.1 million in fiscal year 2020-21, reflecting a \$10.1 million (14.0%) decrease from the prior-year's performance of \$72.2 million. Expenditures totaled \$58.4 million, which is \$0.2 million higher than in the prior year. Revenues less operating expenditures before transfers were nearly \$3.7 million. The General Fund transferred \$2.7 million out to the Debt Service Fund to pay for the government debt and nearly \$3.2 million to the Capital Projects Fund. The large contribution for capital spending was approved to pay for street-related project expenditures (\$2.6 million). The City took a break from its contribution towards the Capital Investment Reserve due to the fiscal challenges created by the COVID-19 pandemic. Detailed Notes on the transfers can be found in the Interfund Transfer section (Note 4) in the Notes to the Basic Financial Statements.

As of June 30, 2021, the General Fund balance was \$45.2 million, representing an increase of \$0.3 million from the restated prior-year's fund balance of \$44.9 million. The City Council assigned \$17.4 million as reserves for specific purposes described in Note 12 of the Notes to the Basic Financial Statements. Approximately \$573,829 represents contractual obligations (encumbrances) and reappropriations of specific program funding that will carry forward to the next fiscal year. \$15.7 million of the ending General Fund balance reflects the amount of cash and investments restricted 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 \$12.0 million represents unassigned amounts.

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 an estimated useful life over 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, and 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).

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The Capital Projects Fund had nearly \$1.5 million in revenues, which is almost \$1.1 million higher than the prior year. The higher amount was primarily due to an increase in grant reimbursements when compared to the prior year. In fiscal year 2020-21, projects were financed mainly by nearly \$30.6 million in transfers from other funds to support ongoing construction costs and previously appropriated projects. In addition to the General Fund contribution of \$3.2 million, \$24.3 million of 2019 Lease Revenue Bonds proceeds, \$2.2 million of Storm Drain bond proceeds, and \$0.8 million from Gas Tax and SB1 special revenue funds were transferred into the Capital Projects Fund.

Capital project expenditures totaled \$41.0 million, an increase of \$25.9 million from prior-year expenditures. At the end of the fiscal year, the Capital Projects fund balance was \$52.2 million, a decrease of \$8.9 million from the prior-year ending balance. Other than the \$21.2 million reserves for Capital Investment, the entire fund balance is assigned to construct specific capital projects.

During fiscal year 2020-21, major governmental capital projects exceeding \$1.0 million in current year spending included the following:

- **New Community Center – \$23.4 million**
The new Community Center construction replaces the 70-year-old Recreation Center. In April 2020, the City Council approved the construction contract for the new Community Center, a pavilions style 35,700 square foot two-story building with adjacent and underground parking. The new Community Center includes dedicated teen and senior rooms, a Tech Lab, Kids Town, a large community hall with a catering kitchen, and meeting rooms. The completed project is expected to cost nearly \$52.2 million and is anticipated to open for the summer of 2022.
- **Ray Park Field Renovations and Parking Lot Improvements - \$1.7 million**
The Ray Park Field Renovation and Parking Lot Improvement project included the removal of the existing sod and irrigation, laser leveling, and new fencing, paving, drainage, irrigation, sod, and associated landscaping. It also included updating the existing softball field dugouts and warmup areas to be compliant with the Americans with Disabilities Act (ADA). The City Council approved the project contract in May 2020, and the project was completed in July 2021.
- **Burlingame Ave Storm Drain Improvement - \$1.1 million**
This project is part of a series of projects identified in the Storm Drainage Master Plan to improve drainage and minimize localized flooding. Project work includes the 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. The construction encountered delays and additional expenses because of soil conditions and the availability of materials due to supply chain issues.
- **Broadway, California, Cadillac, and Trousdale Federal Grant Resurfacing project – \$2.1 million**
The Federal Grant Resurfacing project 2018 consisted of resurfacing roadway sections along Broadway, California Drive, Cadillac Way, and Trousdale Drive. The project scope of work included the installation of an asphalt concrete overlay, pavement grinding, full depth asphalt repairs, utility frame, grate adjustments, traffic signal detection device replacements, ADA-compliant curb ramps, pavement marking, and pavement striping.

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- 2020 Annual Street Resurfacing Program Projects – \$1.7 million
This project consisted of resurfacing 20 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. The project included asphalt concrete “dig-out” repairs, surface milling, asphalt concrete overlay, minor concrete improvements, traffic markings and striping, traffic control, and other related work. Additionally, an asphalt pathway alongside the 2800 block of Easton Drive leading to Hoover School was removed and replaced.

In all, capital projects spending included \$2.9 million in Parks and Tree projects, \$24.5 million in Facilities projects, \$9.1 million in Pavement projects, and nearly \$4.5 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 June 2021, the City issued Storm Drainage Revenue Bonds, Series 2021 to provide funding for improvements to the storm drain system, fund a reserve account for the bonds, and refund the Storm Drainage Revenue Bonds Series 2012. The \$16.4 million issuances netted \$20.0 million in bond proceeds; the \$3.6 million premium will be amortized over the life of the bonds. The bonds were structured to maintain an average annual debt service payment of \$1.3 million per year and mature on July 1, 2038.

Total principal payments on outstanding debt reduced general government debt by over \$11.4 million. The General Fund contributed nearly \$2.7 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 \$1.1 million during the fiscal year, as revenues from storm drain fees and interest earnings were adequate to fund the \$2.0 million debt service expense for the fiscal year.

Non-Major Governmental Funds

Fiscal year 2020-21 marked the third full year of SB1 funding - the 2017 Road Repair and Accountability Act (SB1) allocations from the State. However, Gas Tax revenues also were impacted by the pandemic, a slight decline in this funding source (\$16,800) was experienced from the prior year. Similarly, Measure A revenues reflected a decrease in this funding source of \$47,800 from the prior year.

Non-major governmental fund balances in total increased approximately \$1.5 million, or 11.2%, during the fiscal year. 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 (\$9.0 million) of the total \$14.4 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.

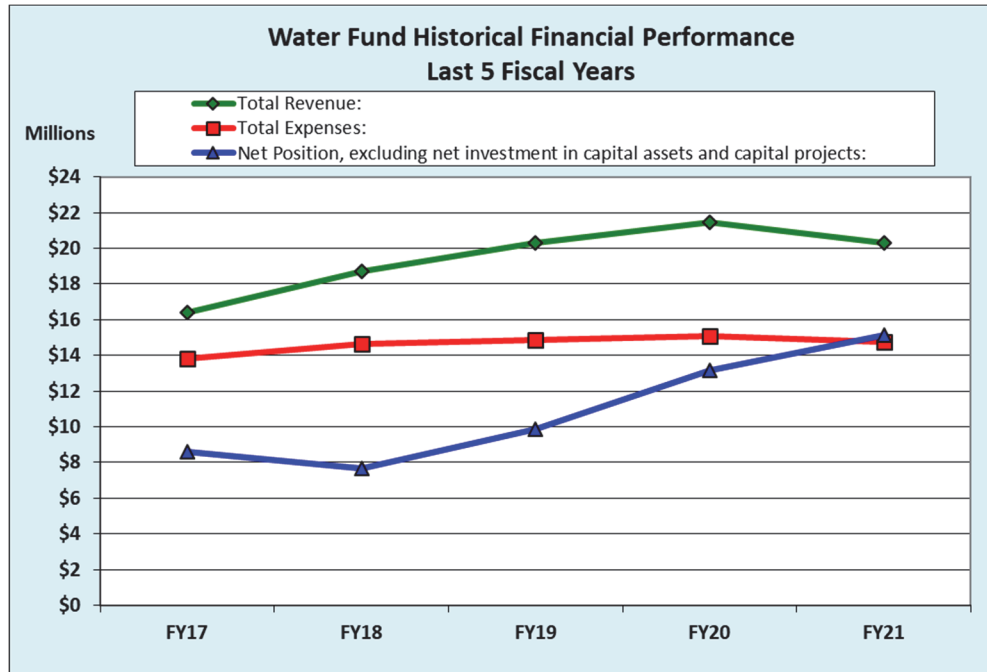
Total Enterprise Funds (Amounts In Millions)					
Fund Description	6/30/2021		7/1/2020		Yr-over-Yr Change - Net Position
	6/30/2021 Net Position	Net Investment in Capital Assets	7/1/2020 Net Position	Net Investment in Capital Assets	
Water	\$41.20	\$19.02	\$36.60	\$18.46	\$4.60
Sewer	66.77	48.45	66.06	48.40	0.71
Waste Management	4.31	-	4.35	-	(0.04)
Landfill	(0.86)	-	(1.11)	-	0.25
Parking	17.79	8.17	17.76	7.57	0.04
Building	11.49	-	10.55	-	0.94
Total	\$140.70	\$75.64	\$134.20	\$74.43	\$6.50

Water Fund

The Water Fund continues to maintain a stable financial position despite considerable variability in water consumption in recent years. Assisted by 7.5% rate increases for each of three consecutive years (the last approved rate increase was effective starting January 1, 2019), the revenues of the water utility increased steadily over the years. However, the operating revenues for the Water Fund experienced a decline of \$552,000 (2.7%) in the 2020-21 fiscal year, while operating expenditures decreased by \$315,000 (2.2%). The City continues to invest in updates to the aging water system. Total spending on capital projects (nearly

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\$1.4 million in fiscal year 2020-21) included \$270,000 for Airport Boulevard Emergency Water Main Replacement, \$210,000 for Glenwood/Burlingame Heights water main improvements, and \$289,000 for Hillside & Skyview Reservoir Site Improvements.



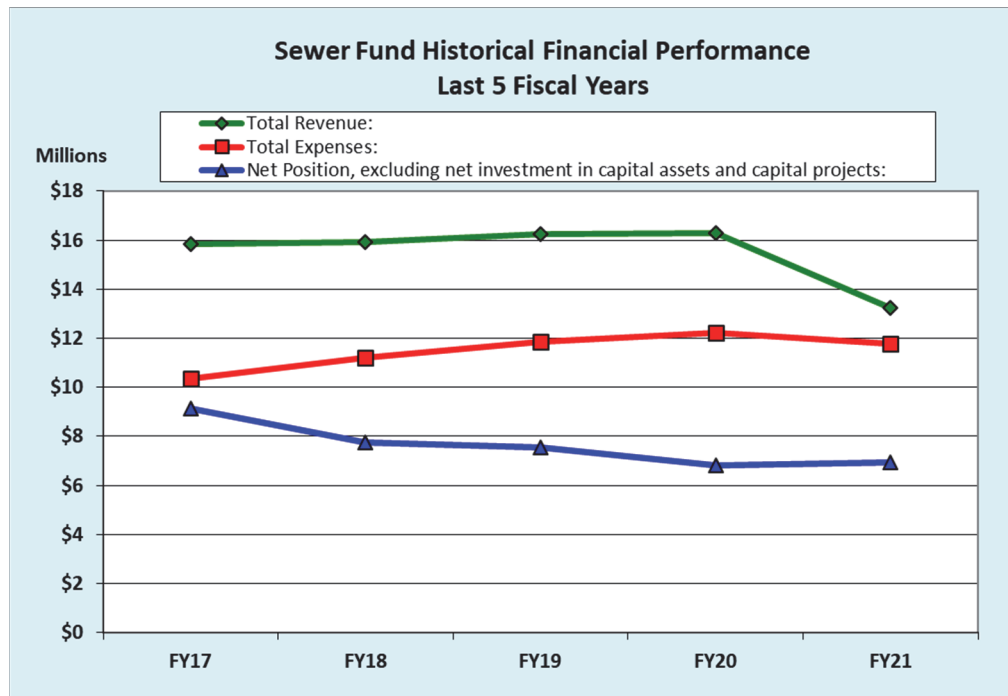
The net position of the Water Enterprise Fund increased by \$4.6 million, to \$41.2 million. The largest portion of net position (\$19.0 million) relates to the net investment in capital assets, representing 46.2% of the utility's total net position. Approximately 24.1% of the fund's net annual revenue 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 \$0.7 million, to \$66.8 million, due largely to personnel cost savings. Note that the largest portion of the net position (\$48.5 million) relates to this net investment in capital assets, representing 72.6% of the utility's total net position. Approximately 47.7% 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.

As a large portion of sewer charges are based on water consumption, sewer service revenues decreased significantly, as large commercial water use declined. The revenues from sewer service charges declined 13.4% for the year as a whole. The City Council-approved average rate increases of 9% for the three calendar years beginning January 1, 2022 to increase the fund's net investment in capital assets through improvements to the City's waste water collection system and treatment plant will advance the fund's position further in the near future.

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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 2020-21 included a set-aside of nearly \$1.8 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 \$0.8 million, including nearly \$345,000 on Rollins Sewer Pump Station Upgrade and Force Main projects; \$124,000 was spent on improvements at the City’s Wastewater Treatment Plant process piping.

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 Avenue and Broadway shopping districts, which are served by the City’s parking lots. The fund’s overall ending net position, including capital assets, remains the same as the prior-year ending net position of \$17.8 million. The City spent \$0.8 million toward parking lot resurfacing and downtown smart parking meters from the Parking Enterprise Fund. The fund’s restricted net position for capital projects is decreased by \$443,000 from the prior year.

Revenue in the Parking Fund was decreased by \$302,000 from the prior year due to the continued impact from the coronavirus pandemic. In an effort to assist the City’s downtown businesses, parking enforcement was curtailed for several months at the beginning of the pandemic. Although parking enforcement resumed on July 1, 2020, many parking spaces in the Burlingame Avenue and Broadway shopping districts were converted to parklets, resulting in a loss of fee revenue. Operating revenues for the fund, at \$1.6 million, were down approximately 15.7% from the prior year. Operating expenses increased by \$273,000 (27.2%), largely due to increased personnel costs from full staffing in the current fiscal year.

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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 \$0.7 million in fiscal year 2020-21, which is 16.7% lower than reported in the prior fiscal year. Despite a 6% increase in solid waste rates as of January 1, 2021, 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 \$136,500 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 \$450,000 in fiscal year 2020-21, level with the prior-year revenues for the fund. The Landfill Fund continues to report a deficit position of nearly \$0.9 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 (\$45,000) during the fiscal year due largely to the inflationary factors prescribed by CalRecycle, but the fund's ending net position increased by \$249,000 (22.4%) 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 a reduction in net position of nearly \$2.9 million, but this amount reflects a wide variation in the change of net position of the various funds. The General Liability Fund net position decreased \$4.9 million, which contributed to the majority of this reduction. The City reached a large claim settlement, with the City's share of the pay-out \$5.2 million. This included a one-time payment of \$2.5 million for the first year; the remainder of \$2.7 million will be paid with equal payments over the next five years. Claims and litigation liabilities were adjusted based on an actuarial study completed in July 2021. The OPEB Fund, which accounts for the cost of the City's retiree medical program, shows an approximate balance of \$172,600 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

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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 2020-21 General Fund budget assumed further operating revenue reductions from from fiscal year 2019-20, based on the uncertain outlook of the pandemic and economic recovery.

Key revenue budgets were adjusted downward (by \$4.9 million total) at mid-year to reflect the continued impacts from the pandemic-induced recession on General Fund receipts. The highest adjustment was needed for the City's transient occupancy (hotel) tax - the budget for this revenue source was amended to be \$6.5 million lower than projected in the FY 2020-21 budget adopted in June 2020. Although a positive 3.9% 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 (\$1.3 million), stronger sales tax receipts (\$1.1 million), and improved fee based services' charges (\$1.1 million).

City of Burlingame Historical General Fund Revenues (Amounts In Millions)					
	FY17	FY18	FY19	FY20	FY21
Total Revenue	\$68.04	\$71.72	\$84.54	\$72.16	\$62.12
Dollar Change	1.89	3.68	12.82	(12.38)	(10.04)
Percentage Change	2.85%	5.40%	17.87%	-14.64%	-13.91%

The performance of the three major 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 since March 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 the past, were forced to cut staff, shutting off floors and even suspending operations for whole hotels. The lower occupancy rates continued for most of fiscal year 2020-21, though some improvements were seen in May and June. As a result, TOT receipts were greatly diminished in fiscal year 2020-21. Overall, these revenues were down nearly \$14.7 million (71.9%) from the prior year, and lower than the year's adjusted budget by 23.5% (approximately \$1.8 million).
- Sales and use tax revenues became the second largest revenue sources in fiscal year 2020-21 due to the significant decline in the TOT revenues collection. The City included \$12 million for this line item in its adopted fiscal year 2020-21 budget. And as of mid-year, it appeared that an upward adjustment in the budget for sales tax revenues would be needed (\$2.6 million). Sales and use tax revenues ended the year at \$15.7 million, approximately \$0.9 million higher than in the prior year, and approximately \$1.1 million higher than forecast in the adjusted budget.

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- Nearly \$2.5 million of the total receipts for fiscal year 2020-21 were the result of the third 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 \$24.2 million, came in very slightly under budget (less than 1.8%), reflecting an increase of nearly 3.9% 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.

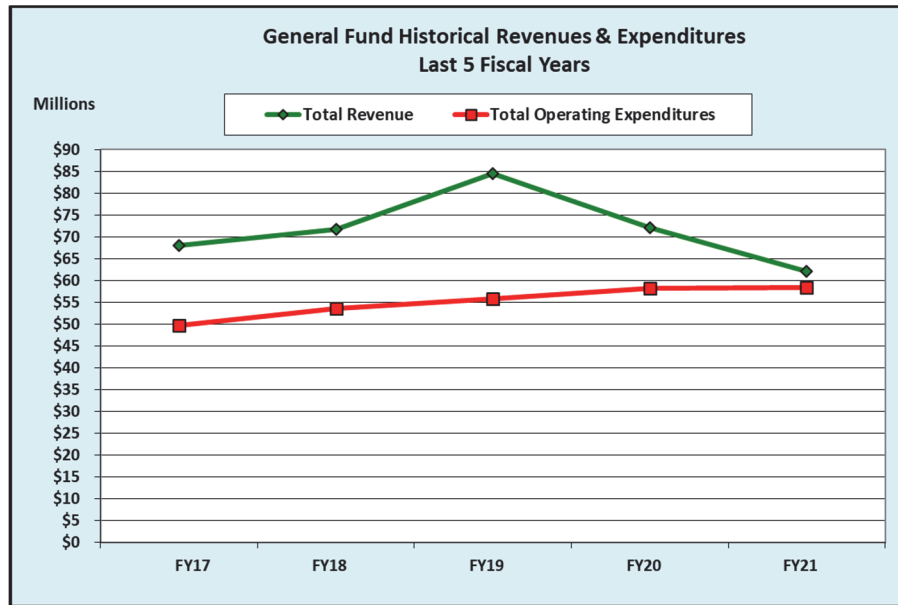
Burlingame's fiscal health relies largely on growth in assessed property values, health in the travel and tourism industry, and increased consumer confidence. Although property taxes are expected to remain relatively strong over the next fiscal year, the recovery of TOT revenues is inextricably linked to the nation's recovery from the current pandemic. A return to pre-pandemic levels is not anticipated until 2024.

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

City of Burlingame Historical General Fund Expenditures (Amounts In Millions)					
	FY17	FY18	FY19	FY20	FY21
Total Operating Expenditures	\$49.71	\$53.64	\$55.76	\$58.21	\$58.44
Dollar Change	2.25	3.93	2.12	2.44	0.24
Percentage Change	4.74%	7.91%	3.96%	4.38%	0.41%

The fiscal year 2020-21 adopted General Fund budget assumed operating expenditures of nearly \$63.3 million, a reduction of 1.2% from the prior-year amended budget. 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 from 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 for much of the fiscal year. Actual expenditures totaled \$58.4 million; total budgetary (expenditure) savings for the fund were over \$3.9 million, or 6.3%.

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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 change 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.

City of Burlingame City Council Assigned General Fund Reserves (Amounts In Millions)					
	FY17	FY18	FY19	FY20	FY21
Economic Stability Reserve	\$16.20	\$16.91	\$18.84	\$18.91	\$14.36
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	18.70	19.41	21.34	21.41	16.86
Encumbrances and Reappropriations	0.69	0.52	0.24	0.32	0.57
Total Assigned Fund Balance	\$19.39	\$19.93	\$21.58	\$21.73	\$17.43

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, 2021,

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the unrestricted fund balance of \$29.5 million (\$45.2 million less non-spendable and restricted fund balance of \$15.7 million) represents 50.5% of General Fund operating expenditures of \$58.4 million.

Fund balance in the General Fund had consistently increased in recent years until the pandemic hit in fiscal year 2019-20. A small increase in fiscal year 2020-21 signals a positive recovery.

City of Burlingame Historical General Fund Ending Fund Balance (Spendable) (Amounts In Millions)					
	FY17	FY18	FY19	FY20	FY21
Ending Spendable Fund Balance	\$33.06	\$36.37	\$53.96	\$44.82	\$45.19
Dollar Change	3.42	3.31	17.60	(9.14)	0.37
% of Expenses:	66.50%	67.80%	96.78%	77.00%	77.32%

Capital Assets and Debt Administration

Capital Assets

Improvements that lengthen an asset's useful life are not capitalized unless the improvements increase the asset's 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 \$285.5 million on June 30, 2021, net of depreciation, increasing 13.2% 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.

Capital Assets, Net of Accumulated Depreciation June 30, 2021 (Amounts In Millions)									
	Governmental Activities			Business-Type Activities			Total		
	2021	2020	% Change	2021	2020	% Change	2021	2020	% Change
Land and other assets not being depreciated	\$85.32	\$55.47	53.80%	\$9.11	\$13.22	-31.12%	\$94.43	\$68.70	37.45%
Facilities, infrastructure and equipment	\$91.63	\$85.69	6.93%	\$99.45	\$97.84	1.65%	\$191.09	\$183.53	4.12%
Total	\$176.95	\$141.17	25.3%	\$108.56	\$111.06	-2.25%	\$285.51	\$252.23	13.20%

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.

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Long-Term Obligations

As of June 30, 2021, the City had total long-term obligations of \$239.1 million, an increase of \$10.1 million from the prior year. The increase is largely due to the new Storm Drainage Revenue Bonds \$16.4 million bonded debt, issued in June 2021, to provide nearly \$12.2 million funding for improvements to the storm drain system. This increase in outstanding debt was offset somewhat by a \$3.9 million decrease in Net OPEB Liabilities.

Including the new debt, \$36.0 million of the City's total long-term outstanding debt relates to storm drain revenue bond financing, \$37.2 million is 2019 Lease Revenue Bonds for the City's New Community Center project, and \$16.0 million is for other governmental activities; the remainder (\$34.2 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, 2021 (Amounts In Millions)									
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	<u>2021</u>	<u>2020</u>	<u>% Change</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Bonds Due in More than One Year	\$87.11	\$78.25	11.32%	\$31.40	\$34.88	-9.98%	\$118.51	\$113.13	4.75%
Bonds Due Within One Year	2.12	3.01	-29.56%	2.83	2.71	4.33%	4.95	5.72	-13.48%
Claims and Litigation	8.97	6.78	32.32%	-	-	0.00%	8.97	6.78	32.32%
Landfill Closure	-	-	0.00%	3.40	3.35	1.34%	3.40	3.35	1.34%
Net OPEB Liability ⁽¹⁾	18.70	21.87	-14.49%	4.42	5.18	-14.54%	23.12	27.04	-14.50%
Net Pension Liability	65.73	58.63	12.11%	10.55	10.99	-3.96%	76.29	69.62	9.57%
Compensated Absences	3.39	2.90	16.62%	0.47	0.44	5.87%	3.85	3.34	15.20%
Total:	<u>\$186.02</u>	<u>\$171.44</u>	<u>8.50%</u>	<u>\$53.07</u>	<u>\$57.55</u>	<u>-7.78%</u>	<u>\$239.09</u>	<u>\$228.99</u>	<u>4.41%</u>

⁽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 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 \$30.3 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, 2021, the net OPEB liability for the City was computed to be \$23.1 million.

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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, 2021, the net pension liability for the City was computed to be \$76.3 million, an increase over the prior year of \$6.7 million. 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. The plan is designed to protect the City's fiscal health in future years by setting aside funds for use when the City's required CalPERS contribution rates rise above pre-established threshold rates. The balance in the pension trust fund as of June 30, 2021, was \$18.4 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 2021-22 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 2021-22 anticipated an improvement from fiscal year 2020-21 (approximately \$5.6 million, or 9.2%) in total General Fund revenues. Although property tax receipts are expected to continue grow in the 2021-22 fiscal year, sales tax revenue remains flat, and an increase of TOT revenue to \$13.5 million (about one-half of 2018-19 fiscal year receipts) is anticipated in fiscal year 2021-22. The budget's revenue projections were based on fiscal year 2020-21 estimates that came in slightly higher than forecast with the help of \$3.7 million from the federal American Rescue Plan Act funds; while showing recovery on multiple fronts, the timing and strength of the City's revenue recovery is uncertain at best.

Expenditures: General Fund operating expenditures are expected to grow approximately 2.3% when compared to the fiscal year 2020-21 *adjusted* budget. Fiscal year 2021-22 departmental budgets of \$63.8 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 2021-22 budget for capital projects remains flat from FY 2020-21. 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 May 2022. Also, to minimize the General Fund operating deficit for the year, no contribution to the Capital Investment Reserve was included in the FY 2021-22 budget. (The last General

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Fund contribution to the Capital Investment Reserve was \$6.5 million in fiscal year 2019-20.) In addition, the General Fund transfer for debt service of \$2.0 million was resumed after a one-year break in FY2020-21 for the 2019 Lease Revenue Bond issuance.

However, the 2021-22 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 - \$1.9 million from the General Fund alone. Funding of retiree medical obligations is also included in the departmental budgets in fiscal year 2021-22. In all, the budgeted deficit was limited to \$1.7 million, well within the \$12.0 million unassigned General Fund balance as of June 30, 2021.

General Fund Capital Improvements: The City Council earmarked nearly \$3.2 million in the 2021-22 fiscal year General Fund budget for capital improvements in the Five Year CIP Plan. Although this is well below the approximately \$10.0 million per year provided pre-pandemic, this funding covers the immediate capital needs of the City, including \$2.3 million for streets and sidewalk infrastructure improvements.

Water and Sewer Rate Adjustments: The drought that had begun in 2011 had worsened, and state-wide water restrictions had reduced water consumption to record lows. The City had a water utility rate study done in the fall of 2016. 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 Council 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. Rates for the sewer utility have not been adjusted since 2012. At its November 15, 2021 meeting, the City Council conducted a public hearing and approved an overall composite rate increase of approximately 9.0% annually in 2022, 2023, and 2024.

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.

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, 2021

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 126,470,161	\$ 79,992,110	\$ 206,462,271
Receivables (net of uncollectible amounts)			
Due from consumers		5,648,208	5,648,208
Due from other governments	569,883	51,184	621,067
Other receivables	10,610,125	230,102	10,840,227
Inventory	262,273		262,273
Prepaid items and deposits	16,323		16,323
Cash and investments, restricted	55,769,676	2,739,136	58,508,812
Capital assets:			
Land and other assets not being depreciated	85,317,462	9,108,405	94,425,867
Facilities, infrastructure, and equipment, net of depreciation	91,633,882	99,452,553	191,086,435
Total assets	370,649,785	197,221,698	567,871,483
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of bond refunding		862,100	862,100
Deferred outflows related to OPEB	4,949,006	1,170,698	6,119,704
Deferred outflows related to pension	12,575,415	1,792,623	14,368,038
Total deferred outflows of resources	17,524,421	3,825,421	21,349,842
LIABILITIES			
Accounts payable	16,882,654	2,079,933	18,962,587
Retentions payable	1,530,292	19,285	1,549,577
Accrued payroll	907,050	209,751	1,116,801
Accrued interest	58,364	438,911	497,275
Deposits	2,855,807	1,548,995	4,404,802
Unearned revenue		49,569	49,569
Claims and litigation			
Due in one year	1,325,000		1,325,000
Due in more than one year	7,645,000		7,645,000
Compensated absences			
Due in one year	440,724	50,580	491,304
Due in more than one year	2,944,379	416,184	3,360,563
Landfill closure and post closure costs			
Due in one year		226,487	226,487
Due in more than one year		3,170,821	3,170,821
Long-term debt			
Due in one year	2,117,143	2,831,173	4,948,316
Due in more than one year	87,111,855	31,396,677	118,508,532
Net OPEB liability, due in more than one year	18,700,340	4,423,612	23,123,952
Net pension liability, due in more than one year	65,734,753	10,553,727	76,288,480
Total liabilities	208,253,361	57,415,705	265,669,066
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	5,706,082	1,349,787	7,055,869
Deferred inflows related to pension	(332,963)	1,582,269	1,249,306
Total deferred inflows of resources	5,373,119	2,932,056	8,305,175
NET POSITION			
Net investment in capital assets	124,844,708	75,643,192	200,487,900
Restricted for:			
Pension and employee benefit program	16,150,318	2,291,152	18,441,470
Debt service	1,930,848	447,984	2,378,832
Capital projects	35,247,279	20,418,588	55,665,867
Development fees	8,995,482		8,995,482
Burlingame Avenue Special Assessment District	419,146		419,146
Shuttle, Access TV and community programs	1,664,749		1,664,749
Street and sidewalk repair and maintenance	3,363,205		3,363,205
Total restricted net position	67,771,027	23,157,724	90,928,751
Unrestricted	(18,068,009)	41,898,442	23,830,433
Total net position	\$ 174,547,726	\$ 140,699,358	\$ 315,247,084

See accompanying Notes to the Basic Financial Statements

**CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 11,025,740	\$ 97,282	\$ 4,074,336	\$ -	\$ 4,171,618
Public safety	29,926,658	1,530,222	211,645		1,741,867
Public works	8,363,039	4,437,055		1,502,377	5,939,432
Community development	2,673,522	957,293			957,293
Parks, recreation, and library	13,971,773	2,649,986	5,000		2,654,986
Shuttle operations	98,373		25,000		25,000
Interest	3,016,459				
Total governmental activities	69,075,564	9,671,838	4,315,981	1,502,377	15,490,196
Business-type activities:					
Water	14,730,585	20,081,318			20,081,318
Sewer	11,772,086	13,098,508			13,098,508
Waste management	751,355	611,242			611,242
Landfill	214,973	452,212			452,212
Parking	1,277,512	1,627,764			1,627,764
Building	2,547,279	3,373,416			3,373,416
Total business-type activities	31,293,790	39,244,460			39,244,460
Total government-wide	\$ 100,369,354	\$ 48,916,298	\$ 4,315,981	\$ 1,502,377	\$ 54,734,656

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, as restated (Note 12E)

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
\$ (6,854,122)	\$ -	\$ (6,854,122)
(28,184,791)		(28,184,791)
(2,423,607)		(2,423,607)
(1,716,229)		(1,716,229)
(11,316,787)		(11,316,787)
(73,373)		(73,373)
(3,016,459)		(3,016,459)
<u>(53,585,368)</u>		<u>(53,585,368)</u>
	5,350,733	5,350,733
	1,326,422	1,326,422
	(140,113)	(140,113)
	237,239	237,239
	350,252	350,252
	826,137	826,137
	<u>7,950,670</u>	<u>7,950,670</u>
<u>(53,585,368)</u>	<u>7,950,670</u>	<u>(45,634,698)</u>
24,223,779		24,223,779
15,665,703		15,665,703
5,738,588		5,738,588
5,303,433		5,303,433
371,087	279,103	650,190
51,302,590	279,103	51,581,693
3,002,878	511,911	3,514,789
2,242,550	(2,242,550)	
56,548,018	(1,451,536)	55,096,482
2,962,650	6,499,134	9,461,784
171,585,076	134,200,224	305,785,300
<u>\$ 174,547,726</u>	<u>\$ 140,699,358</u>	<u>\$ 315,247,084</u>



Comprehensive Annual Financial Report

June 30, 2021

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, 2021**

	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments	\$ 24,874,625	\$ 8,035,152	\$ 570,246	\$ 54,389,765	\$ 14,310,914	\$ 102,180,702
Accounts receivable	8,714,063	144,397	78,427	1,207,524	298,448	10,442,859
Due from other governments	569,883					569,883
Due from other funds	172,571			2,569,787		2,742,358
Prepays and deposits	16,323					16,323
Cash and investments, restricted	15,723,356		39,619,358			55,342,714
Total assets	<u>\$ 50,070,821</u>	<u>\$ 8,179,549</u>	<u>\$ 40,268,031</u>	<u>\$ 58,167,076</u>	<u>\$ 14,609,362</u>	<u>\$ 171,294,839</u>
Liabilities:						
Accounts payable	\$ 960,722	\$ -	\$ 8,664,820	\$ 4,403,609	\$ 29,331	\$ 14,058,482
Due to other funds			2,569,787			2,569,787
Retentions payable				1,530,292		1,530,292
Accrued payroll	856,168			14,051		870,219
Deposits	2,855,807					2,855,807
Unearned revenue						
Total liabilities	<u>4,672,697</u>		<u>11,234,607</u>	<u>5,947,952</u>	<u>29,331</u>	<u>21,884,587</u>
Deferred Inflows:						
Unavailable revenue	191,060	34,846		39,519	137,449	402,874
Total deferred inflows	<u>191,060</u>	<u>34,846</u>		<u>39,519</u>	<u>137,449</u>	<u>402,874</u>
Fund Balances:						
Nonspendable	16,323					16,323
Restricted	15,723,356	8,144,703	29,033,424		14,442,582	67,344,065
Committed				30,981,935		30,981,935
Assigned	17,429,829			21,197,670		38,627,499
Unassigned	12,037,556					12,037,556
Total fund balances	<u>45,207,064</u>	<u>8,144,703</u>	<u>29,033,424</u>	<u>52,179,605</u>	<u>14,442,582</u>	<u>149,007,378</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 50,070,821</u>	<u>\$ 8,179,549</u>	<u>\$ 40,268,031</u>	<u>\$ 58,167,076</u>	<u>\$ 14,609,362</u>	<u>\$ 171,294,839</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, 2021

Fund balance – total governmental funds **\$ 149,007,378**

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. 175,435,935

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	(3,316,496)
Long-term debt	(89,228,998)
Net OPEB Liability	(\$17,921,063)
Net Pension Liability	(63,652,713)

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due. (58,364)

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	16,964,540
Deferred Inflows	(5,133,732)
Unavailable revenues	402,874

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.

\$12,048,365

Net assets of governmental activities **\$ 174,547,726**

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, 2021

	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 24,223,779	\$ -	\$ -	\$ -	\$ -	\$ 24,223,779
Sales and use taxes	15,665,703					15,665,703
Transient occupancy taxes	5,738,588					5,738,588
Other taxes	2,957,503					2,957,503
Charges for services - fees	5,489,921	2,977,639			442,890	8,910,450
Charges for services - licenses and permits	85,614					85,614
Fines, forfeitures, and penalties	700,774					700,774
Investment income	2,765,323	6,776	58,118		55,868	2,886,085
Intergovernmental taxes	22,090				2,323,840	2,345,930
Grants and subventions	4,240,733			1,502,377	50,248	5,793,358
Other revenue	232,039			16,029	103,686	351,754
Total revenues	62,122,067	2,984,415	58,118	1,518,406	2,976,532	69,659,538
EXPENDITURES:						
Current:						
General government	6,289,747		30,335			6,320,082
Public safety	29,770,832				40,341	29,811,173
Public works	6,446,636			461,130		6,907,766
Community development	2,305,767			428,997	148,000	2,882,764
Parks, recreation, and library	13,439,407			777,801	113,524	14,330,732
Shuttle operations					98,373	98,373
Capital Outlay	191,235			39,322,915		39,514,150
Debt service:						
Principal			11,494,064			11,494,064
Interest			3,255,451			3,255,451
Cost of Issuances			342,682			342,682
Total expenditures	58,443,624	2,984,415	15,122,532	40,990,843	400,238	114,957,237
REVENUES OVER (UNDER) EXPENDITURES	3,678,443	2,984,415	(15,064,414)	(39,472,437)	2,576,294	(45,297,699)
OTHER FINANCING SOURCES (USES):						
Bond issuance proceeds			20,038,114			20,038,114
Transfers in	2,573,550		4,639,677	30,557,118		37,770,345
Transfer out	(5,937,338)	(1,926,339)	(26,548,118)		(1,116,000)	(35,527,795)
Total other financing (uses) sources	(3,363,788)	(1,926,339)	(1,870,327)	30,557,118	(1,116,000)	22,280,664
Net change in fund balances	314,655	1,058,076	(16,934,741)	(8,915,319)	1,460,294	(23,017,035)
FUND BALANCES:						
Beginning of year, as restated (Note 12E)	44,892,409	7,086,627	45,968,165	61,094,924	12,982,288	172,024,413
End of year	<u>\$ 45,207,064</u>	<u>\$ 8,144,703</u>	<u>\$ 29,033,424</u>	<u>\$ 52,179,605</u>	<u>\$ 14,442,582</u>	<u>\$ 149,007,378</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 **\$ (23,017,035)**

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	39,514,150
Expenses being added due to difference in capital outlay and capital asset additions	3,622

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.	(3,215,364)
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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	6,645
Amortization of bond premium	575,029

Proceeds from bond issuance are deducted from fund balances	(20,038,114)
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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	11,494,064
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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	(476,095)
Pension Expense	(1,995,680)
Net other post-employment benefits obligation expense	3,587,886
Unavailable revenues recognized as revenue in prior year	(572,611)

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	<u>(2,903,847)</u>
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Change in net position of governmental activities	<u><u>\$ 2,962,650</u></u>
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See accompanying Notes to the Basic Financial Statements



Comprehensive Annual Financial Report

June 30, 2021

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, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Waste Management Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investments	\$ 25,068,471	\$ 20,511,783	\$ 4,872,465
Receivables (net of uncollectible amounts):			
Due from other governments			51,184
Due from consumers	2,970,314	2,677,894	
Other receivables	58,199	50,083	11,930
Prepays and deposits			
Inventory			
Total current assets	<u>28,096,984</u>	<u>23,239,760</u>	<u>4,935,579</u>
Noncurrent assets:			
Cash and investments, restricted	912,694	1,201,076	131,579
Capital assets:			
Land and other assets not being depreciated	1,411,352	1,642,726	
Facilities, infrastructure, and equipment, net of depreciation	<u>32,700,972</u>	<u>64,633,239</u>	
Total noncurrent assets	<u>35,025,018</u>	<u>67,477,041</u>	<u>131,579</u>
Total assets	<u>63,122,002</u>	<u>90,716,801</u>	<u>5,067,158</u>
Deferred outflows of resources:			
Deferred amount on bond refunding	491,985	370,115	
Deferred outflows related to pensions	727,536	611,827	99,603
Deferred outflows related to OPEB	<u>466,321</u>	<u>389,825</u>	<u>63,033</u>
Total deferred outflows of resources	<u>1,685,842</u>	<u>1,371,767</u>	<u>162,636</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Current liabilities:			
Accounts payable	903,910	675,874	725
Accrued payroll	88,913	60,389	10,822
Due to other funds			
Accrued interest	148,349	290,562	
Retentions payable	12,679	6,606	
Deposits	24,133		
Unearned revenue	49,569		
Claims and litigation due in one year			
Bonds payable due in one year	1,168,682	1,662,491	
Compensated absences due in one year	31,510	4,760	1,912
Landfill closure and post-closure liability due in one year			
Total current liabilities	<u>2,427,745</u>	<u>2,700,682</u>	<u>13,459</u>
Noncurrent liabilities:			
Bonds payable	14,418,250	16,978,427	
Landfill closure and post closure liability			
Claims and litigation			
Compensated absences	173,208	114,528	12,438
Net pension liability	4,283,229	3,602,014	586,393
Net OPEB liability	<u>1,762,045</u>	<u>1,472,996</u>	<u>238,177</u>
Total noncurrent liabilities	<u>20,636,732</u>	<u>22,167,965</u>	<u>837,008</u>
Total liabilities	<u>23,064,477</u>	<u>24,868,647</u>	<u>850,467</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	3,300	2,775	452
Deferred inflows related to OPEB	<u>537,657</u>	<u>449,459</u>	<u>72,675</u>
Total deferred inflows of resources	<u>540,957</u>	<u>452,234</u>	<u>73,127</u>
NET POSITION			
Net investment in capital assets	19,017,377	48,453,146	
Restricted for capital projects	7,038,918	10,601,691	
Restricted for pension and benefits program	912,694	753,092	131,579
Restricted for debt service		447,984	
Unrestricted	<u>14,233,421</u>	<u>6,511,774</u>	<u>4,174,621</u>
Total net position	<u>\$ 41,202,410</u>	<u>\$ 66,767,687</u>	<u>\$ 4,306,200</u>

See accompanying Notes to the Basic Financial Statements

Enterprise Funds

Landfill Fund	Parking Fund	Building Fund	Total	Governmental Activities- Internal Service Funds
\$ 2,537,158	\$ 11,671,721	\$ 15,330,512	\$ 79,992,110	\$ 24,289,459
			51,184	
44,813	28,924	36,153	5,648,208	167,266
			230,102	
				262,273
<u>2,581,971</u>	<u>11,700,645</u>	<u>15,366,665</u>	<u>85,921,604</u>	<u>24,718,998</u>
21,668	84,743	387,376	2,739,136	426,962
	6,054,327		9,108,405	
	2,118,342		99,452,553	1,515,409
<u>21,668</u>	<u>8,257,412</u>	<u>387,376</u>	<u>111,300,094</u>	<u>1,942,371</u>
<u>2,603,639</u>	<u>19,958,057</u>	<u>15,754,041</u>	<u>197,221,698</u>	<u>26,661,369</u>
			862,100	
1,190	66,147	286,320	1,792,623	353,648
<u>11,015</u>	<u>41,002</u>	<u>199,502</u>	<u>1,170,698</u>	<u>206,233</u>
<u>12,205</u>	<u>107,149</u>	<u>485,822</u>	<u>3,825,421</u>	<u>559,881</u>
17,900	77,648	403,876	2,079,933	2,824,172
2,109	7,830	39,688	209,751	36,831
				172,571
			438,911	
			19,285	
		1,524,862	1,548,995	
			49,569	
				1,325,000
			2,831,173	
	4,711	7,687	50,580	7,878
<u>226,487</u>			<u>226,487</u>	
<u>246,496</u>	<u>90,189</u>	<u>1,976,113</u>	<u>7,454,684</u>	<u>4,366,452</u>
			31,396,677	
3,170,821			3,170,821	
				7,645,000
	13,991	102,019	416,184	60,729
7,007	389,430	1,685,654	10,553,727	2,082,040
<u>41,623</u>	<u>154,930</u>	<u>753,841</u>	<u>4,423,612</u>	<u>779,277</u>
<u>3,219,451</u>	<u>558,351</u>	<u>2,541,514</u>	<u>49,961,021</u>	<u>10,567,046</u>
<u>3,465,947</u>	<u>648,540</u>	<u>4,517,627</u>	<u>57,415,705</u>	<u>14,933,498</u>
5	1,574,438	1,299	1,582,269	1,604
<u>12,701</u>	<u>47,274</u>	<u>230,021</u>	<u>1,349,787</u>	<u>237,783</u>
<u>12,706</u>	<u>1,621,712</u>	<u>231,320</u>	<u>2,932,056</u>	<u>239,387</u>
	8,172,669		75,643,192	1,515,409
	2,777,979		20,418,588	
21,668	84,743	387,376	2,291,152	426,962
			447,984	
<u>(884,477)</u>	<u>6,759,563</u>	<u>11,103,540</u>	<u>41,898,442</u>	<u>10,105,994</u>
<u>\$ (862,809)</u>	<u>\$ 17,794,954</u>	<u>\$ 11,490,916</u>	<u>\$ 140,699,358</u>	<u>\$ 12,048,365</u>

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Waste Management Fund
OPERATING REVENUES:			
Water sales	\$ 19,942,486	\$ -	\$ -
Sewer service charges:			
City of Burlingame users		11,600,550	
Other agencies		1,497,958	
Special surcharges			611,242
Parking fees			
Charges for services	138,832		
Other revenue	9,044		136,529
Total operating revenues	<u>20,090,362</u>	<u>13,098,508</u>	<u>747,771</u>
OPERATING EXPENSES:			
Salaries and benefits	3,000,030	2,276,506	368,234
Retiree medical benefit			
Supplies and services	1,434,229	5,635,104	381,985
Water purchases	7,428,650		
Depreciation	2,084,054	3,114,717	
Insurance claims and expenses	150,805	92,431	1,136
Total operating expenses	<u>14,097,768</u>	<u>11,118,758</u>	<u>751,355</u>
Operating income	<u>5,992,594</u>	<u>1,979,750</u>	<u>(3,584)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	228,681	137,440	20,914
Interest expense	(632,817)	(653,328)	
Net nonoperating revenues (expenses)	<u>(404,136)</u>	<u>(515,888)</u>	<u>20,914</u>
Income before transfers	5,588,458	1,463,862	17,330
Transfers out	(989,181)	(751,981)	(58,000)
Net change in net position	4,599,277	711,881	(40,670)
NET POSITION:			
Net position - beginning (deficit)	36,603,133	66,055,806	4,346,870
Net position - end of year (deficit)	<u>\$ 41,202,410</u>	<u>\$ 66,767,687</u>	<u>\$ 4,306,200</u>

See accompanying Notes to the Basic Financial Statements

Enterprise Funds

Landfill Fund	Parking Fund	Building Fund	Total	Governmental Activities- Internal Service Funds
\$ -	\$ -	\$ -	\$ 19,942,486	\$ -
			11,600,550	
			1,497,958	
452,212			1,063,454	
	1,627,764		1,627,764	
		3,373,416	3,512,248	11,859,159
		133,530	279,103	19,333
<u>452,212</u>	<u>1,627,764</u>	<u>3,506,946</u>	<u>39,523,563</u>	<u>11,878,492</u>
66,409	574,307	1,324,140	7,609,626	1,183,731
148,564	508,723	1,218,989	9,327,594	4,390,850
			7,428,650	2,151,896
	193,734		5,392,505	708,275
	748	4,150	249,270	6,464,380
<u>214,973</u>	<u>1,277,512</u>	<u>2,547,279</u>	<u>30,007,645</u>	<u>14,899,132</u>
<u>237,239</u>	<u>350,252</u>	<u>959,667</u>	<u>9,515,918</u>	<u>(3,020,640)</u>
11,443	17,825	95,608	511,911	116,793
			(1,286,145)	
<u>11,443</u>	<u>17,825</u>	<u>95,608</u>	<u>(774,234)</u>	<u>116,793</u>
248,682	368,077	1,055,275	8,741,684	(2,903,847)
	(332,388)	(111,000)	(2,242,550)	
<u>248,682</u>	<u>35,689</u>	<u>944,275</u>	<u>6,499,134</u>	<u>(2,903,847)</u>
(1,111,491)	17,759,265	10,546,641	134,200,224	14,952,212
<u>\$ (862,809)</u>	<u>\$ 17,794,954</u>	<u>\$ 11,490,916</u>	<u>\$ 140,699,358</u>	<u>\$ 12,048,365</u>

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Waste Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 20,117,969	\$ 13,176,263	\$ 888,522
Receipts from other funds			
Payments to other funds	(1,083)	(1,083)	
Payments to suppliers	(9,869,402)	(6,314,172)	(388,420)
Payments to retirees and trust			
Payments to claims			
Payments to employees for services	(3,144,419)	(2,400,195)	(415,527)
Net cash provided by (used in) operating activities	<u>7,103,065</u>	<u>4,460,813</u>	<u>84,575</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds			
Transfers to other funds	(989,181)	(751,981)	(58,000)
Net cash provided by (used in) noncapital financing activities	<u>(989,181)</u>	<u>(751,981)</u>	<u>(58,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(1,217,187)	(882,368)	
Principal paid on long-term debt	(1,481,327)	(1,881,301)	
Interest paid on long-term debt	(646,318)	(683,160)	
Net cash provided by (used in) capital and related financing activities	<u>(3,344,832)</u>	<u>(3,446,829)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	228,681	137,440	20,914
Net cash provided by (used in) investing activities	<u>228,681</u>	<u>137,440</u>	<u>20,914</u>
Net increase (decrease) in cash and equivalents	2,997,733	399,443	47,489
CASH AND CASH EQUIVALENTS:			
Beginning of year	22,983,432	21,313,416	4,956,555
End of year	<u>\$ 25,981,165</u>	<u>\$ 21,712,859</u>	<u>\$ 5,004,044</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 5,992,594	\$ 1,979,750	\$ (3,584)
Adjustments for noncash activities:			
Depreciation and amortization	2,084,054	3,114,717	
Changes in assets and liabilities:			
Receivables	20,678	77,755	140,751
Prepaid / Inventories			
Deferred outflows	(194,175)	(179,708)	(31,215)
Due to other funds	(1,083)	(1,083)	
Accounts payable	(758,515)	(479,020)	(5,299)
Accrued payroll	88,913	60,389	10,822
Retentions and Deposits payable	(97,203)	(107,617)	
Unearned revenue	6,929		
Compensated absences	9,600	(25,118)	(434)
Claims and litigations liabilities			
Net pension liabilities	402,164	338,203	55,058
Net OPEB Liabilities	(339,313)	(236,217)	(62,017)
Deferred inflows	(111,578)	(81,238)	(19,507)
Total adjustments	<u>1,110,471</u>	<u>2,481,063</u>	<u>88,159</u>
Net cash provided by (used in) operating activities	<u>\$ 7,103,065</u>	<u>\$ 4,460,813</u>	<u>\$ 84,575</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments – current	\$ 25,068,471	\$ 20,511,783	\$ 4,872,465
Cash and investments, restricted	912,694	1,201,076	131,579
Cash and cash equivalents on statement of cash flows	<u>\$ 25,981,165</u>	<u>\$ 21,712,859</u>	<u>\$ 5,004,044</u>
Non-cash transactions			
Amortization of Bond Premiums	\$ 186,328	\$ 138,213	

See accompanying Notes to the Basic Financial Statements

Enterprise Funds

Landfill Fund	Parking Fund	Building Fund	Total	Governmental Activities- Internal Service Funds
\$ 450,916	\$ 1,653,957	\$ 3,525,087	\$ 39,812,714	\$ -
			(2,166)	11,899,634
(157,429)	(492,805)	(868,097)	(18,090,325)	(3,265,923)
				(4,395,567)
				(587,878)
<u>(72,670)</u>	<u>(286,158)</u>	<u>(1,305,691)</u>	<u>(7,624,660)</u>	<u>(1,336,368)</u>
<u>220,817</u>	<u>874,994</u>	<u>1,351,299</u>	<u>14,095,563</u>	<u>2,313,898</u>
				25,803
	<u>(332,388)</u>	<u>(111,000)</u>	<u>(2,242,550)</u>	
	<u>(332,388)</u>	<u>(111,000)</u>	<u>(2,242,550)</u>	<u>25,803</u>
	(793,286)		(2,892,841)	(188,614)
44,922			(3,317,706)	
			<u>(1,329,478)</u>	
<u>44,922</u>	<u>(793,286)</u>		<u>(7,540,025)</u>	<u>(188,614)</u>
<u>11,443</u>	<u>9,254</u>	<u>95,608</u>	<u>503,340</u>	<u>125,381</u>
<u>11,443</u>	<u>9,254</u>	<u>95,608</u>	<u>503,340</u>	<u>125,381</u>
277,182	(241,426)	1,335,907	4,816,328	2,276,468
<u>2,281,644</u>	<u>11,997,890</u>	<u>14,381,981</u>	<u>77,914,918</u>	<u>22,439,953</u>
<u>\$ 2,558,826</u>	<u>\$ 11,756,464</u>	<u>\$ 15,717,888</u>	<u>\$ 82,731,246</u>	<u>\$ 24,716,421</u>
\$ 237,239	\$ 350,252	\$ 959,667	\$ 9,515,918	\$ (3,020,640)
	193,734		5,392,505	708,275
(1,296)	17,622	18,141	273,651	21,142
	8,571		8,571	(16,310)
(1,677)	170,840	(115,067)	(351,002)	(107,828)
			(2,166)	
(8,865)	16,666	312,217	(922,816)	2,583,068
2,109	7,830	39,688	209,751	36,831
		42,825	(161,995)	
			6,929	
	6,923	34,914	25,885	6,306
				2,191,000
658	(1,389,773)	158,271	(435,419)	195,488
(7,057)	(34,382)	(73,721)	(752,707)	(213,256)
(294)	<u>1,526,711</u>	<u>(25,636)</u>	<u>1,288,458</u>	<u>(70,178)</u>
<u>(16,422)</u>	<u>524,742</u>	<u>391,632</u>	<u>4,579,645</u>	<u>5,334,538</u>
<u>\$ 220,817</u>	<u>\$ 874,994</u>	<u>\$ 1,351,299</u>	<u>\$ 14,095,563</u>	<u>\$ 2,313,898</u>
\$ 2,537,158	\$ 11,671,721	\$ 15,330,512	\$ 79,992,110	\$ 24,289,459
21,668	84,743	387,376	2,739,136	426,962
<u>\$ 2,558,826</u>	<u>\$ 11,756,464</u>	<u>\$ 15,717,888</u>	<u>\$ 82,731,246</u>	<u>\$ 24,716,421</u>

\$ 324,541



Comprehensive Annual Financial Report

June 30, 2021

FIDUCIARY FUNDS

Custodial Fund

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.

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

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

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2021

Custodial Funds				
	Hotel Bid Fees	Elementary School Development Fees	High School Development Fees	Broadway BID Fund
ASSETS				
Cash and investments	\$ 59,938	\$ 298,754	\$ 198,698	\$ -
Accounts receivable	745,088			
Total assets	805,026	298,754	198,698	
LIABILITIES				
Accounts payable	67,023	298,754	198,698	
Due to other governmental units	738,003			
Total liabilities	805,026	298,754	198,698	
NET POSITION				
Restricted for:				
Other governments				
Total Net Position	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements

Custodial Fund	
Downtown Business Improvement District	Total
\$ -	\$ 557,390
16,429	761,517
<u>16,429</u>	<u>1,318,907</u>
	564,475
16,429	754,432
<u>16,429</u>	<u>1,318,907</u>
<u>\$ -</u>	<u>\$ -</u>

**CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Custodial Funds			
	Hotel Bid Fees	Elementary School Development Fees	High School Development Fees	Broadway BID Fund
ADDITIONS				
Fees collections	\$ 879,481	\$ 605,378	\$ 404,523	\$ 879,481
Total Additions	879,481	605,378	404,523	879,481
DEDUCTIONS				
Distribution to districts	879,481	605,378	404,523	879,481
Total Deductions	879,481	605,378	404,523	879,481
Net increase(decrease) in fiduciary net position				
Net Position-Beginning of the Year (Note 12E)				
Net Position-End of the Year	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements

Custodial Fund	
Downtown Business Improvement District	Total
\$ -	\$ 2,768,863
	<u>2,768,863</u>
	2,768,863
	<u>2,768,863</u>
-	-
<u>\$ -</u>	<u>\$ -</u>



Comprehensive Annual Financial Report

June 30, 2021

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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.

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.

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2021

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, 2021

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, 2021

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 custodial funds for Hotel, Downtown and Broadway Business Improvement Districts (BIDs) fees; and the elementary and high school district developer fees. Fiduciary Fund Financial Statements are reported on full accrual basis, which include the Statement of Net Position and the Statement of Activities, which represent the related activity for the City's custodial 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, 2021

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, 2021, 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, 2021

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. 84 – In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of this Statement were implemented during fiscal year 2021. See the impact of the implementation disclosed in Note 12E.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021

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, 2021:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 126,470,161	\$ 79,992,110	\$ 557,390	\$ 207,019,661
Cash and investments, restricted		447,984		447,984
Cash and investments, restricted, held with fiscal agents	55,769,676	2,291,152		58,060,828
Total cash and investments	<u>\$ 182,239,837</u>	<u>\$ 82,731,246</u>	<u>\$ 557,390</u>	<u>\$ 265,528,473</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City's cash and investments at June 30, 2021 in more detail:

	<u>Fair Value</u>
<u>Deposits</u>	
Deposits - unrestricted	\$ 9,332,896
Deposits - restricted	58,239,609
Total deposits	<u>67,572,505</u>
<u>Investments -unrestricted</u>	
U.S. Treasury Bond/Note	39,637,563
Supranational Agency Bond/Note	867,501
Municipal Bond/Note	3,276,170
Federal Agency Obligations	47,324,284
Certificates of Deposit	5,513,377
Asset-Backed Security/Collateralized Mortgage	6,163,957
Corporate notes	21,579,261
California Asset Management Program (CAMP)	589,425
California Local Agency Investment Funds (LAIF)	73,004,430
Total investments	<u>197,955,968</u>
Total Cash and Investments	<u>\$ 265,528,473</u>
 <u>Cash and Investments Held with Treasury</u>	
Unrestricted, held with Treasury	\$ 206,840,880
Restricted, held with Treasury	447,984
Total Cash and Investments Held With Treasury	<u>207,288,864</u>
 <u>Restricted Cash and Investment Held with Fiscal Agent</u>	
Investment held with Pension Trust - PARS	18,441,471
Cash held by fiscal agent - US Bank	17,478,372
Cash held by fiscal agent - Bank of New York	22,140,986
Cash held by fiscal agent - J. P. Morgan Chase	121,407
Cash held by fiscal agent - Bank of America	57,373
Total restricted cash and investments held with fiscal agent	<u>58,239,609</u>
Total Cash and Investments	<u>\$ 265,528,473</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Deposits

Custodial Credit Risk

The carrying amounts of the City's cash deposits were \$9,332,896 at June 30, 2021. Bank balances before reconciling items were \$9,539,212. 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, 2021

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, 2021

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:			
U.S. Treasury Bond/Note	\$ 39,637,563	\$ -	\$ 39,637,563
Supranational Agency Bond/Note		867,501	867,501
Municipal Bond/Note		3,276,170	3,276,170
Federal Agency Obligations		47,324,284	47,324,284
Asset-Backed Security/ Collateralized Mortgage		6,163,957	6,163,957
Corporate notes		21,579,261	21,579,261
Total Investments	<u>\$ 39,637,563</u>	<u>\$ 79,211,173</u>	<u>\$ 118,848,736</u>
Investments measured at Amortized Cost:			
California Local Agency Investment Fund			\$ 73,004,430
California Asset Management Program			589,425
Certificates of Deposit			5,513,377
Total Investments			<u>\$ 197,955,968</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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	\$ 23,667,930
Freddie Mac	Federal Agency Securities	\$ 18,361,112

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	\$ -	\$ 4,686,172	\$ 34,951,391	\$ 39,637,563	20.02%
Supranational Agency Bond/Note			867,501	867,501	0.44%
Municipal Bond/Note			3,276,170	3,276,170	1.65%
Federal Agency Obligations		13,420,460	33,903,824	47,324,284	23.91%
Corporate notes	3,767,166	7,203,960	10,608,135	21,579,261	10.90%
Asset-Backed Security/ Collateralized Mortgage	12,714	1,306,078	4,845,165	6,163,957	3.11%
Certificates of Deposit	1,190,644	4,322,733		5,513,377	2.79%
California Asset Management Program	589,425			589,425	0.30%
California Local Agency Investment Fund	73,004,430			73,004,430	36.88%
Total Investments	<u>\$ 78,564,379</u>	<u>\$ 30,939,403</u>	<u>\$ 88,452,186</u>	<u>\$ 197,955,968</u>	<u>100.00%</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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).

<u>Investment Type:</u>	<u>Fair Value:</u>	<u>Moody's Rating</u>
U.S. Treasury Bond/Note	\$ 39,637,563	Aaa
Federal Agency Obligations	47,324,284	Aaa
Supranational Agency Bond/Note	867,501	Aaa
Municipal Bond/Note	3,276,170	Aa2
Asset-Backed Security/ Collateralized Mortgage	6,163,957	Aaa
Corporate Notes:		
Amazon.com Inc. Bonds	1,807,708	A2
Apple Inc Corporate Notes	720,990	Aa1
Apple Inc Corporate Notes	1,472,232	Aa1
Bank of America Corp Note	932,803	A2
Bank of New York Mellon Corp	1,478,935	A1
Cisco System Inc. Corp Notes	1,427,987	A1
Citigroup Inc. Corp Note	312,819	A3
Citigroup Inc. Corp Note	299,593	A3
Citigroup Inc. Corp Note	324,559	A3
Goldman Sachs GRP Inc. Corp NT	910,925	A3
Home Depot Inc. Corp Note	1,113,214	A2
IBM Corp Bonds	2,026,360	A2
Intel Corp Corporate Notes	910,988	A1
JPMorgan Chase & Co Bonds	985,364	A2
JPMorgan Chase & Co Bonds	334,880	A2
JPMorgan Chase & Co Bonds	349,440	A2
Morgan Stanley Corp Notes	155,186	A1
Morgan Stanley Corp Notes	460,551	A1
Pfizer Inc Corp Notes	1,595,434	A2
Toyota Motor Credit Corp Corp Notes	392,345	A1
Toyota Motor Credit Corp Corp Notes	547,218	A1
US Bank NA Cincinnati Corp Notes	1,915,278	A1
Walt Disney Company Notes	1,104,452	A2
Certificates of Deposit	5,513,377	FDIC Insured
California Asset Management Program	589,425	Not Rated
California Local Agency Investment Fund	73,004,430	Not Rated
	<u>\$ 197,955,968</u>	

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021, these investments have an average maturity of 291 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, 2021, these investments have an average maturity of 52 days, and the fair value approximated was the City's cost.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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.

Transfers between funds for the year ending June 30, 2021, are as follows:

Transfers Out	Transfers In			Total Out	
	General Fund	Debt Service Fund	Capital Projects Fund		
General Fund	\$ -	\$ 2,728,338	\$ 3,209,000	\$ 5,937,338	(b)(c)
Storm Drain Fund	15,000	1,911,339		1,926,339	(d)
Debt Service Fund			26,548,118	26,548,118	(c)
Non Major Funds	316,000		800,000	1,116,000	(b)
Water Fund	989,181			989,181	(a)
Sewer Fund	751,981			751,981	(a)
Waste Management Fund	58,000			58,000	(a)
Parking Fund	332,388			332,388	(a)
Building Enterprise Fund	111,000			111,000	(a)
Total In	<u>\$ 2,573,550</u>	<u>\$ 4,639,677</u>	<u>\$ 30,557,118</u>	<u>\$ 37,770,345</u>	

- (a) To fund debt service and administrative support
- (b) To fund capital projects and debt service
- (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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 4 – INTERFUND TRANSFERS AND TRANSACTIONS (Continued)

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 To		Total
	Governmental Fund	Internal Services Fund	
Due From	Debt Service Fund	OPEB Fund	
General Fund		\$172,571	\$ 172,571
Capital Projects Fund	\$ 2,569,787		2,569,787
Total	\$ 2,569,787	\$172,571	\$ 2,742,358

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021

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, 2021, the City does not have intangible assets.

A. Capital Asset Activity from Governmental Activities

Capital asset activity for the year ended June 30, 2021, relating to governmental activities was as follows:

	Balance July 01, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
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	16,118,750	39,322,915		(9,479,388)	45,962,277
Total capital assets, not being depreciated	<u>55,473,935</u>	<u>39,322,915</u>	<u>-</u>	<u>(9,479,388)</u>	<u>85,317,462</u>
Capital assets being depreciated:					
Buildings and structures	42,650,911			2,324,939	44,975,850
Machinery and equipment	22,425,407	383,471	(\$302,176)	26,007	22,532,709
Improvements and Infrastructure	112,632,004			7,128,442	119,760,446
Total capital assets, being depreciated	<u>177,708,322</u>	<u>383,471</u>	<u>(302,176)</u>	<u>9,479,388</u>	<u>187,269,005</u>
Less accumulated depreciation for:					
Buildings and structures	19,930,009	893,424			20,823,433
Machinery and equipment	19,257,582	1,223,986	(302,176)		20,179,392
Infrastructure & Improvements	52,826,069	1,806,229			54,632,298
Total accumulated depreciation	<u>92,013,660</u>	<u>3,923,639</u>	<u>(302,176)</u>		<u>95,635,123</u>
Total capital assets, being depreciated, net	<u>85,694,662</u>	<u>(3,540,168)</u>	<u>-</u>	<u>9,479,388</u>	<u>91,633,882</u>
Governmental activities capital assets, net	<u>\$ 141,168,597</u>	<u>\$ 35,782,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,951,344</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

B. Capital Asset Activity from Business-Type Activities

Capital asset activity for the year ended June 30, 2021, relating to business-type activities was as shown below.

	Balance July 01, 2020	Increases	Transfers	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 6,357,188	\$ -	\$ -	\$ 6,357,188
Construction in progress	6,866,303	2,599,464	(6,714,550)	2,751,217
Total capital assets, not being depreciated	<u>13,223,491</u>	<u>2,599,464</u>	<u>(6,714,550)</u>	<u>9,108,405</u>
Capital assets being depreciated:				
Buildings and structures	3,924,051			3,924,051
Improvements and Infrastructure	181,483,244	198,297	6,113,616	187,795,157
Machinery and equipment	7,531,557	95,080	600,934	8,227,571
Total capital assets, being depreciated	<u>192,938,852</u>	<u>293,377</u>	<u>6,714,550</u>	<u>199,946,779</u>
Less accumulated depreciation for:				
Buildings and structures	1,660,840	80,096		1,740,936
Improvements other than buildings	87,445,041	4,916,689		92,361,730
Machinery and equipment	5,995,840	395,720		6,391,560
Total accumulated depreciation	<u>95,101,721</u>	<u>5,392,505</u>		<u>100,494,226</u>
Total capital assets, being depreciated, net	<u>97,837,131</u>	<u>(5,099,128)</u>	<u>6,714,550</u>	<u>99,452,553</u>
Business-type activities capital assets, net	<u>\$ 111,060,622</u>	<u>\$ (2,499,664)</u>	<u>\$ -</u>	<u>\$ 108,560,958</u>

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	\$ 135,209	\$ -	\$ 135,209
Public safety	560,451		560,451
Public works	2,304,348	(708,275)	1,596,073
Parks, recreation, and library	923,631		923,631
Total depreciation expense - governmental activities	<u>\$ 3,923,639</u>	<u>\$ (708,275)</u>	<u>\$ 3,215,364</u>
Business-type activities:			
Water	\$ 2,084,054		
Sewer	3,114,717		
Parking	193,734		
Total depreciation expense - business-type activities	<u>\$ 5,392,505</u>		

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 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, 2021

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, 2021:

Description	Beginning Balance June 30, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities - Bonds:					
Pension Obligation Bonds, Series 2006	\$ 8,005,000	\$ -	\$ (555,000)	\$ 7,450,000	\$ 605,000
Storm Drainage Revenue Bonds, Series 2010	7,455,000		(285,000)	7,170,000	295,000
- Unamortized Premium	134,080		(7,790)	126,290	(7,790)
Storm Drainage Revenue Bonds, Series 2012	8,440,000		(8,440,000)		
- Unamortized Premium	197,162		(197,162)		
Lease Revenue Refunding Bonds, Series 2010	1,125,000		(1,125,000)		
- Unamortized Premium	54,364		(54,364)		
Lease Revenue Bonds, Series 2012	8,365,000		(250,000)	8,115,000	265,000
- Unamortized Premium	181,475		(8,066)	173,409	(8,066)
Storm Drainage Revenue Bonds, Series 2016	8,225,000		(305,000)	7,920,000	310,000
- Unamortized Premium	838,663		(46,593)	792,070	(46,593)
Lease Revenue Bonds, Series 2019	30,240,000		(485,000)	29,755,000	510,000
- Unamortized Premium	7,701,088		(261,054)	7,440,034	(261,054)
Storm Drainage Revenue Bonds, Series 2021		16,410,000		16,410,000	620,000
- Unamortized Premium		3,628,114		3,628,114	(213,418)
Total Governmental Activities-Bonds	80,961,832	20,038,114	(12,020,029)	88,979,917	2,068,079
Governmental Activities - Direct Borrowings:					
PG&E Loan - 2020	298,145		(49,064)	249,081	49,064
Total Governmental Type Activities - Direct Borrowings	298,145		(49,064)	249,081	49,064
Total Governmental Type Activities	\$ 81,259,977	\$ 20,038,114	\$ (12,069,093)	\$ 89,228,998	\$ 2,117,143
Business-Type Activities - Bonds:					
Water and Wastewater Refunding Bonds, Series 2011	\$ 3,270,000	\$ -	\$ (345,000)	\$ 2,925,000	\$ 360,000
- Unamortized Premium	277,771		(34,722)	243,049	(34,722)
Water and Wastewater Refunding Bonds, Series 2013	8,990,000		(845,000)	8,145,000	875,000
- Unamortized Premium	811,947		(90,216)	721,731	(90,216)
Water and Wastewater Refunding Bonds, Series 2016	13,695,000		(985,000)	12,710,000	1,035,000
- Unamortized Premium	2,195,625		(199,603)	1,996,022	(199,603)
Total Business-Type Activities - Bonds	29,240,343		(2,499,541)	26,740,802	1,945,459
Business-Type Activities - Direct Borrowings:					
State Water Resource Loan - 2003	4,533,947		(600,727)	3,933,220	615,746
State Water Resource Loan - 2010	3,816,188		(262,360)	3,553,828	269,968
Total Business-Type Activities - Direct Borrowings	8,350,135		(863,087)	7,487,048	885,714
Total Business-Type Activities	\$ 37,590,478	\$ -	\$ (3,362,628)	\$ 34,227,850	\$ 2,831,173

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 2021, the City made principal and interest payments totaling \$555,000 and \$443,891, 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, 2021.

For The Year Ending June 30	Principal	Interest	Total
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	305,000	259,232	564,232
2027-2031	1,795,000	1,027,490	2,822,490
2032-2036	2,570,000	448,244	3,018,244
	<u>\$ 7,450,000</u>	<u>\$ 3,174,896</u>	<u>\$ 10,624,896</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 2021, the City made principal and interest payments totaling \$1,125,000 and \$39,375, 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. The debt was officially paid off as of June 30, 2021.

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 2021, the City made principal and interest payments on the tax-exempt series totaling \$285,000 and \$9,975, respectively. Principal and interest payments on the taxable series totaled \$0 and \$318,390, 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%.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

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

Storm Drainage Revenue Bonds, Series 2010 (continued)

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, 2021.

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Subsidy*</u>	<u>Total</u>
2022	\$ 295,000	\$ 475,245	\$ (156,855)	\$ 613,390
2023	310,000	457,377	(153,906)	613,471
2024	320,000	438,600	(147,859)	610,741
2025	335,000	419,218	(141,561)	612,657
2026	345,000	398,927	(135,014)	608,913
2027-2031	1,975,000	1,628,661	(558,275)	3,045,386
2032-2036	2,455,000	900,735	(323,651)	3,032,084
2037-2038	1,135,000	116,585	(57,214)	1,194,371
	<u>7,170,000</u>	<u>4,835,348</u>	<u>(1,674,335)</u>	<u>10,331,013</u>
Plus:				
Unamortized premium	<u>126,290</u>			<u>126,290</u>
	<u>\$ 7,296,290</u>	<u>\$ 4,835,348</u>	<u>\$ (1,674,335)</u>	<u>\$10,331,013</u>

* Assumes sequestration rate of Federal subsidy of Build America Bonds remains at 2021 rate (

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 2021, the City made principal and interest payments totaling \$250,000 and \$296,688, 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, 2021.

For The Year Ending June 30	Principal	Interest	Total
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	315,000	233,088	548,088
2027-2031	1,725,000	1,019,655	2,744,655
2032-2036	2,020,000	727,800	2,747,800
2037-2041	2,400,000	350,700	2,750,700
2042	530,000	18,550	548,550
	<u>8,115,000</u>	<u>3,422,995</u>	<u>11,537,995</u>
Plus:			
Unamortized premium	<u>173,409</u>		<u>173,409</u>
	<u>\$ 8,288,409</u>	<u>\$ 3,422,995</u>	<u>\$ 11,711,404</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 2021, the City made principal and interest payments totaling \$8,440,000 and \$286,891, 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.

As of June 30, 2021, the Bond was refund and paid off by the Storm Drainage Revenue Bond, Series 2021.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 2021, the City made principal and interest payments totaling \$305,000 and \$346,075, 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, 2021.

For The Year Ending June 30	Principal	Interest	Total
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	385,000	266,125	651,125
2027-2031	2,230,000	1,035,025	3,265,025
2032-2036	2,720,000	563,975	3,283,975
2037-2038	<u>1,230,000</u>	<u>93,000</u>	<u>1,323,000</u>
	<u>7,920,000</u>	<u>3,196,375</u>	<u>11,116,375</u>
Plus: Unamortized premium	<u>792,070</u>		<u>792,070</u>
	<u>\$ 8,712,070</u>	<u>\$ 3,196,375</u>	<u>\$ 11,908,445</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 2021, the City made principal and interest payments totaling \$485,000 and \$1,512,000, 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, 2021.

For The Year Ending June 30	Principal	Interest	Total
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	620,000	1,378,000	1,998,000
2027-2031	3,595,000	6,393,000	9,988,000
2032-2036	4,585,000	5,400,250	9,985,250
2037-2041	5,855,000	4,133,250	9,988,250
2042-2046	7,470,000	2,516,000	9,986,000
2047-2049	<u>5,435,000</u>	<u>552,250</u>	<u>5,987,250</u>
	<u>29,755,000</u>	<u>26,165,750</u>	<u>55,920,750</u>
Plus:			
Unamortized premium	<u>7,440,034</u>	<u> </u>	<u>7,440,034</u>
	<u>\$ 37,195,034</u>	<u>\$ 26,165,750</u>	<u>\$ 63,360,784</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021 are as follows:

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>
2022	\$ 49,064
2023	47,866
2024	33,321
2025	30,338
2026	29,737
2027-2029	<u>58,755</u>
	<u>\$ 249,081</u>

Storm Drainage Revenue Bonds, Series 2021– Original Issue \$16,410,000

In June 2021, the Authority issued Storm Drainage Revenue Bonds, Series 2021 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, and to refund the Storm Drainage Revenue Bonds, Series 2012. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the Statement of Net Position. The refunding resulted in an overall debt service savings of \$367,658. The net present value of the debt service savings is called an economic gain and amounted to \$980,368.

The principal is due annually on July 1, commencing July 1, 2021. Interest on bonds is payable semiannually on January 1 and July 1, commencing on July 1, 2021. During fiscal year 2021, the City made no principal and interest payments. 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%.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

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

Storm Drainage Revenue Bonds, Series 2021 – Original Issue \$16,410,000 (Continued)

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 2021 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, 2021.

For The Year Ending June 30	Principal	Interest	Total
2022	\$ 620,000	\$ 683,750	\$ 1,303,750
2023	665,000	631,600	1,296,600
2024	710,000	605,000	1,315,000
2025	740,000	576,600	1,316,600
2026	775,000	547,000	1,322,000
2027-2031	4,490,000	2,238,200	6,728,200
2032-2036	5,710,000	1,247,400	6,957,400
2037-2038	2,700,000	163,400	2,863,400
	<u>16,410,000</u>	<u>6,692,950</u>	<u>23,102,950</u>
Plus:			
Unamortized premium	<u>3,628,114</u>		<u>3,628,114</u>
	<u>\$ 20,038,114</u>	<u>\$ 6,692,950</u>	<u>\$ 26,731,064</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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 \$345,000 and \$155,751, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$220,000 and \$99,313, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$125,000 and \$56,438, 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, 2021.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	Principal	Interest	Total
2022	\$ 360,000	\$ 138,500	\$ 498,500
2023	380,000	120,500	500,500
2024	400,000	101,500	501,500
2025	415,000	81,500	496,500
2026	435,000	64,900	499,900
2027-2028	<u>935,000</u>	<u>63,550</u>	<u>998,550</u>
	<u>2,925,000</u>	<u>570,450</u>	<u>3,495,450</u>
Plus:			
Unamortized premium	<u>243,049</u>		<u>243,049</u>
	<u>\$ 3,168,049</u>	<u>\$ 570,450</u>	<u>\$ 3,738,499</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 2021, the City made principal and interest payments of \$845,000 and \$359,776, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$560,000 and \$238,938, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$285,000 and \$120,838, 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, 2021

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, 2021.

For The Year Ending June 30	Principal	Interest	Total
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	1,050,000	157,326	1,207,326
2027-2029	<u>3,365,000</u>	<u>246,678</u>	<u>3,611,678</u>
	<u>8,145,000</u>	<u>1,482,608</u>	<u>9,627,608</u>
Plus unamortized premium	<u>721,731</u>		<u>721,731</u>
	<u>\$ 8,866,731</u>	<u>\$ 1,482,608</u>	<u>\$ 10,349,339</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 2021, the City made principal and interest payments of \$985,000 and \$592,100, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$515,000 and \$309,150, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$470,000 and \$282,950, respectively.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021.

For The Year Ending June 30	Principal	Interest	Total
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	1,250,000	331,200	1,581,200
2027-2031	<u>7,030,000</u>	<u>866,000</u>	<u>7,896,000</u>
	<u>12,710,000</u>	<u>3,088,250</u>	<u>15,798,250</u>
Plus:			
Unamortized premium	1,996,022		1,996,022
	<u>\$ 14,706,022</u>	<u>\$ 3,088,250</u>	<u>\$ 17,794,272</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities (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 2021, the City made principal and interest payments of \$262,360 and \$110,670, respectively.

For The Year Ending June 30	Principal	Interest	Total
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	302,674	70,356	373,030
2027-2031	1,650,234	214,914	1,865,148
2032	473,158	13,718	486,876
	<u>\$ 3,553,828</u>	<u>\$ 663,344</u>	<u>\$ 4,217,172</u>

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 2021, the City made principal and interest payments of \$600,727 and \$113,349, respectively.

For The Year Ending June 30	Principal	Interest	Total
2022	\$ 615,746	\$ 98,331	\$ 714,077
2023	631,139	82,937	714,076
2024	646,918	67,158	714,076
2025	663,091	50,985	714,076
2026	679,668	34,408	714,076
2027	696,658	17,417	714,075
	<u>\$ 3,933,220</u>	<u>\$ 351,236</u>	<u>\$ 4,284,456</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

C. Future Debt Requirements

The future outstanding debt of the City, net of amortized costs as of June 30, 2021, for governmental 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
2022	\$ 2,605,000	\$ 3,524,003	\$ 6,129,003	2022	\$ 49,064	\$ -	\$ 49,064
2023	2,780,000	3,371,750	6,151,750	2023	47,866	-	47,866
2024	2,945,000	3,238,533	6,183,533	2024	33,321	-	33,321
2025	3,120,000	3,097,305	6,217,305	2025	30,338	-	30,338
2026	2,745,000	2,947,358	5,692,358	2026	29,737	-	29,737
2027-2031	15,810,000	12,783,756	28,593,756	2027-2029	58,755	-	58,755
2032-2036	20,060,000	8,964,753	29,024,753		<u>\$ 249,081</u>	<u>\$ -</u>	<u>\$ 249,081</u>
2037-2041	13,320,000	4,799,721	18,119,721				
2041-2046	8,000,000	2,534,550	10,534,550				
2046-2049	5,435,000	552,250	5,987,250				
	<u>76,820,000</u>	<u>45,813,979</u>	<u>122,633,979</u>				
Plus:							
Unamortized premium	<u>12,159,917</u>		<u>12,159,917</u>				
	<u>\$ 88,979,917</u>	<u>\$45,813,979</u>	<u>\$ 134,793,896</u>				

The future outstanding debt of the City, net of amortized costs as of June 30, 2021, 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
2022	\$ 2,270,000	\$ 1,017,176	\$ 3,287,176	2022	\$ 885,714	\$ 201,393	\$ 1,087,107
2023	2,370,000	912,426	3,282,426	2023	908,936	178,169	1,087,105
2024	2,480,000	803,026	3,283,026	2024	932,772	154,334	1,087,106
2025	2,595,000	679,026	3,274,026	2025	957,234	129,871	1,087,105
2026	2,735,000	553,426	3,288,426	2026	982,342	104,764	1,087,106
2027-2031	<u>11,330,000</u>	<u>1,176,228</u>	<u>12,506,228</u>	2027-2031	2,346,892	232,331	2,579,223
	<u>23,780,000</u>	<u>5,141,308</u>	<u>28,921,308</u>	2032	473,158	13,718	486,876
Plus							
unamortized premium	<u>2,960,802</u>		<u>2,960,802</u>		<u>\$ 7,487,048</u>	<u>\$ 1,014,580</u>	<u>\$ 8,501,628</u>
	<u>\$ 26,740,802</u>	<u>\$ 5,141,308</u>	<u>\$ 31,882,110</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 valuated 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, 2021.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

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.

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 services 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, 2021, and net amounts available to pay debt service on the revenue bonds are as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>
Pledged revenue required for future principal and interest	\$ 16,870,345	\$ 20,552,598
Principal and interest paid during the year	1,942,401	2,427,332
Net revenue, excluding depreciation and amortization	8,076,648	5,094,467
Percentage of revenue pledged	24.05%	47.65%
Term of commitment	2031	2032

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, 2021, 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, 2021, the Storm Drainage Fund had sufficient net revenues to satisfy the requirements of the Indenture.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

G. Debt Service Coverage (Continued)

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.

The following table summarizes debt service coverage levels for the Water Fund for the fiscal year ending June 30, 2021:

<u>Water Fund</u>	
Gross operating revenue	\$ 20,090,362
Less: Operating expenses, except depreciation and amortization	<u>(12,013,714)</u>
Net revenue	8,076,648
Debt Service	
Water Refunding Bonds, Series 2016	824,150
Water Refunding Bonds, Series 2011	319,313
Water Refunding Bonds, Series 2013	<u>798,938</u>
Parity Debt Service	<u>1,942,401</u>
Lease Revenue Bonds, Series 2010	388,086
Pension Obligation Bond, Series 2006	<u>124,861</u>
Total Debt Service	<u>\$ 2,455,348</u>
Parity Debt Service Coverage	4.16
Total Debt Service Coverage	3.29

The following table summarizes debt service coverage levels for the Sewer Fund for the fiscal year ending June 30, 2021:

<u>Sewer Fund</u>	
Gross operating revenue	\$ 13,098,508
Less: Operating expenses, except depreciation and amortization	<u>(8,004,041)</u>
Net revenue	5,094,467
Debt Service	
State Water Resource Board Loan, 2003	\$ 714,076
Wastewater Refunding Bonds, Series 2016	752,950
State Water Resource Board Loan, 2010	373,030
Wastewater Refunding Bonds, Series 2011	181,438
Wastewater Refunding Bonds, Series 2013	<u>405,838</u>
Parity Debt Service	<u>2,427,332</u>
Lease Revenue Bonds, Series 2010	388,086
Pension Obligation Bond, Series 2006	<u>124,861</u>
Total Debt Service	<u>\$ 2,940,279</u>
Parity Debt Service Coverage	2.10
Total Debt Service Coverage	1.73

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021:

<u>Storm Drainage Fund</u>	
Net Revenue, Excluding Depreciation and Amortization	\$ 2,984,415
Debt Service	
Storm Drain Revenue Bond, Series 2010*	613,365
Storm Drain Revenue Bond, Series 2012	626,891
Storm Drain Revenue Bond, Series 2016	651,075
Storm Drain Revenue Bond, Series 2021	<u>-</u>
Parity Debt Service	<u>\$ 1,891,331</u>
Parity Debt Service Coverage	1.58
* net of IRS refundable credits	

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, 2021 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, 2020	\$ 2,902,702	\$ 440,879	\$ 3,343,581
Additions	1,483,402	382,211	1,865,613
Payments	<u>(1,001,001)</u>	<u>(356,326)</u>	<u>(1,357,327)</u>
Balance on June 30, 2021	<u>\$ 3,385,103</u>	<u>\$ 466,764</u>	<u>\$ 3,851,867</u>
Due Within One Year	<u>\$ 440,724</u>	<u>\$ 50,580</u>	<u>\$ 491,304</u>
Noncurrent Portion	<u>\$ 2,944,379</u>	<u>\$ 416,184</u>	<u>\$ 3,360,563</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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. 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. At June 30, 2021, the City's outstanding future post-closure and corrective action costs were estimated at \$3,397,308.

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, 2021

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 \$30,000,000.

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	2,068,422	(1,797,422)	6,779,000
2020-2021	6,779,000	3,672,000	(1,481,000)	8,970,000

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 ten fiscal years.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 8 – RISK MANAGEMENT (Continued)

A. Self-Insurance and Contingent Liabilities, (Continued)

In September 2021, 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 \$811,000 as of June 30, 2021. 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, 2021, the City has funded the general liability program at the 90% confidence level.

In September 2021, 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, 2021. The study estimated that the outstanding claims at June 30, 2021, were \$5,459,000. The study also recommends that an amount be set aside as a margin for contingencies. As of June 30, 2021, the City has funded the workers’ compensation program at the 90% confidence level.

NOTE 9 – PENSION PLANS – COST-SHARING

The combined total for City’s both Miscellaneous and Safety pension plans are:

	Miscellaneous Plan <u>Agent-Multiple</u>	Safety Plan <u>Cost-Sharing</u>	<u>Total</u>
Net pension liabilities	\$ 44,253,429	\$ 32,035,051	\$ 76,288,480
Deferred outflows of resources	7,516,747	6,851,291	14,368,038
Deferred inflows of resources	34,095	1,215,211	1,249,306
Pension expenses	3,523,332	4,592,655	8,115,987

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 PEPRA 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, 2021

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, 2021, are summarized as follows:

	Safety	
	<u>Classic</u>	<u>PEPRA</u>
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
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%	13.75%
Required employer contribution rates	25.540%	13.884%

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 \$1,995,166 in fiscal year 2021.

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, 2021

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

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

For the year ended June 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety - Classic</u>	<u>Safety - PEPRA</u>	<u>Total</u>
Contributions - employer	\$ 2,733,540	\$ 326,520	\$ 3,060,060

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

As of June 30, 2021, 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>\$ 32,035,051</u>

The net pension liability of the Plan is measured as of June 30, 2020, 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, 2019, rolled forward to June 30, 2020, 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, 2020 and 2021, was as follows:

	<u>Safety</u>
Proportion - June 30, 2020	0.47296%
Proportion - June 30, 2021	<u>0.48084%</u>
Change - Increase (Decrease)	<u>0.00788%</u>

CITY OF BURLINGAME, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2021

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

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

For the year ended June 30, 2021, the City recognized a pension expense of \$4,592,655 for the Safety Plan. At June 30, 2021, 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	\$ 3,060,060	\$ -
Differences between actual and expected experience	2,484,156	
Changes in assumptions		(106,709)
Net differences between projected and actual earnings on plan investments	696,257	
Change in proportion	610,818	
Differences between actual contributions and proportionate share of contributions		(1,108,502)
	<hr/>	<hr/>
Total	<u>\$ 6,851,291</u>	<u>\$ (1,215,211)</u>

\$3,060,060 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 year ended June 30, 2022. 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
2022	\$ 494,242
2023	998,627
2024	734,286
2025	348,865
Total	<u>\$ 2,576,020</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	\$ 45,913,925
Current Discount Rate	7.15%
Net Pension Liability	\$ 32,035,051
1% Increase	8.15%
Net Pension Liability	\$ 20,646,122

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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

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

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial assumptions:

	<u>Miscellaneous and Safety Plans</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
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, 2.50% thereafter

(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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021

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, 2021, 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%	7.25%
Required employer contribution rates	11.270%	14.731%

Employees Covered – As of the June 30, 2019 actuarial valuation date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	293
Inactive employees entitled to but not yet receiving benefits	155
Active employees	188
Total	<u>636</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

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

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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, 2021

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)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 154,790,839	\$ 114,692,488	\$ 40,098,351
Changes in the year:			
Service cost	3,084,811		3,084,811
Interest on Total Pension Liability	10,983,947		10,983,947
Changes of Benefit Terms			
Changes in Assumptions			
Differences between Expected and Actual experience	1,525,345		1,525,345
Net Plan to Plan Resource Movement			
Contribution - Employer		4,673,324	(4,673,324)
Contribution - Employee		1,287,721	(1,287,721)
Net Investment Income		5,639,668	(5,639,668)
Benefit payments, including Refunds of Employee Contributions	(8,473,915)	(8,473,915)	
Administrative Expenses		(161,688)	161,688
Other Miscellaneous Income/(Expense) ¹			
Net changes	<u>7,120,188</u>	<u>2,965,110</u>	<u>4,155,078</u>
Balance at June 30, 2020	<u>\$ 161,911,027</u>	<u>\$ 117,657,598</u>	<u>\$ 44,253,429</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, 2021

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 Miscellaneous Plan, calculated using the discount rate, 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 higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 65,006,512
Current Discount Rate	7.15%
Net Pension Liability	\$ 44,253,429
1% Increase	8.15%
Net Pension Liability	\$ 27,071,704

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

For the year ended June 30, 2021, the City recognized a pension expense of \$3,523,332 for the Miscellaneous Plan. At June 30, 2021, 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	\$ 5,217,323	\$ -
Change of Assumptions	-	(34,095)
Differences between actual and expected experience	1,385,709	-
Net differences between projected and actual earnings on plan investments	913,715	-
Total	<u>\$ 7,516,747</u>	<u>\$ (34,095)</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

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

\$3,060,247 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Annual
<u>June 30</u>	<u>Amortization</u>
2021	\$ 282,565
2022	841,133
2023	651,351
2024	<u>490,280</u>
Total	<u>\$ 2,265,329</u>

E. Payable to the Miscellaneous Pension Plan

At June 30, 2021, 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, 2021.

F. Subsequent Event: Reduction of CalPERS Discount Rate

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return was under the original expected return of 21.7%, which will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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.

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, 2020, 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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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

C. Net OPEB Liability, Continued

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption	June 30, 2020 Measurement Date
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	7.52%
Healthcare cost trend rates	
-Pre-Medicare	6.00%
-Medicare	4.00%
Mortality rate	Based on CalPERS tables

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 assumption for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. Discount rate changed to 7.52% from 7.00%.

Discount Rate: The discount rate used to measure the total OPEB liability is 7.52%. This is the expected long-term rate of return on City assets using investment strategy 2 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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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

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 6/30/2020:	\$ 47,319,774	\$ 20,275,271	\$ 27,044,503
Changes Recognized for the Measurement Period:			
Service Cost	843,673		843,673
Interest on the total OPEB liability	3,252,206		3,252,206
Expected investment income			
Contributions			
Employer - City's Contribution		4,652,150	(4,652,150)
Employer - Implicit Subsidy		582,560	(582,560)
Employee			
Net investment income		728,615	(728,615)
Administrative expenses		(10,065)	10,065
Difference between expected and actual experience	210,694		210,694
Changes of assumptions	(2,273,864)		(2,273,864)
Implicit rate subsidy fulfilled	(582,560)	(582,560)	
Benefit payments	(2,824,141)	(2,824,141)	
Net Changes	<u>(1,373,992)</u>	<u>2,546,559</u>	<u>(3,920,551)</u>
Balance at 6/30/2021: (Measurement Date 6/30/20)	<u>\$ 45,945,782</u>	<u>\$ 22,821,830</u>	<u>\$ 23,123,952</u>

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 (6.52%) or one percentage point higher (8.52%) follows:

Net OPEB Liability/(Asset)		
Discount Rate -1% (6.52%)	Discount Rate (7.52%)	Discount Rate +1% (8.52%)
\$ 27,671,134	\$ 23,123,952	\$ 19,232,555

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 (5.00% decreasing to 1.84%)	Healthcare Cost Trend Rates (6.00% decreasing to 2.84%)	1% Increase (7.00% decreasing to 3.84%)
\$ 18,483,263	\$ 23,123,952	\$ 28,605,314

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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

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

For the year ended June 30, 2021, the City recognized an OPEB expense of \$307,487. At June 30, 2021, 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	\$ 166,799	\$ (3,822,562)
Employer contributions made subsequent to the measurement date	5,052,235	
Net differences between Projected and Actual Earnings	872,086	
Changes of assumptions	28,584	(3,233,307)
Total	<u>\$ 6,119,704</u>	<u>\$ (7,055,869)</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 Ending June 30	Annual Amortization
2022	\$ (2,099,213)
2023	(2,054,719)
2024	(1,684,729)
2025	(149,739)
Total	<u>\$ (5,988,400)</u>

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 2021, the City made deposits of \$1,278,962 to the trust. As of June 30, 2021, the cash balance in the City's account within the trust was \$30,305,290.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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:

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

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.

The aggregate balance of the General Fund's assigned fund balance was \$17,429,829 as of June 30, 2021. 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, 2021, was \$14,356,000.
- 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, 2021, was \$2,000,000.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

- 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, 2021, 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, 2021 were \$573,829.

Detailed classifications of the City’s fund balances, as of June 30, 2021, are below:

<u>Fund Balance Classifications</u>	<u>General Fund</u>	<u>Storm Drainage Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Items not in spendable form:						
Prepays	\$ 16,323					\$ 16,323
Total Nonspendable Fund Balances	<u>16,323</u>					<u>16,323</u>
Restricted for:						
Employee benefits	15,723,356					15,723,356
Special revenue programs:						
Development fees					\$ 8,995,482	8,995,482
Local grants					544,362	544,362
Measure A and gas tax					2,715,590	2,715,590
Measure W					647,615	647,615
Special assessment district					419,146	419,146
Other					1,120,387	1,120,387
Capital projects		\$ 8,144,703	\$ 27,102,576			35,247,279
Debt service			1,930,848			1,930,848
Total Restricted Fund Balances	<u>15,723,356</u>	<u>8,144,703</u>	<u>29,033,424</u>		<u>14,442,582</u>	<u>67,344,065</u>
Committed to:						
Capital projects				\$ 30,981,935		30,981,935
Total Committed Fund Balances				<u>30,981,935</u>		<u>30,981,935</u>
Assigned to:						
Encumbrances and reappropriations	573,829					573,829
Contingency reserve	500,000					500,000
Economic stability reserve	14,356,000					14,356,000
Catastrophic event reserve	2,000,000					2,000,000
Capital projects				21,197,670		21,197,670
Total Assigned Fund Balances	<u>17,429,829</u>			<u>21,197,670</u>		<u>38,627,499</u>
Unassigned:	<u>12,037,556</u>					<u>12,037,556</u>
Total Fund Balances	<u>\$ 45,207,064</u>	<u>\$ 8,144,703</u>	<u>\$ 29,033,424</u>	<u>\$ 52,179,605</u>	<u>\$ 14,442,582</u>	<u>\$ 149,007,378</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

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, 2021, the balance in the trust was \$18,441,471. 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, 2021:

Funds	Deficit Net Position
Enterprise Fund:	
Landfill	\$ 862,811
Internal Service Fund:	
Facilities Services	431,190

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

E. GASB 84 Implementation

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 84 – Fiduciary Activities during the year ended June 30, 2021, as a result, the activities of the former agency funds are now reported as custodial funds.

Due to GASB 84 implementation, certain former agency fund does not meet Custodial Fund's criteria and was merged into General Fund. As a result, the General Fund beginning fund balance was restated and increased by \$65,709, and the Statement of Activities for the Governmental Activities was also restated and increased by the same amount.

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, 2021, 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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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.

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, 2021

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 \$680,740 during fiscal year 2021, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2022 is estimated to be \$645,276.

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.

As of June 30, 2021, 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.

REQUIRED SUPPLEMENTARY INFORMATION



Comprehensive Annual Financial Report

June 30, 2021

**CITY OF BURLINGAME, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Measurement Date	Safety Plan						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's Proportion of the Net Pension Liability/Asset	0.24850%	0.44660%	0.45659%	0.45193%	0.46735%	0.47296%	0.48084%
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	\$ 32,035,051
Plan's Covered Payroll	\$ 4,498,186	\$ 4,478,926	\$ 4,671,613	\$ 4,834,326	\$ 4,880,736	\$ 4,684,900	\$ 5,083,094
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%	630.23%
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%	31.35%

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

**CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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						
Safety Plan						
Fiscal Year Ended June 30	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,686,060	\$ 1,923,807	\$ 2,106,261	\$ 2,369,301	\$ 2,767,532	\$ 3,060,060
Contributions in relation to the actuarially determined contributions	(1,686,060)	(1,923,807)	(2,106,261)	(2,369,301)	(2,767,532)	(3,060,060)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,671,613	\$ 4,834,326	\$ 4,880,736	\$ 4,684,900	\$ 5,083,094	\$ 5,279,607
Contributions as a percentage of covered payroll	36.09%	39.79%	43.15%	50.57%	54.45%	57.96%
Notes to Schedule						
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
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 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale BB.					

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

**CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	6/30/2020
Total Pension Liability							
Service Cost	\$ 2,451,356	\$ 2,374,018	\$ 2,440,538	\$ 2,891,884	\$ 2,954,416	\$ 3,112,725	\$ 3,084,811
Interest	8,964,159	9,244,742	9,456,322	9,717,799	10,042,619	10,492,653	10,983,947
Changes of Benefit Terms							
Differences Between Expected and Actual Experience		(1,273,339)	(1,959,467)	(570,100)	332,948	962,894	1,525,345
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)	(8,473,915)
Net Change in Total Pension Liability	5,169,062	1,241,689	2,979,035	12,629,860	4,800,390	6,551,132	7,120,188
Total Pension Liability - Beginning	121,419,671	126,588,733	127,830,422	130,809,457	143,439,317	148,239,707	154,790,839
Total Pension Liability - Ending (a)	<u>\$ 126,588,733</u>	<u>\$ 127,830,422</u>	<u>\$ 130,809,457</u>	<u>\$ 143,439,317</u>	<u>\$ 148,239,707</u>	<u>\$ 154,790,839</u>	<u>\$ 161,911,027</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 2,214,366	\$ 2,605,414	\$ 2,936,966	\$ 3,362,448	\$ 3,612,106	\$ 4,093,017	\$ 4,673,324
Contributions - Employee	1,203,540	1,064,874	1,112,768	1,357,763	1,234,017	1,290,194	1,287,721
Net Investment Income	15,116,451	2,248,984	487,558	10,862,212	8,765,961	7,207,344	5,639,668
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)	(8,473,915)
Net Plan to Plan Resource Movement		40,946	(98)	(397,322)	(256)		
Administration Expense		(111,650)	(60,485)	(142,865)	(162,887)	(78,639)	(161,688)
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	2,965,110
Plan Fiduciary Net Position - Beginning	88,004,118	100,292,022	99,245,330	96,763,681	104,530,531	110,197,456	114,692,488
Plan Fiduciary Net Position - Ending (b)	<u>\$ 100,292,022</u>	<u>\$ 99,245,330</u>	<u>\$ 96,763,681</u>	<u>\$ 104,530,531</u>	<u>\$ 110,197,456</u>	<u>\$ 114,692,488</u>	<u>\$ 117,657,598</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 26,296,711</u>	<u>\$ 28,585,092</u>	<u>\$ 34,045,776</u>	<u>\$ 38,908,786</u>	<u>\$ 38,042,251</u>	<u>\$ 40,098,351</u>	<u>\$ 44,253,429</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.23%	77.64%	73.97%	72.87%	74.34%	74.10%	72.67%
Covered Payroll	\$ 13,078,081	\$ 13,191,923	\$ 13,560,054	\$ 14,918,921	\$ 15,717,707	\$ 16,412,886	\$ 16,638,248
Net Pension Liability as Percentage of Covered-Employee Payroll	201.07%	216.69%	251.07%	260.80%	242.03%	244.31%	265.97%

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, 2021**

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	2021
Actuarially determined contribution	\$ 2,929,226	\$ 3,370,189	\$ 3,611,599	\$ 4,093,018	\$ 4,647,118	\$ 5,217,323
Contributions in relation to the actuarially determined contributions	<u>(2,929,226)</u>	<u>(3,370,189)</u>	<u>(3,611,599)</u>	<u>(4,093,018)</u>	<u>(4,647,118)</u>	<u>(5,217,323)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 18,069,293
Contributions as a percentage of covered payroll	21.60%	22.59%	22.98%	24.94%	27.93%	28.87%
Notes to Schedule						
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
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, 2021**

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	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total OPEB Liability (1)				
Service Cost	\$ 1,076,983	\$ 1,109,292	\$ 1,165,244	\$ 843,673
Interest	3,715,640	3,831,234	3,939,278	3,252,206
Changes of benefit terms				
Differences between expected and actual experience			(6,552,966)	210,694
Changes of assumptions		82,179	(2,456,857)	(2,273,864)
Implicit rate subsidy fulfilled	(627,012)	(672,658)	(675,769)	(582,560)
Benefit payments	(2,779,180)	(2,735,249)	(2,765,515)	(2,824,141)
Net change in total OPEB liability	1,386,431	1,614,798	(7,346,585)	(1,373,992)
Total OPEB liability - beginning	51,665,130	53,051,561	54,666,359	47,319,774
Total OPEB liability - ending (a)	\$ 53,051,561	\$ 54,666,359	\$ 47,319,774	\$ 45,945,782
OPEB fiduciary net position				
Net investment income	\$ 1,236,932	\$ 1,113,358	\$ 1,146,645	\$ 728,615
Contributions - employer	4,402,957	4,323,894	5,064,694	4,652,150
Contributions - Implicit Subsidy	627,012	672,658	675,769	582,560
Contributions - employee	-	-	-	-
Administrative expense	(5,990)	(7,856)	(3,777)	(10,065)
Implicit rate subsidy fulfilled	(627,012)	(672,658)	(675,769)	(582,560)
Benefit payments, including refunds of employee contributions	(2,779,180)	(2,735,249)	(2,765,515)	(2,824,141)
Net change in plan fiduciary net position	2,854,719	2,694,147	3,442,047	2,546,559
Plan fiduciary net position - beginning	11,284,358	14,139,077	16,833,224	20,275,271
Plan fiduciary net position - ending (b)	\$ 14,139,077	\$ 16,833,224	\$ 20,275,271	\$ 22,821,830
Net OPEB liability - ending (a)-(b)	\$ 38,912,484	\$ 37,833,135	\$ 27,044,503	\$ 23,123,952
Plan fiduciary net position as a percentage of the total OPEB liability	26.65%	30.79%	42.85%	49.67%
Covered-employee payroll	\$ 21,235,525	\$ 20,450,015	\$ 19,742,257	\$ 20,857,677
Net OPEB liability as a percentage of covered-employee payroll	183.24%	185.00%	136.99%	110.87%

Notes to schedule:

* - the City adopted GASB 75 for the fiscal year ending June 30, 2018.

**CITY OF BURLINGAME, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021	2018	2019	2020	2021
Actuarially Determined Contribution (ADC)	\$ 4,615,519	\$ 4,669,234	\$ 4,471,859	\$ 3,557,131
Less: Contributions in Relation to the ADC	5,029,969	4,996,552	5,740,463	5,234,710
Contribution Deficiency (Excess)	\$ (414,450)	\$ (327,318)	\$ (1,268,604)	\$ (1,677,579)
Covered-employee payroll	\$ 21,235,525	\$ 20,450,015	\$ 19,742,257	\$ 20,857,677
Contributions as a percentage of Covered-employee payroll	23.69%	24.43%	29.08%	25.10%

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	20 years
Inflation	2.50%
Assumed Payroll Growth	2.75%
Healthcare Trend Rates	6.50%, trending down to 3.84%
Rate of Return on Assets	7.52%
Mortality & Retirement Rates	CalPERS Rates. See appendix

* City adopted GASB 75 for the fiscal year ending June 30, 2018.

**CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021, 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, 2021**

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 2021 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, 2021**

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 three years is presented below.

Fiscal Year	Maintenance Estimate	Actual Expenditures	PCI Rating
2018-2019	\$ 2,000,000	\$ 856,722	81
2019-2020	\$ 2,000,000	\$ 2,031,991	78
2020-2021	\$ 2,000,000	\$ 3,848,350	81

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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 25,136,000	\$ 24,659,000	\$ 24,223,779	\$ (435,221)
Sales and use taxes	12,000,000	14,570,000	15,665,703	1,095,703
Transient occupancy taxes	14,000,000	7,500,000	5,738,588	(1,761,412)
Other taxes	2,831,200	2,802,800	2,957,503	154,703
Licenses and permits	78,200	71,200	85,614	14,414
Fines, forfeitures and penalties	560,000	650,000	700,774	50,774
Charges for services	5,007,000	4,406,900	5,489,921	1,083,021
Other revenue	110,000	212,500	232,039	19,539
Intergovernmental taxes			22,090	22,090
Grants and subventions	143,000	3,434,371	4,240,733	806,362
Investment income	1,563,000	1,508,000	2,765,323	1,257,323
Total revenues	61,428,400	59,814,771	62,122,067	2,307,296
Expenditures				
Current:				
General Government				
City Attorney	1,126,967	1,126,967	892,842	234,125
City Clerk	644,591	647,591	513,391	134,200
City Council	455,960	454,860	355,950	98,910
City Manager	952,823	859,023	802,012	57,011
Human Resources	1,179,619	1,162,619	1,067,332	95,287
Finance	2,758,687	2,758,687	2,658,220	100,467
Total General Government	<u>7,118,647</u>	<u>7,009,747</u>	<u>6,289,747</u>	<u>720,000</u>
Public safety:				
Fire	12,459,737	12,459,737	12,256,105	203,632
Fire - Disaster Preparedness	110,000	110,000	77,033	32,967
Police Communications Dispatch	1,695,497	1,726,971	1,683,174	43,797
Police - Parking Enforcement	672,248	664,148	624,521	39,627
Police	15,220,487	15,620,214	15,129,999	490,215
Total Public Safety	<u>30,157,969</u>	<u>30,581,070</u>	<u>29,770,832</u>	<u>810,238</u>
Public Works	<u>7,023,458</u>	<u>7,208,558</u>	<u>6,446,636</u>	<u>761,922</u>
Community Development	<u>2,549,168</u>	<u>2,547,668</u>	<u>2,305,767</u>	<u>241,901</u>
Parks, recreation, and library				
Library	5,972,001	5,426,166	5,129,220	296,946
Parks	5,556,687	5,607,487	5,078,273	529,214
Recreation and Aquatics	4,753,949	3,753,099	3,231,914	521,185
Total Leisure & Cultural Services	<u>16,282,637</u>	<u>14,786,752</u>	<u>13,439,407</u>	<u>1,347,345</u>
Capital outlay	<u>163,000</u>	<u>249,746</u>	<u>191,235</u>	<u>58,511</u>
Total Expenditures	<u>63,294,879</u>	<u>62,383,541</u>	<u>58,443,624</u>	<u>3,939,917</u>
Excess (deficiency) of revenues over expenditures	(1,866,479)	(2,568,770)	3,678,443	6,247,213
Other financing sources (uses)				
Transfers in	2,573,550	2,573,550	2,573,550	
Transfers out	(5,883,338)	(5,937,338)	(5,937,338)	
Total other financing sources (uses)	(3,309,788)	(3,363,788)	(3,363,788)	
Net change in fund balance	\$ (5,176,267)	\$ (5,932,558)	314,655	\$ 6,247,213
FUND BALANCE				
Beginning of year			44,892,409	
End of year			<u>\$ 45,207,064</u>	

**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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 3,017,000	\$ 3,017,000	\$ 2,977,639	\$ (39,361)
Investment income	77,000	74,300	6,776	(67,524)
Total revenues	<u>3,094,000</u>	<u>3,091,300</u>	<u>2,984,415</u>	<u>(106,885)</u>
Other financing sources (uses)				
Transfers out	<u>(1,926,339)</u>	<u>(1,926,339)</u>	<u>(1,926,339)</u>	
Total other financing sources (uses)	<u>(1,926,339)</u>	<u>(1,926,339)</u>	<u>(1,926,339)</u>	
Net change in fund balance	<u>\$ 1,167,661</u>	<u>\$ 1,164,961</u>	1,058,076	<u>\$ (106,885)</u>
FUND BALANCE				
Beginning of year			<u>7,086,627</u>	
End of year			<u>\$ 8,144,703</u>	

See accompanying Notes to the Basic Financial Statements

**SUPPLEMENTAL INFORMATION
COMBINING FINANCIAL STATEMENTS**



Comprehensive Annual Financial Report

June 30, 2021

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 and Donations 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, 2021

	Special Revenue Funds			
	Measure A Fund	Gas Tax Fund	Special Assessment District	Train Shuttle Fund
ASSETS				
Cash and investments	\$ 1,256,432	\$ 1,335,970	\$ 402,189	\$ 226,377
Receivables (net of uncollectible amount of \$0):				
Accounts and other receivables	65,981	57,207	48,872	69,534
Total assets	\$ 1,322,413	\$ 1,393,177	\$ 451,061	\$ 295,911
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 23,993
Total liabilities				23,993
Deferred Inflows:				
Unavailable revenue			31,915	105,534
Total deferred inflows			31,915	105,534
Fund Balances:				
Restricted	1,322,413	1,393,177	419,146	166,384
Total fund balances	1,322,413	1,393,177	419,146	166,384
Total liabilities, deferred inflows and fund balances	\$ 1,322,413	\$ 1,393,177	\$ 451,061	\$ 295,911

Special Revenue Funds

State /Federal Grants Fund	Local Grants and Donations Fund	Development Fees Fund	Public TV Access Fund	Measure W Fund	Total Nonmajor Governmental Funds
\$ 40,942	\$ 548,795	\$ 8,973,189	\$ 880,570	\$ 646,450	\$ 14,310,914
9,041	905	22,293	23,450	1,165	298,448
<u>\$ 49,983</u>	<u>\$ 549,700</u>	<u>\$ 8,995,482</u>	<u>\$ 904,020</u>	<u>\$ 647,615</u>	<u>\$ 14,609,362</u>
\$ -	\$ 5,338	\$ -	\$ -	\$ -	\$ 29,331
	5,338				29,331
					137,449
					137,449
49,983	544,362	8,995,482	904,020	647,615	14,442,582
49,983	544,362	8,995,482	904,020	647,615	14,442,582
<u>\$ 49,983</u>	<u>\$ 549,700</u>	<u>\$ 8,995,482</u>	<u>\$ 904,020</u>	<u>\$ 647,615</u>	<u>\$ 14,609,362</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, 2021

	<u>Special Revenue Funds</u>			
	<u>Measure A Fund</u>	<u>Gas Tax Fund</u>	<u>Special Assessment District</u>	<u>Train Shuttle Fund</u>
REVENUES:				
Investment income (loss)	\$ 11,309	\$ 7,125	\$ (378)	\$ -
Intergovernmental taxes	775,874	1,222,442		
Charges for services			310,094	25,000
Donations				
Grants and subventions				
Total revenues	<u>787,183</u>	<u>1,229,567</u>	<u>309,716</u>	<u>25,000</u>
EXPENDITURES:				
Current:				
Public safety				
Community development				
Parks, recreation, and library				
Shuttle operations				98,373
Total expenditures				<u>98,373</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>787,183</u>	<u>1,229,567</u>	<u>309,716</u>	<u>(73,373)</u>
OTHER FINANCING SOURCES (USES):				
Transfer out		(806,000)	(310,000)	
Total other financing sources (uses)		<u>(806,000)</u>	<u>(310,000)</u>	
Net change in fund balance	<u>787,183</u>	<u>423,567</u>	<u>(284)</u>	<u>(73,373)</u>
FUND BALANCE:				
Beginning of year	<u>535,230</u>	<u>969,610</u>	<u>419,430</u>	<u>239,757</u>
End of year	<u>\$ 1,322,413</u>	<u>\$ 1,393,177</u>	<u>\$ 419,146</u>	<u>\$ 166,384</u>

Special Revenue Funds					
State /Federal Grants Fund	Local Grants and Donations Fund	Development Fees Fund	Public TV Access Fund	Measure W Fund	Total Nonmajor Governmental Funds
\$ -	\$ (1,387)	\$ 27,961	\$ 2,571	\$ 8,667	\$ 55,868
				325,524	2,323,840
		22,148	85,648		442,890
	103,686				103,686
50,248					50,248
<u>50,248</u>	<u>102,299</u>	<u>50,109</u>	<u>88,219</u>	<u>334,191</u>	<u>2,976,532</u>
39,756	585				40,341
		148,000			148,000
	113,524				113,524
					98,373
<u>39,756</u>	<u>114,109</u>	<u>148,000</u>			<u>400,238</u>
10,492	(11,810)	(97,891)	88,219	334,191	2,576,294
					(1,116,000)
					(1,116,000)
<u>10,492</u>	<u>(11,810)</u>	<u>(97,891)</u>	<u>88,219</u>	<u>334,191</u>	<u>1,460,294</u>
39,491	556,172	9,093,373	815,801	313,424	12,982,288
<u>\$ 49,983</u>	<u>\$ 544,362</u>	<u>\$ 8,995,482</u>	<u>\$ 904,020</u>	<u>\$ 647,615</u>	<u>\$ 14,442,582</u>

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, 2021

	Special Revenue Funds					
	Measure A Fund			Gas Tax Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Investment income (loss)	\$ 1,000	\$ 11,309	\$ 10,309	\$ 4,800	\$ 7,125	\$ 2,325
Intergovernmental	764,000	775,874	11,874	1,254,000	1,222,442	(31,558)
Charges for services						
Donations						
Grants revenue						
Total revenues	<u>765,000</u>	<u>787,183</u>	<u>22,183</u>	<u>1,258,800</u>	<u>1,229,567</u>	<u>(29,233)</u>
EXPENDITURES:						
Current:						
Public safety						
Community development						
Parks, recreation, and library						
Shuttle operations						
Total expenditures						
REVENUES OVER (UNDER) EXPENDITURES	<u>765,000</u>	<u>787,183</u>	<u>22,183</u>	<u>1,258,800</u>	<u>1,229,567</u>	<u>(29,233)</u>
OTHER FINANCING SOURCES (USES):						
Transfers out				(806,000)	(806,000)	
Total other financing sources (uses)				<u>(806,000)</u>	<u>(806,000)</u>	
Net change in fund balance	<u>\$ 765,000</u>	787,183	<u>\$ 22,183</u>	<u>\$ 452,800</u>	423,567	<u>\$ (29,233)</u>
FUND BALANCE:						
Beginning of year		<u>535,230</u>			<u>969,610</u>	
End of year		<u>\$ 1,322,413</u>			<u>\$ 1,393,177</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)
\$ 3,900	\$ (378)	\$ (4,278)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
310,000	310,094	94		25,000	25,000		50,248	50,248
<u>313,900</u>	<u>309,716</u>	<u>(4,184)</u>		<u>25,000</u>	<u>25,000</u>		<u>50,248</u>	<u>50,248</u>
							39,756	(39,756)
			<u>227,500</u>	<u>98,373</u>	<u>129,127</u>			
			<u>227,500</u>	<u>98,373</u>	<u>129,127</u>		<u>39,756</u>	<u>(39,756)</u>
<u>313,900</u>	<u>309,716</u>	<u>(4,184)</u>	<u>(227,500)</u>	<u>(73,373)</u>	<u>154,127</u>		<u>10,492</u>	<u>10,492</u>
<u>(310,000)</u>	<u>(310,000)</u>							
<u>(310,000)</u>	<u>(310,000)</u>							
<u>\$ 3,900</u>	<u>(284)</u>	<u>\$ (4,184)</u>	<u>\$ (227,500)</u>	<u>(73,373)</u>	<u>\$ 154,127</u>	<u>\$ -</u>	<u>10,492</u>	<u>\$ 10,492</u>
	<u>419,430</u>			<u>239,757</u>			<u>39,491</u>	
	<u>\$ 419,146</u>			<u>\$ 166,384</u>			<u>\$ 49,983</u>	

(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, 2021

	Special Revenue Funds					
	Local Grants and Donations Funds			Development Fees Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Investment income (loss)	\$ 9,600	\$ (1,387)	\$ (10,987)	\$ 118,000	\$ 27,961	\$ (90,039)
Intergovernmental						
Charges for services					22,148	22,148
Donations		103,686	103,686			
Grants revenue						
Total revenues	<u>9,600</u>	<u>102,299</u>	<u>92,699</u>	<u>118,000</u>	<u>50,109</u>	<u>(67,891)</u>
EXPENDITURES:						
Current:						
Public safety		585	(585)			
Community development					148,000	148,000
Parks, recreation, and library		113,524	(113,524)			
Shuttle operations						
Total expenditures		<u>114,109</u>	<u>(114,109)</u>		<u>148,000</u>	<u>148,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>9,600</u>	<u>(11,810)</u>	<u>(21,410)</u>	<u>118,000</u>	<u>(97,891)</u>	<u>(215,891)</u>
OTHER FINANCING SOURCES (USES):						
Transfers out						
Total other financing sources (uses)						
Net change in fund balance	<u>\$ 9,600</u>	<u>(11,810)</u>	<u>\$ (21,410)</u>	<u>\$ 118,000</u>	<u>(97,891)</u>	<u>\$ (215,891)</u>
FUND BALANCE:						
Beginning of year		<u>556,172</u>			<u>9,093,373</u>	
End of year		<u>\$ 544,362</u>			<u>\$ 8,995,482</u>	

Special Revenue Funds

Public TV Access Fund			Measure W Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 10,600	\$ 2,571	\$ (8,029)	\$ 1,900	\$ 8,667	\$ 6,767
100,000	85,648	(14,352)	350,000	325,524	(24,476)
<u>110,600</u>	<u>88,219</u>	<u>(22,381)</u>	<u>351,900</u>	<u>334,191</u>	<u>(17,709)</u>
<u>110,600</u>	<u>88,219</u>	<u>22,381</u>	<u>351,900</u>	<u>334,191</u>	<u>17,709</u>
<u>\$ 110,600</u>	<u>88,219</u>	<u>\$ 22,381</u>	<u>\$ 351,900</u>	<u>334,191</u>	<u>\$ 17,709</u>
	<u>815,801</u>			<u>313,424</u>	
	<u>\$ 904,020</u>			<u>\$ 647,615</u>	



Comprehensive Annual Financial Report

June 30, 2021

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, 2021

	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	\$ 7,596,330	\$ 7,688,671	\$ -	\$ 868,684	\$ 6,512,993	\$ 1,622,781	\$ 24,289,459
Receivable (net of uncollectible amounts of \$0):							
Other receivables	18,010	18,400	105,259	6,537	15,397	3,663	167,266
Prepaid and Inventory			210,200		52,073		262,273
Total current assets	<u>7,614,340</u>	<u>7,707,071</u>	<u>315,459</u>	<u>875,221</u>	<u>6,580,463</u>	<u>1,626,444</u>	<u>24,718,998</u>
Non-Current assets:							
Cash and investments, restricted				247,883	152,369	26,710	426,962
Capital assets:							
Facilities, infrastructure, and equipment, net of depreciation				71,629	1,380,711	63,069	1,515,409
Total noncurrent assets				<u>319,512</u>	<u>1,533,080</u>	<u>89,779</u>	<u>1,942,371</u>
Total assets	<u>7,614,340</u>	<u>7,707,071</u>	<u>315,459</u>	<u>1,194,733</u>	<u>8,113,543</u>	<u>1,716,223</u>	<u>26,661,369</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions				208,698	135,377	9,573	353,648
Deferred outflows related to OPEB				121,170	72,824	12,239	206,233
Total deferred outflows of resources				<u>329,868</u>	<u>208,201</u>	<u>21,812</u>	<u>559,881</u>
LIABILITIES							
Current liabilities:							
Accounts payable	2,620,751	380		66,924	21,692	114,425	2,824,172
Accrued payroll				20,537	14,834	1,460	36,831
Due to other fund			172,571				172,571
Compensated absences due in one year				4,551	3,327		7,878
Claims and litigation due in one year	336,000	989,000					1,325,000
Total current liabilities	<u>2,956,751</u>	<u>989,380</u>	<u>172,571</u>	<u>92,012</u>	<u>39,853</u>	<u>115,885</u>	<u>4,366,452</u>
Noncurrent liabilities:							
Compensated absences				36,604	24,125		60,729
Claims and litigation	3,175,000	4,470,000					7,645,000
Net pension liability				1,228,671	797,008	56,361	2,082,040
Net OPEB liability				457,854	275,175	46,248	779,277
Total noncurrent liabilities	<u>3,175,000</u>	<u>4,470,000</u>		<u>1,723,129</u>	<u>1,096,308</u>	<u>102,609</u>	<u>10,567,046</u>
Total liabilities	<u>6,131,751</u>	<u>5,459,380</u>	<u>172,571</u>	<u>1,815,141</u>	<u>1,136,161</u>	<u>218,494</u>	<u>14,933,498</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions				947	614	43	1,604
Deferred inflows related to OPEB				139,706	83,965	14,112	237,783
Total deferred inflows of resources				<u>140,653</u>	<u>84,579</u>	<u>14,155</u>	<u>239,387</u>
NET POSITION							
Net investment in capital assets				71,629	1,380,711	63,069	1,515,409
Restricted				247,883	152,369	26,710	426,962
Unrestricted (deficit)	1,482,589	2,247,691	142,888	(750,705)	5,567,924	1,415,607	10,105,994
Total net position	<u>\$ 1,482,589</u>	<u>\$ 2,247,691</u>	<u>\$ 142,888</u>	<u>\$ (431,193)</u>	<u>\$ 7,101,004</u>	<u>\$ 1,505,386</u>	<u>\$ 12,048,365</u>

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Liability Fund	Workers' Compensation Fund	OPEB Fund	Facilities Services Fund	Equipment Services Fund	Information Technology Services Fund	Total
OPERATING REVENUES:							
Charges for services	\$ 1,514,000	\$ 1,034,500	\$ 4,381,109	\$ 2,041,760	\$ 1,466,122	\$ 1,421,668	\$ 11,859,159
Other revenue				13	19,320		19,333
Total operating revenue	<u>1,514,000</u>	<u>1,034,500</u>	<u>4,381,109</u>	<u>2,041,773</u>	<u>1,485,442</u>	<u>1,421,668</u>	<u>11,878,492</u>
OPERATING EXPENSES:							
Salaries and benefits				691,943	415,955	75,833	1,183,731
Retiree medical benefit			4,390,850				4,390,850
Supplies and services		103,470	11,952	757,839	206,842	1,071,793	2,151,896
Depreciation				18,591	662,781	26,903	708,275
Insurance claims and expenses	6,407,090	15,877		2,182	39,231		6,464,380
Total operating expenses	<u>6,407,090</u>	<u>119,347</u>	<u>4,402,802</u>	<u>1,470,555</u>	<u>1,324,809</u>	<u>1,174,529</u>	<u>14,899,132</u>
Operating income (loss)	<u>(4,893,090)</u>	<u>915,153</u>	<u>(21,693)</u>	<u>571,218</u>	<u>160,633</u>	<u>247,139</u>	<u>(3,020,640)</u>
NONOPERATING REVENUES (EXPENSES):							
Investment income (expense)	18,007	4,912		48,360	36,061	9,453	116,793
Net nonoperating revenues (expenses)	<u>18,007</u>	<u>4,912</u>		<u>48,360</u>	<u>36,061</u>	<u>9,453</u>	<u>116,793</u>
Net change in net position	<u>(4,875,083)</u>	<u>920,065</u>	<u>(21,693)</u>	<u>619,578</u>	<u>196,694</u>	<u>256,592</u>	<u>(2,903,847)</u>
NET POSITION:							
Total net position, beginning,	6,357,672	1,327,626	164,581	(1,050,771)	6,904,310	1,248,794	14,952,212
Total net position, ending	<u>\$ 1,482,589</u>	<u>\$ 2,247,691</u>	<u>\$142,888</u>	<u>\$ (431,193)</u>	<u>\$ 7,101,004</u>	<u>\$ 1,505,386</u>	<u>\$ 12,048,365</u>

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 1,514,000	\$ 1,045,307	\$ 4,381,716	\$ 2,041,785	\$ 1,493,602	\$ 1,423,224	\$ 11,899,634
Payments to claims	(157,217)	(430,661)					(587,878)
Payments to suppliers	(882,079)	(263,427)	(11,952)	(748,675)	(279,040)	(1,080,750)	(3,265,923)
Payments to retirees and trust			(4,395,567)				(4,395,567)
Payments to employees				(785,493)	(465,501)	(85,374)	(1,336,368)
Net cash provided by (used in) operating activities	474,704	351,219	(25,803)	507,617	749,061	257,100	2,313,898
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Interfund loans received (paid)			25,803				25,803
			25,803				25,803
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets				(14,999)	(173,616)	1	(188,614)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received on investments	26,595	4,912		48,360	36,061	9,453	125,381
	26,595	4,912		48,360	36,061	9,453	125,381
Net increase (decrease) in cash and cash equivalents	501,299	356,131		540,978	611,506	266,554	2,276,468
CASH AND CASH EQUIVALENTS:							
Beginning of year	7,095,031	7,332,540		575,589	6,053,856	1,382,937	22,439,953
End of year	\$ 7,596,330	\$ 7,688,671	\$ -	\$ 1,116,567	\$ 6,665,362	\$ 1,649,491	\$ 24,716,421
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating (loss) income	\$ (4,893,090)	\$ 915,153	\$ (21,693)	\$ 571,218	\$ 160,633	\$ 247,139	\$ (3,020,640)
Adjustments for noncash activities:							
Depreciation and amortization				18,591	662,781	26,903	708,275
Changes in assets and liabilities:							
Receivables		10,807	607	12	8,160	1,556	21,142
Inventories and prepaid					(11,593)		(16,310)
Deferred outflows			(4,717)	(66,632)	(37,566)	(3,630)	(107,828)
Accounts payable	2,609,794	(7,741)		11,346	(21,374)	(8,957)	2,583,068
Accrued payroll				20,537	14,834	1,460	36,831
Compensated absences				(15,399)	21,705		6,306
Claims and litigations liabilities	2,758,000	(567,000)					2,191,000
Deferred inflows				(37,338)	(30,722)	(2,118)	(70,178)
Net pension liabilities				115,363	74,833	5,292	195,488
Net OPEB liabilities				(110,081)	(92,630)	(10,545)	(213,256)
Total adjustments	5,367,794	(563,934)	(4,110)	(63,601)	588,428	9,961	5,334,538
Net cash provided by (used in) operating activities	\$ 474,704	\$ 351,219	\$ (25,803)	\$ 507,617	\$ 749,061	\$ 257,100	\$ 2,313,898
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION							
Cash and investments – current	\$ 7,596,330	\$ 7,688,671	\$ -	\$ 868,684	\$ 6,512,993	\$ 1,622,781	\$ 24,289,459
Cash and investments, restricted				247,883	152,369	26,710	426,962
Total cash and investments per Statement of Net Position	\$ 7,596,330	\$ 7,688,671	\$ -	\$ 1,116,567	\$ 6,665,362	\$ 1,649,491	\$ 24,716,421

STATISTICAL SECTION



Comprehensive Annual Financial Report

June 30, 2021

STATISTICAL SECTION

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

	Fiscal Year			
	(1)	(1)	(2)	
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 78,903	\$ 64,020	\$ 72,956	\$ 74,346
Restricted	12,102	26,400	45,863	36,446
Unrestricted - restated per GASB 75	27,234	34,841	14,732	(26,763)
Total governmental activities net position	<u>\$ 118,239</u>	<u>\$ 125,261</u>	<u>\$ 133,551</u>	<u>\$ 84,029</u>
Business-type activities:				
Net investment in capital assets	\$ 40,381	\$ 43,469	\$ 46,341	\$ 50,485
Restricted	5,014	5,050	451	451
Unrestricted - restated per GASB 75	14,788	16,093	27,092	22,038
Total business-type activities net position	<u>\$ 60,183</u>	<u>\$ 64,612</u>	<u>\$ 73,884</u>	<u>\$ 72,974</u>
Primary government:				
Net investment in capital assets	\$ 119,284	\$ 107,489	\$ 119,297	\$ 124,831
Restricted	17,116	31,450	46,314	36,897
Unrestricted	42,022	50,934	41,824	(4,725)
Total primary government net position	<u>\$ 178,422</u>	<u>\$ 189,873</u>	<u>\$ 207,436</u>	<u>\$ 157,003</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

2016	2017	2018	2019	2020	2021
\$ 79,019	\$ 82,624	\$ 87,689	\$ 98,575	\$ 107,083	\$ 124,845
38,414	43,383	26,901	28,852	77,137	67,771
(25,511)	(9,583)	6,415	25,681	(12,700)	(18,068)
<u>\$ 91,922</u>	<u>\$ 116,424</u>	<u>\$ 121,005</u>	<u>\$ 153,108</u>	<u>\$ 171,520</u>	<u>\$ 174,548</u>
\$ 54,587	\$ 61,071	\$ 66,077	\$ 69,494	\$ 74,432	\$ 75,643
12,367	11,963	12,155	15,485	20,020	23,158
26,002	30,125	31,760	36,559	39,748	41,898
<u>\$ 92,956</u>	<u>\$ 103,159</u>	<u>\$ 109,992</u>	<u>\$ 121,538</u>	<u>\$ 134,200</u>	<u>\$ 140,699</u>
\$ 133,606	\$ 143,695	\$ 153,766	\$ 153,766	\$ 181,515	\$ 200,488
50,781	55,346	39,056	39,056	97,157	90,929
491	20,542	38,176	38,176	27,048	23,830
<u>\$ 184,878</u>	<u>\$ 219,583</u>	<u>\$ 230,998</u>	<u>\$ 230,998</u>	<u>\$ 305,720</u>	<u>\$ 315,247</u>

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

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 6,358	\$ 6,188	\$ 7,295	\$ 4,231
Public safety	20,265	21,163	19,141	23,005
Public works	8,248	9,268	12,961	8,267
Community development	1,245	941	1,007	1,145
Parks, recreation and library	9,828	11,065	11,162	15,832
Shuttle operations	249	179	188	135
Financing and other activities	2,215	3,552	2,812	2,422
Total governmental activities expenses	<u>48,408</u>	<u>52,356</u>	<u>54,567</u>	<u>55,037</u>
Business-type activities:				
Water	11,082	12,127	10,745	11,471
Sewer	9,686	9,553	9,332	10,144
Waste management	681	634	467	481
Landfill	-	-	177	67
Parking	1,435	1,350	1,183	1,296
Building	1,222	1,317	1,254	1,368
Total business-type activities expenses	<u>24,107</u>	<u>24,980</u>	<u>23,158</u>	<u>24,827</u>
Total primary government expenses	<u>\$ 72,516</u>	<u>\$ 77,336</u>	<u>\$ 77,725</u>	<u>\$ 79,864</u>
Program Revenue				
Governmental activities:				
Charges for services:				
General government	\$ 2	\$ 117	\$ 302	\$ 116
Public safety	1,053	212	1,097	1,066
Public works	560	3,230	4,075	3,870
Community development	319	384	738	657
Parks, recreation and library	2,760	2,880	2,919	3,372
Shuttle operations	-	-	-	-
Operating grants and contributions	1,165	987	738	1,127
Capital grants and contributions	3,520	357	1,249	740
Total governmental activities program revenues	<u>9,379</u>	<u>8,167</u>	<u>11,118</u>	<u>10,948</u>
Business-types activities:				
Charges for services:				
Water	13,708	14,875	16,023	15,425
Sewer	16,157	16,791	16,931	15,679
Waste management	465	564	1,694	943
Landfill	-	-	350	445
Parking	1,950	2,428	2,477	2,573
Building	1,580	1,707	2,057	1,980
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>33,860</u>	<u>36,365</u>	<u>39,532</u>	<u>37,045</u>
Total primary government program revenues	<u>\$ 43,239</u>	<u>\$ 44,532</u>	<u>\$ 50,651</u>	<u>\$ 47,993</u>
Net (expenses)/revenue				
Government activities	\$ (39,029)	\$ (44,189)	\$ (43,449)	\$ (44,089)
Business-type activities	9,753	11,385	16,374	12,218
Total primary government net expenses	<u>\$ (29,277)</u>	<u>\$ (32,804)</u>	<u>\$ (27,075)</u>	<u>\$ (31,871)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 13,672	\$ 14,394	\$ 15,497	\$ 16,677
Sales tax	8,495	9,199	10,196	11,101
Transient occupancy tax	16,183	18,244	21,357	23,698
Other taxes	4,478	5,311	4,595	4,697
Other general revenue	-	-	344	1,254
Special Item - OPEB pre-funding	-	-	(6,600)	-
Investment earnings (expense)	472	148	576	481
Transfers	4,513	3,916	5,774	3,127
Total governmental activities	<u>47,813</u>	<u>51,212</u>	<u>51,739</u>	<u>61,037</u>
Business-type activities:				
Other taxes	228	314	-	-
Other general revenue	-	-	-	-
Investment earnings (expense)	(1,427)	(3,353)	(1,329)	(1,451)
Transfers	(4,513)	(3,916)	(5,774)	(3,127)
Total primary government	<u>(5,712)</u>	<u>(6,955)</u>	<u>(7,103)</u>	<u>(4,578)</u>
Change in Net Position				
Government activities	8,784	7,023	8,290	16,947
Business-type activities	4,041	4,430	9,271	7,640
Total primary government	<u>\$ 12,825</u>	<u>\$ 11,453</u>	<u>\$ 17,562</u>	<u>\$ 24,587</u>

2016	2017	2018	2019	2020	2021
\$ 4,275	\$ 4,757	\$ 5,785	\$ 6,181	\$ 6,710	\$ 11,026
26,296	25,710	27,244	28,634	31,551	29,927
8,312	7,353	7,929	7,574	7,639	8,363
1,162	1,386	1,817	1,755	2,376	2,674
13,786	14,581	16,925	16,875	16,062	13,972
137	150	191	168	156	98
2,639	3,075	2,210	1,814	2,144	3,016
<u>56,607</u>	<u>57,012</u>	<u>62,101</u>	<u>63,001</u>	<u>66,638</u>	<u>69,076</u>
12,822	13,806	14,671	14,855	15,096	14,731
10,960	10,345	11,205	11,874	12,224	11,772
487	676	789	728	637	751
56	77	406	224	213	215
445	635	1,053	926	1,005	1,278
1,420	2,054	1,580	2,495	2,354	2,547
<u>26,190</u>	<u>27,593</u>	<u>29,704</u>	<u>31,102</u>	<u>31,529</u>	<u>31,294</u>
<u>\$ 82,797</u>	<u>\$ 84,605</u>	<u>\$ 91,805</u>	<u>\$ 94,103</u>	<u>\$ 98,167</u>	<u>\$ 100,370</u>
\$ 123	\$ 122	\$ 119	\$ 109	\$ 115	\$ 97
1,009	1,075	1,140	1,386	1,496	1,531
3,477	4,316	4,186	4,122	4,219	4,437
890	5,900	702	1,332	3,053	957
3,405	3,860	4,208	4,261	2,924	2,649
150	-	-	-	-	-
591	978	830	629	424	4,316
439	150	1,218	508	193	1,502
<u>10,084</u>	<u>16,401</u>	<u>12,403</u>	<u>12,347</u>	<u>12,424</u>	<u>15,489</u>
15,158	16,375	18,623	19,664	20,615	20,081
15,634	15,798	15,837	15,715	15,127	13,099
778	780	700	617	617	611
437	447	465	483	480	452
2,649	2,766	2,820	2,773	1,930	1,628
2,257	4,087	4,413	3,221	3,861	3,373
42,858	39,244	-	-	-	-
<u>79,771</u>	<u>79,497</u>	<u>42,858</u>	<u>42,473</u>	<u>42,630</u>	<u>39,244</u>
<u>\$ 89,855</u>	<u>\$ 95,898</u>	<u>\$ 55,261</u>	<u>\$ 54,820</u>	<u>\$ 55,054</u>	<u>\$ 54,733</u>
\$ (46,523)	\$ (40,611)	\$ (49,698)	\$ (50,654)	\$ (54,214)	\$ (53,587)
53,581	51,904	13,154	11,371	11,101	7,950
<u>\$ 7,058</u>	<u>\$ 11,293</u>	<u>\$ (36,544)</u>	<u>\$ (39,283)</u>	<u>\$ (43,113)</u>	<u>\$ (45,637)</u>
\$ 17,645	\$ 18,933	\$ 20,335	\$ 21,956	\$ 23,304	\$ 24,224
12,828	12,089	12,820	17,820	14,803	15,666
26,092	26,263	27,936	29,384	20,417	5,739
4,589	4,407	4,869	5,214	5,503	5,303
233	427	381	466	383	371
-	-	-	-	-	-
1,292	266	624	5,758	6,000	3,003
<u>(8,114)</u>	<u>2,730</u>	<u>2,863</u>	<u>2,157</u>	<u>2,213</u>	<u>2,243</u>
<u>54,565</u>	<u>65,115</u>	<u>69,828</u>	<u>82,755</u>	<u>72,623</u>	<u>56,549</u>
-	-	-	-	-	-
382	144	185	203	831	279
762	128	235	2,127	2,942	512
8,114	(2,730)	(2,864)	(2,157)	(2,213)	(2,243)
<u>9,258</u>	<u>(2,458)</u>	<u>(2,444)</u>	<u>173</u>	<u>1,560</u>	<u>(1,452)</u>
7,893	24,503	20,132	32,103	18,411	2,963
19,982	10,202	10,709	11,545	12,663	6,499
<u>\$ 27,875</u>	<u>\$ 34,705</u>	<u>\$ 30,841</u>	<u>\$ 43,648</u>	<u>\$ 31,074</u>	<u>\$ 9,462</u>

CITY OF BURLINGAME, CALIFORNIA
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (modified accrual basis of accounting)
(amounts express in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:					
Nonspendable	\$ 1	\$ 217	\$ 221	\$ 224	\$ 337
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	11,927	12,300	9,413	18,773	18,638
Unassigned	<u>3,591</u>	<u>7,430</u>	<u>13,251</u>	<u>10,465</u>	<u>11,003</u>
Total general fund	<u>\$ 15,519</u>	<u>\$ 19,947</u>	<u>\$ 22,885</u>	<u>\$ 29,462</u>	<u>\$ 29,978</u>
All other governmental funds:					
Nonspendable	\$ 204	\$ 396	\$ 383	\$ 375	\$ 575
Restricted	11,898	26,004	17,417	10,851	21,034
Committed	-	19,412	28,063	25,220	20,874
Assigned	13,246	1,166	651	8,762	13,500
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97</u>
Subtotal all other governmental funds	<u>\$ 25,348</u>	<u>\$ 46,978</u>	<u>\$ 46,514</u>	<u>\$ 45,208</u>	<u>\$ 56,080</u>
Total governmental fund balance	<u>\$ 40,867</u>	<u>\$ 66,925</u>	<u>\$ 69,399</u>	<u>\$ 74,670</u>	<u>\$ 86,058</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund:					
Nonspendable	\$ 215	\$ 6	\$ 4	\$ 7	\$ 16
Restricted	12	4,391	7,480	10,824	15,723
Committed	-	-	-	-	-
Assigned	19,386	19,930	21,582	21,728	17,430
Unassigned	<u>13,659</u>	<u>12,046</u>	<u>20,102</u>	<u>12,268</u>	<u>12,038</u>
Subtotal General Fund	<u>\$ 33,272</u>	<u>\$ 36,373</u>	<u>\$ 49,168</u>	<u>\$ 44,827</u>	<u>\$ 45,207</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	25,196	22,325	21,117	66,037	51,621
Committed	22,359	27,005	27,765	36,439	30,982
Assigned	20,500	25,800	30,800	24,656	21,198
Unassigned	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal all other governmental funds	<u>\$ 68,050</u>	<u>\$ 75,130</u>	<u>\$ 79,682</u>	<u>\$ 127,132</u>	<u>\$ 103,801</u>
Total governmental fund balance	<u>\$ 101,322</u>	<u>\$ 111,503</u>	<u>\$ 128,850</u>	<u>\$ 171,959</u>	<u>\$ 149,008</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, 2021

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				
	2012	2013	2014	2015	2016
REVENUES:					
Property taxes	\$ 13,672	\$ 15,539	\$ 15,497	\$ 16,677	\$ 17,645
Sales and use taxes	8,495	9,199	10,196	11,101	12,828
Transient occupancy taxes	16,183	18,244	21,357	23,698	26,092
Other taxes	2,582	2,970	2,970	3,048	3,154
Licenses and permits	100	102	112	84	86
Fines, forfeitures, and penalties	889	933	874	921	864
Investment income	472	148	391	374	1,036
Motor vehicle in lieu tax	-	-	-	-	-
Intergovernmental	1,896	2,115	1,625	1,648	1,435
Charges for services	6,270	6,721	7,704	8,076	7,919
Grant and governmental revenues	1,216	267	1,987	1,867	1,075
Other revenue	904	370	345	1,255	391
Total revenues	52,680	56,608	63,058	68,749	72,525
EXPENDITURES:					
Current					
General government	6,669	5,699	5,989	4,434	4,917
Public safety	18,392	18,895	20,082	23,231	25,057
Public works	9,790	7,834	11,280	8,311	7,330
Community development	1,172	854	1,041	1,244	1,406
Parks, recreation and library	9,463	9,328	10,485	15,145	12,725
Shuttle operations	145	179	188	135	137
Other	-	-	-	-	-
Capital Outlay	-	6,447	3,205	6,594	3,885
Debt service:					
Principal	3,034	3,527	4,631	4,964	5,832
Interest	2,304	2,337	2,752	2,548	2,633
Cost of issuance	-	-	-	-	-
Total expenditures	50,969	55,101	59,654	66,607	63,922
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,711	1,507	3,404	2,142	8,603
OTHER FINANCING SOURCES (USES):					
Transfer in	29,276	33,209	33,520	33,694	30,150
Transfer out	(24,763)	(29,293)	(34,448)	(30,567)	(38,264)
Pension obligation bonds issued	-	-	-	-	-
Payment to PERS retirement	-	-	-	-	-
Refund bond issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	1,045
Proceeds from issuance of debt	405	20,637	-	-	9,855
Payments to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	4,918	24,553	(929)	3,127	2,786
Net change in fund balances	\$ 6,630	\$ 26,058	\$ 2,473	\$ 5,270	\$ 11,389
Debt service as a percentage of noncapital expenditures	10%	12%	13%	13%	13%

		Fiscal Year							
		2017	2018	2019	2020	2021			
\$	18,933	\$	20,335	\$	21,956	\$	23,304	\$	24,224
	12,089		12,819		17,820		14,803		15,666
	26,263		27,936		29,384		20,416		5,738
	3,024		3,216		3,233		3,134		2,958
	88		83		85		99		86
	898		976		1,209		793		701
	309		547		5,059		5,174		2,886
	-		-		-		-		-
	1,383		1,653		1,980		2,369		2,346
	14,284		9,298		9,918		11,257		8,911
	779		2,048		1,010		443		5,793
	427		378		416		553		352
	<u>78,477</u>		<u>79,289</u>		<u>92,070</u>		<u>82,345</u>		<u>69,661</u>
	5,148		5,604		5,922		6,515		6,320
	25,646		26,448		27,647		28,631		29,812
	6,238		6,617		6,313		6,593		6,908
	1,531		1,812		1,710		2,374		2,883
	13,590		15,642		16,128		15,188		14,331
	150		160		168		156		98
	-		-		-		-		-
	4,863		8,080		14,429		14,295		39,514
	5,596		5,246		2,600		3,929		11,494
	3,182		2,364		1,963		2,697		3,255
							303		343
	<u>65,944</u>		<u>71,973</u>		<u>76,880</u>		<u>80,681</u>		<u>114,958</u>
	<u>12,533</u>		<u>7,316</u>		<u>15,190</u>		<u>1,664</u>		<u>(45,297)</u>
	26,378		29,605		28,964		28,731		37,770
	(23,648)		(26,741)		(26,806)		(26,518)		(35,528)
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		20,038
	-		-		-		-		-
	<u>2,730</u>		<u>2,864</u>		<u>2,158</u>		<u>2,213</u>		<u>22,280</u>
\$	<u>15,263</u>	\$	<u>10,180</u>	\$	<u>17,348</u>	\$	<u>3,877</u>	\$	<u>(23,017)</u>
	14%		14%		7%		10%		20%

CITY OF BURLINGAME, CALIFORNIA
ASSESSED VALUES OF TAXABLE PROPERTY
Last Ten Fiscal Years

Category	2011-12	2012-13	2013-14	2014-15	2015-16
Residential	\$ 5,067,435,558	\$ 5,292,630,080	\$ 5,657,587,039	\$ 6,106,922,682	\$ 6,543,165,637
Commercial	1,203,204,597	1,264,338,491	1,304,028,690	1,406,432,281	1,487,657,043
Industrial	449,409,192	469,569,724	487,612,064	491,904,917	500,290,183
Government	481,217	490,841	1,131,741	1,136,878	16,859,592
Institutional	5,179,683	5,313,527	5,686,994	6,739,774	5,545,746
Miscellaneous	46,149,474	47,731,445	52,216,889	52,541,265	63,818,615
Recreational	21,565,053	21,330,221	21,756,820	27,696,881	30,269,253
Vacant Land	44,684,470	53,260,644	61,242,201	42,238,634	43,082,544
SBE Nonunitary	2,560,452	2,560,452	2,560,452	2,560,452	2,763,435
Unsecured	270,906,684	275,840,943	302,712,785	307,284,506	324,903,282
Unknown	-	-	45,233,193	-	-
TOTALS	\$ 7,111,576,380	\$ 7,433,066,368	\$ 7,941,768,868	\$ 8,445,458,270	\$ 9,018,355,330
Total Direct Rate	0.14519	0.14209	0.14205	0.14235	0.14250

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.

Source: San Mateo County Assessor 2011/12 - 2020/21 Combined Tax Rolls

2016-17	2017-18	2018-19	2019-20	2020-21
\$ 6,996,722,454	\$ 7,392,749,191	\$ 7,873,773,642	\$ 8,453,667,110	\$ 9,086,726,751
1,665,932,944	1,857,291,724	1,978,102,748	2,064,268,140	2,850,479,408
523,550,270	545,609,274	650,767,854	770,865,330	673,478,092
17,116,700	17,459,033	40,103,131	39,254,268	20,329,877
5,634,571	5,743,999	5,819,973	5,958,515	6,077,249
76,577,551	102,398,944	2,461,921	2,511,155	2,561,375
30,095,025	30,696,916	52,691,864	53,744,894	54,810,016
62,448,455	63,823,350	18,242,238	31,975,517	55,962,779
2,763,435	2,763,435	2,763,435	3,841,026	3,841,026
329,134,973	338,411,794	344,682,252	360,169,404	351,494,932
-	-	-	-	-
\$ 9,709,976,378	\$ 10,356,947,660	\$ 10,969,409,058	\$ 11,786,255,359	\$ 13,105,761,505
0.14246	0.14245	0.14245	0.14242	0.14240

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
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%
2020/21	12,750,425,547	351,494,932	3,841,026	13,105,761,505	11.20%

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
		City	County	Peninsula Hospital	Community College District	Elementary School District	High School District	
	\$	\$	\$	\$	\$	\$	\$	\$
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
2021	1.000000	0.000000	0.000000	0.000000	0.021300	0.094700	0.044900	1.160900
City's Share of 1% Levy Per Prop 13 ⁽³⁾								0.14472
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, 2021
(amounts expressed in thousands)

Taxpayer	2020/21				2011/12		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)
Burlingame Point LLC	\$ 705,474	1	5.38%	EQR-NorthPark LP	\$ 110,000	1	1.55%
HMC Burlingame Hotels LLC	229,664	2	1.75%	HMC Burlingame Hotel LLC	81,841	2	1.15%
Shac Carolan Apartments LLC	174,661	3	1.33%	Inland American Lodging Burlingame LLC	72,000	3	1.01%
EQR-NorthPark LP	130,477	4	1.00%	Bay Park Plaza Associates	51,900	4	0.73%
Inland American Lodging Burlingame LLC	119,559	5	0.91%	Mills-Peninsula Health Services	47,138	5	0.66%
EW PG Airport Owner LLC	104,283	6	0.80%	Felcor CSS Holdings LP	44,771	6	0.63%
DCT Rollins Road LLC	78,420	7	0.60%	EQR-Skyline Terrace LP	42,600	7	0.60%
IP Woodstock One Bay LLC	75,300	8	0.57%	DCT Rollins Road LLC	34,256	8	0.48%
Felcor CSS Holdings LP	57,800	9	0.44%	One Bay Plaza Associates LLC	33,700	9	0.47%
Pur Skyline MMC II LLC	49,988	10	0.38%	Harbor View Hotels Inc.	27,927	10	0.39%
	<u>\$ 1,725,626</u>		<u>13.16%</u>		<u>\$ 546,133</u>		<u>7.67%</u>

(1) 2020-21 Local Combined Assessed Valuation \$ 13,105,761

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
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%
2021	22,113,831	21,944,375	99.23%	-	21,944,375	99.23%

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
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
2021	24,224	15,666	5,739	2,958	2,324	50,911

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			
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
2021	45,483,443	36,046,474	7,450,000	249,081	-	-	18,640,918	15,586,931	123,456,847	5.46%	4,150

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
2021	7,450,000	13,105,761,505	0.06%	29,746	250

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, 2021

2020-21 Assessed Valuation** : \$ 13,105,761,505

	Total Debt June 30, 2021	Percent Applicable (1)	City's share of Debt June 30, 2021
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$ 761,305,961	5.119%	\$ 38,971,252
San Mateo Union High School District	680,210,648	14.773%	100,487,519
Burlingame School District	170,632,486	95.005%	162,109,393
Hillsborough School District	73,579,471	0.142%	104,483
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$ 1,685,728,566</u>		<u>\$ 301,672,647</u>
<u>DIRECT AND OVERLAPPING LEASE OBLIGATION DEBT:</u>			
San Mateo County General Fund Obligations	\$ 487,114,345	5.119%	\$ 24,935,383
San Mateo County Board of Education Certificates of Participation	6,840,000	5.119%	350,140
City of Burlingame, General Fund Obligations	38,355,000	100.000%	38,355,000
City of Burlingame, Pension Obligation Bonds	<u>7,450,000</u>	<u>100.000%</u>	<u>7,450,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING LEASE OBLIGATION DEBT	\$ 539,759,345		\$ 71,090,523
Less: City of Burlingame General Fund Obligations supported from enterprise revenues			3,586,830 (3)
Less: City of Burlingame Pension Obligations supported by enterprise revenues			<u>1,862,500</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 65,641,193
TOTAL GROSS DIRECT DEBT			\$ 45,805,000
TOTAL NET DIRECT DEBT			\$ 40,355,670
TOTAL OVERLAPPING DEBT			\$ 326,958,170
GROSS COMBINED TOTAL DEBT			\$ 372,763,170 (2)
NET COMBINED TOTAL DEBT			\$ 367,313,840

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.30%
Total Gross Direct Debt	0.35%
Total Net Direct Debt	0.31%
Gross Combined Total Debt	2.84%
Net Combined Total Debt	2.80%

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) Changed from source to reflect the amount supported from enterprise revenues

Source: California Municipal Statistics

CITY OF BURLINGAME, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amount expressed in thousands)

	2012	2013	2014	2015	Fiscal Year 2016	2017	2018	2019	2020	2021
Debt limit	\$ 295,550	\$ 295,550	\$ 297,816	\$ 299,010	\$ 323,138	\$ 351,979	\$ 379,416	\$ 402,843	\$ 433,980	\$ 484,016
Pension Obligation Bond	\$ 24,235	\$ 22,275	\$ 20,095	\$ 17,695	\$ 15,050	\$ 12,145	\$ 8,970	\$ 8,510	\$ 8,005	\$ 7,450
Total net debt applicable to the limit as a percentage of debt limit	8.2%	7.5%	6.7%	5.9%	4.7%	3.5%	2.4%	2.1%	1.8%	1.5%

Legal Debt Margin Calculation for Fiscal Year 2021

Gross Assessed Valuation	\$ 13,105,761,505
Multiplied by: (1)	<u>0.0375</u>
	491,466,056
Less: Amount of Debt Applicabl	<u>7,450,000</u>
Legal Debt Margin	<u>\$ 484,016,056</u>

(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

Fiscal Year	Water Revenue Bonds					
	Water Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2021	20,090,362	12,013,714	8,076,648	1,295,000	647,401	4.16

Fiscal Year	Wastewater Revenue Bonds					
	Wastewater Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2021	13,098,508	8,003,949	5,094,559	880,000	460,226	3.80

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	% of Population 25+ with Bachelor's Degree	Unemployment Rate (3)
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%
2020	29,746	2,261,639	76,031	96.0%	67.8%	5.8%

Sources:

- (1) California State Department of Finance
- (2) Income Data: ESRI provided by HDL, Coren & Cone
- (3) 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	2020-21		2011-12	
	Number of Employees	Percent of Total Employment (%)	Number of Employees (1)	Percent of Total Employment (%)
Mills-Penninsula Medical Center - Sutter Health	1,820	10.34%		
Hyatt Regency SF Airport*	381	2.16%	467	1.70%
Burlingame School District	365	2.07%		
Guittard Chocolate CO*	271	1.54%		
American Medical Response (AMR)*	265	1.51%		
Burlingame Long Term Care	249	1.41%		
City of Burlingame	236	1.34%		
Lahlouh Inc.	178	1.01%		
Putnam Auto	164	0.93%		
California Teachers Association	132	0.75%	500	1.82%
Virgin America, Inc			2,056	7.50%
Wright Medical technology Inc			1,200	4.38%
United Natural Foods			555	2.02%
Critchfield Mechanical, Inc			517	1.89%
Getinge USA			500	1.82%
Wine Warehouse			483	1.76%
Berkeley Farms			463	1.69%
ECC Remediation Services Corp			460	1.68%
Total Top 10 Employers	4,061	23.07%	7,201	26.26%
Total City Labor Force (2)	17,600			

Source: Avenu Insights & Analytics

Results based on direct correspondence with city's local businesses.

* Includes full and part time

** number of full-time equivalent (FTE)

(1) 2011-12 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
General government	18.00	18.00	18.00	19.00	19.63	19.88	19.88	19.88	23.53	23.53
Public safety										
Police:										
Officers	37.00	37.00	37.00	37.00	37.00	39.00	39.00	40.00	40.00	40.00
Civilians	18.25	17.25	19.25	19.25	20.00	20.00	20.00	20.00	20.00	20.00
Fire:										
Firefighters and officers	-	-	-	-	-	-	-	-	-	-
Civilians	-	-	-	-	-	-	-	-	-	-
Public works	61.15	61.14	61.75	62.74	62.99	62.99	64.99	64.99	64.99	65.99
Community development	10.00	10.00	11.00	11.00	11.75	12.75	12.75	12.75	17.00	17.00
Leisure and culture	49.77	49.52	51.67	52.18	53.93	54.38	54.38	54.63	55.50	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

CITY OF BURLINGAME, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
FOR FISCAL YEAR 2020-21 (COMPARED TO 5 YEARS AGO)

Function	2017	2018	2019	2020	2021
Police					
Calls for Service	41,673	46,540	48,917	43,313	48,284
Physical arrests	768	800	621	563	606
Crimes Reported	1,885	1,915	1,985	2,255	2,283
Traffic Stops	5,003	5,178	5,227	5,300	3,889
Fire					
Number of calls answered	N/A	N/A	N/A	N/A	N/A
Inspections	N/A	N/A	N/A	N/A	N/A
Public works					
Street repair (sq. ft.)	13,704	9,891	3,258	13,101	9,826
Sidewalk & curb repair (sq. ft.)	52,557	4,262	3,580	5,022	43,788
City planning					
Plans checked	418	436	516	381	485
Planning applications reviewed	112	129	162	106	180
Building					
Permit issued	1,226	1,278	1,201	1,106	1,287
Inspections conducted	5,722	7,433	7,099	8,037	9,319
Leisure and culture					
Recreation Class Participants	13,787	14,537	14,507	11,999*	9,306*
Library circulation	688,058	658,754	730,751	676,723	403,975*
Tree plantings	240	257	248	232	289
Tree trimmings	1,830	2,081	2,076	1,424	1,351
Water					
New connections	4	2	3	5	4
Main and valve repairs	22	21	22	17	22
Millions of gallons purchased (millions of gallons)	1,058	1,232	1,235	1,269	1,200
Wastewater					
Average daily sewage treatment (millions of gallons)	3.55	2.82	3.11	2.40	2.10
Preventive Maintenance, main cleaning (Feet)	202,812	342,422	380,405	457,941	379,239

Source: Various city department records.

year 2013, due to the transition of programming responsibility from the City of Burlingame to the Burlingame Aquatics Club.

year basis.

Central County Fire Department data is now reported with the Central County Fire Department CAFR.

*Recreation Class Participants in fiscal year 2020 and 2021 - COVID restrictions affected enrollments.

*Library Circulatin in Fiscal Year 2020-21 - Affected by Covid Lockdown

CITY OF BURLINGAME, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
FOR FISCAL YEAR 2020-21 (COMPARED TO 5 YEARS AGO)

	2017	2018	2019	2020	2021
Function					
Public works					
Streets (miles)	152	152	152	152	158
Streetlights	1,700	1,800	1,800	1,745	1,714
Traffic signals	18	18	18	18	19
Water					
Water mains (miles)	105	107	107	100	100
Fire hydrants	826	887	835	831	837
Maximum Storage Reservoir capacity (thousands of gallons)	2,850	2,850	2,850	2,850	2,940
Sewer					
Sanitary sewers (miles)	130	130	130	119	89
Storm sewers (miles)	50	50	50.0	46.6	59
Average daily treatment capacity (thousands of gallons)	4,100	4,100	4,100	4,100	5,500
Storm drain pump station	5	5	5	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, 2021, and have issued our report thereon dated November 10, 2021.

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 10, 2021 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 10, 2021