

CITY OF BURLINGAME, CALIFORNIA

2021-2022

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022





Annual Comprehensive Financial Report
June 30, 2022

City of Burlingame, California

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2022

Prepared by
City of Burlingame Finance Department
CITY OF BURLINGAME, CALIFORNIA



Annual Comprehensive Financial Report
June 30, 2022

INTRODUCTORY SECTION



Annual Comprehensive Financial Report

June 30, 2022

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2022**

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Annual Comprehensive Financial Report
June 30, 2022



Burlingame Finance Department

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December 19, 2022

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

We are pleased to submit the City of Burlingame's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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 ACFR 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, 2022. 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, 2022, 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 require 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 ACFR, 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 to four-year terms and serves as the board of directors. In 2022, the City began the transition to district elections, with three Councilmembers elected by-district. The remaining two Council seats will be elected by-district in 2024. 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 225 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 30,283 on January 1, 2022. The population has remained fairly level, increasing by 1.8% over the prior year.

Budget Process

The City adopts an annual budget for all funds. Major funds include the General, Capital Projects, Debt Service, Water, Sewer, Parking, Solid Waste, 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 82.4% 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, 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 had been accumulated from operating surpluses prior to the pandemic. Coupled with the systematic pre-funding of its pension and retiree medical obligations, the City was able to manage through the last couple of years without impacting its service levels.

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 on recent Employment Development Department (EDD) data. The unemployment rate in the San Francisco/Redwood City/South San Francisco Metropolitan Division was 2.2% in November 2022, down from 3.2% a year ago. In comparison, California's unadjusted unemployment rate stood at 4.0%, while it was 3.4 % nation-wide during the same period. 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 2021-22 property tax receipts were \$27.7 million, up approximately 14.4% from the prior year, and accounted for 39.6% 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 \$13.8 billion—an increase of \$0.7 billion, or 5.0%, since last year. Residential assessed values grew by 6.3%; commercial assessed values grew by 2.3%.

The median sale price of detached single-family homes sold in Burlingame from January through August 2022, was approximately \$3.2 million, an increase of \$400,000 or 14.5% from the median sale price in the same period for 2021. County-wide, the median value of single-family homes sold in the same period also increased – from over \$1.5 million in 2021 to over \$1.6 million in 2022. New concerns over rising interest rates and inflation are decreasing the volume of home sales. For many locales, median prices have waned slightly in recent months but still represent increases in sales prices when compared to the prior year. The continued lack of inventory of homes on the market appears to be the primary driver of high housing costs. With lower-income residents getting priced out of the area, housing affordability is a priority issue for Burlingame and for the entire San Francisco Metropolitan area.

Sales and Use Taxes

Burlingame is a highly desirable residential community and upscale commercial location with attractive shopping districts. Burlingame borders Hillsborough, an affluent community that is 100% residential. Therefore, in many cases, Burlingame businesses have the opportunity to serve the commercial needs of Hillsborough residents and benefit from the additional disposable income from neighboring communities. Numerous national retailers are located in the Burlingame Avenue Business District, making the area competitive with regional shopping malls. In addition, the city is known for its upscale restaurants and businesses that attract patrons from throughout the entire San Francisco Bay Area. The City owns and manages most of the parking spaces located within the shopping districts and works with local merchants to maximize the shopping experience.

Sales and use taxes accounted for 25.1% of General Fund revenue in fiscal year 2021-22. Sales and use tax revenues were \$17.6 million, which is approximately 12.2% more than the prior year's receipts of \$15.7 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 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 and \$5.7 million in fiscal year 2020-21. For fiscal year

2021-22, the total TOT revenue is about \$12.4 million, which is 23.8% more than the amended budget of \$10.0 million and 57.9% 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 53.9% in June 2021 to 74.4% in June 2022, while the ADR (average daily rate) of area hotels is up approximately 42.3 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 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, 2022, 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, 2022.

As of June 30, 2022, the City's general obligation debt limit was \$516 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 (\$6.8 million outstanding) considered to be general obligation debt, the City's legal debt margin was \$509 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, 2021. The City has received the award for 20 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 Financial Services Manager, Darlene Wong, who oversaw the compilation and review of the financial statements, and to Oscar Herrera, Financial Services Manager, Karen Cao, Senior Accountant, Hnin Phwe, Accountant II, and Cathy Wong, Accountant I, 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, 2021

Christopher P. Morill

Executive Director/CEO



**CITY OF BURLINGAME, CALIFORNIA
ELECTED AND APPOINTED OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2022**

CITY COUNCIL

Ricardo Ortiz, Mayor.....November 2022
Michael Brownrigg, Vice Mayor.....November 2022
Donna ColsonNovember 2024
Emily Beach.....November 2024
Ann O'Brien Keighran.....November 2022

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

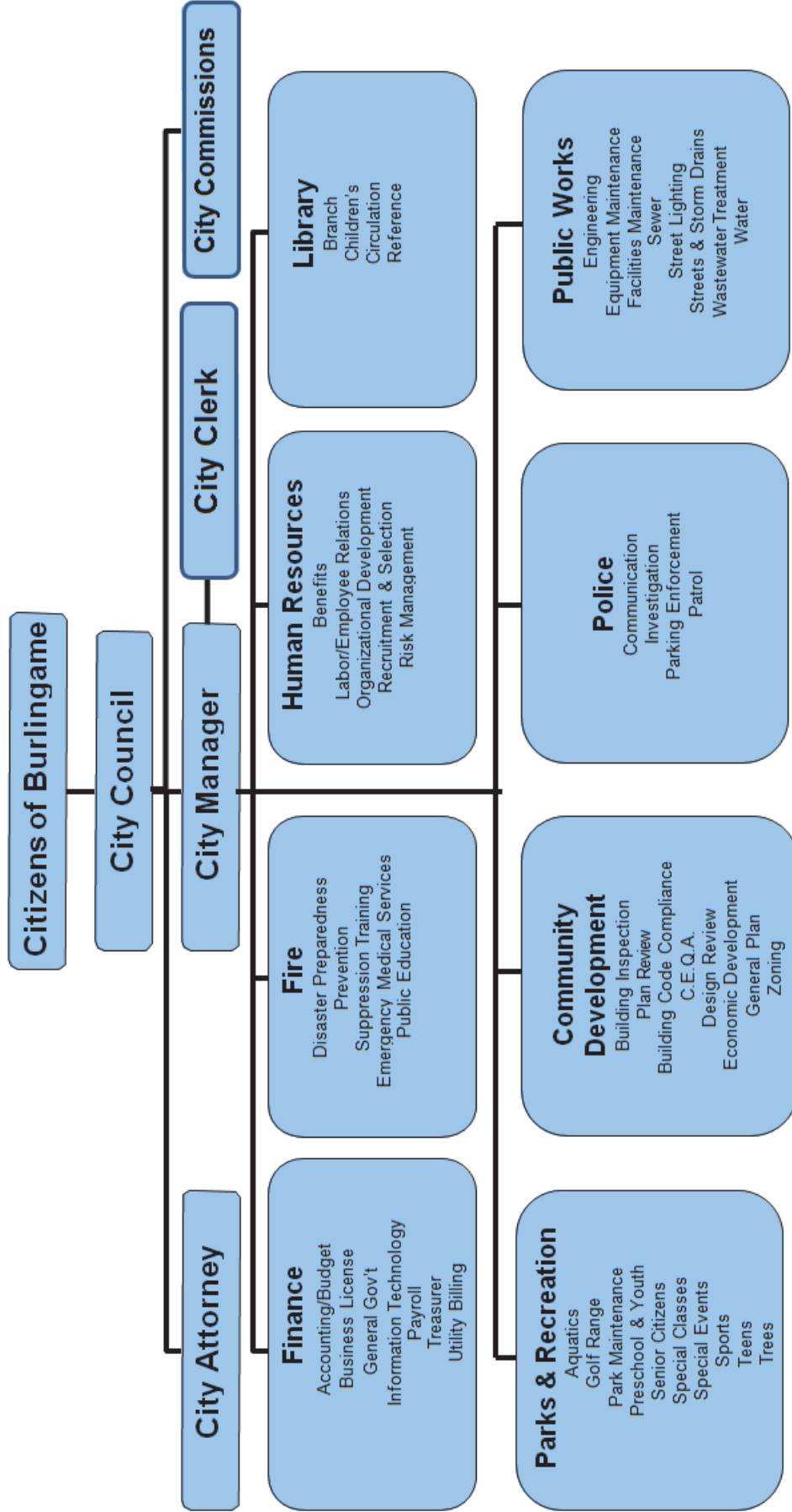
Meaghan Hassel-Shearer

CITY ATTORNEY

Michael Guina



**CITY OF BURLINGAME, CALIFORNIA
ORGANIZATIONAL CHART**



CITY OF BURLINGAME | FISCAL YEAR 2021-22

General Government

City Attorney

In-house counsel, risk management, and code enforcement

City Clerk

Elections, City records, public meetings, 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, debt financing and servicing, 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 and protection, 911 communications and dispatch, crime prevention, 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

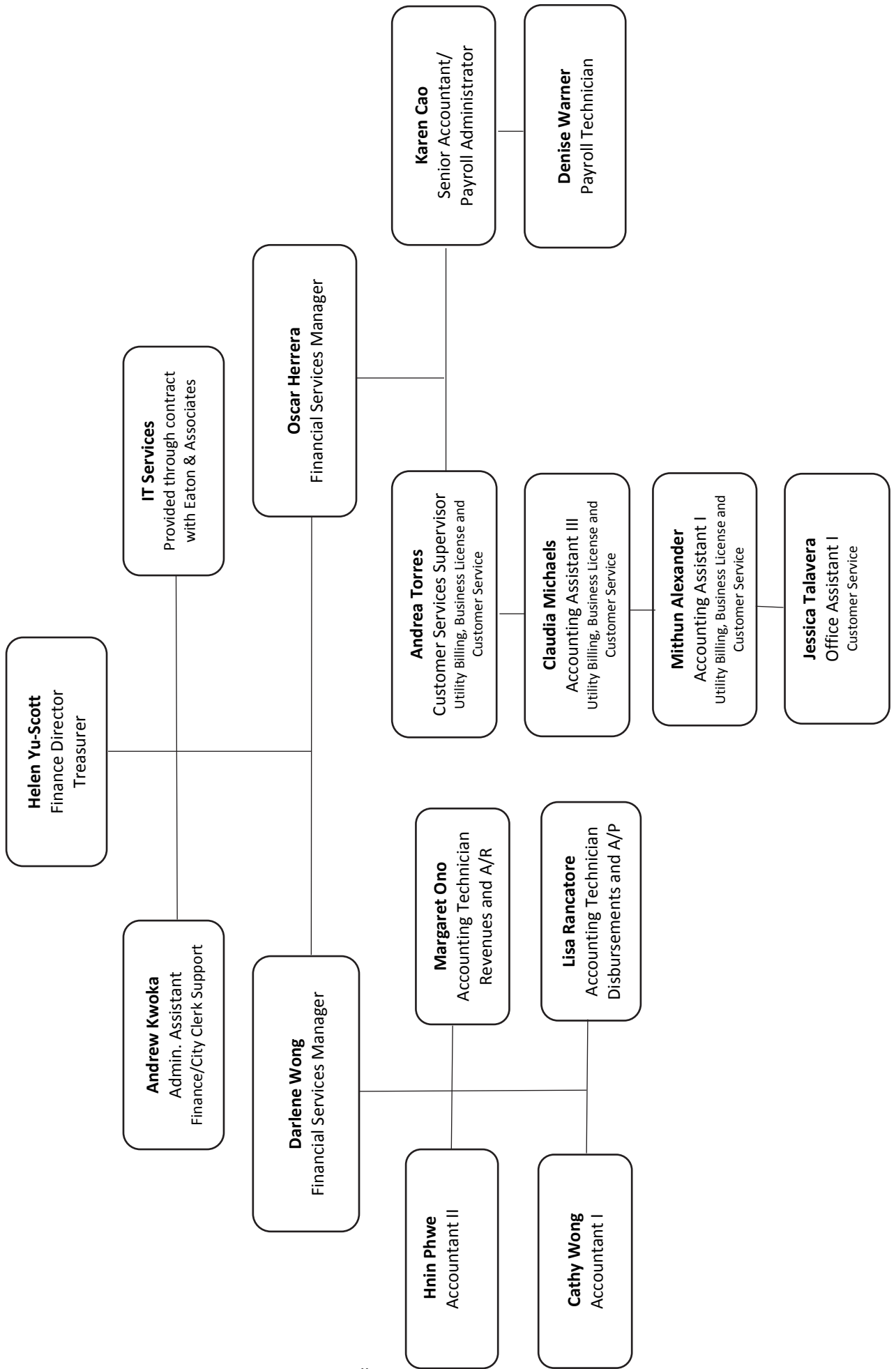
Plan checking, inspection, complaint response, development review and consultation, and building research and development

Planning

Public outreach, land use, economic development, plan checks, housing programs, and code and zoning enforcement



CITY OF BURLINGAME, CALIFORNIA
FINANCE DEPARTMENT ORGANIZATION CHART FOR FISCAL YEAR 2021-2022



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 FOSTER 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.



Annual Comprehensive Financial Report
June 30, 2022

FINANCIAL SECTION



Annual Comprehensive Financial Report

June 30, 2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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 as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and 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.

Supplementary 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 accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 19, 2022

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This is Management's Discussion and Analysis of financial activities for the fiscal year ended June 30, 2022. 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 2021-22 (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 \$364.4 million, which is a \$49.1 million increase compared to the beginning net position.
- Governmental fund balances decreased by \$10.9 million, to \$138.1 million. Of this amount, approximately \$13.1 million, or 9.5%, was unassigned fund balance and available for spending at the City's discretion.
- The Enterprise Funds' net position increased by \$24.4 million to over \$165.1 million. Of this amount, \$50.3 million was unrestricted net position and available for use at the City's discretion.
- General Fund revenues increased by \$7.9 million in fiscal year 2021-22, an increase of 12.7% over the prior year's total of \$62.1 million. The increase in revenue was a result of recovering from the COVID-19 pandemic, which was partially offset by a market adjustment of \$4.7 million for the City's investments. At nearly \$12.4 million, the transient occupancy (hotel) tax receipts were more than double the prior year's collection of \$5.7 million. Property tax revenues remained strong, rising over \$3.5 million (14.4%), while the sales and use tax revenues (including Measure I) ended the fiscal year with an increase of \$1.9 million (12.2%).

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.

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

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, solid waste, 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 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

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, Solid Waste, 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 \$364.4 million as of June 30, 2022, a 15.6% increase from the beginning total net position of \$315.3 million. Assets and deferred outflows of resources as of the end of June 30, 2022 were \$619.9 million, reflecting a 5.2% positive change from the prior year, which included a \$44.7 million increase in capital assets and deferred outflows of resources coupled with a \$14.1 million decrease in current assets. Liabilities and deferred inflows of resources decreased by 6.8% (\$18.5 million). In addition to the \$6.7 million decrease in long-term debt, the City experienced a decrease in net pension liability and related deferred inflows (\$2.0 million), and a \$4.7 million reduction in the City's OPEB (retiree medical obligations) liability and related deferred inflows.

CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The largest portion (approximately 63.3%) of the City's net position is its net investment in capital assets totaling \$230.7 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, \$80.70 million (22.1%), 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, 2022, was approximately \$53.0 million, or 14.6% of total net position.

City of Burlingame Comparative Statement of Net Position June 30, 2022 and 2021 (Amounts In Millions)						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$174.52	\$193.70	\$93.76	\$88.66	\$268.28	\$282.36
Capital assets	203.99	176.95	125.99	108.56	329.98	285.51
Total assets:	378.51	370.65	219.75	197.22	598.26	567.87
Deferred Outflows:	17.92	17.52	3.69	3.83	21.61	21.35
Liabilities:						
Current liabilities	14.00	23.26	10.03	5.86	24.03	29.12
Other liabilities	3.67	2.85	2.26	1.60	5.93	4.45
Long term liabilities	145.91	182.14	40.62	49.96	186.53	232.10
Total liabilities:	163.58	208.25	52.91	57.42	216.49	265.67
Deferred Inflows:	33.59	5.37	5.40	2.93	38.99	8.30
Net Position:						
Net investment in capital assets	134.19	124.84	96.46	75.64	230.65	200.48
Restricted	62.31	67.77	18.39	23.16	80.70	90.93
Unrestricted	2.75	(18.07)	50.29	41.90	53.04	23.83
Total net position:	\$199.25	\$174.55	\$165.14	\$140.70	\$364.38	\$315.25

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

Governmental activities increased the City's net position by \$24.7 million, with a total net position of \$199.3 million at the end of the fiscal year. The increase was attributable to a number of factors.

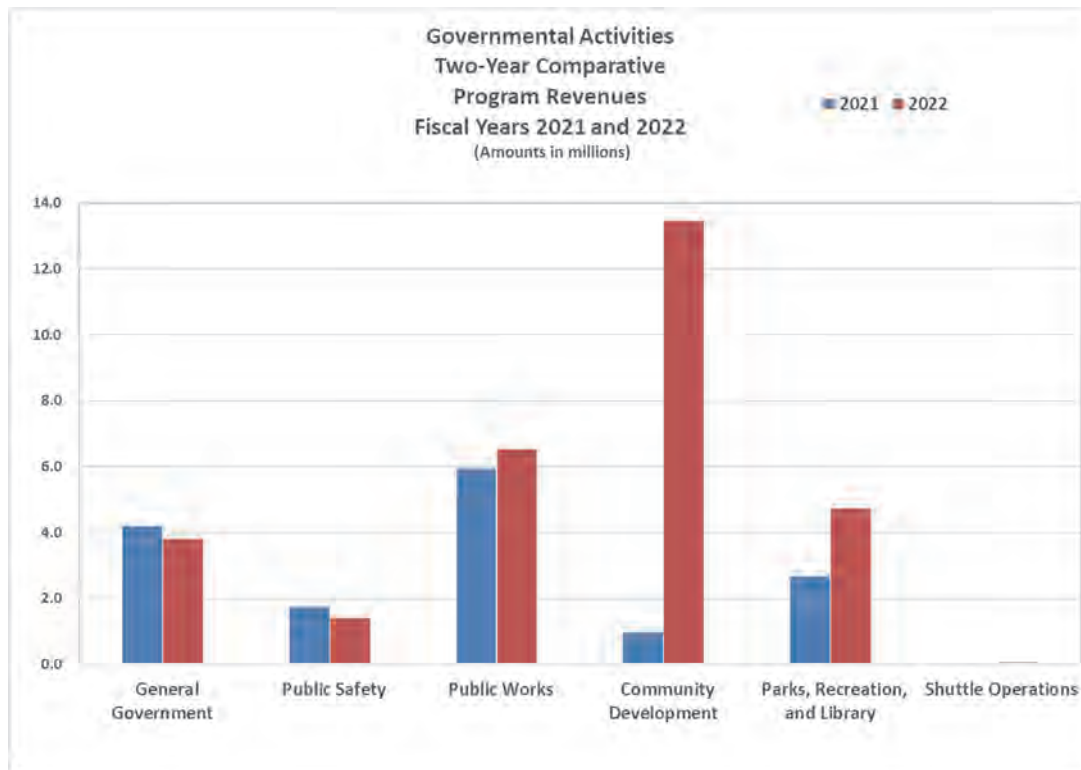
City of Burlingame Statement of Activities For the Fiscal Years Ended June 30, 2022 and 2021 (Amounts in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$25.01	\$9.67	\$44.69	\$39.24	\$69.70	\$48.91
Operating grants and contributions	4.49	4.32	-	-	4.49	4.32
Capital grants and contributions	0.46	1.50	12.98	-	13.44	1.50
General revenues:			-	-		
Property taxes	27.72	24.22	-	-	27.72	24.22
Sales taxes	18.95	15.67	-	-	18.95	15.67
Transient occupancy taxes	12.38	5.74	-	-	12.38	5.74
Other taxes	4.91	5.30	-	-	4.91	5.30
Other general revenue	0.33	0.37	0.57	0.28	0.90	0.65
Total revenues:	94.25	66.79	58.24	39.52	152.49	106.31
Expenses:						
Governmental Activities						
General government	5.83	11.03	-	-	5.83	11.03
Public safety	30.70	29.93	-	-	30.70	29.93
Public works	6.61	8.36	-	-	6.61	8.36
Community development	2.12	2.67	-	-	2.12	2.67
Parks, recreation and library	16.16	13.97	-	-	16.16	13.97
Shuttle operations	(0.04)	0.09	-	-	-0.04	0.09
Interest	3.06	3.02	-	-	3.06	3.02
Business-Type Activities						
Water	-	-	13.99	14.73	13.99	14.73
Sewer service	-	-	11.11	11.77	11.11	11.77
Waste management	-	-	0.94	0.75	0.94	0.75
Landfill	-	-	0.39	0.21	0.39	0.21
Parking	-	-	(0.11)	1.28	-0.11	1.28
Building inspection	-	-	2.99	2.55	2.99	2.55
Total expenses:	64.45	69.07	29.32	31.29	93.76	100.36
Increase/(decrease) in net position before transfers	29.80	(2.28)	28.93	8.23	58.72	5.95
Investment income (expenses)	(6.63)	3.00	(2.96)	0.51	(9.59)	3.51
Transfers	1.53	2.24	(1.53)	(2.24)	-	-
Change in net position:	24.70	2.96	24.44	6.50	49.14	9.46
Net position - beginning	174.55	171.59	140.70	134.20	315.25	305.79
Net position - ending	\$199.25	\$174.55	\$165.14	\$140.70	\$364.38	\$315.25

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

General revenues rose by \$13.0 million (25.3%). The increase was largely the result of a 115.7% (\$6.6 million) increase in transient occupancy tax receipts. Sales tax revenues increased by approximately \$3.3 million (21.0%) from the prior fiscal year. Property tax revenues remained strong, coming in at \$3.5 million (14.4%) higher than in the prior year.

Expenses from governmental activities decreased by over \$4.6 million, for a total of \$64.5 million for the fiscal year. This decrease would have been larger absent a 15.7% (2.2 million) increase in the parks, recreation, and library programs, primarily due to the payment of a one-time liability insurance settlement.

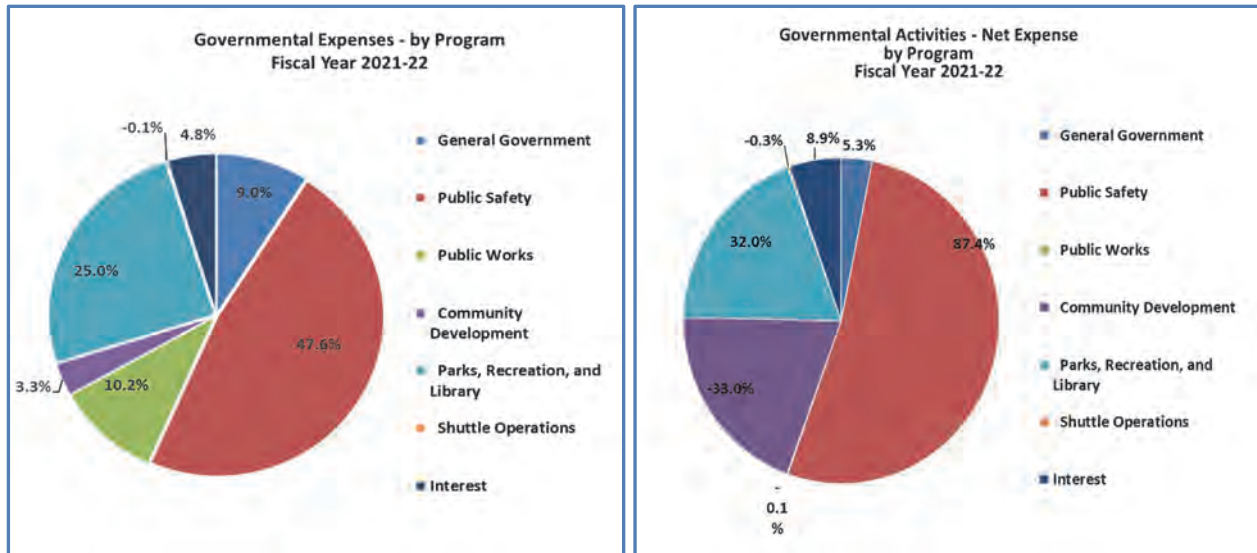
The majority of these governmental activities are financed from City taxes. However, the \$25.0 million collected in charges for services (reported as program revenues) for these various activities served to offset the departmental spending associated with some services. Overall, program revenues covered approximately 46.5% of governmental expenses over the fiscal year. The program revenues from governmental activities were \$14.5 million higher when compared to the fiscal year 2020-21. The funding from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) (\$3.7 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 (\$64.5 million in fiscal year 2021-22). This compares with the relative net cost after applying program revenues derived from each area's activity shown in the second chart. The total net cost of governmental activities (\$34.5 million in fiscal year 2021-22) 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

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$24.4 million, or 17.4%, from a net beginning position of \$140.7 million. The increase largely results from the collection of revenues needed to fuel future utility infrastructure and improvements and capitalization of the Highland parking garage. In fiscal year 2021-22, enterprise operations produced total operating revenues (consisting mainly of revenues from charges for services) of \$44.7 million, marking a 13.9% increase from fiscal year 2020-21 operating revenues. The sewer utility showed the biggest boost in revenue (an increase of slightly over \$2.3 million – 17.5%), as the City implemented an average rate increase of 9% for three consecutive calendar years beginning January 1, 2022. Building activities increased by \$2.3 million, or 68.7%, largely due to the collection of construction permitting fees on large development projects.

Business-type expenses totaled \$29.3 million. Operating expenses for these activities decreased slightly (6.3%) from prior-year expenses of \$31.3 million. This decrease was attributable primarily to expenses incurred with Water and Sewer utilities, and the cost of Parking operations.

The changes in net position reflected a relatively healthy increase for these enterprise activities. Unlike governmental activities, program revenues cover total expenses in 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 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.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The General Fund, Capital Projects Fund, Storm Drainage Fund, and 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 ACFR.

Total Governmental Funds (Amounts In Millions)					
Fund Description	6/30/2022		7/1/2021		Change - Net Position/Fund Balance
	Net Position/Fund Balance	6/30/2022 Nonspendable	Net Position/Fund Balance	7/1/2021 Nonspendable	
General Fund	\$47.39	\$0.11	\$45.21	\$0.02	\$2.19
Capital Projects	44.10	0.05	52.18	-	(8.07)
Storm Drainage	8.14	-	8.14	-	(0.02)
Debt Service Fund	11.19	-	29.03	-	(17.85)
Non-Major Funds	27.30	-	14.44	-	12.86
Total	\$138.12	\$0.16	\$149.01	\$0.02	(\$10.88)

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 \$70.0 million in fiscal year 2021-22, reflecting a \$7.9 million (12.7%) increase from the prior year's performance of \$62.1 million. Expenditures totaled \$62.7 million, which is \$4.3 million higher than in the prior year. Revenues less operating expenditures before transfers were nearly \$7.3 million. The General Fund transferred \$3.6 million to the Debt Service Fund to pay for governmental debt and nearly \$3.3 million to the Capital Projects Fund. The large contribution for capital spending was approved to pay for street-related project expenditures (\$2.3 million). The City paused 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, 2022, the General Fund balance was \$47.4 million, representing an increase of \$2.2 million from the prior year's fund balance of \$45.2 million. The City Council assigned \$18.9 million as reserves for specific purposes described in Note 12 of the Notes to the Basic Financial Statements. \$15.3 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 \$13.1 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).

The Capital Projects Fund had about \$0.5 million in revenues, which is almost \$1.0 million lower than the prior year. The lower amount was largely due to a decrease in grant reimbursements when compared to

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

the prior year. In fiscal year 2021-22, projects were financed mainly by nearly \$22.6 million in transfers from other funds to support ongoing construction costs and previously appropriated projects. In addition to the General Fund contribution of \$3.3 million, \$14.9 million of 2019 Lease Revenue Bond proceeds, \$2.8 million of Storm Drain bond proceeds, \$1.6 million from Gas Tax and SB1 special revenue funds, and Measure A funds were transferred into the Capital Projects Fund.

Capital project expenditures totaled \$31.3 million, a decrease of \$9.7 million from prior-year expenditures. At the end of the fiscal year, the Capital Projects fund balance was \$44.1 million, a decrease of \$8.1 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 2021-22, major governmental capital projects exceeding \$1.0 million in current year spending included the following:

- New Community Center – \$21.1 million
- The new Community Center replaced the 70-year-old Recreation Center. In April 2020, the City Council approved the construction contract for the new Community Center, a pavilion 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 ribbon cutting was held on Wednesday, June 15. While the Center is open, change orders and minor technology work still need to be completed.
- South El Camino Real Water Main Replacement, Phase one -Sanchez-Barroilhet - \$4.9 million
This project consisted of water main improvements installing approximately 3,110 linear feet of new 12-inch, 3,840 linear feet of new 8-inch, 900 linear feet of new 6-inch, and 80 linear feet of new 4-inch Ductile Iron Pipe (DIP) water main on South El Camino Real with tie ins at the intersections of Sanchez Ave., Edgehill Dr., Forest View Ave., Palm Dr., Arc Way, Willow Ave., Fairfield Rd., Oak Grove Ave., Floribunda Ave., Bellevue Ave., Chapin Ave., Burlingame Ave., Howard Ave., Newlands Ave., Primrose Rd., Bayswater Ave., Cypress Ave., Carol Ave., Park Rd., and Peninsula Ave. The project also replaced approximately 1,800 linear feet of 1-inch and 2-inch water services with existing water meters for customer connections. Twelve fire hydrant assemblies were removed and replaced; five new fire hydrant assemblies were installed; and a total of two 2-inch, ten 4-inch, and four 6-inch fire service connections were installed. Miscellaneous concrete and asphalt work were performed as needed.
- Wastewater Treatment Plant Process Piping - \$1.4 million
This project replaced aging mechanical process piping within the City's wastewater treatment facility. The piping improvements included replacements of the digester gas piping, hot water piping, waste activated sludge piping, gravity thickener area piping, a portion of return activated sludge (RAS) piping, and of the pipe support bridge. The replacements of the piping systems were identified as part of the 2016 Wastewater Treatment Facility Master Plan because the pipelines were a maintenance issue and posed a safety concern. The RAS piping joint had failed in 2020 causing leaks. The construction of this project was completed and the project was accepted by the Council on June 22, 2022.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- **1740 Rollins and 842 Cowan Pump Stations Upgrade – \$3.2 million**
Upgrades to the 1740 Rollins Road & 842 Cowan Road Pump Stations were identified in the Capital Improvement Program (CIP) as high-priority improvements. The 1740 Rollins Road location consists of one stormwater pump station and one sewage pump station. The 842 Cowan Road location consists of a stormwater pump station that receives flows from both Burlingame and the City of Millbrae. The 842 Cowan Road Pump Station is operated and maintained by the City of Burlingame. The capital, operation, and maintenance costs are shared between the two municipalities, with 60% as the City of Burlingame's share and 40% as the City of Millbrae's share. The pump stations were originally constructed in the 1950s, have served their useful life, and were in need of upgrades. These storm pump stations are vital in preventing localized flooding in the surrounding areas.
- **2021 Annual Street Resurfacing Program Projects – \$1.2 million**
This project consisted of resurfacing 14 residential streets and pavement section repairs on a minor arterial and six streets. The project consisted of performing asphalt concrete pavement section repairs "digouts," surface milling, asphalt concrete overlay, traffic markings, traffic striping, concrete improvements, and other related work on the following streets:

Alpine Ave, Alturas Drive, Anza Boulevard, Cananea Ave, Garden Drive, Hayward Court, Hayward Drive, Loyola Drive, Plymouth Way, Ray Drive, Ray Court, Valdivia Court, Valdivia Way, Vancouver Ave, Bayshore Highway, Edwards Court, Balboa Ave, Clovelly Lane, Hamilton Lane, Killarney Lane, and Meadow Lane.
- **Highland Garage – \$15.6 million**
The 161 Highland Avenue garage is a 5-story, 368-space public structure that replaced two existing City surface parking lots. The garage was built in collaboration with Pacific West Communities, Inc. in a private-public partnership that also includes the development of a 132-unit affordable workforce and senior housing development on a neighboring City surface parking lot. The City's share for the construction of the garage totaled \$2.3 million, and the developer funded the difference in exchange for the ownership transfer of the City parcel where the 132-unit structure is located.

In all, capital projects spending included \$0.9 million in Parks and Tree projects, \$22.9 million in Facilities projects, \$3.5 million in Pavement projects, and nearly \$3.9 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.

Total principal payments on outstanding debt reduced general government debt by about \$2.7 million. The General Fund contributed nearly \$3.6 million to the Debt Service Fund for governmental debt service payments. The Storm Drainage Fund paid nearly \$2.6 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

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\$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 \$3.1 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.

The fund balance decreased by a fraction of \$9,000 during the fiscal year, as revenues from storm drain fees offset by a loss on investment market adjustment were almost able to fund the \$2.6 million debt service expense for the fiscal year.

Non-Major Governmental Funds

Fiscal year 2021-22 marked the fourth full year of SB1 funding - the 2017 Road Repair and Accountability Act (SB1) allocations from the State. Gas Tax revenues increased by over \$95,000 (to over \$1.3 million) due to SB1 inflows. Measure A revenues reflected an increase in this funding source of \$126,000 from the prior year. The Development Fees Fund experienced a significant increase of \$11.6 million due to a few major development projects.

Non-major governmental fund balances in total increased by approximately \$12.9 million, or 89.1%, 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 (\$20.6 million) of the total \$27.3 million non-major governmental funds' balance.

Proprietary Funds

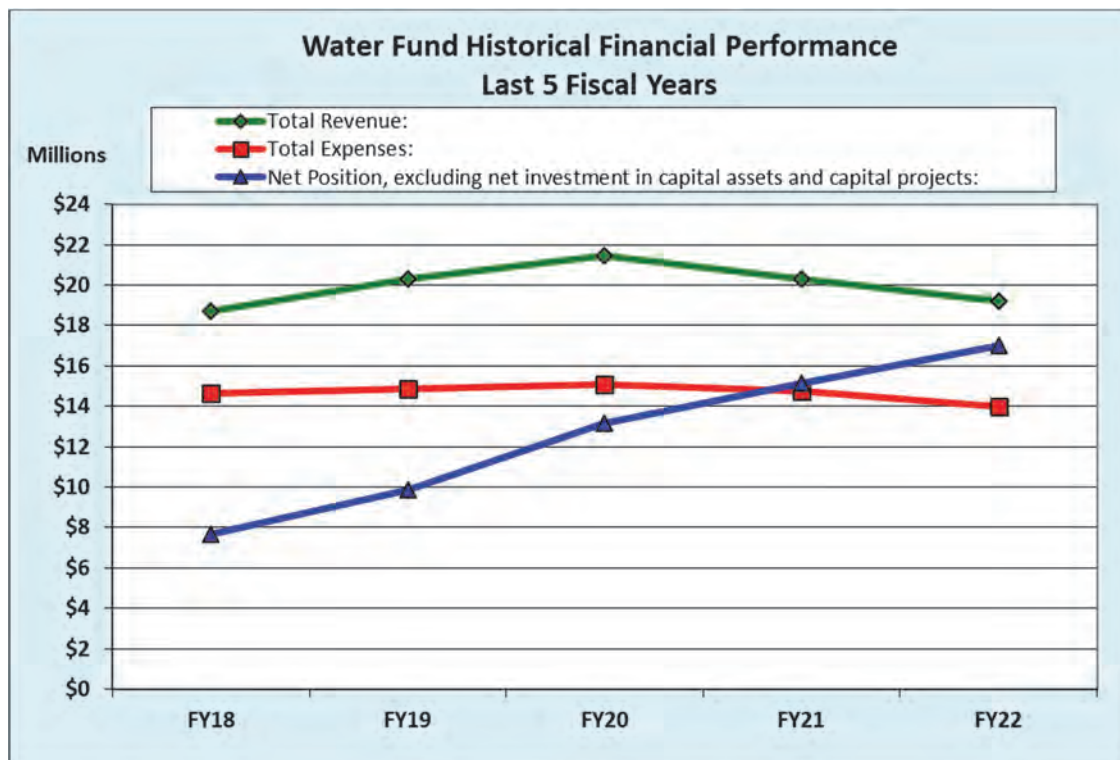
The City's proprietary fund statements provide the same type of information found in the government-wide financial statements. Proprietary funds consist of the City's six enterprise funds (Water, Sewer, Solid Waste, Landfill, Parking, and the Building Enterprise funds) and six Internal Service Funds (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.

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Total Enterprise Funds (Amounts In Millions)					
Fund Description	6/30/2022		7/1/2021		Yr-over-Yr Change - Net Position
	6/30/2022 Net Position	Net Investment in Capital Assets	7/1/2021 Net Position	Net Investment in Capital Assets	
Water	\$45.77	\$23.70	\$41.20	\$19.02	\$4.57
Sewer	70.12	49.80	66.77	48.45	3.35
Solid Waste	3.95	-	4.31	-	(0.36)
Landfill	(0.84)	-	(0.86)	-	0.03
Parking	32.53	22.95	17.79	8.17	14.73
Building	13.61	-	11.49	-	2.12
Total	\$165.14	\$96.46	\$140.70	\$75.64	\$24.44

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 three consecutive years (the last approved rate increase was effective starting January 1, 2019), the net position of the water utility increased steadily over the years. After operating revenues for the Water Fund had experienced a decline of \$552,000 (2.7%) in the 2020-21 fiscal year, a small increase of \$30,600 occurred in fiscal year 2021-22 while operating expenditures decreased by \$681,000 (4.8%). The City continues to invest in updates to the aging water system. Total spending on capital projects (nearly \$5.1 million in fiscal year 2021-22) included \$4.9 million for South El Camino Real Water Main Replacement, Phase one -Sanchez-Barroilhet project, and \$140,000 for the Valve Replacement project.



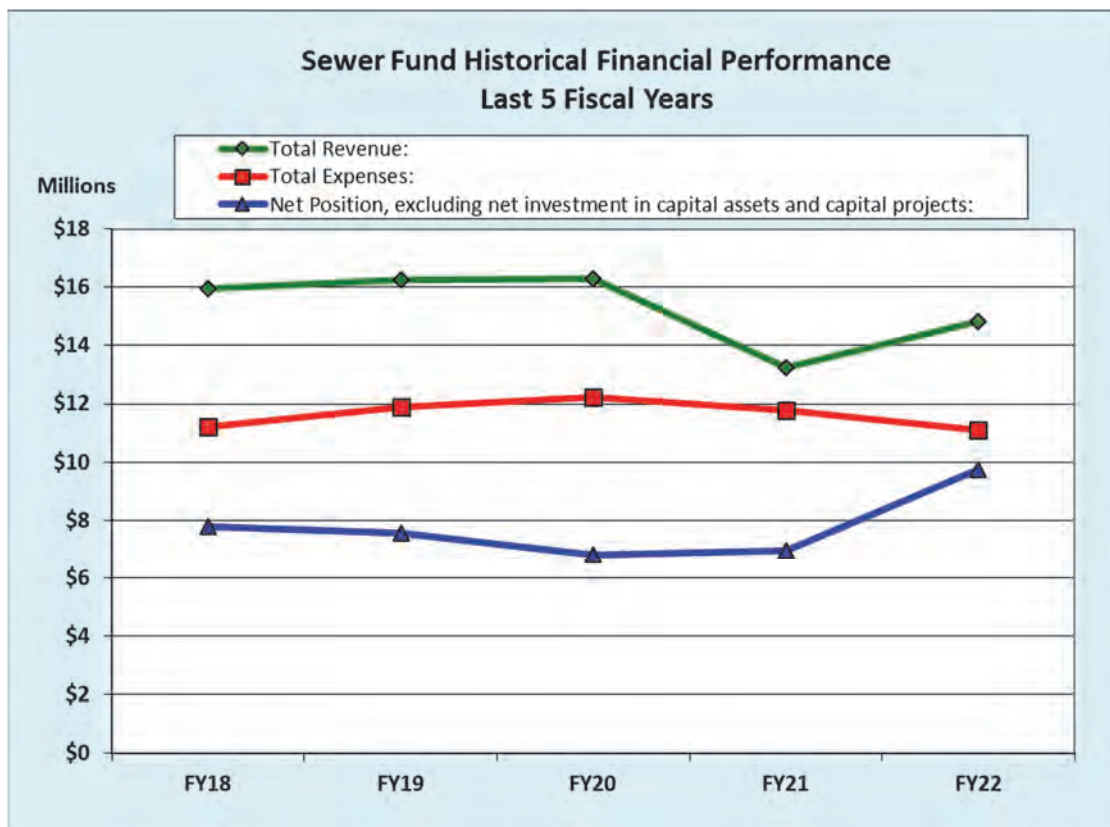
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The net position of the Water Enterprise Fund increased by \$4.6 million, to \$45.8 million. The largest portion of net position (\$23.7 million) relates to the net investment in capital assets, representing 51.8% of the utility's total net position. Approximately 22.1% 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 \$3.3 million, to \$70.1 million, due largely to personnel cost savings and an average 9% rate increase that was effective on January 1, 2022. Note that the largest portion of the net position (\$49.8 million) relates to this net investment in capital assets, representing 71.0% of the utility's total net position. Approximately 29.6% 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.

A large portion of sewer charges is based on water consumption and its rates. The revenues from sewer service charges increased by \$2.5 million or 19.4% for the year as a whole. The City Council-approved new rates (average rate increases of 9% for the three calendar years beginning January 1, 2022) will increase the fund's net investment in capital assets through improvements to the City's wastewater collection system and treatment plant, which will advance the fund's position further in the near future.



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 2021-22 included a set-aside of nearly \$1.1 million to pay for capital improvements to the Burlingame Wastewater Treatment Plant and repair and maintenance of the

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sewer collection system. Total actual spending on capital projects was closer to \$2.4 million, including nearly \$580,000 on the Rollins Sewer Pump Station Upgrade project; \$214,000 on the El Camino Sewer Rehab project; and \$1.4 million spent on improvements at the City's Wastewater Treatment Plant for 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, showed a significant increase of \$14.7 million compared to the prior-year ending net position of \$17.8 million. The City contributed \$2.3 million toward the Highland parking garage project and capitalized both the City's share and the developer's contribution of a total of \$15.6 million in fiscal year 2021-22.

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. Despite the loss of parking spaces, revenue in the Parking Fund increased by \$0.8 million, or 46.2%, from the prior year. This improvement reflects a continuing recovery from the COVID-19 pandemic.

Solid Waste 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 \$0.8 million in fiscal year 2021-22, which is 9.5% higher than reported in the prior fiscal year. Despite a 5% increase in solid waste rates as of April 1, 2022, fee revenues were flat due to a decrease in demand from commercial customers as business operations declined in response to the pandemic.

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 a rate increase of 5% for three quarters of a calendar year beginning April 1, 2022, 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 the calendar year 2022 and beyond.

A surcharge on garbage collection rates funds the costs associated with the long-term monitoring requirements of the former city landfill. The surcharge yielded \$0.5 million in fiscal year 2021-22, level with the prior-year revenues for the fund. The Landfill Fund continues to report a deficit position of nearly \$0.8 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 (\$0.1 million) during the fiscal year due largely to the inflationary factors prescribed by

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CalRecycle, but the fund's ending net position increased by \$27,000 (3.1%) when compared to the prior year as expenses were kept to a minimum.

Internal Service Funds

The Internal Service Funds (ISFs) are allocated among the City's various functions and are therefore considered to account for governmental activities for financial statement purposes. The Internal Service Funds as a whole experienced an increase in net position of nearly \$0.7 million, but this amount reflects a wide variation in the change of net position of the various funds. The General Liability Fund showed a slightly improved net position from operations and the Facilities Services ISF net position increased by \$0.6 million to a positive net position of \$153,000. The OPEB Fund, which accounts for the cost of the City's retiree medical program, shows a negative net position of \$393,000 reflecting unexpected rate increases that were not sufficiently covered in the charges to departments in 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 2021-22 General Fund budget assumed a slow recovery in operating revenue from fiscal year 2020-21, based on the uncertain outlook of the pandemic and economic recovery.

Key revenue budgets were adjusted upward (by \$1.4 million total) at mid-year to reflect the continued recovery 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 reduced at mid-year by \$3.5 million to reflect lower receipts than projected when the FY 2021-22 budget was adopted in June 2021. However, a positive of \$2.4 million, or 23.8% was realized for TOT revenue at year end. Stronger property taxes (\$0.9 million) and sales tax receipts (\$1.0 million), and much-improved fee based service charges (\$2.8 million) were offset by a decrease in the market value of the City's portfolio, reported as an investment loss of \$5.9 million.

City of Burlingame Historical General Fund Revenues (Amounts In Millions)					
	FY18	FY19	FY20	FY21	FY22
Total Revenue	\$71.72	\$84.54	\$72.16	\$62.12	\$69.99
Dollar Change	3.68	12.82	(12.38)	(10.04)	7.87
Percentage Change	5.40%	17.87%	-14.64%	-13.91%	12.67%

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

- Transient Occupancy Tax (TOT) revenues ended the year at \$6.6 million, or 115.7%, higher than the prior year. The extremely high percentage increase was a result of the prior year's TOT revenue collection coming in at an all-time low due to the health and travel restrictions associated with the COVID-19 pandemic. The average hotel occupancy rate was 74.4 % in June 2022, a 38.0% increase from last June, while the average room rate was \$180.1, a 42.3% increase over the prior year.

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- Sales and use tax revenues became the second largest revenue sources in fiscal year 2021-22 due to the decline in the TOT revenue collection for the last couple of years. The City included \$12.8 million for this line item in its adopted fiscal year 2021-22 budget. By the middle of the year, it appeared that an upward adjustment in the budget for sales tax revenues would be needed (\$0.9 million). Sales and use tax revenues ended the year at \$14.6 million, approximately \$1.6 million higher than in the prior year, and approximately \$0.9 million higher than forecasted in the adjusted budget.
- Nearly \$3.0 million of the total receipts for fiscal year 2021-22 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 \$27.7 million, came in over the amended budget by \$0.9 million (more than 3.3%), reflecting an increase of nearly 14.4% 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.

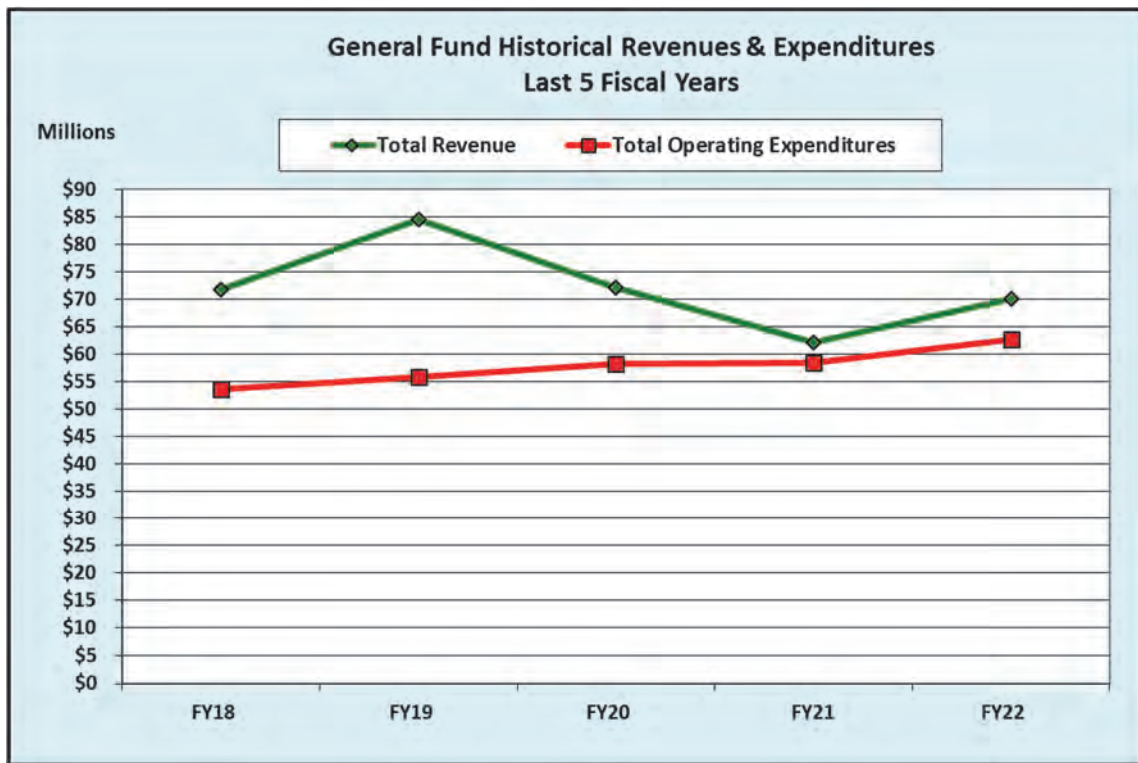
Burlingame's fiscal health relies largely on growth in assessed property values, health in the travel and tourism industry, and increased consumer confidence. Although property taxes are expected to remain relatively strong over the next fiscal year, the recovery of TOT revenues is inextricably linked to the nation's recovery from the 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)					
	FY18	FY19	FY20	FY21	FY22
Total Operating Expenditures	\$53.64	\$55.76	\$58.21	\$58.44	\$62.72
Dollar Change	3.93	2.12	2.44	0.24	4.28
Percentage Change	7.91%	3.96%	4.38%	0.41%	7.32%

The fiscal year 2021-22 adopted General Fund budget assumed operating expenditures of nearly \$63.8 million, an increase of 2.3% from the prior-year amended budget. Budgets were closely monitored Citywide, 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. Actual expenditures totaled \$62.7 million; total budgetary (expenditure) savings for the fund were over \$3.1 million, or 4.8%.

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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)					
	FY18	FY19	FY20	FY21	FY22
Economic Stability Reserve	\$16.91	\$18.84	\$18.91	\$14.36	\$16.44
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	19.41	21.34	21.41	16.86	18.94
Encumbrances and Reappropriations	0.52	0.24	0.32	0.57	0.01
Total Assigned Fund Balance	\$19.93	\$21.58	\$21.73	\$17.43	\$18.95

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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, 2022, the unrestricted fund balance of \$32.0 million (\$47.4 million less non-spendable and restricted fund balance of \$15.4 million) represents 51.0% of General Fund operating expenditures of \$62.7 million.

Fund balance in the General Fund consistently increased in recent years until the pandemic hit in fiscal year 2019-20. A \$2.2 million increase in fiscal year 2021-22 signals a positive recovery.

City of Burlingame Historical General Fund Ending Fund Balance (Spendable) (Amounts in Millions)					
	FY18	FY19	FY20	FY21	FY22
Ending Spendable Fund Balance	\$36.37	\$53.96	\$44.82	\$45.19	\$47.28
Dollar Change	3.31	17.60	(9.14)	0.37	2.09
% of Expenses:	67.80%	96.78%	77.00%	77.32%	75.39%

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 ACFR'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 \$330.0 million on June 30, 2022, net of depreciation, increasing 15.6% from the prior fiscal year. The investments in capital assets include: land, construction in progress, buildings, improvements, machinery, equipment, major software systems, facilities, roads, streets, utility infrastructure, and storm drains.

Capital Assets, Net of Accumulated Depreciation June 30, 2022 (Amounts in Millions)									
	Governmental Activities			Business-Type Activities			Total		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
Land and other assets not being depreciated	\$106.24	\$85.32	24.52%	\$14.70	\$9.11	61.4%	\$120.94	\$94.43	28.08%
Facilities, infrastructure and equipment	\$97.75	\$91.63	6.67%	\$111.29	\$99.45	11.9%	\$209.04	\$191.09	9.39%
Total	\$203.99	\$176.95	15.3%	\$125.99	\$108.56	16.1%	\$329.98	\$285.51	15.6%

All depreciable capital assets were depreciated from their acquisition/completion date to the end of the current fiscal year for the government-wide financial statement presentation. Governmental fund financial statements record capital asset purchases as expenditures during the year. Ongoing projects are accounted

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for as "construction in progress." Additional information about Capital Assets can be found in the Notes to the Basic Financial Statements under Note 5 – Capital Assets.

Long-Term Obligations

As of June 30, 2022, the City had total long-term obligations of \$194.3 million, a decrease of \$44.8 million from the prior year. The decrease is largely due to significant reductions in Net OPEB (\$9.0 million) and Net Pension (\$28.4 million) liabilities.

\$34.6 million of the City's total long-term outstanding debt relates to storm drain revenue bond financing, \$36.4 million is 2019 Lease Revenue Bonds for the City's New Community Center project, and \$15.1 million is for other governmental activities. The remainder (\$30.7 million) of the long-term outstanding debt 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, 2022 (Amounts In Millions)									
	Governmental Activities			Business-Type Activities			Total		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
Bonds Due in More than One Year	\$83.75	\$87.11	-3.9%	\$27.79	\$31.40	-11.5%	\$111.54	\$118.51	-5.9%
Bonds Due Within One Year	2.29	2.12	8.2%	2.95	2.83	4.4%	5.25	4.95	6.0%
Claims and Litigation	8.74	8.97	-2.6%	-	-	0.0%	8.74	8.97	-2.6%
Landfill Closure	-	-	0.0%	3.51	3.40	3.4%	3.51	3.40	3.4%
Net OPEB Liability ⁽¹⁾	11.45	18.70	-38.8%	2.73	4.42	-38.2%	14.18	23.12	-38.7%
Net Pension Liability	41.45	65.73	-36.9%	6.42	10.55	-39.2%	47.86	76.29	-37.3%
Compensated Absences	2.79	3.39	-17.6%	0.46	0.47	-1.4%	3.25	3.85	-15.6%
Total:	\$150.47	\$186.02	-19.1%	\$43.87	\$53.07	-17.3%	\$194.33	\$239.09	-18.7%

⁽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; the 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 \$27.1 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

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defined contribution plan for retiree health costs to its employees – this liability will be fully funded in 15 years. As of June 30, 2022, the net OPEB liability for the City was computed to be \$14.2 million.

The City's Statement of Net Position also reflects unfunded pension liabilities. Governmental accounting standards require the City to compute its unfunded liabilities by ascertaining "net pension liability," or the difference between a plan's total pension liability and the assets available to pay for such liability at a specific time. As of June 30, 2022, the net pension liability for the City was computed to be \$47.9 million, a decrease over the prior year of \$28.4 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, 2022, was \$17.8 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 2022-23 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 coronavirus and related economic impacts, the adopted budget for fiscal year 2022-23 anticipated a continuing improvement from fiscal year 2021-22 (approximately \$2.1 million, or 3.1%) in total General Fund revenues. Both property tax receipts and sales tax revenue are expected to continue to grow in the 2022-23 fiscal year and an increase of TOT revenue to \$13.0 million (less than one-half of 2018-19 fiscal year receipts) is anticipated in fiscal year 2022-23. The budget's revenue projections were based on fiscal year 2021-22 estimates that came in slightly higher than forecasted. While showing recovery on multiple fronts, the timing and strength of the City's revenue recovery are uncertain at best.

Expenditures: General Fund operating expenditures are expected to grow approximately 2.6% when compared to the fiscal year 2021-22 amended budget. Fiscal year 2022-23 departmental budgets of \$67.6 million provided for a full year of 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 ongoing value for the City.

In light of the slow recovery anticipated for the fiscal year, the FY 2022-23 budget for capital projects was cautiously planned. Work on a large number of previously funded capital projects will continue. Also, to minimize the General Fund operating deficit for the year, no contribution to the Capital Investment Reserve was included in the FY 2022-23 budget. (The last General Fund contribution to the Capital Investment

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Reserve was \$6.5 million in fiscal year 2019-20.) In addition, the General Fund continues its transfer for debt service of \$2.0 million for the 2019 Lease Revenue Bond issuance.

However, the 2022-23 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 – nearly \$1.3 million from the General Fund alone. Funding of retiree medical obligations is also included in the departmental budgets for fiscal year 2022-23. In all, the budgeted deficit was limited to \$3.9 million, well within the \$13.1 million unassigned General Fund balance as of June 30, 2022.

General Fund Capital Improvements: The City Council earmarked nearly \$5.2 million in the 2022-23 fiscal year General Fund budget for capital improvements in the Five Year CIP Plan. Although this is well below the approximate \$10.0 million per year pre-pandemic funding for capital improvements, this funding covers the immediate capital needs of the City, including \$2.0 million for street and sidewalk infrastructure improvements.

Water and Sewer Rate Adjustments: 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 rate 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 has 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 the 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. A 5% rate increase was implemented on April 1, 2022, to prevent the depletion of the rate stabilization reserve within the City's Solid Waste Fund. A solid waste rate study is currently underway, and the results of the study will be presented to the City Council in spring 2023.

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



Annual Comprehensive Financial Report
June 30, 2022

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 134,862,890	\$ 83,156,418	\$ 218,019,308
Receivables (net of uncollectible amounts)			
Due from consumers		7,674,171	7,674,171
Due from other governments	775,487		775,487
Accounts receivables		90,758	90,758
Other receivables	12,310,257	44,150	12,354,407
Inventory	69,352		69,352
Prepaid items and deposits	158,187	50,240	208,427
Cash and investments, restricted	26,342,191	2,741,198	29,083,389
Capital assets:			
Land and other assets not being depreciated	106,239,985	14,703,933	120,943,918
Facilities, infrastructure, and equipment, net of depreciation	97,747,734	111,291,010	209,038,744
Total assets	378,506,083	219,751,878	598,257,961
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of bond refunding		762,766	762,766
Deferred outflows related to OPEB	5,695,422	1,358,606	7,054,028
Deferred outflows related to pension	12,220,043	1,570,229	13,790,272
Total deferred outflows of resources	17,915,465	3,691,601	21,607,066
LIABILITIES			
Accounts payable	6,008,701	5,832,883	11,841,584
Retentions payable	2,496,290	316,393	2,812,683
Accrued payroll	882,739	240,649	1,123,388
Accrued interest	54,682	389,658	444,340
Deposits	3,657,297	2,208,933	5,866,230
Unearned revenue	16,349	50,301	66,650
Claims and litigation			
Due in one year	1,803,000		1,803,000
Due in more than one year	6,936,000		6,936,000
Compensated absences			
Due in one year	464,031	59,173	523,204
Due in more than one year	2,325,741	401,026	2,726,767
Landfill closure and post closure costs			
Due in one year		234,150	234,150
Due in more than one year		3,278,095	3,278,095
Long-term debt			
Due in one year	2,290,944	2,954,395	5,245,339
Due in more than one year	83,747,069	27,793,199	111,540,268
Net OPEB liability, due in more than one year	11,451,907	2,731,778	14,183,685
Net pension liability, due in more than one year	41,449,153	6,415,025	47,864,178
Total liabilities	163,583,903	52,905,658	216,489,561
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	9,145,524	2,181,606	11,327,130
Deferred inflows related to pension	24,443,397	3,220,529	27,663,926
Total deferred inflows of resources	33,588,921	5,402,135	38,991,056
NET POSITION			
Net investment in capital assets	134,187,783	96,458,099	230,645,882
Restricted for:			
Pension and employee benefit program	15,677,599	2,293,214	17,970,813
Debt service	1,799,960	447,984	2,247,944
Capital projects	17,528,860	15,648,562	33,177,422
Development fees	20,559,640		20,559,640
Burlingame Avenue Special Assessment District	390,265		390,265
Shuttle, Access TV and community programs	2,009,826		2,009,826
Street and sidewalk repair and maintenance	4,343,370		4,343,370
Total restricted net position	62,309,520	18,389,760	80,699,280
Unrestricted	2,751,421	50,287,827	53,039,248
Total net position	\$ 199,248,724	\$ 165,135,686	\$ 364,384,410

See accompanying Notes to the Basic Financial Statements

**CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 5,825,277	\$ 95,200	\$ 3,706,007	\$ -	\$ 3,801,207
Public safety	30,703,688	1,176,269	221,673		1,397,942
Public works	6,613,494	6,248,194		290,521	6,538,715
Community development	2,123,672	13,443,416			13,443,416
Parks, recreation, and library	16,159,739	4,046,063	498,603	168,418	4,713,084
Shuttle operations	(41,323)		59,767		59,767
Interest	3,061,831				
Total governmental activities	64,446,378	25,009,142	4,486,050	458,939	29,954,131
Business-type activities:					
Water	13,992,470	20,117,727			20,117,727
Sewer	11,111,999	15,384,822			15,384,822
Waste management	941,392	620,792			620,792
Landfill	386,775	499,960			499,960
Parking	(109,785)	2,379,724		12,978,673	15,358,397
Building	2,994,768	5,690,153			5,690,153
Total business-type activities	29,317,619	44,693,178		12,978,673	57,671,851
Total government-wide	\$ 93,763,997	\$ 69,702,320	\$ 4,486,050	\$ 13,437,612	\$ 87,625,982

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy tax

Other taxes

Other general revenue

Total general revenues

Investment income (expense)

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying Notes to the Basic Financial Statements

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

Governmental Activities	Business-type Activities	Total
\$ (2,024,070)	\$ -	\$ (2,024,070)
(29,305,746)		(29,305,746)
(74,779)		(74,779)
11,319,744		11,319,744
(11,446,655)		(11,446,655)
101,090		101,090
(3,061,831)		(3,061,831)
(34,492,247)		(34,492,247)
	6,125,257	6,125,257
	4,272,823	4,272,823
	(320,600)	(320,600)
	113,185	113,185
	15,468,182	15,468,182
	2,695,385	2,695,385
	28,354,232	28,354,232
(34,492,247)	28,354,232	(6,138,015)
27,722,881		27,722,881
18,950,559		18,950,559
12,378,959		12,378,959
4,913,262		4,913,262
325,975	571,217	897,192
64,291,636	571,217	64,862,853
(6,627,121)	(2,960,391)	(9,587,512)
1,528,730	(1,528,730)	
59,193,245	(3,917,904)	55,275,341
24,700,998	24,436,328	49,137,326
174,547,726	140,699,358	315,247,084
\$ 199,248,724	\$ 165,135,686	\$ 364,384,410



Annual Comprehensive Financial Report

June 30, 2022

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, 2022

	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments	\$ 26,444,449	\$ 8,016,114	\$ 532,256	\$ 49,779,710	\$ 27,210,622	\$ 111,983,151
Accounts receivable	11,056,316	132,683		658,559	446,621	12,294,179
Due from other governments	775,487					775,487
Due from other funds	496,376					496,376
Prepays and deposits	109,718			48,469		158,187
Cash and investments, restricted	15,251,760		10,664,592			25,916,352
Total assets	<u>\$ 54,134,106</u>	<u>\$ 8,148,797</u>	<u>\$ 11,196,848</u>	<u>\$ 50,486,738</u>	<u>\$ 27,657,243</u>	<u>\$ 151,623,732</u>
Liabilities:						
Accounts payable	\$ 2,085,396	\$ -	\$ 3,810	\$ 3,241,673	\$ 170,352	\$ 5,501,231
Retentions payable				2,496,290		2,496,290
Accrued payroll	929,688			13,258		942,946
Deposits	3,657,297					3,657,297
Unearned revenue	16,349					16,349
Total liabilities	<u>6,688,730</u>		<u>3,810</u>	<u>5,751,221</u>	<u>170,352</u>	<u>12,614,113</u>
Deferred Inflows:						
Unavailable revenue	51,553	13,015		636,982	183,790	885,340
Total deferred inflows	<u>51,553</u>	<u>13,015</u>		<u>636,982</u>	<u>183,790</u>	<u>885,340</u>
Fund Balances:						
Nonspendable	109,718			48,469		158,187
Restricted	15,251,760	8,135,782	11,193,038		27,303,101	61,883,681
Committed				22,852,396		22,852,396
Assigned	18,947,649			21,197,670		40,145,319
Unassigned	13,084,696					13,084,696
Total fund balances	<u>47,393,823</u>	<u>8,135,782</u>	<u>11,193,038</u>	<u>44,098,535</u>	<u>27,303,101</u>	<u>138,124,279</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 54,134,106</u>	<u>\$ 8,148,797</u>	<u>\$ 11,196,848</u>	<u>\$ 50,486,738</u>	<u>\$ 27,657,243</u>	<u>\$ 151,623,732</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, 2022

Fund balance – total governmental funds	\$	138,124,279
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Amounts reported for governmental activities in the statement of net assets are different because:

CAPITAL ASSETS

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		202,879,450
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LONG TERM LIABILITIES

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

Compensated absences		(2,728,617)
Long-term debt		(86,038,013)
Net OPEB Liability		(\$10,973,917)
Net Pension Liability		(40,326,281)

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.		(54,682)
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DEFERRED INFLOWS AND OUTFLOWS

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

Deferred Outflows		17,402,894
Deferred Inflows		(32,643,482)
Unavailable revenues		885,340

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.

Net assets of governmental activities	\$	199,248,724
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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, 2022

	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 27,722,881	\$ -	\$ -	\$ -	\$ -	\$ 27,722,881
Sales and use taxes	17,577,474					17,577,474
Transient occupancy taxes	12,378,959					12,378,959
Other taxes	3,511,113					3,511,113
Charges for services - fees	8,376,296	3,104,951		85,790	12,503,075	24,070,112
Charges for services - licenses and permits	88,298					88,298
Fines, forfeitures, and penalties	875,732					875,732
Investment income	(4,731,635)	(518,852)	14,620	(51,075)	(563,655)	(5,850,597)
Intergovernmental taxes	34,364				2,740,870	2,775,234
Grants and subventions	3,868,622			510,014	113,222	4,491,858
Other revenue	292,435				464,825	757,260
Total revenues	69,994,539	2,586,099	14,620	544,729	15,258,337	88,398,324
EXPENDITURES:						
Current:						
General government	6,703,708		23,612	45,140		6,772,460
Public safety	30,126,368			490,592	43,149	30,660,109
Public works	6,609,060					6,609,060
Community development	2,184,039			191,518	162,947	2,538,504
Parks, recreation, and library	17,078,042				223,383	17,301,425
Shuttle operations					94,594	94,594
Capital Outlay	18,285			30,547,973	11,245	30,577,503
Debt service:						
Principal			2,654,064			2,654,064
Interest			3,602,434			3,602,434
Total expenditures	62,719,502		6,280,110	31,275,223	535,318	100,810,153
REVENUES OVER (UNDER) EXPENDITURES	7,275,037	2,586,099	(6,265,490)	(30,730,494)	14,723,019	(12,411,829)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,859,730		6,159,528	22,649,424	103,500	30,772,182
Transfer out	(6,948,008)	(2,595,020)	(17,734,424)		(1,966,000)	(29,243,452)
Total other financing sources (uses)	(5,088,278)	(2,595,020)	(11,574,896)	22,649,424	(1,862,500)	1,528,730
Net change in fund balances	2,186,759	(8,921)	(17,840,386)	(8,081,070)	12,860,519	(10,883,099)
FUND BALANCES:						
Beginning of year	45,207,064	8,144,703	29,033,424	52,179,605	14,442,582	149,007,378
End of year	<u>\$ 47,393,823</u>	<u>\$ 8,135,782</u>	<u>\$ 11,193,038</u>	<u>\$ 44,098,535</u>	<u>\$ 27,303,101</u>	<u>\$ 138,124,279</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, 2022**

Net change in fund balances – total governmental funds	\$ (10,883,099)
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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	30,795,424
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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.

	(3,351,909)
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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	3,682
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Amortization of bond premium	536,921
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Proceeds from bond issuance are deducted from fund balances

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	2,654,064
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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	587,879
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Pension Expense	(1,164,392)
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Net other post-employment benefits obligation expense	4,366,574
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Unavailable revenues recognized as revenue in prior year	482,466
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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	673,388
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Change in net position of governmental activities	\$ 24,700,998
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See accompanying Notes to the Basic Financial Statements



Annual Comprehensive Financial Report
June 30, 2022

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 ***Solid Waste 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, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Solid Waste Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investments	\$ 23,673,936	\$ 21,676,572	\$ 4,801,279
Receivables (net of uncollectible amounts):			
Due from consumers	4,146,596	3,527,575	
Accounts receivables	12,936	19,717	52,230
Other receivables			
Prepays and deposits	50,240		
Inventory			
Total current assets	<u>27,883,708</u>	<u>25,223,864</u>	<u>4,853,509</u>
Noncurrent assets:			
Cash and investments, restricted	910,841	1,199,252	130,950
Capital assets:			
Land and other assets not being depreciated	6,676,180	2,443,905	
Facilities, infrastructure, and equipment, net of depreciation	<u>30,638,920</u>	<u>63,282,685</u>	
Total noncurrent assets	<u>38,225,941</u>	<u>66,925,842</u>	<u>130,950</u>
Total assets	<u>66,109,649</u>	<u>92,149,706</u>	<u>4,984,459</u>
Deferred outflows of resources:			
Deferred amount on bond refunding	434,096	328,670	
Deferred outflows related to pensions	622,121	507,311	88,282
Deferred outflows related to OPEB	<u>543,160</u>	<u>440,877</u>	<u>71,246</u>
Total deferred outflows of resources	<u>1,599,377</u>	<u>1,276,858</u>	<u>159,528</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Current liabilities:			
Accounts payable	1,395,271	1,340,154	372,741
Accrued payroll	94,117	75,738	14,106
Due to other funds			
Accrued interest	131,075	258,583	
Retentions payable	229,477	86,916	
Deposits	29,914		
Unearned revenue	50,301		
Claims and litigation due in one year			
Bonds payable due in one year	1,223,682	1,730,713	
Compensated absences due in one year	32,224	15,138	
Landfill closure and post-closure liability due in one year			
Total current liabilities	<u>3,186,061</u>	<u>3,507,242</u>	<u>386,847</u>
Noncurrent liabilities:			
Bonds payable	12,821,921	14,971,278	
Landfill closure and post closure liability			
Claims and litigation			
Compensated absences	151,275	123,537	10,091
Net pension liability	2,541,616	2,072,572	360,669
Net OPEB liability	<u>1,092,144</u>	<u>886,480</u>	<u>143,255</u>
Total noncurrent liabilities	<u>16,606,956</u>	<u>18,053,867</u>	<u>514,015</u>
Total liabilities	<u>19,793,017</u>	<u>21,561,109</u>	<u>900,862</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,275,965	1,040,491	181,066
Deferred inflows related to OPEB	<u>872,189</u>	<u>707,946</u>	<u>114,404</u>
Total deferred inflows of resources	<u>2,148,154</u>	<u>1,748,437</u>	<u>295,470</u>
NET POSITION			
Net investment in capital assets	23,703,593	49,801,253	
Restricted for capital projects	5,065,152	9,834,664	
Restricted for pension and benefits program	910,841	751,268	130,950
Restricted for debt service		447,984	
Unrestricted	<u>16,088,269</u>	<u>9,281,849</u>	<u>3,816,705</u>
Total net position	<u>\$ 45,767,855</u>	<u>\$ 70,117,018</u>	<u>\$ 3,947,655</u>

See accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities- Internal Service Funds
Landfill Fund	Parking Fund	Building Fund	Total	
\$ 2,747,832	\$ 12,152,663	\$ 18,104,136	\$ 83,156,418	\$ 22,879,739
			7,674,171	
	5,875		90,758	
44,150			44,150	16,078
			50,240	
				69,352
2,791,982	12,158,538	18,104,136	91,015,737	22,965,169
21,801	84,361	393,993	2,741,198	425,839
	5,583,848		14,703,933	
	17,369,405		111,291,010	1,108,269
21,801	23,037,614	393,993	128,736,141	1,534,108
2,813,783	35,196,152	18,498,129	219,751,878	24,499,277
14,512	58,299	279,704	762,766	
12,697	46,557	244,069	1,570,229	274,850
27,209	104,856	523,773	1,358,606	237,721
			3,691,601	512,571
27,286	2,218,010	479,421	5,832,883	507,470
2,420	8,616	45,652	240,649	(60,207)
				496,376
			389,658	
			316,393	
		2,179,019	2,208,933	
			50,301	
				1,803,000
			2,954,395	
	7,067	4,744	59,173	7,170
234,150			234,150	
263,856	2,233,693	2,708,836	12,286,535	2,753,809
			27,793,199	
3,278,095			3,278,095	
				6,936,000
	15,438	100,685	401,026	53,985
59,289	238,175	1,142,704	6,415,025	1,122,872
25,531	93,612	490,756	2,731,778	477,990
3,362,915	347,225	1,734,145	40,619,123	8,590,847
3,626,771	2,580,918	4,442,981	52,905,658	11,344,656
29,765	119,571	573,671	3,220,529	563,714
20,389	74,759	391,919	2,181,606	381,725
50,154	194,330	965,590	5,402,135	945,439
	22,953,253		96,458,099	1,108,269
	748,746		15,648,562	
21,801	84,361	393,993	2,293,214	425,839
			447,984	
(857,734)	8,739,400	13,219,338	50,287,827	11,187,645
\$ (835,933)	\$ 32,525,760	\$ 13,613,331	\$ 165,135,686	\$ 12,721,753

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Solid Waste Fund
OPERATING REVENUES:			
Water sales	\$ 19,915,573	\$ -	\$ -
Sewer service charges:			
City of Burlingame users		13,467,962	
Other agencies		1,661,193	
Special surcharges			620,792
Parking fees			
Charges for services	202,154	255,667	
Other revenue	3,209	250,002	197,739
Total operating revenues	20,120,936	15,634,824	818,531
OPERATING EXPENSES:			
Salaries and benefits	2,426,738	1,890,388	367,700
Pension expenses			
Retiree medical benefit			
Supplies and services	1,570,865	5,437,990	572,470
Water purchases	7,162,345		
Depreciation	2,096,892	3,092,551	
Insurance claims and expenses	159,505	97,883	1,222
Total operating expenses	13,416,345	10,518,812	941,392
Operating income	6,704,591	5,116,012	(122,861)
NONOPERATING REVENUES (EXPENSES):			
Investment income	(924,550)	(793,023)	(177,684)
Interest expense	(576,125)	(593,187)	
Net nonoperating revenues (expenses)	(1,500,675)	(1,386,210)	(177,684)
Income before transfers	5,203,916	3,729,802	(300,545)
Capital contributions			
Transfers out	(638,471)	(380,471)	(58,000)
Net change in net position	4,565,445	3,349,331	(358,545)
NET POSITION:			
Net position - beginning (deficit)	41,202,410	66,767,687	4,306,200
Net position - end of year (deficit)	\$ 45,767,855	\$ 70,117,018	\$ 3,947,655

See accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities- Internal Service Funds
Landfill Fund	Parking Fund	Building Fund	Total	
\$ -	\$ -	\$ -	\$ 19,915,573	\$ -
			13,467,962	
			1,661,193	
499,960			1,120,752	
	2,379,724		2,379,724	
		5,690,153	6,147,974	11,723,600
		120,267	571,217	47,921
<u>499,960</u>	<u>2,379,724</u>	<u>5,810,420</u>	<u>45,264,395</u>	<u>11,771,521</u>
137,944	301,169	1,427,185	6,551,124	966,513
	(1,598,274) *		(1,598,274)	3,815,018
				3,815,018
248,831	815,003	1,563,356	10,208,515	2,467,807
			7,162,345	
	371,533		5,560,976	681,616
	784	4,227	263,621	2,339,580
<u>386,775</u>	<u>(109,785)</u>	<u>2,994,768</u>	<u>28,148,307</u>	<u>14,085,552</u>
113,185	2,489,509	2,815,652	17,116,088	(2,314,031)
(86,309)	(398,588)	(580,237)	(2,960,391)	(827,599)
			(1,169,312)	
<u>(86,309)</u>	<u>(398,588)</u>	<u>(580,237)</u>	<u>(4,129,703)</u>	<u>(827,599)</u>
26,876	2,090,921	2,235,415	12,986,385	(3,141,630)
	12,978,673		12,978,673	
	(338,788)	(113,000)	(1,528,730)	
26,876	14,730,806	2,122,415	24,436,328	(3,141,630)
(862,809)	17,794,954	11,490,916	140,699,358	12,048,365
<u>\$ (835,933)</u>	<u>\$ 32,525,760</u>	<u>\$ 13,613,331</u>	<u>\$ 165,135,686</u>	<u>\$ 12,721,753</u>

* Adjustment due to pension cost allocation for the fund changed from 4.4% to 0.9%

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 18,940,409	\$ 14,815,509	\$ 829,415
Receipts from other funds			
Payments to other funds			
Payments to suppliers	(8,178,775)	(4,791,283)	(201,684)
Payments to retirees and trust			
Payments to claims			
Payments to employees for services	(3,160,605)	(2,580,498)	(463,862)
Net cash provided by (used in) operating activities	7,601,029	7,443,728	163,869
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds			
Transfers to other funds	(638,471)	(380,471)	(58,000)
Net cash provided by (used in) noncapital financing activities	(638,471)	(380,471)	(58,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(5,299,668)	(2,543,176)	
Principal paid on long-term debt	(1,541,329)	(1,938,927)	
Interest paid on long-term debt	(593,399)	(625,166)	
Net cash provided by (used in) capital and related financing activities	(7,434,396)	(5,107,269)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	(924,550)	(793,023)	(177,684)
Net cash provided by (used in) investing activities	(924,550)	(793,023)	(177,684)
Net increase (decrease) in cash and equivalents	(1,396,388)	1,162,965	(71,815)
CASH AND CASH EQUIVALENTS:			
Beginning of year	25,981,165	21,712,859	5,004,044
End of year	\$ 24,584,777	\$ 22,875,824	\$ 4,932,229
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 6,704,591	\$ 5,116,012	\$ (122,861)
Adjustments for noncash activities:			
Depreciation and amortization	2,096,892	3,092,551	
Changes in assets and liabilities:			
Receivables	(1,131,019)	(819,315)	10,884
Prepaid / Inventories	(50,240)		
Deferred outflows	86,465	94,909	3,108
Due to other funds			
Accounts payable	491,361	664,280	372,008
Accrued payroll	5,204	15,349	3,284
Retentions and Deposits payable	222,579	80,310	
Unearned revenue	732		
Compensated absences	(21,219)	19,387	(4,251)
Claims and litigations liabilities			
Net pension liabilities	(1,741,613)	(1,529,442)	(225,724)
Net OPEB Liabilities	(669,901)	(586,516)	(94,922)
Deferred inflows	1,607,197	1,296,203	222,343
Total adjustments	896,438	2,327,716	286,730
Net cash provided by (used in) operating activities	\$ 7,601,029	\$ 7,443,728	\$ 163,869
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments – current	\$ 23,673,936	\$ 21,676,572	\$ 4,801,279
Cash and investments, restricted	910,841	1,199,252	130,950
Cash and cash equivalents on statement of cash flows	\$ 24,584,777	\$ 22,875,824	\$ 4,932,229
Non-cash transactions			
Contributions of capital assets			
Amortization of Bond Premiums	\$ 186,328	\$ 138,213	

See accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities- Internal Service Funds
Landfill Fund	Parking Fund	Building Fund	Total	
\$ 500,623	\$ 2,402,773	\$ 5,846,573	\$ 43,335,302	\$ - 11,904,699
(239,445)	1,324,575	(837,881)	(12,924,493)	(6,971,862) (3,604,818) (400,506)
(78,999)	(335,968)	(1,535,214)	(8,155,146)	(1,578,096)
182,179	3,391,380	3,473,478	22,255,663	(650,583)
				323,805
	(338,788)	(113,000)	(1,528,730)	
	(338,788)	(113,000)	(1,528,730)	323,805
	(2,173,444)		(10,016,288)	(274,476)
114,937			(3,365,319)	
			(1,218,565)	
114,937	(2,173,444)		(14,600,172)	(274,476)
(86,309)	(398,588)	(580,237)	(2,960,391)	(809,589)
(86,309)	(398,588)	(580,237)	(2,960,391)	(809,589)
210,807	480,560	2,780,241	3,166,370	(1,410,843)
2,558,826	11,756,464	15,717,888	82,731,246	24,716,421
\$ 2,769,633	\$ 12,237,024	\$ 18,498,129	\$ 85,897,616	\$ 23,305,578
\$ 113,185	\$ 2,489,509	\$ 2,815,652	\$ 17,116,088	\$ 1,500,987
	371,533		5,560,976	681,616
663	23,049	36,153	(1,879,585)	133,178
(15,004)	2,293	(37,951)	(50,240)	192,921
			133,820	47,310
9,386	2,140,362	75,545	3,752,942	(2,316,702)
311	786	5,964	30,898	(97,038)
		654,157	957,046	
			732	
	3,803	(4,277)	(6,557)	(7,452)
				(231,000)
52,282	(151,255)	(542,950)	(4,138,702)	(959,168)
(16,092)	(61,318)	(263,085)	(1,691,834)	(301,287)
37,448	(1,427,382)	734,270	2,470,079	706,052
68,994	901,871	657,826	5,139,575	(2,151,570)
\$ 182,179	\$ 3,391,380	\$ 3,473,478	\$ 22,255,663	\$ (650,583)
\$ 2,747,832	\$ 12,152,663	\$ 18,104,136	\$ 83,156,418	\$ 22,879,739
21,801	84,361	393,993	2,741,198	425,839
\$ 2,769,633	\$ 12,237,024	\$ 18,498,129	\$ 85,897,616	\$ 23,305,578
	\$ 12,978,673		\$ 12,978,673	
			\$ 324,541	



Annual Comprehensive Financial Report

June 30, 2022

FIDUCIARY FUNDS

The City of Burlingame only reports one type of Fiduciary Funds: Custodial funds

The ***Custodial Funds*** report resources, not in a trust, that are held by the City of Burlingame for other parties outside of the City. This includes the Hotel Business Improvement District (BID) Fees Fund, Elementary School Development Fees Fund, High School Development Fees Fund, Downtown Business Improvement District Fund, and Broadway Business Improvement District Fund.

The details of individual custodial funds' financial statements can be found in the supplementary information section of this report.

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 295,328
Accounts receivable	767,455
	<hr/>
Total assets	1,062,783
	<hr/>
LIABILITIES	
Accounts payable	331,679
Due to other governmental units	731,104
	<hr/>
Total liabilities	1,062,783
	<hr/>
NET POSITION	
Restricted for:	
Other governments	
	<hr/>
Total Net Position	\$ -
	<hr/> <hr/>

See accompanying Notes to the Basic Financial Statements

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Fees collections	\$ 3,179,547
Total Additions	<u>3,179,547</u>
DEDUCTIONS	
Distribution to districts	<u>3,179,547</u>
Total Deductions	<u>3,179,547</u>
Net increase(decrease) in fiduciary net position	-
Net Position-Beginning of the Year	
Net Position-End of the Year	<u><u>\$ -</u></u>

See accompanying Notes to the Basic Financial Statements



Annual Comprehensive Financial Report

June 30, 2022

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 Solid Waste 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, 2022

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 Solid Waste 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 economic resources measurement focus and full accrual basis, which include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, which represent the related activity for the City's custodial funds.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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 net 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 assets 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 net 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 assets 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, 2022

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 fund balance and are, therefore, unavailable for appropriation. As of June 30, 2022, 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, 2022

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. Leases

The Governmental Accounting Standards Board (GASB) introduced a new lease statement that was effective July 1, 2021, GASB Statement No. 87, Leases. In accordance with GASB Statement No. 87, Leases, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transactions (i.e., buildings, land, vehicles, and equipment). Any contract that meets this definition should be accounted for under the lease guidance as identified in GASB Statement No. 87.

The City set a lease capitalization threshold of \$500,000 in the General Fund, and \$200,000 for all other funds, to be recorded under the new pronouncement. Any lease with a present value at inception less than \$500,000 in the General Fund and \$200,000 in all other funds, is deemed immaterial in relation to the financial statements as a whole and, thereby, excluded.

The City has no leases subject to GASB 87 for the fiscal year 2022.

J. New Accounting Pronouncements

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

GASB Statement No. 87 – In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, and Debts Service Funds. 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 reallocations 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 benefits 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, 2022

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, 2022:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 134,862,890	\$ 83,156,418	\$ 295,328	\$ 218,314,636
Cash and investments, restricted		447,984		447,984
Cash and investments, restricted, held with fiscal agents	26,342,191	2,293,214		28,635,405
Total cash and investments	<u>\$ 161,205,081</u>	<u>\$ 85,897,616</u>	<u>\$ 295,328</u>	<u>\$ 247,398,025</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City's cash and investments at June 30, 2022 in more detail:

	Fair Value
<u>Deposits</u>	
Deposits - unrestricted	\$ 21,802,006
Deposits - restricted	28,775,339
Total deposits	50,577,345
<u>Investments -unrestricted</u>	
U.S. Treasury Bond/Note	54,381,049
Supranational Agency Bond/Note	2,539,460
Municipal Bond/Note	3,076,206
Federal Agency Obligations	32,367,996
Certificates of Deposit	2,421,447
Asset-Backed Security/Collateralized Mortgage	2,853,695
Corporate notes	21,337,739
California Asset Management Program (CAMP)	5,599,494
California Local Agency Investment Funds (LAIF)	72,243,594
Total investments	196,820,680
Total Cash and Investments	\$ 247,398,025
<u>Cash and Investments Held with Treasury</u>	
Unrestricted, held with Treasury	\$ 218,174,702
Restricted, held with Treasury	447,984
Total Cash and Investments Held With Treasury	218,622,686
<u>Restricted Cash and Investment Held with Fiscal Agent</u>	
Investment held with Pension Trust - PARS	17,970,812
Cash held by fiscal agent - Bank of New York	10,664,592
Cash held by fiscal agent - J. P. Morgan Chase	129,840
Cash held by fiscal agent - Bank of America	10,095
Total restricted cash and investments held with fiscal agent	28,775,339
Total Cash and Investments	\$ 247,398,025

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Deposits

Custodial Credit Risk

The carrying amounts of the City's cash deposits were \$21,802,006 at June 30, 2022. Bank balances before reconciling items were \$22,121,089. At that date, the total collateralized or insured with securities held by the pledging financial institutions in the City's name is 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, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

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, 2022

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:			
U.S. Treasury Bond/Note	\$ 54,381,049	\$ -	\$ 54,381,049
Supranational Agency Bond/Note		2,539,460	2,539,460
Municipal Bond/Note		3,076,206	3,076,206
Federal Agency Obligations		32,367,996	32,367,996
Asset-Backed Security/ Collateralized Mortgage		2,853,695	2,853,695
Corporate notes		21,337,739	21,337,739
Total Investments	<u>\$ 54,381,049</u>	<u>\$ 62,175,096</u>	<u>\$ 116,556,145</u>
Investments measured at Amortized Cost:			
California Local Agency Investment Fund			\$ 72,243,594
California Asset Management Program			5,599,494
Certificates of Deposit			<u>2,421,447</u>
Total Investments			<u>\$ 196,820,680</u>

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer (other than US Treasury securities). 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:

Issuer	Investment Type	Amount
Fannie Mae	Federal Agency Securities	\$ 16,566,300
Freddie Mac	Federal Agency Securities	\$ 10,545,620

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.

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total	Percentage of Portfolio
U.S. Treasury Bond/Note	\$ -	\$ 15,302,539	\$ 39,078,510	\$ 54,381,049	27.63%
Supranational Agency Bond/Note		837,780	1,701,680	2,539,460	1.29%
Municipal Bond/Note		1,403,860	1,672,346	3,076,206	1.56%
Federal Agency Obligations	643,124	11,979,791	19,745,081	32,367,996	16.45%
Corporate notes	4,951,741	3,887,480	12,498,518	21,337,739	10.84%
Asset-Backed Security/ Collateralized Mortgage	57,546	1,399,864	1,396,285	2,853,695	1.45%
Certificates of Deposit	2,421,447			2,421,447	1.23%
California Asset Management Program	5,599,494			5,599,494	2.84%
California Local Agency Investment Fund	72,243,594			72,243,594	36.71%
Total Investments	<u>\$ 85,916,946</u>	<u>\$ 34,811,314</u>	<u>\$ 76,092,420</u>	<u>\$ 196,820,680</u>	<u>100.00%</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Credit Risk

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

Investment Type:	Fair Value:	Moody's Rating
U.S. Treasury Bond/Note	\$ 54,381,049	Aaa
Federal Agency Obligations	32,367,996	Aaa
Supranational Agency Bond/Note	2,539,460	Aaa
Municipal Bond/Note	3,076,206	Aaa to Not Rated
Asset-Backed Security/ Collateralized Mortgage	2,853,695	Aaa to Not Rated
Corporate Notes:		
Amazon.com Inc. Bonds	1,744,607	A1
Home Depot Inc. Corp Note	1,072,047	A2
Apple Inc Corporate Notes	701,879	Aaa
Apple Inc Corporate Notes	1,433,208	Aaa
US Bankcorp Note	1,793,399	A2
Pfizer Inc Corp Notes	1,494,365	A2
Morgan Stanley Corp Notes	151,148	A1
Morgan Stanley Corp Notes	448,568	A1
JPMorgan Chase & Co Bonds	321,940	A2
Bank of America Corp Note	886,962	A2
Toyota Motor Credit Corp Corp Notes	362,242	A1
Toyota Motor Credit Corp Corp Notes	505,233	A1
Mastercard Inc. Corp Notes	1,181,020	A1
Intel Corporation Corp Notes	832,463	A1
Intel Corporation Corp Notes	1,166,446	A1
Citigroup Inc. Corp Notes	280,972	A3
Citigroup Inc. Corp Notes	304,387	A3
Goldman Sachs Group Inc. Corp Notes	824,538	A2
JPMorgan Chase & Co Bonds	327,391	A2
Bank of New York Mellon	1,349,943	A1
State Street Corp	177,700	A1
JPMorgan Chase & Co Bonds	1,261,489	A2
State Street Corp	986,956	A1
Bank of America Corp Note	872,399	A2
Target Corp Notes	152,770	A2
Target Corp Notes	703,667	A2
Certificates of Deposit	2,421,447	P-1
California Asset Management Program	5,599,494	Not Rated
California Local Agency Investment Fund	72,243,594	Not Rated
	<u>\$ 196,820,680</u>	

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. 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, 2022, these investments have an average maturity of 311 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, 2022, these investments have an average maturity of 28 days, and the fair value approximated was the City's cost.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022, are as follows:

Transfers Out	Transfers In				Total Out	
	General Fund	Non Major Funds	Debt Service Fund	Capital Projects Fund		
General Fund	\$ -	\$ 103,500	\$ 3,579,508	\$ 3,265,000	\$ 6,948,008	(b)(c)
Storm Drain Fund	15,000		2,580,020		2,595,020	(a)(d)
Debt Service Fund				17,734,424	17,734,424	(c)
Non Major Funds	316,000			1,650,000	1,966,000	(a)(c)
Water Fund	638,471				638,471	(a)
Sewer Fund	380,471				380,471	(a)
Solid Waste Fund	58,000				58,000	(a)
Parking Fund	338,788				338,788	(a)
Building Enterprise Fund	113,000				113,000	(a)
Total In	<u>\$ 1,859,730</u>	<u>\$ 103,500</u>	<u>\$ 6,159,528</u>	<u>\$ 22,649,424</u>	<u>\$ 30,772,182</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, 2022

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 From	Due To	
	OPEB Internal Service Fund	Total
General Fund	\$ 496,376	\$ 496,376
Total	\$ 496,376	\$ 496,376

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.

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

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.

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, 2022, the City does not have intangible assets.

A. Capital Asset Activity from Governmental Activities

Capital asset activity for the year ended June 30, 2022, relating to governmental activities was as follows:

	Balance July 01, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
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	45,962,277	30,747,196		(9,824,673)	66,884,800
Total capital assets, not being depreciated	85,317,462	30,747,196		(9,824,673)	106,239,985
Capital assets being depreciated:					
Buildings and structures	44,975,850			574,106	45,549,956
Machinery and equipment	22,532,709	304,004	(182,704)		22,654,009
Improvements and Infrastructure	119,760,446	18,700		9,250,567	129,029,713
Total capital assets, being depreciated	187,269,005	322,704	(182,704)	9,824,673	197,233,678
Less accumulated depreciation for:					
Buildings and structures	20,823,433	976,639			21,800,072
Machinery and equipment	20,179,392	1,122,820	(182,704)		21,119,508
Infrastructure & Improvements	54,632,298	1,934,066			56,566,364
Total accumulated depreciation	95,635,123	4,033,525	(182,704)		99,485,944
Total capital assets, being depreciated, net	91,633,882	(3,710,821)	-	9,824,673	97,747,734
Governmental activities capital assets, net	\$ 176,951,344	\$ 27,036,375	\$ -	\$ -	\$ 203,987,719

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

B. Capital Asset Activity from Business-Type Activities

Capital asset activity for the year ended June 30, 2022, relating to business-type activities was as shown below.

	Balance July 01, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 6,357,188	\$ -	\$ (168,000)	\$ -	\$ 6,189,188
Construction in progress	2,751,217	9,924,943		(4,161,415)	8,514,745
Total capital assets, not being depreciated	9,108,405	9,924,943	(168,000)	(4,161,415)	14,703,933
Capital assets being depreciated:					
Buildings and structures	3,924,051	\$ 12,978,674		2,643,924	19,546,649
Improvements and Infrastructure	187,795,157	210,858		1,517,491	189,523,506
Machinery and equipment	8,227,571	48,486			8,276,057
Total capital assets, being depreciated	199,946,779	13,238,018		4,161,415	217,346,212
Less accumulated depreciation for:					
Buildings and structures	1,740,936	236,322			1,977,258
Improvements and Infrastructure	92,361,730	4,913,334			97,275,064
Machinery and equipment	6,391,560	411,320			6,802,880
Total accumulated depreciation	100,494,226	5,560,976			106,055,202
Total capital assets, being depreciated, net	99,452,553	7,677,042		4,161,415	111,291,010
Business-type activities capital assets, net	\$ 108,560,958	\$ 17,601,985	\$ (168,000)	\$ -	\$ 125,994,943

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	\$ 141,039	\$ (28,182)	\$ 112,857
Public safety	514,050		514,050
Public works	2,486,260	(653,434)	1,832,826
Parks, recreation, and library	892,176		892,176
Total depreciation expense - governmental activities	\$ 4,033,525	\$ (681,616)	\$ 3,351,909
Business-type activities:			
Water	\$ 2,096,892		
Sewer	3,092,551		
Parking	371,533		
Total depreciation expense - business-type activities	\$ 5,560,976		

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT

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, 2022:

Description	Beginning Balance June 30, 2021	Reductions	Ending Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities - Bonds:				
Pension Obligation Bonds, Series 2006	\$ 7,450,000	\$ (605,000)	\$ 6,845,000	\$ 660,000
Storm Drainage Revenue Bonds, Series 2010	7,170,000	(295,000)	6,875,000	310,000
- Unamortized Premium	126,290	(7,790)	118,500	(7,790)
Lease Revenue Bonds, Series 2012	8,115,000	(265,000)	7,850,000	275,000
- Unamortized Premium	173,409	(8,066)	165,343	(8,066)
Storm Drainage Revenue Bonds, Series 2016	7,920,000	(310,000)	7,610,000	335,000
- Unamortized Premium	792,070	(46,593)	745,477	(46,593)
Lease Revenue Bonds, Series 2019	29,755,000	(510,000)	29,245,000	535,000
- Unamortized Premium	7,440,034	(261,054)	7,178,980	(261,054)
Storm Drainage Revenue Bonds, Series 2021	16,410,000	(620,000)	15,790,000	665,000
- Unamortized Premium	3,628,114	(213,418)	3,414,696	(213,418)
Total Governmental Activities-Bonds	88,979,917	(3,141,921)	85,837,996	2,243,079
Governmental Activities - Direct Borrowings:				
PG&E Loan - 2020	249,081	(49,064)	200,017	47,865
Total Governmental Type Activities - Direct Borrowings	249,081	(49,064)	200,017	47,865
Total Governmental Type Activities	\$ 89,228,998	\$ (3,190,985)	\$ 86,038,013	\$ 2,290,944
Business-Type Activities - Bonds:				
Water and Wastewater Refunding Bonds, Series 2011	\$ 2,925,000	\$ (360,000)	\$ 2,565,000	\$ 380,000
- Unamortized Premium	243,049	(34,722)	208,327	(34,722)
Water and Wastewater Refunding Bonds, Series 2013	8,145,000	(875,000)	7,270,000	910,000
- Unamortized Premium	721,731	(90,216)	631,515	(90,216)
Water and Wastewater Refunding Bonds, Series 2016	12,710,000	(1,035,000)	11,675,000	1,080,000
- Unamortized Premium	1,996,022	(199,603)	1,796,419	(199,603)
Total Business-Type Activities - Bonds	26,740,802	(2,594,541)	24,146,261	2,045,459
Business-Type Activities - Direct Borrowings:				
State Water Resource Loan - 2003	3,933,220	(615,746)	3,317,474	631,139
State Water Resource Loan - 2010	3,553,828	(269,969)	3,283,859	277,797
Total Business-Type Activities - Direct Borrowings	7,487,048	(885,715)	6,601,333	908,936
Total Business-Type Activities	\$ 34,227,850	\$ (3,480,256)	\$ 30,747,594	\$ 2,954,395

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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 2022, the City made principal and interest payments totaling \$605,000 and \$413,550, 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, 2022.

For The Year Ending June 30	Principal	Interest	Total
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	305,000	242,301	547,301
2028-2032	1,935,000	927,850	2,862,850
2033-2036	2,125,000	305,583	2,430,583
	<u>\$ 6,845,000</u>	<u>\$ 2,761,346</u>	<u>\$ 9,606,346</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

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

The Authority issued Storm Drainage Revenue Bonds, Series 2010 to provide funds to the City to finance certain improvements to the City's Storm Drainage System and fund a reserve account for the bonds. The bonds include \$2,635,000 in tax-exempt bonds and \$7,170,000 in taxable Build America Bonds under the American Recovery and Reinvestment Act of 2009 (Recovery Act). Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury up to 35% of the interest payable on the Series 2010A-2 bonds on or about each interest payment date. The Refundable Credits received by the City constitute system revenues and are pledged to the payment of installment payments under the Installment Sale Agreement. The tax-exempt series was issued at a premium of \$210,326, which will be amortized over the life of the bonds. Principal is due annually on July 1, commencing July 1, 2011. Interest on the bonds is payable semiannually on January 1 and July 1, commencing on January 1, 2011. During fiscal year 2022, the City made principal and interest payments on the tax-exempt series totaling \$295,000 and \$475,245, respectively. During fiscal year 2022, the City made principal and interest payments on the taxable series totaling \$295,000 and \$318,394 respectively, net of the Build America Bonds Interest subsidy. The bonds mature on July 1, 2038, and the underlying serial and term bonds carry interest rates which vary from 3.0% to 6.8%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of installment payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The installment payments are special obligations of the City under the 2010 Installment Sale Agreement and are separately secured by a pledge of the system revenues of the Storm Drainage System. System revenues are required to be at least equal to 110% of the maximum annual debt service for all outstanding installment payments and all outstanding parity obligations during each fiscal year. The system revenues consist primarily of the Storm Drainage Fees approved by a majority of the parcel owners in the City voting at a special election May 5, 2009. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. The trustee has no right to accelerate the total unpaid principal amount of the installment payments. No such events of default occurred during the fiscal year ending June 30, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

Storm Drainage Revenue Bonds, Series 2010 (continued)

For The Year Ending June 30	Principal	Interest	Subsidy*	Total
2023	\$ 310,000	\$ 457,377	\$ (150,957)	\$ 616,420
2024	320,000	438,600	(144,760)	613,840
2025	335,000	419,218	(138,363)	615,855
2026	345,000	398,927	(131,666)	612,261
2027	360,000	375,991	(124,096)	611,895
2028-2032	2,065,000	1,496,718	(493,992)	3,067,726
2033-2037	2,560,000	733,844	(242,205)	3,051,639
2038	580,000	39,428	(13,013)	606,415
	<u>6,875,000</u>	<u>4,360,103</u>	<u>(1,439,052)</u>	<u>9,796,051</u>
Plus: Unamortized premium	<u>118,500</u>			<u>118,500</u>
	<u>\$ 6,993,500</u>	<u>\$ 4,360,103</u>	<u>\$ (1,439,052)</u>	<u>\$ 9,796,051</u>

*** Assumes sequestration rate of Federal subsidy of Build America Bonds remains at 2021 rate (5.7%)**

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 2022, the City made principal and interest payments totaling \$265,000 and \$286,688, 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, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	Principal	Interest	Total
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	325,000	224,031	549,031
2028-2032	1,780,000	967,449	2,747,449
2033-2037	2,085,000	658,525	2,743,525
2038-2042	2,485,000	266,700	2,751,700
			-
	<u>7,850,000</u>	<u>3,136,307</u>	<u>10,986,307</u>
Plus: Unamortized premium	<u>165,343</u>		<u>165,343</u>
	<u>\$ 8,015,343</u>	<u>\$ 3,136,307</u>	<u>\$ 11,151,650</u>

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 2022, the City made principal and interest payments totaling \$310,000 and \$333,875, respectively. The bonds mature on July 1, 2038, and the underlying serial and term bonds carry interest rates which vary from 2.0% to 5.0%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of installment payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The installment payments are special obligations of the City under the 2016 Installment Sale Agreement and are separately secured by a pledge of the system revenues of the Storm Drainage System. System revenues are required to be at least equal to 110% of the maximum annual debt service for all outstanding installment payments and all outstanding parity obligations during each fiscal year. The system revenues consist primarily of the Storm Drainage Fees approved by a majority of the parcel owners in the City voting at a special election May 5, 2009. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. The trustee has no right to accelerate the total unpaid principal amount of the installment payments. No such events of default occurred during the fiscal year ending June 30, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	Principal	Interest	Total
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	405,000	246,875	651,875
2028-2032	2,335,000	932,675	3,267,675
2033-2037	2,810,000	480,950	3,290,950
2038	630,000	31,500	661,500
	<u>7,610,000</u>	<u>2,862,500</u>	<u>10,472,500</u>
Plus: Unamortized premium	<u>745,477</u>		<u>745,477</u>
	<u>\$ 8,355,477</u>	<u>\$ 2,862,500</u>	<u>\$ 11,217,977</u>

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 2022, the City made principal and interest payments totaling \$510,000 and \$1,487,750, 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, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	Principal	Interest	Total
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	650,000	1,347,000	1,997,000
2028-2032	3,775,000	6,213,250	9,988,250
2033-2037	4,815,000	5,171,000	9,986,000
2038-2042	6,145,000	3,840,500	9,985,500
2043-2047	7,845,000	2,142,500	9,987,500
2048-2049	3,710,000	280,500	3,990,500
	<u>29,245,000</u>	<u>24,678,000</u>	<u>53,923,000</u>
Plus:			
Unamortized premium	<u>7,178,980</u>		<u>7,178,980</u>
	<u>\$ 36,423,980</u>	<u>\$ 24,678,000</u>	<u>\$ 61,101,980</u>

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, 2022 are as follows:

For The Year Ending June 30	Principal
2023	\$ 47,865
2024	33,321
2025	30,338
2026	29,737
2027	29,737
Thereafter	<u>29,019</u>
	<u>\$ 200,017</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

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 2022, the City made principal and interest payments totaling \$620,000 and \$683,750, 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 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, 2022.

For The Year Ending June 30	Principal	Interest	Total
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	815,000	516,000	1,331,000
2028-2032	4,710,000	2,058,600	6,768,600
2033-2037	5,990,000	1,019,000	7,009,000
2038	1,385,000	55,400	1,440,400
	<u>15,790,000</u>	<u>6,009,200</u>	<u>21,799,200</u>
Plus: Unamortized premium	<u>3,414,696</u>		<u>3,414,696</u>
	<u>\$ 19,204,696</u>	<u>\$ 6,009,200</u>	<u>\$ 25,213,896</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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 \$360,000 and \$138,500, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$230,000 and \$88,313, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$130,000 and \$50,187, 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, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	Principal	Interest	Total
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	455,000	43,150	498,150
2028	480,000	20,400	500,400
	<u>2,565,000</u>	<u>431,950</u>	<u>2,996,950</u>
Plus: Unamortized premium	208,327		208,327
	<u>\$ 2,773,327</u>	<u>\$ 431,950</u>	<u>\$ 3,205,277</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 2022, the City made principal and interest payments of \$875,000 and \$325,976, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$585,000 and \$216,538, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$290,000 and \$109,438, 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.

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, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

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

For The Year Ending June 30	Principal	Interest	Total
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	1,075,000	125,826	1,200,826
2028-2029	2,290,000	120,852	2,410,852
	<u>7,270,000</u>	<u>1,156,632</u>	<u>8,426,632</u>
Plus unamortized premium	631,515		631,515
	<u>\$ 7,901,515</u>	<u>\$ 1,156,632</u>	<u>\$ 9,058,147</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 2022, the City made principal and interest payments of \$1,035,000 and \$552,700, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$540,000 and \$288,550, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$495,000 and \$264,150, respectively.

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022.

For The Year Ending June 30	Principal	Interest	Total
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	1,295,000	281,200	1,576,200
2028-2031	5,735,000	584,800	6,319,800
	<u>11,675,000</u>	<u>2,535,550</u>	<u>14,210,550</u>
Plus: Unamortized premium	1,796,419		1,796,419
	<u>\$ 13,471,419</u>	<u>\$ 2,535,550</u>	<u>\$ 16,006,969</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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 2022, the City made principal and interest payments of \$269,969 and \$103,062, respectively.

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	311,451	61,578	373,029
2028-2032	<u>1,811,940</u>	<u>167,054</u>	<u>1,978,994</u>
	<u><u>\$3,283,859</u></u>	<u><u>\$560,282</u></u>	<u><u>\$3,844,141</u></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 2022, the City made principal and interest payments of \$615,746 and \$98,331, respectively.

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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><u>\$3,317,474</u></u>	<u><u>\$252,905</u></u>	<u><u>\$3,570,379</u></u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022, 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
2023	\$ 2,780,000	\$ 3,374,699	\$ 6,154,699	2023	\$ 47,865	\$ -	\$ 47,865
2024	2,945,000	3,241,632	6,186,632	2024	33,321		33,321
2025	3,120,000	3,100,503	6,220,503	2025	30,338		30,338
2026	2,745,000	2,950,706	5,695,706	2026	29,737		29,737
2027	2,860,000	2,828,102	5,688,102	2027	29,737		29,737
2028-2032	16,600,000	12,102,550	28,702,550	2028-2029	29,019		29,019
2033-2037	20,385,000	8,126,697	28,511,697		<u>\$ 200,017</u>	<u>\$ -</u>	<u>\$200,017</u>
2038-2042	11,225,000	4,220,515	15,445,515				
2043-2047	7,845,000	2,142,500	9,987,500				
2048-2049	3,710,000	280,500	3,990,500				
	<u>74,215,000</u>	<u>42,368,404</u>	<u>116,583,404</u>				
Plus: Unamortized premium	11,622,996		11,622,996				
	<u>\$ 85,837,996</u>	<u>\$ 42,368,404</u>	<u>\$ 128,206,400</u>				

The future outstanding debt of the City, net of amortized costs as of June 30, 2022, 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
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	2,825,000	450,176	3,275,176	2027	1,008,109	78,995	1,087,104
2028-2032	8,505,000	726,052	9,231,052	2028-2032	1,811,940	167,054	1,978,994
	<u>21,510,000</u>	<u>4,124,132</u>	<u>25,634,132</u>		<u>\$ 6,601,333</u>	<u>\$ 813,187</u>	<u>\$ 7,414,520</u>
Plus unamortized premium	2,636,261		2,636,261				
	<u>\$ 24,146,261</u>	<u>\$ 4,124,132</u>	<u>\$ 28,270,393</u>				

D. Arbitrage Rebate Liability

Under U.S. Treasury Department regulations, all government tax – exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditure on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The city has valued each outstanding debt obligation that is subjected to arbitrage rebate requirement and has determined that there is no arbitrage rebate liability as of June 30, 2022.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022, and net amounts available to pay debt service on the revenue bonds are as follows:

	Water Fund	Sewer Fund
Pledged revenue required for future principal and interest	\$ 14,921,944	\$ 18,126,715
Principal and interest paid during the year	1,948,401	2,425,884
Net revenue, excluding depreciation and amortization	8,801,483	8,208,563
Percentage of revenue pledged	22.14%	29.55%
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, 2022, 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, 2022, the Storm Drainage Fund had sufficient net revenues to satisfy the requirements of the Indenture.

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

G. Debt Service Coverage (Continued)

The following table summarizes debt service coverage levels for the Water Fund for the fiscal year ending June 30, 2022:

Water Fund	
Gross operating revenue	\$ 20,120,936
Less: Operating expenses, except depreciation and amortization	(11,319,453)
Net revenue	8,801,483
Debt Service	
Water Refunding Bonds, Series 2016	828,550
Water Refunding Bonds, Series 2011	318,313
Water Refunding Bonds, Series 2013	801,538
Parity Debt Service	1,948,401
Pension Obligation Bond, Series 2006	127,319
Total Debt Service	\$ 2,075,720
Parity Debt Service Coverage	4.52
Total Debt Service Coverage	4.24

The following table summarizes debt service coverage levels for the Sewer Fund for the fiscal year ending June 30, 2022:

Sewer Fund	
Gross operating revenue	\$ 15,634,824
Less: Operating expenses, except depreciation and amortization	(7,426,261)
Net revenue	8,208,563
Debt Service	
State Water Resource Board Loan, 2003	\$ 714,077
Wastewater Refunding Bonds, Series 2016	759,150
State Water Resource Board Loan, 2010	373,031
Wastewater Refunding Bonds, Series 2011	180,188
Wastewater Refunding Bonds, Series 2013	399,438
Parity Debt Service	2,425,884
Pension Obligation Bond, Series 2006	127,319
Total Debt Service	\$ 2,553,203
Parity Debt Service Coverage	3.38
Total Debt Service Coverage	3.22

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022:

Storm Drainage Fund	
Net Revenue, Excluding Depreciation and Amortization	\$ 2,586,099
Debt Service	
Storm Drain Revenue Bond, Series 2010*	613,394
Storm Drain Revenue Bond, Series 2016	643,875
Storm Drain Revenue Bond, Series 2021	<u>1,303,750</u>
Parity Debt Service	<u>\$ 2,561,019</u>
Parity Debt Service Coverage	1.01
* 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, 2022 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, 2021	\$ 3,385,103	\$ 466,764	\$ 3,851,867
Additions	1,036,939	423,675	1,460,614
Payments	<u>(1,632,270)</u>	<u>(430,232)</u>	<u>(2,062,502)</u>
Balance on June 30, 2022	<u>\$ 2,789,772</u>	<u>\$ 460,207</u>	<u>\$ 3,249,979</u>
Due Within One Year	<u>\$ 464,031</u>	<u>\$ 59,181</u>	<u>\$ 523,212</u>
Noncurrent Portion	<u>\$ 2,325,741</u>	<u>\$ 401,026</u>	<u>\$ 2,726,767</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022, the City's outstanding future post-closure and corrective action costs were estimated at \$3,512,245.

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, 2022

NOTE 8 – RISK MANAGEMENT

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
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
2021-2022	8,970,000	1,095,797	(1,326,797)	8,739,000

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, 2022

NOTE 8 – RISK MANAGEMENT (Continued)

Self-Insurance and Contingent Liabilities, (Continued)

In April 2022, 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 \$691,434 as of June 30, 2022. 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, 2022, the City has funded the general liability program at the expected level.

In April 2022, 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, 2022. The study estimated that the outstanding claims at June 30, 2022, were \$5,347,799. The study also recommends that an amount be set aside as a margin for contingencies. As of June 30, 2022, the City has funded the workers’ compensation program at the expected level.

NOTE 9 – PENSION PLANS – COST-SHARING

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

	Miscellaneous Plan	Safety Plan	
	Agent-Multiple	Cost-Sharing	Total
Net pension liabilities	\$ 26,095,696	\$21,768,482	\$47,864,178
Deferred outflows of resources	6,387,543	7,402,729	13,790,272
Deferred inflows of resources	13,100,794	14,563,132	27,663,926
Pension expenses	1,703,676	5,869,618	7,573,294

A. General information about the Safety Pension Plan

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

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 8 – RISK MANAGEMENT (Continued)

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 \$691,434 as of June 30, 2022. 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, 2022, 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, 2022. The study estimated that the outstanding claims at June 30, 2022, were \$5,347,799. The study also recommends that an amount be set aside as a margin for contingencies. As of June 30, 2022, 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 Agent-Multiple	Safety Plan Cost-Sharing	Total
Net pension liabilities	\$ 26,095,696	\$21,768,482	\$47,864,178
Deferred outflows of resources	6,387,543	7,402,729	13,790,272
Deferred inflows of resources	13,100,794	14,563,132	27,663,926
Pension expenses	1,703,676	5,869,618	7,573,294

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, 2022

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, 2022, are summarized as follows:

	Safety	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
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	25.59%	13.98%

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 \$2,321,858 in fiscal year 2022.

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, 2022

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

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

For the year ended June 30, 2022, 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	\$ 3,009,335	\$ 330,369	\$ 3,339,704

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

As of June 30, 2022, 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>\$ 21,768,482</u>

The net pension liability of the Plan is measured as of June 30, 2021, 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, 2020, rolled forward to June 30, 2021, 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, 2021 and 2022, was as follows:

	<u>Safety</u>
Proportion - June 30, 2021	0.48084%
Proportion - June 30, 2022	0.62028%
Change - Increase (Decrease)	<u>0.13944%</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2022, the City recognized a pension expense of \$5,869,618 for the Safety Plan. At June 30, 2022, 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	\$ 3,339,704	
Differences between actual and expected experience	3,719,126	
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		(12,956,432)
Change in proportion	343,899	
Differences between actual contributions and proportionate share of contributions		(1,606,700)
	<hr/>	<hr/>
Total	\$ 7,402,729	\$ (14,563,132)

\$3,339,704 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, 2023. 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
2023	\$ (1,842,207)
2024	(2,210,693)
2025	(2,881,777)
2026	(3,565,430)
Total	<hr/> \$ (10,500,107) <hr/>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

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:

		<u>Safety</u>
1% Decrease		6.15%
Net Pension Liability	\$	36,030,279
Current Discount Rate		7.15%
Net Pension Liability	\$	21,768,482
1% Increase		8.15%
Net Pension Liability	\$	10,054,178

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

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

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liabilities were determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial assumptions:

	<u>Miscellaneous and Safety Plans</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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, 2022

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 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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

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

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

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
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 Annual Comprehensive Financial Report, 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.

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

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

The Plan's provisions and benefits in effect at June 30, 2022, 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	11.27%	11.270%

Employees Covered – As of the June 30, 2020 actuarial valuation date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	297
Inactive employees entitled to but not yet receiving benefits	171
Active employees	187
Total	655

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, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown in Note 9D.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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, 2020	\$161,911,027	\$117,657,598	\$44,253,429
Changes in the year:			
Service cost	3,216,680		3,216,680
Interest on Total Pension Liability	11,394,666		11,394,666
Changes of Benefit Terms			
Changes in Assumptions			
Differences between Expected and Actual experience	224,588		224,588
Net Plan to Plan Resource Movement			
Contribution - Employer		5,216,872	(5,216,872)
Contribution - Employee		1,434,333	(1,434,333)
Net Investment Income		26,459,995	(26,459,995)
Benefit payments, including Refunds of Employee Contributions	(8,755,976)	(8,755,976)	
Administrative Expenses		(117,533)	117,533
Other Miscellaneous Income/(Expense)			
Net changes	6,079,958	24,237,691	(18,157,733)
Balance at June 30, 2021	\$ 167,990,985	\$ 141,895,289	\$ 26,095,696

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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	\$ 47,519,901
Current Discount Rate	7.15%
Net Pension Liability	\$ 26,095,696
1% Increase	8.15%
Net Pension Liability	\$ 8,350,538

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

For the year ended June 30, 2022, the City recognized a pension expense of \$1,703,676 for the Miscellaneous Plan. At June 30, 2022, 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	\$ 5,665,506	
Differences between actual and expected experience	722,037	
Net differences between projected and actual earnings on plan investments		(13,100,794)
Total	<u>\$ 6,387,543</u>	<u>\$ (13,100,794)</u>

\$5,665,506 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:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2022	\$ (2,711,815)
2023	(2,901,598)
2024	(3,137,531)
2025	(3,627,813)
Total	<u>\$ (12,378,757)</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

E. Payable to the Miscellaneous Pension Plan

At June 30, 2022, 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, 2022.

F. Reduction of CalPERS Discount Rate

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the CalPERS board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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

A. Plan Description

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

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

A. Plan Description (Continued)

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

B. Employees Covered by Benefit Terms

At June 30, 2021 (the Valuation date), the benefit terms covered the following employees:

Active employees	235
Inactive employees currently receiving benefit payments	283
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>518</u>

C. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2021, 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, 2021, using standard update procedures. For governmental funds, the General Fund has been primarily used to liquidate OPEB liabilities.

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption	June 30, 2021 Measurement Date
Actuarial valuation date	June 30, 2021
Inflation	2.5%
Salary increases	2.8%. Additional merit-based increases based on CalPERS merit salary increase tables.
Investment rate of return	6.00%
Healthcare cost trend rates	
-Non-Medicare	5.75%
-Medicare	4.00%
Mortality rate	Based on CalPERS tables

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

C. Net OPEB Liability, Continued

Change of Assumptions: The assumptions of inflation, salary increase, mortality, and retirement rates are based on CalPERS tables. In 2022, CalPERS demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021. As a result, the inflation assumption is 2.50 percent. The assumption for individual salary increases and overall payroll growth are increased from 2.75 percent to 2.80 percent. Discount rate changed to 6.00% from 7.52%.

Discount Rate: The discount rate used to measure the total OPEB liability is 6.00%. 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.

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 6/30/2021:	\$ 45,945,782	\$ 22,821,830	\$ 23,123,952
Changes Recognized for the Measurement Period:			
Service Cost	784,098		784,098
Interest on the total OPEB liability	3,370,976		3,370,976
Expected investment income			
Contributions			
Employer - City's Contribution		5,423,385	(5,423,385)
Employer - Implicit Subsidy			
Employee			
Net investment income		5,937,564	(5,937,564)
Administrative expenses		(8,681)	8,681
Difference between expected and actual experience	(4,965,830)		(4,965,830)
Changes of assumptions	3,222,757		3,222,757
Implicit rate subsidy fulfilled			
Benefit payments	(3,876,392)	(3,876,392)	
Net Changes	(1,464,391)	7,475,876	(8,940,267)
Balance at 6/30/2022: (Measurement Date 6/30/21)	\$ 44,481,391	\$ 30,297,706	\$ 14,183,685

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 (5.00%) or one percentage point higher (7.00%) follows:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.00%)	Discount Rate (6.00%)	Discount Rate +1% (7.00%)
\$ 18,975,804	\$ 14,183,685	\$ 10,140,013

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

D. Changes in the Net OPEB Liability (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.00) or one percentage point higher (7.00%) than current healthcare cost trend rates follows:

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
\$ 9,817,460	\$ 14,183,685	\$ 19,398,113

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

For the year ended June 30, 2022, the City recognized an OPEB expense of (\$889,983). At June 30, 2022, 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	\$ 122,904	\$ (6,430,024)
Employer contributions made subsequent to the measurement date	4,342,199	
Net differences between Projected and Actual Earnings		(\$2,649,367)
Changes of assumptions	2,588,925	(2,247,739)
Total	<u>\$ 7,054,028</u>	<u>\$ (11,327,130)</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	\$ (3,236,248)
2023	(2,866,258)
2024	(1,331,268)
2025	(1,181,527)
Total	<u>\$ (8,615,301)</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

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

F. Funding Policy

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

In September 2013, the City established an irrevocable trust to prefund its unfunded actuarially accrued liability for retiree health care benefits. The California Employers' Retiree 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 Actuarially Determined Contribution (ADC) every year to the CERBT. During fiscal year 2022, the City made deposits total \$720,000 for fiscal year 2022 to the trust. As of June 30, 2022, the cash balance in the City's account within the trust was \$27,117,467.

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

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.

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

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 \$18,947,649 as of June 30, 2022. 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, 2022, was \$16,441,000.
- 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, 2022, was \$2,000,000.
- The Contingency Reserve is available to cover unexpected expenses that may arise during the course of the fiscal year that were not considered during budget planning. The balance at June 30, 2022, 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, 2022 were \$6,649.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2022, are below:

Fund Balance Classifications	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:						
Items not in spendable form:						
Prepays	\$ 109,718	\$ -	\$ -	\$48,469	\$ -	\$ 158,187
Total Nonspendable Fund Balances	<u>109,718</u>	<u>-</u>	<u>-</u>	<u>48,469</u>	<u>-</u>	<u>158,187</u>
Restricted for:						
Employee pension benefits	15,251,760					15,251,760
Special revenue programs:						
Development fees					20,559,640	20,559,640
Local grants					830,649	830,649
Measure A and gas tax					3,297,517	3,297,517
Measure W					1,045,853	1,045,853
Special assessment district					390,265	390,265
Other					1,179,177	1,179,177
Capital projects		8,135,782	9,393,078			17,528,860
Debt service			1,799,960			1,799,960
Total Restricted Fund Balances	<u>15,251,760</u>	<u>8,135,782</u>	<u>11,193,038</u>	<u>-</u>	<u>27,303,101</u>	<u>61,883,681</u>
Committed to:						
Capital projects				22,852,396		22,852,396
Total Committed Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,852,396</u>	<u>-</u>	<u>22,852,396</u>
Assigned to:						
Encumbrances and reappropriations	6,649					6,649
Contingency reserve	500,000					500,000
Economic stability reserve	16,441,000					16,441,000
Catastrophic event reserve	2,000,000					2,000,000
Capital projects				21,197,670		21,197,670
Total Assigned Fund Balances	<u>18,947,649</u>	<u>-</u>	<u>-</u>	<u>21,197,670</u>	<u>-</u>	<u>40,145,319</u>
Unassigned:	<u>13,084,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,084,696</u>
Total Fund Balances	<u>\$ 47,393,823</u>	<u>\$ 8,135,782</u>	<u>\$ 11,193,038</u>	<u>\$ 44,098,535</u>	<u>\$ 27,303,101</u>	<u>\$ 138,124,279</u>

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, 2022, the balance in the trust was \$17,970,813. 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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

D. Deficit Fund Balance/Net Position

The following funds had a deficit fund balance/net position at June 30, 2022:

Funds	Deficit Net Position
Enterprise Fund:	
Landfill	\$ 835,933
Internal Service Fund:	
OPEB Fund	393,084

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

E. Net Investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, Net of accumulated depreciation:	\$ 203,987,719	\$ 126,757,709	\$ 330,745,428
Minus: Capital Related Long-term Debt:	(79,193,013)	(30,747,594)	(109,940,607)
Adding back Unspent Bond Proceeds	9,393,077	447,984	9,841,061
	<u>\$ 134,187,783</u>	<u>\$ 96,458,099</u>	<u>\$ 230,645,882</u>

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, 2022, the City has not made an allowance for expenditures which may be disallowed by the granting agencies. Any disallowance for expenditures is expected to be immaterial.

B. Litigation

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

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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

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

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

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

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

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

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

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.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2022

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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

The City paid its surcharge of \$645,276 during fiscal year 2022, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2023 is estimated to be \$522,816.

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, 2022, 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



Annual Comprehensive Financial Report

June 30, 2022

**CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

	Safety Plan							
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's Proportion of the Net Pension Liability/Asset	0.24850%	0.44660%	0.45659%	0.45193%	0.46735%	0.47296%	0.48084%	0.62028%
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	\$ 21,768,482
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	\$ 5,279,607
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%	412.31%
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%	20.55%

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

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Safety Plan, Cost-Sharing Multiple-Employer Defined Pension Plan Last 10 Years* SCHEDULE OF CONTRIBUTIONS							
Fiscal Year Ended June 30	Safety Plan						
	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 1,686,060	\$ 1,923,807	\$ 2,106,261	\$ 2,369,301	\$ 2,767,532	\$ 3,060,060	\$ 3,339,704
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)	(3,339,704)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,671,613	\$ 4,834,326	\$ 4,880,736	\$ 4,684,900	\$ 5,083,094	\$ 5,279,607	\$ 5,169,425
Contributions as a percentage of covered payroll	36.09%	39.79%	43.15%	50.57%	54.45%	57.96%	64.60%
Notes to Schedule							
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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	2.75 % Varies by Age, Service and Type of Employment						
Retirement age	The probabilities of retirement are based on the CalPERS Experience Study						
Mortality	The probabilities of mortality are based on the CalPERS' Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.						

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

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	6/30/2021
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	\$ 3,216,680
Interest	8,964,159	9,244,742	9,456,322	9,717,799	10,042,619	10,492,653	10,983,947	11,394,666
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	224,588
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)	(8,755,976)
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	6,079,958
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	161,911,027
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>	<u>\$ 167,990,985</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	\$ 5,216,872
Contributions - Employee	1,203,540	1,064,874	1,112,768	1,357,763	1,234,017	1,290,194	1,287,721	1,434,333
Net Investment Income	15,116,451	2,248,984	487,558	10,862,212	8,765,961	7,207,344	5,639,668	26,459,995
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)	(8,755,976)
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)	(117,533)
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	24,237,691
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	117,657,598
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>	<u>\$ 141,895,289</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>	<u>\$ 26,095,696</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%	84.47%
Covered Payroll	\$ 13,078,081	\$ 13,191,923	\$ 13,560,054	\$ 14,918,921	\$ 15,717,707	\$ 16,412,886	\$ 16,638,248	\$ 18,069,293
Net Pension Liability as Percentage of Covered-Employee Payroll	201.07%	216.69%	251.07%	260.80%	242.03%	244.31%	265.97%	144.42%

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, 2022

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	2022
Actuarially determined contribution	\$ 2,929,226	\$ 3,370,189	\$ 3,611,599	\$ 4,093,018	\$ 4,647,118	\$ 5,217,323	\$ 5,665,506
Contributions in relation to the actuarially determined contributions	(2,929,226)	(3,370,189)	(3,611,599)	(4,093,018)	(4,647,118)	(5,217,323)	(5,665,506)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,560,054	\$ 14,918,921	\$ 15,717,707	\$ 16,412,886	\$ 16,638,248	\$ 18,069,293	\$ 18,356,128
Contributions as a percentage of covered payroll	21.60%	22.59%	22.98%	24.94%	27.93%	28.87%	30.86%
Notes to Schedule							
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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, 2022

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	6/30/2021
Total OPEB Liability (1)					
Service Cost	\$ 1,076,983	\$ 1,109,292	\$ 1,165,244	\$ 843,673	\$ 784,098
Interest	3,715,640	3,831,234	3,939,278	3,252,206	3,370,976
Changes of benefit terms					
Differences between expected and actual experience	-	-	(6,552,966)	210,694	(4,965,830)
Changes of assumptions	-	82,179	(2,456,857)	(2,273,864)	3,222,757
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)	(3,876,392)
Net change in total OPEB liability	1,386,431	1,614,798	(7,346,585)	(1,373,992)	(1,464,391)
Total OPEB liability - beginning	51,665,130	53,051,561	54,666,359	47,319,774	45,945,782
Total OPEB liability - ending (a)	\$ 53,051,561	\$ 54,666,359	\$ 47,319,774	\$ 45,945,782	\$ 44,481,391
OPEB fiduciary net position					
Net investment income	\$ 1,236,932	\$ 1,113,358	\$ 1,146,645	\$ 728,615	\$ 5,937,564
Contributions - employer	4,402,957	4,323,894	5,064,694	4,652,150	5,423,385
Contributions - Implicit Subsidy	627,012	672,658	675,769	582,560	-
Contributions - employee	-	-	-	-	-
Administrative expense	(5,990)	(7,856)	(3,777)	(10,065)	(8,681)
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)	(3,876,392)
Net change in plan fiduciary net position	2,854,719	2,694,147	3,442,047	2,546,559	7,475,876
Plan fiduciary net position - beginning	11,284,358	14,139,077	16,833,224	20,275,271	22,821,830
Plan fiduciary net position - ending (b)	\$ 14,139,077	\$ 16,833,224	\$ 20,275,271	\$ 22,821,830	\$ 30,297,706
Net OPEB liability - ending (a)-(b)	\$ 38,912,484	\$ 37,833,135	\$ 27,044,503	\$ 23,123,952	\$ 14,183,685
Plan fiduciary net position as a percentage of the total OPEB liability	26.65%	30.79%	42.85%	49.67%	68.11%
Covered-employee payroll	\$ 21,235,525	\$ 21,235,525	\$ 20,450,015	\$ 19,742,257	\$ 20,857,677
Net OPEB liability as a percentage of covered-employee payroll	183.24%	178.16%	132.25%	117.13%	68.00%

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, 2022

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	2022
Actuarially Determined Contribution (ADC)	\$ 4,615,519	\$ 4,669,234	\$ 4,471,859	\$ 3,557,131	\$ 3,632,930
Less: Contributions in Relation to the ADC	5,029,969	4,996,552	5,740,463	5,234,710	4,342,199
Contribution Deficiency (Excess)	<u>\$ (414,450)</u>	<u>\$ (327,318)</u>	<u>\$ (1,268,604)</u>	<u>\$ (1,677,579)</u>	<u>\$ (709,269)</u>
Covered-employee payroll	<u>\$ 21,235,525</u>	<u>\$ 20,450,015</u>	<u>\$ 19,742,257</u>	<u>\$ 20,857,677</u>	<u>\$ 22,943,817</u>
Contributions as a percentage of Covered-employee payroll	23.69%	24.43%	29.08%	25.10%	18.93%

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	2.80%
Healthcare Trend Rates	5.75% (non-Medicare), 4.00% (Medicare)
Rate of Return on Assets	6.00%
Mortality & Retirement Rates	Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members.

* 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, 2022**

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, 2022

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, 2022, the City’s street system was rated at a PCI index of 77 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	Sections	Centerline Miles	Lane Miles	PCI	Pavement Condition
Arterial	87	23.45	53.64	74	Very Good
Collector	116	20.35	39.69	76	Very Good
Residential	249	37.50	67.28	78	Very Good
Other	24	0.80	1.61	66	Good
Totals	476	82.10	162.22	76	Very Good

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	18.9%	17.8%	35.3%	1.5%	73.5%
Good/Fair (II/III)	89-50	10.4%	6.7%	4.0%	1.2%	22.3%
Poor (IV)	49-25	0.6%	1.1%	1.6%	0.6%	3.9%
Very Poor (V)	0-24	0.0%	0.1%	0.2%	0.0%	0.3%
Total		29.9%	25.7%	41.1%	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 (73.5%) of the City’s street network would benefit from these lower cost preventative maintenance treatments.

Approximately 17.9% 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 2023 through 2027 is approximately \$1.6 M for each year for a total of \$8 Million over five years. The result shows that by 2025 the deferred maintenance increases from \$2.8 million to \$3.7 million and the overall PCI will increase to 79.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	2021	2022	2023	2024	2025
Budget	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Rehabilitation	1,454,861	1,452,164	1,451,162	1,452,400	1,416,269
Preventative Maintenance	132,188	140,263	138,463	140,079	180,508
Deferred Maintenance	2,810,215	2,661,722	3,009,737	3,149,904	3,712,664
PCI	80	79	79	79	79

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
2019-2020	\$ 2,000,000	\$ 1,939,900	78
2020-2021	\$ 1,600,000	\$ 1,700,000	77
2021-2022	\$ 1,600,000	\$ 1,200,000	77

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, 2022**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property taxes	\$ 24,990,000	\$ 26,840,000	\$ 27,722,881	\$ 882,881
Sales and use taxes	15,296,000	16,623,000	17,577,474	954,474
Transient occupancy taxes	13,500,000	10,000,000	12,378,959	2,378,959
Other taxes	3,017,000	3,202,000	3,511,113	309,113
Licenses and permits	73,200	79,600	88,298	8,698
Fines, forfeitures and penalties	888,000	816,800	875,732	58,932
Charges for services	4,815,222	5,603,762	8,376,296	2,772,534
Other revenue	230,000	275,860	292,435	16,575
Intergovernmental taxes			34,364	34,364
Grants and subventions	3,067,000	3,862,000	3,868,622	6,622
Investment income	1,200,000	1,200,000	(4,731,635)	(5,931,635)
Total revenues	67,076,422	68,503,022	69,994,539	1,491,517
Expenditures				
Current:				
General Government				
City Attorney	1,175,501	1,175,501	1,081,241	94,260
City Clerk	483,807	647,305	507,449	139,856
City Council	466,286	466,286	405,883	60,403
City Manager	1,069,814	1,069,814	906,585	163,229
Human Resources	1,212,988	1,242,988	1,094,975	148,013
Finance	2,882,272	2,882,272	2,707,575	174,697
Total General Government	7,290,668	7,484,166	6,703,708	780,458
Public safety:				
Fire	12,969,367	12,969,367	12,519,545	449,822
Fire - Disaster Preparedness	114,500	114,500	74,291	40,209
Police Communications Dispatch	1,738,487	1,778,487	1,800,417	(21,930)
Police - Parking Enforcement	648,341	648,341	649,653	(1,312)
Police	15,656,694	15,758,694	15,082,462	676,232
Total Public Safety	31,127,389	31,269,389	30,126,368	1,143,021
Public Works	6,968,589	7,048,589	6,609,060	439,529
Community Development	2,276,083	2,341,083	2,184,039	157,044
Parks, recreation, and library				
Library	5,585,713	5,603,313	5,450,793	152,520
Parks	6,130,866	7,588,096	6,837,420	750,676
Recreation and Aquatics	4,401,730	4,488,696	4,789,829	(301,133)
Total Leisure & Cultural Services	16,118,309	17,680,105	17,078,042	602,063
Capital outlay	35,000	35,000	18,285	16,715
Total Expenditures	63,816,038	65,858,332	62,719,502	3,138,830
Excess (deficiency) of revenues over expenditures	3,260,384	2,644,690	7,275,037	4,630,347
Other financing sources (uses)				
Transfers in	1,859,730	1,859,730	1,859,730	
Transfers out	(6,813,008)	(6,948,008)	(6,948,008)	
Total other financing sources (uses)	(4,953,278)	(5,088,278)	(5,088,278)	
Net change in fund balance	\$ (1,692,894)	\$ (2,443,588)	2,186,759	\$ 4,630,347
FUND BALANCE				
Beginning of year			45,207,064	
End of year			\$ 47,393,823	

**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, 2022**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 3,126,000	\$ 3,126,000	\$ 3,104,951	\$ (21,049)
Investment income	59,500	59,500	(518,852)	(578,352)
Total revenues	<u>3,185,500</u>	<u>3,185,500</u>	<u>2,586,099</u>	<u>(599,401)</u>
Other financing sources (uses)				
Transfers out	(2,595,020)	(2,595,020)	(2,595,020)	
Total other financing sources (uses)	<u>(2,595,020)</u>	<u>(2,595,020)</u>	<u>(2,595,020)</u>	
Net change in fund balance	<u>\$ 590,480</u>	<u>\$ 590,480</u>	(8,921)	<u>\$ (599,401)</u>
FUND BALANCE				
Beginning of year			8,144,703	
End of year			<u>\$ 8,135,782</u>	

**SUPPLEMENTARY INFORMATION
COMBINING FINANCIAL STATEMENTS**



Annual Comprehensive Financial Report

June 30, 2022

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, 2022

	Special Revenue Funds			
	Measure A Fund	Gas Tax Fund	Special Assessment District	Train Shuttle Fund
ASSETS				
Cash and investments	\$ 1,515,694	\$ 1,544,328	\$ 390,265	\$ 335,651
Receivables (net of uncollectible amount of \$0):				
Accounts and other receivables	69,906	167,589	47,873	99,917
Total assets	<u>\$ 1,585,600</u>	<u>\$ 1,711,917</u>	<u>\$ 438,138</u>	<u>\$ 435,568</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 94,594
Total liabilities				94,594
Deferred Inflows:				
Unavailable revenue			47,873	135,917
Total deferred inflows			47,873	135,917
Fund Balances:				
Restricted	1,585,600	1,711,917	390,265	205,057
Total fund balances	<u>1,585,600</u>	<u>1,711,917</u>	<u>390,265</u>	<u>205,057</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,585,600</u>	<u>\$ 1,711,917</u>	<u>\$ 438,138</u>	<u>\$ 435,568</u>

Special Revenue Funds					Total
State /Federal Grants Fund	Local Grants and Donations Fund	Development Fees Fund	Public TV Access Fund	Measure W Fund	Nonmajor Governmental Funds
\$ 4,908	\$ 849,749	\$ 20,585,390	\$ 938,784	\$ 1,045,853	\$ 27,210,622
9,857	30,227		21,252		446,621
<u>\$ 14,765</u>	<u>\$ 879,976</u>	<u>\$ 20,585,390</u>	<u>\$ 960,036</u>	<u>\$ 1,045,853</u>	<u>\$ 27,657,243</u>
\$ 681	\$ 49,327	\$ 25,750	\$ -	\$ -	\$ 170,352
681	49,327	25,750			170,352
					183,790
					183,790
14,084	830,649	20,559,640	960,036	1,045,853	27,303,101
14,084	830,649	20,559,640	960,036	1,045,853	27,303,101
<u>\$ 14,765</u>	<u>\$ 879,976</u>	<u>\$ 20,585,390</u>	<u>\$ 960,036</u>	<u>\$ 1,045,853</u>	<u>\$ 27,657,243</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, 2022

	Special Revenue Funds			
	Measure A Fund	Gas Tax Fund	Special Assessment District	Train Shuttle Fund
REVENUES:				
Investment income (loss)	\$ (38,714)	\$ (43,045)	\$ (13,017)	\$ -
Intergovernmental taxes	951,901	1,367,785		
Charges for services			294,136	25,000
Donations				
Grants and subventions				34,767
Total revenues	913,187	1,324,740	281,119	59,767
EXPENDITURES:				
Current:				
Public safety				
Community development				
Parks, recreation, and library				
Shuttle operations				94,594
Capital Outlay				
Total expenditures				94,594
REVENUES OVER (UNDER) EXPENDITURES	913,187	1,324,740	281,119	(34,827)
OTHER FINANCING SOURCES (USES):				
Transfer in				73,500
Transfer out	(650,000)	(1,006,000)	(310,000)	
Total other financing sources (uses)	(650,000)	(1,006,000)	(310,000)	73,500
Net change in fund balance	263,187	318,740	(28,881)	38,673
FUND BALANCE:				
Beginning of year	1,322,413	1,393,177	419,146	166,384
End of year	\$ 1,585,600	\$ 1,711,917	\$ 390,265	\$ 205,057

Special Revenue Funds					Total Nonmajor Governmental Funds
State /Federal Grants Fund	Local Grants and Donations Fund	Development Fees Fund	Public TV Access Fund	Measure W Fund	
\$ -	\$ (11,668)	\$ (405,615)	\$ (28,650)	\$ (22,946)	\$ (563,655)
				421,184	2,740,870
		12,099,273	84,666		12,503,075
	464,825				464,825
48,228	30,227				113,222
48,228	483,384	11,693,658	56,016	398,238	15,258,337
42,299	850				43,149
33,447		129,500			162,947
8,381	215,002				223,383
					94,594
	11,245				11,245
84,127	227,097	129,500			535,318
(35,899)	256,287	11,564,158	56,016	398,238	14,723,019
	30,000				103,500
					(1,966,000)
	30,000				(1,862,500)
(35,899)	286,287	11,564,158	56,016	398,238	12,860,519
49,983	544,362	8,995,482	904,020	647,615	14,442,582
\$ 14,084	\$ 830,649	\$ 20,559,640	\$ 960,036	\$ 1,045,853	\$ 27,303,101

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, 2022

	Special Revenue Funds					
	Measure A Fund			Gas Tax Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Investment income (loss)	\$ 5,000	\$ (38,714)	\$ (43,714)	\$ 10,000	\$ (43,045)	\$ (53,045)
Intergovernmental	800,000	951,901	151,901	1,400,800	1,367,785	(33,015)
Charges for services						
Donations						
Grants revenue						
Total revenues	<u>805,000</u>	<u>913,187</u>	<u>108,187</u>	<u>1,410,800</u>	<u>1,324,740</u>	<u>(86,060)</u>
EXPENDITURES:						
Current:						
Public safety						
Community development						
Parks, recreation, and library						
Shuttle operations						
Capital Outlay						
Total expenditures						
REVENUES OVER						
(UNDER) EXPENDITURES	<u>805,000</u>	<u>913,187</u>	<u>108,187</u>	<u>1,410,800</u>	<u>1,324,740</u>	<u>(86,060)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	(650,000)	(650,000)		(1,006,000)	(1,006,000)	
Total other financing sources (uses)	<u>(650,000)</u>	<u>(650,000)</u>		<u>(1,006,000)</u>	<u>(1,006,000)</u>	
Net change in fund balance	<u>\$ 155,000</u>	<u>263,187</u>	<u>\$ 108,187</u>	<u>\$ 404,800</u>	<u>318,740</u>	<u>\$ (86,060)</u>
FUND BALANCE:						
Beginning of year		<u>1,322,413</u>			<u>1,393,177</u>	
End of year		<u>\$ 1,585,600</u>			<u>\$ 1,711,917</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)
\$ 3,500	\$ (13,017)	\$ (16,517)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
310,000	294,136	(15,864)	25,000	25,000	-			
			77,000	34,767	(42,233)		48,228	48,228
313,500	281,119	(32,381)	102,000	59,767	(42,233)		48,228	48,228
							42,299	(42,299)
							33,447	(33,447)
							8,381	(8,381)
			175,500	94,594	80,906			
			175,500	94,594	80,906		84,127	(84,127)
313,500	281,119	(32,381)	(73,500)	(34,827)	38,673		(35,899)	(35,899)
(310,000)	(310,000)		73,500	73,500				
(310,000)	(310,000)		73,500	73,500				
\$ 3,500	(28,881)	\$ (32,381)	\$ -	38,673	\$ 38,673	\$ -	(35,899)	\$ (35,899)
	419,146			166,384			49,983	
	\$ 390,265			\$ 205,057			\$ 14,084	

(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, 2022

	Special Revenue Funds					
	Local Grants and Donations Funds			Development Fees Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
			Positive (Negative)			Positive (Negative)
REVENUES:						
Investment income (loss)	\$ 5,000	\$ (11,668)	\$ (16,668)	\$ 120,000	\$ (405,615)	\$ (525,615)
Intergovernmental						
Charges for services					12,099,273	12,099,273
Donations		464,825	464,825			
Grants revenue		30,227	30,227			
Total revenues	5,000	483,384	478,384	120,000	11,693,658	11,573,658
EXPENDITURES:						
Current:						
Public safety		850	(850)			
Community development				96,000	129,500	(33,500)
Parks, recreation, and library		215,002	(215,002)			
Shuttle operations						
Capital Outlay		11,245				
Total expenditures		227,097	(215,852)	96,000	129,500	(33,500)
REVENUES OVER						
(UNDER) EXPENDITURES	5,000	256,287	251,287	24,000	11,564,158	11,540,158
OTHER FINANCING SOURCES (USES):						
Transfers in	30,000	30,000				
Transfers out						
Total other financing sources (uses)	30,000	30,000				
Net change in fund balance	\$ 35,000	286,287	\$ 251,287	\$ 24,000	11,564,158	\$ 11,540,158
FUND BALANCE:						
Beginning of year		544,362			8,995,482	
End of year		\$ 830,649			\$ 20,559,640	

Special Revenue Funds					
Public TV Access Fund			Measure W Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 8,500	\$ (28,650)	\$ (37,150)	\$ 5,000	\$ (22,946)	\$ (27,946)
			350,000	421,184	71,184
100,000	84,666	(15,334)			
108,500	56,016	(52,484)	355,000	398,238	43,238
108,500	56,016	52,484	355,000	398,238	(43,238)
\$ 108,500	56,016	\$ 52,484	\$ 355,000	398,238	\$ (43,238)
	904,020			647,615	
	\$ 960,036			\$ 1,045,853	



Annual Comprehensive Financial Report

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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, 2022

	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	\$ 5,224,351	\$ 7,809,036	\$ -	\$ 1,139,209	\$ 6,837,781	\$ 1,869,362	\$ 22,879,739
Receivable (net of uncollectible amounts of \$0):							
Other receivables				4,950	11,128		16,078
Prepaid and Inventory					69,352		69,352
Total current assets	<u>5,224,351</u>	<u>7,809,036</u>		<u>1,144,159</u>	<u>6,918,261</u>	<u>1,869,362</u>	<u>22,965,169</u>
Non-Current assets:							
Cash and investments, restricted				245,906	152,742	27,191	425,839
Capital assets:							
Facilities, infrastructure, and equipment, net of depreciation				51,538	999,266	57,465	1,108,269
Total noncurrent assets				<u>297,444</u>	<u>1,152,008</u>	<u>84,656</u>	<u>1,534,108</u>
Total assets	<u>5,224,351</u>	<u>7,809,036</u>		<u>1,441,603</u>	<u>8,070,269</u>	<u>1,954,018</u>	<u>24,499,277</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions				158,245	98,969	17,636	274,850
Deferred outflows related to OPEB				136,143	86,059	15,519	237,721
Total deferred outflows of resources				<u>294,388</u>	<u>185,028</u>	<u>33,155</u>	<u>512,571</u>
LIABILITIES							
Current liabilities:							
Accounts payable	29,587	9,764		66,516	78,991	322,612	507,470
Accrued payroll			(103,292)	22,374	17,472	3,239	(60,207)
Due to other fund			496,376				496,376
Compensated absences due in one year				5,080	2,090		7,170
Claims and litigation due in one year	<u>837,000</u>	<u>966,000</u>					<u>1,803,000</u>
Total current liabilities	<u>866,587</u>	<u>975,764</u>	<u>393,084</u>	<u>93,970</u>	<u>98,553</u>	<u>325,851</u>	<u>2,753,809</u>
Noncurrent liabilities:							
Compensated absences				25,134	28,851		53,985
Claims and litigation	2,554,000	4,382,000					6,936,000
Net pension liability				646,495	404,327	72,050	1,122,872
Net OPEB liability				273,745	173,041	31,204	477,990
Total noncurrent liabilities	<u>2,554,000</u>	<u>4,382,000</u>		<u>945,374</u>	<u>606,219</u>	<u>103,254</u>	<u>8,590,847</u>
Total liabilities	<u>3,420,587</u>	<u>5,357,764</u>	<u>393,084</u>	<u>1,039,344</u>	<u>704,772</u>	<u>429,105</u>	<u>11,344,656</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions				324,559	202,984	36,171	563,714
Deferred inflows related to OPEB				218,614	138,191	24,920	381,725
Total deferred outflows of resources				<u>543,173</u>	<u>341,175</u>	<u>61,091</u>	<u>945,439</u>
NET POSITION							
Net investment in capital assets				51,538	999,266	57,465	1,108,269
Restricted				245,906	152,742	27,191	425,839
Unrestricted (deficit)	<u>1,803,764</u>	<u>2,451,272</u>	<u>(393,084)</u>	<u>(143,970)</u>	<u>6,057,342</u>	<u>1,412,321</u>	<u>11,187,645</u>
Total net position	<u>\$ 1,803,764</u>	<u>\$ 2,451,272</u>	<u>\$ (393,084)</u>	<u>\$ 153,474</u>	<u>\$ 7,209,350</u>	<u>\$ 1,496,977</u>	<u>\$ 12,721,753</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, 2022

	General Liability Fund	Workers' Compensation Fund	OPEB Fund	Facilities Services Fund	Equipment Services Fund	Information Technology Services Fund	Total
OPERATING REVENUES:							
Charges for services	\$ 2,409,000	\$ 1,034,500	\$ 3,279,046	\$ 2,003,637	\$ 1,532,360	\$ 1,465,057	\$ 11,723,600
Other revenue					47,921		47,921
Total operating revenue	<u>2,409,000</u>	<u>1,034,500</u>	<u>3,279,046</u>	<u>2,003,637</u>	<u>1,580,281</u>	<u>1,465,057</u>	<u>11,771,521</u>
OPERATING EXPENSES:							
Salaries and benefits				497,778	325,732	143,003	966,513
Retiree medical benefit			3,815,018				3,815,018
Supplies and services	34,892	120,185		832,840	235,480	1,244,410	2,467,807
Depreciation				20,091	633,343	28,182	681,616
Insurance claims and expenses	1,833,123	461,895		2,236	42,326		2,339,580
Total operating expenses	<u>1,868,015</u>	<u>582,080</u>	<u>3,815,018</u>	<u>1,352,945</u>	<u>1,236,881</u>	<u>1,415,595</u>	<u>10,270,534</u>
Operating income (loss)	<u>540,985</u>	<u>452,420</u>	<u>(535,972)</u>	<u>650,692</u>	<u>343,400</u>	<u>49,462</u>	<u>1,500,987</u>
NONOPERATING REVENUES (EXPENSES):							
Investment income (expense)	(219,810)	(248,839)		(66,025)	(235,054)	(57,871)	(827,599)
Net nonoperating revenues (expenses)	<u>(219,810)</u>	<u>(248,839)</u>		<u>(66,025)</u>	<u>(235,054)</u>	<u>(57,871)</u>	<u>(827,599)</u>
Net change in net position	<u>321,175</u>	<u>203,581</u>	<u>(535,972)</u>	<u>584,667</u>	<u>108,346</u>	<u>(8,409)</u>	<u>673,388</u>
NET POSITION:							
Total net position, beginning,	1,482,589	2,247,691	142,888	(431,193)	7,101,004	1,505,386	12,048,365
Total net position, ending	<u>\$ 1,803,764</u>	<u>\$ 2,451,272</u>	<u>(\$393,084)</u>	<u>\$ 153,474</u>	<u>\$ 7,209,350</u>	<u>\$ 1,496,977</u>	<u>\$ 12,721,753</u>

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 2,409,000	\$ 1,052,900	\$ 3,384,305	\$ 2,005,224	\$ 1,584,550	\$ 1,468,720	\$ 11,904,699
Payments to claims		(400,506)					(400,506)
Payments to suppliers	(4,579,179)	(283,190)		(835,484)	(237,786)	(1,036,223)	(6,971,862)
Payments to retirees and trust			(3,604,818)				(3,604,818)
Payments to employees			(103,292)	(835,167)	(534,651)	(104,986)	(1,578,096)
Net cash provided by (used in) operating activities	(2,170,179)	369,204	(323,805)	334,573	812,113	327,511	(650,583)
CASH FLOWS FROM							
NONCAPITAL FINANCING ACTIVITIES:							
Interfund loans received (paid)			323,805				323,805
			323,805				323,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets					(251,898)	(22,578)	(274,476)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received on investments	(201,800)	(248,839)		(66,025)	(235,054)	(57,871)	(809,589)
	(201,800)	(248,839)		(66,025)	(235,054)	(57,871)	(809,589)
Net increase (decrease) in cash and cash equivalents	(2,371,979)	120,365		268,548	325,161	247,062	(1,410,843)
CASH AND CASH EQUIVALENTS:							
Beginning of year	7,596,330	7,688,671	\$-	1,116,567	6,665,362	1,649,491	24,716,421
End of year	<u>\$ 5,224,351</u>	<u>\$ 7,809,036</u>	<u>\$ -</u>	<u>\$ 1,385,115</u>	<u>\$ 6,990,523</u>	<u>\$ 1,896,553</u>	<u>\$ 23,305,578</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating (loss) income	\$ 540,985	\$ 452,420	\$ (535,972)	\$ 650,692	\$ 343,400	\$ 49,462	\$ 1,500,987
Adjustments for noncash activities:							
Depreciation and amortization				20,091	633,343	28,182	681,616
Changes in assets and liabilities:							
Receivables		18,400	105,259	1,587	4,269	3,663	133,178
Inventories and prepaid			210,200		(17,279)		192,921
Deferred outflows				35,480	23,173	(11,343)	47,310
Accounts payable	(2,591,164)	9,384		(408)	57,299	208,187	(2,316,702)
Accrued payroll			(103,292)	1,837	2,638	1,779	(97,038)
Compensated absences				(10,941)	3,489		(7,452)
Claims and litigations liabilities	(120,000)	(111,000)					(231,000)
Deferred inflows				402,520	256,596	46,936	706,052
Net pension liabilities				(582,176)	(392,681)	15,689	(959,168)
Net OPEB liabilities				(184,109)	(102,134)	(15,044)	(301,287)
Total adjustments	(2,711,164)	(83,216)	212,167	(316,119)	468,713	278,049	(2,151,570)
Net cash provided by (used in) operating activities	\$ (2,170,179)	\$ 369,204	\$ (323,805)	\$ 334,573	\$ 812,113	\$ 327,511	\$ (650,583)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION							
Cash and investments – current	\$ 5,224,351	\$ 7,809,036	\$ -	\$ 1,139,209	\$ 6,837,781	\$ 1,869,362	\$ 22,879,739
Cash and investments, restricted				245,906	152,742	27,191	425,839
Total cash and investments per Statement of Net Position	<u>\$ 5,224,351</u>	<u>\$ 7,809,036</u>	<u>\$ -</u>	<u>\$ 1,385,115</u>	<u>\$ 6,990,523</u>	<u>\$ 1,896,553</u>	<u>\$ 23,305,578</u>

CUSTODIAL FUNDS

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

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

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

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
Combining Statement of Net Position
CUSTODIAL FUNDS
June 30, 2022

	Custodial Funds						
	Hotel BID Fees	Elementary School Development Fees	High School Development Fees	Broadway BID Fund	Downtown Business Improvement District	Library Foundation	Total
ASSETS							
Cash and investments	\$ -	\$ 192,614	\$ 97,481	\$ -	\$ 1,280	\$ 3,953	\$ 295,328
Accounts receivable	749,592				17,863	-	767,455
Total assets	<u>749,592</u>	<u>192,614</u>	<u>97,481</u>		<u>19,143</u>	<u>3,953</u>	<u>1,062,783</u>
LIABILITIES							
Accounts payable	35,986	192,614	97,481		1,645	3,953	331,679
Due to external organizations	713,606				17,498		731,104
Total liabilities	<u>749,592</u>	<u>192,614</u>	<u>97,481</u>		<u>19,143</u>	<u>3,953</u>	<u>1,062,783</u>
NET POSITION							
Restricted for:							
Other governments							
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Changes in Net Position
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Custodial Funds					
	Hotel Bid Fees	Elementary School Development Fees	High School Development Fees	Broadway BID Fund	Downtown Business Improvement District	Library Foundation
						Total
ADDITIONS						
Fees collections	\$ 1,414,363	\$ 1,024,268	\$ 650,892		\$ 70,064	\$ 3,179,547
Total Additions	<u>1,414,363</u>	<u>1,024,268</u>	<u>650,892</u>		<u>70,064</u>	<u>3,179,547</u>
DEDUCTIONS						
Distribution to districts	1,414,363	1,024,268	650,892		70,064	3,179,547
Total Deductions	<u>1,414,363</u>	<u>1,024,268</u>	<u>650,892</u>		<u>70,064</u>	<u>3,179,547</u>
Net increase(decrease) in fiduciary net position					-	-
Net Position-Beginning of the Year						
Net Position-End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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STATISTICAL SECTION



Annual Comprehensive Financial Report

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STATISTICAL SECTION

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150-157
<u><i>Revenue Capacity</i></u>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and other taxes.	159-164
<u><i>Debt Capacity</i></u>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	165-169
<u><i>Demographic and Economic Information</i></u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	170-171
<u><i>Operating Information</i></u>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	172-174

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

	Fiscal Year			
	(1)	(2)		
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 64,020	\$ 72,956	\$ 74,346	\$ 79,019
Restricted	26,400	45,863	36,446	38,414
Unrestricted - restated per GASB 75	34,841	14,732	(26,763)	(25,511)
Total governmental activities net position	<u>\$ 125,261</u>	<u>\$ 133,551</u>	<u>\$ 84,029</u>	<u>\$ 91,922</u>
Business-type activities:				
Net investment in capital assets	\$ 43,469	\$ 46,341	\$ 50,485	\$ 54,587
Restricted	5,050	451	451	12,367
Unrestricted - restated per GASB 75	16,093	27,092	22,038	26,002
Total business-type activities net position	<u>\$ 64,612</u>	<u>\$ 73,884</u>	<u>\$ 72,974</u>	<u>\$ 92,956</u>
Primary government:				
Net investment in capital assets	\$ 107,489	\$ 119,297	\$ 124,831	\$ 133,606
Restricted	31,450	46,314	36,897	50,781
Unrestricted	50,934	41,824	(4,725)	491
Total primary government net position	<u>\$ 189,873</u>	<u>\$ 207,436</u>	<u>\$ 157,003</u>	<u>\$ 184,878</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					
2017	2018	2019	2020	2021	2022
\$ 82,624	\$ 87,689	\$ 98,575	\$ 107,083	\$ 124,845	\$ 135,489
43,383	26,901	28,852	77,137	67,771	62,310
(9,583)	6,415	25,681	(12,700)	(18,068)	1,450
<u>\$ 116,424</u>	<u>\$ 121,005</u>	<u>\$ 153,108</u>	<u>\$ 171,520</u>	<u>\$ 174,548</u>	<u>\$ 199,249</u>
\$ 61,071	\$ 66,077	\$ 69,494	\$ 74,432	\$ 75,643	\$ 96,458
11,963	12,155	15,485	20,020	23,158	18,390
30,125	31,760	36,559	39,748	41,898	50,288
<u>\$ 103,159</u>	<u>\$ 109,992</u>	<u>\$ 121,538</u>	<u>\$ 134,200</u>	<u>\$ 140,699</u>	<u>\$ 165,136</u>
\$ 143,695	\$ 153,766	\$ 153,766	\$ 181,515	\$ 200,488	\$ 231,947
55,346	39,056	39,056	97,157	90,929	80,699
20,542	38,176	38,176	27,048	23,830	51,738
<u>\$ 219,583</u>	<u>\$ 230,998</u>	<u>\$ 230,998</u>	<u>\$ 305,720</u>	<u>\$ 315,247</u>	<u>\$ 364,384</u>

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

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 6,188	\$ 7,295	\$ 4,231	\$ 4,275
Public safety	21,163	19,141	23,005	26,296
Public works	9,268	12,961	8,267	8,312
Community development	941	1,007	1,145	1,162
Parks, recreation and library	11,065	11,162	15,832	13,786
Shuttle operations	179	188	135	137
Financing and other activities	3,552	2,812	2,422	2,639
Total governmental activities expenses	<u>52,356</u>	<u>54,567</u>	<u>55,037</u>	<u>56,607</u>
Business-type activities:				
Water	12,127	10,745	11,471	12,822
Sewer	9,553	9,332	10,144	10,960
Waste management	634	467	481	487
Landfill	-	177	67	56
Parking	1,350	1,183	1,296	445
Building	1,317	1,254	1,368	1,420
Total business-type activities expenses	<u>24,980</u>	<u>23,158</u>	<u>24,827</u>	<u>26,190</u>
Total primary government expenses	<u>\$ 77,336</u>	<u>\$ 77,725</u>	<u>\$ 79,864</u>	<u>\$ 82,797</u>
Program Revenue				
Governmental activities:				
Charges for services:				
General government	\$ 117	\$ 302	\$ 116	\$ 123
Public safety	212	1,097	1,066	1,009
Public works	3,230	4,075	3,870	3,477
Community development	384	738	657	890
Parks, recreation and library	2,880	2,919	3,372	3,405
Shuttle operations	-	-	-	150
Operating grants and contributions	987	738	1,127	591
Capital grants and contributions	357	1,249	740	439
Total governmental activities program revenues	<u>8,167</u>	<u>11,118</u>	<u>10,948</u>	<u>10,084</u>
Business-types activities:				
Charges for services:				
Water	14,875	16,023	15,425	15,158
Sewer	16,791	16,931	15,679	15,634
Waste management	564	1,694	943	778
Landfill	-	350	445	437
Parking	2,428	2,477	2,573	2,649
Building	1,707	2,057	1,980	2,257
Capital grants and contributions	-	-	-	42,858
Total business-type activities program revenues	<u>36,365</u>	<u>39,532</u>	<u>37,045</u>	<u>79,771</u>
Total primary governmental program revenues	<u>\$ 44,532</u>	<u>\$ 50,651</u>	<u>\$ 47,993</u>	<u>\$ 89,855</u>
Net (expenses)/revenue				
Government activities	\$ (44,189)	\$ (43,449)	\$ (44,089)	\$ (46,523)
Business-type activities	11,385	16,374	12,218	53,581
Total primary government net expenses	<u>\$ (32,804)</u>	<u>\$ (27,075)</u>	<u>\$ (31,871)</u>	<u>\$ 7,058</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 14,394	\$ 15,497	\$ 16,677	\$ 17,645
Sales tax	9,199	10,196	11,101	12,828
Transient occupancy tax	18,244	21,357	23,698	26,092
Other taxes	5,311	4,595	4,697	4,589
Other general revenue	-	344	1,254	233
Special Item - OPEB pre-funding	-	(6,600)	-	-
Investment earnings (expense)	148	576	481	1,292
Transfers	3,916	5,774	3,127	(8,114)
Total governmental activities	<u>51,212</u>	<u>51,739</u>	<u>61,037</u>	<u>54,565</u>
Business-type activities:				
Other taxes	314	-	-	-
Other general revenue	-	-	-	382
Investment earnings (expense)	(3,353)	(1,329)	(1,451)	762
Transfers	(3,916)	(5,774)	(3,127)	8,114
Total primary government	<u>(6,955)</u>	<u>(7,103)</u>	<u>(4,578)</u>	<u>9,258</u>
Change in Net Position				
Government activities	7,023	8,290	16,947	7,893
Business-type activities	4,430	9,271	7,640	19,982
Total primary government	<u>\$ 11,453</u>	<u>\$ 17,562</u>	<u>\$ 24,587</u>	<u>\$ 27,875</u>

2017	2018	2019	2020	2021	2022
\$ 4,757	\$ 5,785	\$ 6,181	\$ 6,710	\$ 11,026	\$ 5,825
25,710	27,244	28,634	31,551	29,927	30,704
7,353	7,929	7,574	7,639	8,363	6,613
1,386	1,817	1,755	2,376	2,674	2,124
14,581	16,925	16,875	16,062	13,972	16,160
150	191	168	156	98	(41)
3,075	2,210	1,814	2,144	3,016	3,062
57,012	62,101	63,001	66,638	69,076	64,447
13,806	14,671	14,855	15,096	14,731	13,992
10,345	11,205	11,874	12,224	11,772	11,112
676	789	728	637	751	941
77	406	224	213	215	387
635	1,053	926	1,005	1,278	(110)
2,054	1,580	2,495	2,354	2,547	2,995
27,593	29,704	31,102	31,529	31,294	29,317
\$ 84,605	\$ 91,805	\$ 94,103	\$ 98,167	\$ 100,370	\$ 93,764
\$ 122	\$ 119	\$ 109	\$ 115	\$ 97	\$ 95
1,075	1,140	1,386	1,496	1,531	1,177
4,316	4,186	4,122	4,219	4,437	6,248
5,900	702	1,332	3,053	957	13,443
3,860	4,208	4,261	2,924	2,649	4,045
-	-	-	-	-	-
978	830	629	424	4,316	4,486
150	1,218	508	193	1,502	459
16,401	12,403	12,347	12,424	15,489	29,953
16,375	18,623	19,664	20,615	20,081	20,118
15,798	15,837	15,715	15,127	13,099	15,385
780	700	617	617	611	621
447	465	483	480	452	500
2,766	2,820	2,773	1,930	1,628	2,380
4,087	4,413	3,221	3,861	3,373	5,690
39,244	-	-	-	-	12,979
79,497	42,858	42,473	42,630	39,244	57,673
\$ 95,898	\$ 55,261	\$ 54,820	\$ 55,054	\$ 54,733	\$ 87,626
\$ (40,611)	\$ (49,698)	\$ (50,654)	\$ (54,214)	\$ (53,587)	\$ (34,494)
51,904	13,154	11,371	11,101	7,950	28,356
\$ 11,293	\$ (36,544)	\$ (39,283)	\$ (43,113)	\$ (45,637)	\$ (6,138)
\$ 18,933	\$ 20,335	\$ 21,956	\$ 23,304	\$ 24,224	\$ 27,723
12,089	12,820	17,820	14,803	15,666	18,951
26,263	27,936	29,384	20,417	5,739	12,379
4,407	4,869	5,214	5,503	5,303	4,913
427	381	466	383	371	326
-	-	-	-	-	-
266	624	5,758	6,000	3,003	(6,627)
2,730	2,863	2,157	2,213	2,243	1,529
65,115	69,828	82,755	72,623	56,549	59,194
-	-	-	-	-	-
144	185	203	831	279	571
128	235	2,127	2,942	512	(2,960)
(2,730)	(2,864)	(2,157)	(2,213)	(2,243)	(1,529)
(2,458)	(2,444)	173	1,560	(1,452)	(3,918)
24,503	20,132	32,103	18,411	2,963	24,701
10,202	10,709	11,545	12,663	6,499	24,436
\$ 34,705	\$ 30,841	\$ 43,648	\$ 31,074	\$ 9,462	\$ 49,137

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

	2013	2014	2015	2016	2017
General Fund:					
Nonspendable	\$ 217	\$ 221	\$ 224	\$ 337	\$ 215
Restricted	-	-	-	-	12
Committed	-	-	-	-	-
Assigned	12,300	9,413	18,773	18,638	19,386
Unassigned	7,430	13,251	10,465	11,003	13,659
Total general fund	<u>\$ 19,947</u>	<u>\$ 22,885</u>	<u>\$ 29,462</u>	<u>\$ 29,978</u>	<u>\$ 33,272</u>
All other governmental funds:					
Nonspendable	\$ 396	\$ 383	\$ 375	\$ 575	\$ -
Restricted	26,004	17,417	10,851	21,034	25,196
Committed	19,412	28,063	25,220	20,874	22,359
Assigned	1,166	651	8,762	13,500	20,500
Unassigned	-	-	-	97	(5)
Subtotal all other governmental funds	<u>\$ 46,978</u>	<u>\$ 46,514</u>	<u>\$ 45,208</u>	<u>\$ 56,080</u>	<u>\$ 68,050</u>
Total governmental fund balance	<u>\$ 66,925</u>	<u>\$ 69,399</u>	<u>\$ 74,670</u>	<u>\$ 86,058</u>	<u>\$ 101,322</u>
	2018	2019	2020	2021	2022
General Fund:					
Nonspendable	\$ 6	\$ 4	\$ 7	\$ 16	\$ 110
Restricted	4,391	7,480	10,824	15,723	15,252
Committed	-	-	-	-	-
Assigned	19,930	21,582	21,728	17,430	18,948
Unassigned	12,046	20,102	12,268	12,038	13,084
Subtotal General Fund	<u>\$ 36,373</u>	<u>\$ 49,168</u>	<u>\$ 44,827</u>	<u>\$ 45,207</u>	<u>\$ 47,394</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 48
Restricted	22,325	21,117	66,037	51,621	46,632
Committed	27,005	27,765	36,439	30,982	22,852
Assigned	25,800	30,800	24,656	21,198	21,198
Unassigned	-	-	-	-	-
Subtotal all other governmental funds	<u>\$ 75,130</u>	<u>\$ 79,682</u>	<u>\$ 127,132</u>	<u>\$ 103,801</u>	<u>\$ 90,730</u>
Total governmental fund balance	<u>\$ 111,503</u>	<u>\$ 128,850</u>	<u>\$ 171,959</u>	<u>\$ 149,008</u>	<u>\$ 138,124</u>

(1) Beginning in fiscal year 2011, the City implemented GASB Statement No. 54 which provided updated guidance on fund balance designation and reporting.



Annual Comprehensive Financial Report
June 30, 2022

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				
	2013	2014	2015	2016	2017
REVENUES:					
Property taxes	\$ 15,539	\$ 15,497	\$ 16,677	\$ 17,645	\$ 18,933
Sales and use taxes	9,199	10,196	11,101	12,828	12,089
Transient occupancy taxes	18,244	21,357	23,698	26,092	26,263
Other taxes	2,970	2,970	3,048	3,154	3,024
Licenses and permits	102	112	84	86	88
Fines, forfeitures, and penalties	933	874	921	864	898
Investment income	148	391	374	1,036	309
Motor vehicle in lieu tax	-	-	-	-	-
Intergovernmental	2,115	1,625	1,648	1,435	1,383
Charges for services	6,721	7,704	8,076	7,919	14,284
Grant and governmental revenues	267	1,987	1,867	1,075	779
Other revenue	370	345	1,255	391	427
Total revenues	56,608	63,058	68,749	72,525	78,477
EXPENDITURES:					
Current					
General government	5,699	5,989	4,434	4,917	5,148
Public safety	18,895	20,082	23,231	25,057	25,646
Public works	7,834	11,280	8,311	7,330	6,238
Community development	854	1,041	1,244	1,406	1,531
Parks, recreation and library	9,328	10,485	15,145	12,725	13,590
Shuttle operations	179	188	135	137	150
Other	-	-	-	-	-
Capital Outlay	6,447	3,205	6,594	3,885	4,863
Debt service:					
Principal	3,527	4,631	4,964	5,832	5,596
Interest	2,337	2,752	2,548	2,633	3,182
Cost of issuance					
Total expenditures	55,101	59,654	66,607	63,922	65,944
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,507	3,404	2,142	8,603	12,533
OTHER FINANCING SOURCES (USES):					
Transfer in	33,209	33,520	33,694	30,150	26,378
Transfer out	(29,293)	(34,448)	(30,567)	(38,264)	(23,648)
Pension obligation bonds issued	-	-	-	-	-
Payment to PERS retirement	-	-	-	-	-
Refund bond issued	-	-	-	-	-
Premium on bonds issued	-	-	-	1,045	-
Proceeds from issuance of debt	20,637	-	-	9,855	-
Payments to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	24,553	(929)	3,127	2,786	2,730
Net change in fund balances	\$ 26,058	\$ 2,473	\$ 5,270	\$ 11,389	\$ 15,263
Debt service as a percentage of noncapital expenditures	12%	13%	13%	13%	14%

Fiscal Year					
	2018	2019	2020	2021	2022
\$	20,335	\$ 21,956	\$ 23,304	\$ 24,224	\$ 27,723
	12,819	17,820	14,803	15,666	17,578
	27,936	29,384	20,416	5,738	12,378
	3,216	3,233	3,134	2,958	3,511
	83	85	99	86	88
	976	1,209	793	701	876
	547	5,059	5,174	2,886	(5,800)
	-	-	-	-	-
	1,653	1,980	2,369	2,346	2,775
	9,298	9,918	11,257	8,911	24,071
	2,048	1,010	443	5,793	4,492
	378	416	553	352	706
	<u>79,289</u>	<u>92,070</u>	<u>82,345</u>	<u>69,661</u>	<u>88,398</u>
	5,604	5,922	6,515	6,320	6,772
	26,448	27,647	28,631	29,812	30,660
	6,617	6,313	6,593	6,908	6,609
	1,812	1,710	2,374	2,883	2,539
	15,642	16,128	15,188	14,331	17,301
	160	168	156	98	95
	-	-	-	-	-
	8,080	14,429	14,295	39,514	30,578
	5,246	2,600	3,929	11,494	2,654
	2,364	1,963	2,697	3,255	3,602
			303	343	-
	<u>71,973</u>	<u>76,880</u>	<u>80,681</u>	<u>114,958</u>	<u>100,810</u>
	<u>7,316</u>	<u>15,190</u>	<u>1,664</u>	<u>(45,297)</u>	<u>(12,412)</u>
	29,605	28,964	28,731	37,770	30,772
	(26,741)	(26,806)	(26,518)	(35,528)	(29,243)
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	20,038	-
	-	-	-	-	-
	<u>2,864</u>	<u>2,158</u>	<u>2,213</u>	<u>22,280</u>	<u>1,529</u>
\$	<u>10,180</u>	<u>\$ 17,348</u>	<u>\$ 3,877</u>	<u>\$ (23,017)</u>	<u>\$ (10,883)</u>
#	14%	7%	10%	20%	9%

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

Category	2012-13	2013-14	2014-15	2015-16	2016-17
Residential	\$5,292,630,080	\$ 5,657,587,039	\$ 6,106,922,682	\$ 6,543,165,637	\$ 6,996,722,454
Commercial	1,264,338,491	1,304,028,690	1,406,432,281	1,487,657,043	1,665,932,944
Industrial	469,569,724	487,612,064	491,904,917	500,290,183	523,550,270
Government	490,841	1,131,741	1,136,878	16,859,592	17,116,700
Institutional	5,313,527	5,686,994	6,739,774	5,545,746	5,634,571
Miscellaneous	47,731,445	52,216,889	52,541,265	63,818,615	76,577,551
Recreational	21,330,221	21,756,820	27,696,881	30,269,253	30,095,025
Vacant Land	53,260,644	61,242,201	42,238,634	43,082,544	62,448,455
SBE Nonunitary	2,560,452	2,560,452	2,560,452	2,763,435	2,763,435
Unsecured	275,840,943	302,712,785	307,284,506	324,903,282	329,134,973
Unknown	-	45,233,193	-	-	-
TOTALS	\$7,433,066,368	\$ 7,941,768,868	\$ 8,445,458,270	\$ 9,018,355,330	\$ 9,709,976,378
Total Direct Rate	0.14209	0.14205	0.14235	0.14250	0.14246

Note:

Exempt values are not included in the total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: San Mateo County Assessor 2012/13 - 2021/22 Combined Tax Rolls

2017-18	2018-19	2019-20	2020-21	2021-22
\$ 7,392,749,191	\$ 7,873,773,642	\$ 8,453,667,110	\$ 9,086,726,751	\$ 9,656,945,674
1,857,291,724	1,978,102,748	2,064,268,140	2,850,479,408	2,858,316,178
545,609,274	650,767,854	770,865,330	673,478,092	703,049,943
17,459,033	40,103,131	39,254,268	20,329,877	19,435,460
5,743,999	5,819,973	5,958,515	6,077,249	6,206,157
102,398,944	2,461,921	2,511,155	2,561,375	2,587,908
30,696,916	52,691,864	53,744,894	54,810,016	66,588,295
63,823,350	18,242,238	31,975,517	55,962,779	90,966,770
2,763,435	2,763,435	3,841,026	3,841,026	3,841,026
338,411,794	344,682,252	360,169,404	351,494,932	359,345,840
-	-	-	-	-
\$ 10,356,947,660	\$ 10,969,409,058	\$ 11,786,255,359	\$ 13,105,761,505	\$ 13,767,283,251
0.14245	0.14245	0.14242	0.14240	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
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%
2021/22	13,404,096,385	359,345,840	3,841,026	13,767,283,251	5.05%

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	
	\$	\$	\$	\$	\$	\$	\$	\$
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
2022	1.000000	0.000000	0.000000	0.000000	0.022700	0.102500	0.048800	1.174000

City's Share of 1% Levy Per Prop 13 ⁽³⁾ 0.14468

Redevelopment Rate ⁽⁴⁾ 0.0000

Total Direct Rate 0.14240

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, 2022

(amounts expressed in thousands)

Taxpayer	2021/22				2012/13		
	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	682,426	1	4.96%	EQR-NorthPark LP	112,200	1	1.51%
HMC Burlingame Hotels LLC	230,008	2	1.67%	HMC Burlingame Hotel LLC	88,570	2	1.19%
Shac Carolan Apartments LLC	225,047	3	1.63%	Inland American Lodging Burlingame LLC	79,570	3	1.07%
EQR-NorthPark LP	131,829	4	0.96%	Mills-Peninsula Health Services	61,087	4	0.82%
Inland American Lodging Burlingame LLC	120,798	5	0.88%	Bay Park Plaza Associates	53,405	5	0.72%
Pur Skyline MMC II LLC	115,228	6	0.84%	Felcor CSS Holdings LP	44,110	6	0.59%
EW PG Airport Owner LLC	105,351	7	0.77%	EQR-Skyline Terrace LP	43,451	7	0.58%
DCT Rollins Road LLC	79,233	8	0.58%	One Bay Plaza Associates LLC	38,420	8	0.52%
WDI One Bay Owner SFP LLC	76,080	9	0.55%	DCT Rollins Road LLC	35,150	9	0.47%
Felcor CSS Holdings LP	59,851	10	0.43%	Harbor View Hotels Inc.	28,570	10	0.38%
	<u>\$ 1,825,851</u>		<u>13.27%</u>		<u>\$ 584,533</u>		<u>7.85%</u>

(1) 2021-22 Local Combined Assessed Valuation \$ 13,767,283

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
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%
2022	23,242,357	23,872,994	102.71%		23,872,994	102.71%

Notes:

(1) Current tax collections are more 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
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
2022	27,723	17,577	12,377	3,511	2,741	63,929

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			
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
2022	44,439,323	34,553,673	6,845,000	200,017	-	-	14,045,603	16,701,991	116,785,607	4.92%	3,856

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
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
2022	6,845,000	13,767,283,251	0.05%	30,283	226

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, 2022

2021-22 Assessed Valuation** : \$ 13,767,283,251

	Total Debt June 30, 2022	Percent Applicable (1)	City's share of Debt June 30, 2022
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$ 733,897,184	5.169%	\$ 37,935,145
San Mateo Union High School District	665,230,852	15.215%	\$ 101,214,874
Burlingame School District	163,365,917	95.085%	\$ 155,336,482
Hillsborough School District	70,535,378	0.137%	\$ 96,633
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,633,029,331		\$ 294,583,134
<u>DIRECT AND OVERLAPPING LEASE OBLIGATION DEBT:</u>			
San Mateo County General Fund Obligations	\$ 612,605,687	5.169%	\$ 31,665,588
San Mateo County Board of Education Certificates of Participation	6,490,000	5.169%	335,468
City of Burlingame, General Fund Obligations	37,605,000	100.000%	37,605,000
City of Burlingame, Pension Obligation Bonds	6,845,000	100.000%	6,845,000
San Mateo County Mosquito and Vector Control District General Fund O	3,825,000	5.169%	197,714
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$ 667,370,687		\$ 76,648,770
Less: City of Burlingame Pension Obligation Bonds supported by enterprise revenues			1,711,250
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 74,937,520
TOTAL GROSS DIRECT DEBT			\$ 44,450,000
TOTAL NET DIRECT DEBT			\$ 42,738,750
TOTAL OVERLAPPING DEBT			\$ 326,781,904
GROSS COMBINED TOTAL DEBT			\$ 371,231,904 (2)
NET COMBINED TOTAL DEBT			\$ 369,520,654

Ratios to 2021-22 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.14%
Total Gross Direct Debt (\$44,450,000)	0.32%
Total Net Direct Debt (\$42,738,750)	0.31%
Gross Combined Total Debt	2.70%
Net Combined Total Debt	2.68%

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

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics

CITY OF BURLINGAME, CALIFORNIA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amount expressed in thousands)

	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Debt limit	\$ 295,550	\$ 297,816	\$ 299,010	\$ 323,138	\$ 351,979	\$ 379,416	\$ 402,843	\$ 433,980	\$ 484,016	509,428	
Pension Obligation Bond	\$ 22,275	\$ 20,095	\$ 17,695	\$ 15,050	\$ 12,145	\$ 8,970	\$ 8,510	\$ 8,005	\$ 7,450	6,845	
Total net debt applicable to the limit as a percentage of debt limit	7.5%	6.7%	5.9%	4.7%	3.5%	2.4%	2.1%	1.8%	1.5%	1.3%	

Legal Debt Margin Calculation for Fiscal Year 2022

Gross Assessed Valuation	\$ 13,767,283,251
Multiplied by: (1)	0.0375
	<u>516,273,122</u>
Less: Amount of Debt Applicable	6,845,000
Legal Debt Margin	<u><u>\$ 509,428,122</u></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	
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
2022	20,120,936	11,319,453	8,801,483	1,355,000	593,400	4.52

Fiscal Year	Wastewater Revenue Bonds					
	Wastewater Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	15,634,824	7,426,261	8,208,563	915,000	423,775	6.13

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)
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%
2021	30,283	2,375,233	78,434	96.1%	66.6%	4.0%

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	2021-22		2012-13	
	Number of Employees	Percent of Total Employment (%)	Number of Employees (1)	Percent of Total Employment (%)
Mills-Penninsula Medical Center - Sutter Health	1,751	9.84%		
Burlingame School District	325	1.83%		
Hyatt Regency SF Airport*	314	1.76%		
American Medical Response (AMR)*	266	1.49%		
Guittard Chocolate CO*	257	1.44%		
Burlingame Long Term Care	214	1.20%		
Lahlouh Inc.	190	1.07%		
Putnam Auto	185	1.04%		
Safeway	130	0.73%		
California Teachers Association	126	0.71%		
United Natural Foods			1,157	4.22%
Sysco San Francisco, Inc.			545	1.99%
ECC Remediation Services Corp			500	1.82%
Berkeley Farms			404	1.47%
LSG/Sky Chefs, Inc.			325	1.19%
Interior Architects			300	1.09%
Flying Good Group			280	1.02%
Birate Food Service Distributors			254	0.93%
Robert A. Bothman			251	0.92%
Clover Stornetta Farms			220	0.80%
Total Top 10 Employers	3,758	21.11%	4,236	15.45%

Total City Labor Force (2) 17,800

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) 2012-13 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General government	18.00	18.00	19.00	19.63	19.88	19.88	19.88	23.53	23.53	23.53
Public safety										
Police:										
Officers	37.00	37.00	37.00	37.00	39.00	39.00	40.00	40.00	40.00	40.00
Civilians	17.25	19.25	19.25	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Fire:										
Firefighters and officers	-	-	-	-	-	-	-	-	-	-
Civilians	-	-	-	-	-	-	-	-	-	-
Public works	61.14	61.75	62.74	62.99	62.99	64.99	64.99	64.99	65.99	65.99
Community development	10.00	11.00	11.00	11.75	12.75	12.75	12.75	17.00	17.00	17.00
Leisure and culture	49.52	51.67	52.18	53.93	54.38	54.38	54.63	55.50	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 2021-22 (COMPARED TO 5 YEARS AGO)

	2018	2019	2020	2021	2022
Function					
Police					
Calls for Service	46,540	48,917	43,313	48,284	47,218
Physical arrests	800	621	563	606	586
Crimes Reported	1,915	1,985	2,255	2,283	2,142
Traffic Stops	5,178	5,227	5,300	3,889	4,160
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.)	9,891	3,258	13,101	9,826	24,643
Sidewalk & curb repair (sq. ft.)	4,262	3,580	5,022	43,788	43,609
City planning					
Plans checked	436	516	381	485	532
Planning applications reviewed	129	162	106	180	147
Building					
Permit issued	1,278	1,201	1,106	1,287	1,404
Inspections conducted	7,433	7,099	8,037	9,319	9,551
Leisure and culture					
Recreation Class Participants	14,537	14,507	11,999*	9,306*	8,384*
Library circulation	658,754	730,751	676,723	403,975*	603,403*
Tree plantings	257	248	232	289	332
Tree trimmings	2,081	2,076	1,424	1,351	1,892
Water					
New connections	2	3	5	4	22
Main and valve repairs	21	22	17	22	20
Millions of gallons purchased (millions of gallons)	1,232	1,235	1,269	1,200	1,194
Wastewater					
Average daily sewage treatment (millions of gallons)	2.82	3.11	2.40	2.10	2.57
Preventive Maintenance, main cleaning (Feet)	342,422	380,405	457,941	379,239	199,267

Source: Various city department records.

Police statistical data has been presented on a calendar year basis.

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

*Recreation Class Participants in fiscal year 2020 to 2022 - COVID restrictions affected enrollments.

*Library Circulation in fiscal year 2020 to 2022 - Affected by Covid Lockdown

CITY OF BURLINGAME, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
FOR FISCAL YEAR 2021-22 (COMPARED TO 5 YEARS AGO)

	2018	2019	2020	2021	2022
Function					
Public works					
Streets (miles)	152	152	152	158	158
Streetlights	1,800	1,800	1,745	1,714	1714
Traffic signals	18	18	18	19	19
Water					
Water mains (miles)	107	107	100	100	100
Fire hydrants	887	835	831	837	850
Maximum Storage Reservoir capacity (thousands of gallons)	2,850	2,850	2,850	2,940	2940
Sewer					
Sanitary sewers (miles)	130	130	119	89	89
Storm sewers (miles)	50	50.0	46.6	59	59
Average daily treatment capacity (thousands of gallons)	4,100	4,100	4,100	5,500	5500
Storm drain pump station	5	5	5	5	5

Note:

Historical data is not available.

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, 2022, and have issued our report thereon dated December 19, 2022.

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 December 19, 2022 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 dark ink that reads "Maze & Associates". The script is cursive and fluid, with the ampersand being particularly stylized.

Pleasant Hill, California
December 19, 2022