CITY COUNCIL AGENDA
REGULAR MEETING
CITY OF HALF MOON BAY

TUESDAY, DECEMBER 15, 2020

REMOTE PARTICIPATION (SEE NEXT PAGE)

Adam Eisen, Mayor
Robert Brownstone, Vice Mayor
Deborah Penrose, Councilmember
Harvey Rarback, Councilmember
Debbie Ruddock, Councilmember

7:00 PM

This agenda contains a brief description of each item to be considered. Those wishing to address the City Council on any matter not listed on the Agenda, but within the jurisdiction of the City Council to resolve, may come forward to the podium during the Public Forum portion of the Agenda and will have a maximum of three minutes to discuss their item. Those wishing to speak on a Public Hearing matter will be called forward at the appropriate time during the Public Hearing consideration.

Please Note: Anyone wishing to present materials to the City Council, please submit seven copies to the City Clerk.

Copies of written documentation relating to each item of business on the Agenda are on file in the Office of the City Clerk at City Hall and the Half Moon Bay Library where they are available for public inspection. If requested, the agenda shall be available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132.) Information may be obtained by calling 650-726-8271.

In compliance with the Americans with Disabilities Act, special assistance for participation in this meeting can be obtained by contacting the City Clerk's Office at 650-726-8271. A 48-hour notification will enable the City to make reasonable accommodations to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

http://hmbcity.com/

SPECIAL REMOTE PROTOCOLS

In accordance with Governor Newsom's Executive Order No-29-20, this will be a teleconference meeting without a physical location to help stop the spread of COVID-19. This meeting will be conducted entirely by remote participation, in compliance with the Governor's Executive Order N-29-20 allowing for deviation of teleconference rules required by the Ralph M. Brown Act.

This meeting will be conducted via Zoom Webinar. Members of the public are welcome to login into the webinar as Attendees. During any public comment portions, attendees may use the "raise your hand" feature and will be called upon and unmuted when it is their turn to speak. Written comments (jblair@hmbcity.com) submitted by 5:00 p.m. on meeting day will be added to the online agenda packet and emailed to the City Council. The meeting will also be streamed on Channel 27, on pacificcoast.tv, on Facebook in English at www.facebook.com/cityofhalfmoonbay and in Spanish at www.facebook.com/halfmoonbayrecreation. Please click to join the webinar: https://zoom.us/j/91323442211 or join by phone at 669-900-9128, using Webinar ID 913-2344-2211.

CALL TO ORDER / ROLL CALL

PUBLIC FORUM

ACKNOWLEDGEMENT OF OUTGOING COUNCILMEMBERS

1. CONSENT CALENDAR

1.A. WAIVE READING OF RESOLUTIONS AND ORDINANCES

1.B. FINAL RESULTS OF THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION

Staff Recommendation: Adopt a resolution declaring the final results of the November 3, 2020 General Municipal Election.

STAFF REPORT

RESOLUTION

ATTACHMENT 2

REMARKS BY OUTGOING COUNCILMEMBERS

ADMINISTRATION OF OATH OF OFFICE TO NEWLY-ELECTED COUNCILMEMBERS

REMARKS BY INCOMING COUNCILMEMBERS

REMARKS BY CONGRESSWOMAN JACKIE SPEIER

SELECTION OF MAYOR AND VICE MAYOR FOR 2021

REMARKS BY INCOMING MAYOR

2. CONSENT CALENDAR

2.A. WARRANTS FOR THE MONTH OF NOVEMBER 2020

Staff Recommendation: Accept the warrants list for the month of November 2020.

STAFF REPORT

ATTACHMENT 1

2.B. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Staff Recommendation: Adopt a resolution receiving the City of Half Moon Bay Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

STAFF REPORT

RESOLUTION

ATTACHMENT 2

2.C. 2021 CALENDAR OF CITY COUNCIL MEETINGS

Staff Recommendation: By motion, adopt the City Council Meeting Calendar for 2021.

STAFF REPORT

ATTACHMENT 1

2.D. AWARD OF CONSTRUCTION CONTRACT AND PROFESSIONAL SERVICES AGREEMENT FOR THE PELICAN POINT GENERATOR REPLACEMENT PROJECT (CIP NO. 0507)

Staff Recommendation: Adopt a resolution authorizing the City Manager to: 1) award and execute a construction contract for the Pelican Point Generator Replacement Project CIP No. 0507 to the lowest responsive and responsible bidder, Yupana, Inc. of Concord, CA, in the total bid amount of $140,470 and approve a contingency in an amount not exceeding 10 percent, or $14,047, of the contract award amount for potential change orders; and 2) execute a Professional Services Agreement with Schaaf and Wheeler, Consulting Civil Engineers, for Construction Support Services for the Project in the amount of $23,050.

STAFF REPORT

RESOLUTION

ATTACHMENT 2

ADJOURNMENT

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 15, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: Jessica Blair, Communications Director / City Clerk

TITLE: **FINAL RESULTS OF THE NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION**

RECOMMENDATION:
Adopt a resolution declaring the final results of the November 3, 2020 General Municipal Election.

FISCAL IMPACT:
None associated with this action.

STRATEGIC ELEMENT:
This recommendation supports the Inclusive Governance Element.

BACKGROUND:
A General Municipal Election was held in Half Moon Bay on November 3, 2020 for the purpose of electing two councilmembers to four-year terms and consideration of one measure.

The County of San Mateo Elections Department has canvassed the votes and certified the elections results. The City is also required to certify the election results.

ATTACHMENTS:
1. Resolution Declaring the Final Results of the November 3, 2020 General Municipal Election
2. Ordinance for Measure U

RESOLUTION NO. C-2020-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD ON NOVEMBER 3, 2020 DECLARING THE RESULT AND SUCH OTHER MATTERS AS PROVIDED BY LAW

WHEREAS, a Municipal Election was held and conducted in the city of Half Moon Bay on Tuesday, November 3, 2020, as required by law; and

WHEREAS, notice of the election was given in time, form, and manner as provided by law; voting precincts were properly established; election officers were appointed; and in all respects the election was held and conducted and the votes were cast, received, and canvassed, and the returns made and declared in time, form, and manner as required by the provisions of the Elections Code of the State of California for the holding of elections in General Law Cities; and

WHEREAS, the County Elections Department canvassed the returns of the Election and has certified the results, the results are received, and made a part hereof as Exhibit A.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HALF MOON BAY, CALIFORNIA DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the whole number of ballots cast in the city was 6,576.

Section 2. That the names of persons voted for at the election for Members of the City Council are as follows:

Adam Eisen, District 3
Joaquin Jimenez, District 3
Harvey Rarback, District 2

That the measures voted upon at the election are as follows:

To support financial recovery/stability and maintain services, including: 9-1-1 emergency response; disaster preparedness; supporting local businesses/residents; and keeping public areas healthy/safe, shall the measure increasing, until ended by voters, the transient occupancy tax from 12% to 14% on July 1, 2021, and to 15% on July 1, 2022 (paid only by hotel/lodging guests), providing approximately $1,500,000 annually in locally controlled funding for general revenue purposes, be adopted?	YES
	NO

Section 3. That the number of votes given at each precinct and the number of votes given in the city to each of the persons above named for the respective offices for which the persons were candidates were as listed in Exhibit A.

Section 4. That the City Council does declare and determine that:

Joaquin Jimenez was elected as District 3 Member of the City Council for the full term of four years; Harvey Rarback was elected as District 2 Member of the City Council for the full term of four years.

As a result of the election, a majority of the voters voting on the measure relating to the transient occupancy tax ordinance (Measure U) did vote in favor of it, and that the measure was carried, and shall be deemed adopted and ratified. The ordinance, now considered adopted and in effect, are attached to this resolution for reference.

Section 5. That the City Clerk shall enter on the records of the City Council of the City a statement of the result of the election showing: (1) the whole number of votes (ballots) cast in the city; (2) the names of the persons voted for; (3) the measure voted upon; (4) for what office each person was voted for; and (5) the total number of votes given to each person and for and against each measure.

Section 6. That the City Clerk shall immediately make and deliver to each of the persons so elected a Certificate of Election signed by the City Clerk and authenticated; that the City Clerk shall also administer to each person elected the Oath of Office prescribed in the Constitution of the State of California and shall have them subscribe to it and file it in the office of the City Clerk. Each and all of the persons so elected shall then be inducted into the respective office to which they have been elected.

Section 7. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

****

I, the undersigned, hereby certify that the foregoing resolution was duly passed and adopted on the 15th day of December, 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:
NOES, Councilmembers:
ABSENT, Councilmembers:
ABSTAIN, Councilmembers:

ATTEST:

_____
Jessica Blair, City Clerk

APPROVED:

_____
Adam Eisen, Mayor

OFFICE OF
ASSESSOR-COUNTY CLERK-RECORDER & ELECTIONS
COUNTY OF SAN MATEO

MARK CHURCH
CHIEF ELECTIONS OFFICER &
ASSESSOR-COUNTY CLERK-RECORDER

December 3, 2020

Jessica Blair
City Clerk
City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019

Subject: Certificate of the Chief Elections Officer for the Presidential General Election held on Tuesday, November 3, 2020

Dear City Clerk Blair:

This is to advise you that we have completed the Official Canvass of the vote and I have certified the election results.

Attached hereto is the official Chief Elections Officer's Certification of the November 3, 2020 Presidential General Election.

It has been a pleasure to work with you in conducting this election and I look forward to serving you again in future elections.

Sincerely,

Mark Church

Enclosures

CERTIFICATE OF THE CHIEF ELECTIONS OFFICER

In the matter of the CANVASS OF VOTES CAST)
at the PRESIDENTIAL GENERAL ELECTION)
held on November 3, 2020)

I, MARK CHURCH, Chief Elections Officer of the County of San Mateo, State of California, hereby certify:

THAT an election was held within the boundaries of the CITY OF HALF MOON BAY on Tuesday, November 3, 2020, for the purpose of submitting Measure U to the qualified electors; and I caused to have processed and recorded the votes from the canvass of all ballots cast at said election within the boundaries of the CITY OF HALF MOON BAY.

I HEREBY FURTHER CERTIFY that the record of votes cast at said election is set forth in Exhibit "A" attached hereto and incorporated herein by reference as though fully set forth at length.

IN WITNESS WHEREOF, I hereunto affix my hand and seal this 3rd day of December, 2020, and file this date with the City Clerk of the CITY OF HALF MOON BAY.

MARK CHURCH
Chief Elections Officer &
Assessor-County Clerk-Recorder

EXHIBIT A

SECTION A

Cast by Precinct

1 City of Half Moon Bay, Measure U (Majority Approval Required)

					1	1
		Registered Voters	Voters Cast	Turnout (%)	YES	NO
3320	Total	391	341	87.21 %	254	72
3321	Total	792	685	86.49 %	486	167
3322	Total	945	841	88.99 %	581	215
3323	Total	223	199	89.24 %	142	46
3324	Total	415	360	86.75 %	249	93
3325	Total	1940	1781	91.80 %	1171	541
3328	Total	1190	1033	86.81 %	719	249
3387	Total	405	367	90.62 %	275	77
3388	Total	49	41	83.67 %	22	15
3389	Total	561	506	90.20 %	348	123
3390	Total	226	208	92.04 %	140	59
3391	Total	373	333	89.28 %	236	84
3392	Total	481	423	87.94 %	312	91
3393	Total	77	62	80.52 %	40	17
Total - Vote by Mail		8068	6576	81.51 %	4637	1627
Total - Vote Centers		8068	604	7.49 %	338	222
Contest Total		8068	7180	88.99 %	4975	1849

*** Indicates vote data was suppressed due to voter privacy settings.

SECTION B

Cast by District

1 City of Half Moon Bay, Measure U (Majority Approval Required)

					1	1
		Registered Voters	Voters Cast	Turnout (%)	YES	NO
Electionwide	Total	8068	7180	88.99 %	4975	1849
Board Of Equalization - District 2	Total	8068	7180	88.99 %	4975	1849
14th Congressional District	Total	8068	7180	88.99 %	4975	1849
13th Senatorial District	Total	8068	7180	88.99 %	4975	1849
24th Assembly District	Total	8068	7180	88.99 %	4975	1849
County of San Mateo	Total	8068	7180	88.99 %	4975	1849
3rd Supervisorial District	Total	8068	7180	88.99 %	4975	1849
City of Half Moon Bay	Total	8068	7180	88.99 %	4975	1849

CERTIFICATE OF THE CHIEF ELECTIONS OFFICER

In the matter of the CANVASS OF VOTES CAST)
at the PRESIDENTIAL GENERAL ELECTION)
held on November 3, 2020)

I, MARK CHURCH, Chief Elections Officer of the County of San Mateo, State of California, hereby certify:

THAT an election was held within the boundaries of the CITY OF HALF MOON BAY DISTRICT 2 on Tuesday, November 3, 2020, for the purpose of electing one (1) Council Member for a four (4) year term; and I caused to have processed and recorded the votes from the canvass of all ballots cast at said election within the boundaries of the CITY OF HALF MOON BAY DISTRICT 2.

I HEREBY FURTHER CERTIFY that the record of votes cast at said election is set forth in Exhibit "A" attached hereto and incorporated herein by reference as though fully set forth at length.

IN WITNESS WHEREOF, I hereunto affix my hand and seal this 3rd day of December, 2020, and file this date with the City Clerk of the CITY OF HALF MOON BAY.

MARK CHURCH
Chief Elections Officer &
Assessor-County Clerk-Recorder

EXHIBIT A

SECTION A

Cast by Precinct

1 City of Half Moon Bay Member, City Council, District 2

		Registered Voters	Voters Cast	Turnout (%)	1 HARVEY RARBACK
3321	Total	792	685	86.49 %	414
3324	Total	415	360	86.75 %	240
3387	Total	405	369	91.11 %	230
3388	Total	49	41	83.67 %	16
Total - Vote by Mail		1661	1321	79.53 %	826
Total - Vote Centers		1661	134	8.07 %	74
Contest Total		1661	1455	87.60 %	900

*** Indicates vote data was suppressed due to voter privacy settings.

SECTION B

Cast by District

1 City of Half Moon Bay Member, City Council, District 2

					1
		Registered Voters	Voters Cast	Turnout (%)	HARVEY RARBACK
Electionwide	Total	1661	1455	87.60 %	900
Board Of Equalization - District 2	Total	1661	1455	87.60 %	900
14th Congressional District	Total	1661	1455	87.60 %	900
13th Senatorial District	Total	1661	1455	87.60 %	900
24th Assembly District	Total	1661	1455	87.60 %	900
County of San Mateo	Total	1661	1455	87.60 %	900
3rd Supervisorial District	Total	1661	1455	87.60 %	900
City of Half Moon Bay	Total	1661	1455	87.60 %	900

CERTIFICATE OF THE CHIEF ELECTIONS OFFICER

In the matter of the CANVASS OF VOTES CAST)
at the PRESIDENTIAL GENERAL ELECTION)
held on November 3, 2020)

I, MARK CHURCH, Chief Elections Officer of the County of San Mateo, State of California, hereby certify:

THAT an election was held within the boundaries of the CITY OF HALF MOON BAY DISTRICT 3 on Tuesday, November 3, 2020, for the purpose of electing one (1) Council Member for a four (4) year term; and I caused to have processed and recorded the votes from the canvass of all ballots cast at said election within the boundaries of the CITY OF HALF MOON BAY DISTRICT 3.

I HEREBY FURTHER CERTIFY that the record of votes cast at said election is set forth in Exhibit "A" attached hereto and incorporated herein by reference as though fully set forth at length.

IN WITNESS WHEREOF, I hereunto affix my hand and seal this 3rd day of December, 2020, and file this date with the City Clerk of the CITY OF HALF MOON BAY.

MARK CHURCH
Chief Elections Officer &
Assessor-County Clerk-Recorder

EXHIBIT A

SECTION A

Cast by Precinct

1 City of Half Moon Bay Member, City Council, District 3

					1	1
		Registered Voters	Voters Cast	Turnout (%)	ADAM EISEN	JOAQUIN JIMENEZ
3328	Total	1190	1034	86.89 %	302	661
3392	Total	481	426	88.57 %	209	194
3393	Total	77	62	80.52 %	18	38
Total - Vote by Mail		1748	1382	79.06 %	486	803
Total - Vote Centers		1748	140	8.01 %	43	90
Contest Total		1748	1522	87.07 %	529	893

*** Indicates vote data was suppressed due to voter privacy settings.

SECTION B

Cast by District

1 City of Half Moon Bay Member, City Council, District 3

		Registered Voters	Voters Cast	Turnout (%)	1 ADAM EISEN	1 JOAQUIN JIMENEZ
Electionwide	Total	1748	1522	87.07 %	529	893
Board Of Equalization - District 2	Total	1748	1522	87.07 %	529	893
14th Congressional District	Total	1748	1522	87.07 %	529	893
13th Senatorial District	Total	1748	1522	87.07 %	529	893
24th Assembly District	Total	1748	1522	87.07 %	529	893
County of San Mateo	Total	1748	1522	87.07 %	529	893
3rd Supervisorial District	Total	1748	1522	87.07 %	529	893
City of Half Moon Bay	Total	1748	1522	87.07 %	529	893

ORDINANCE NO. C-2020-07

AN ORDINANCE INCREASING THE CITY OF HALF MOON BAY'S TRANSIENT OCCUPANCY (HOTEL) TAX ON RENT CHARGED TO HOTEL GUESTS FROM TWELVE PERCENT (12%) TO FOURTEEN PERCENT (14%) COMMENCING JULY 1, 2021 AND TO FIFTEEN PERCENT (15%) COMMENCING JULY 1, 2022

WHEREAS, pursuant to Section 7280 of the California Revenue and Taxation Code, the legislative body of a city may levy a tax on the privilege of occupying a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging for a period of 30 days or less; and

WHEREAS, Half Moon Bay Municipal Code Section 3.12.030 currently requires persons occupying hotels, campgrounds, and other overnight accommodations for 30 consecutive days or less to pay a transient occupancy (hotel) tax ("TOT") in the amount of twelve percent (12%) of the rent charged by the accommodation operator; and

WHEREAS, 100% of the hotel tax is paid by visitors, tourists, and guests staying at hotels and other short-term overnight accommodations in the City of Half Moon Bay, and not by City residents who are not staying in such short-term accommodations; and

WHEREAS, guests of hotels and other short-term overnight accommodations use City services, including 911 emergency response, roads, City parks, and beaches, and the hotel tax will be spent on services that benefit residents and that visitors use, and addressing the impacts of tourism; and

WHEREAS, the nationwide economic recession resulting from the COVID-19 pandemic has had severe negative economic impacts on businesses and residents in the City of Half Moon Bay, and support for local businesses and residents will be important to the City's economic recovery; and

WHEREAS, the proposed measure includes strict accountability provisions, such as public spending reports and annual independent financial audits, and, all funds must be used only for Half Moon Bay; and

WHEREAS, Half Moon Bay must continue to be effective and self-reliant in addressing our own unique local needs and the City must do more to connect residents in need to local resources as well as support local businesses to push the community towards recovery as a whole; and

WHEREAS, residents are relying on the critical services the City provides – now more than ever, including 911 emergency response and emergency medical services, the City must continue to be prepared for any future natural disaster or public health emergencies; and

WHEREAS, an increase in the TOT rate from twelve percent (12%) to fourteen percent (14%) and ultimately to fifteen percent (15%) would generate revenue be used locally for the City of Half Moon Bay to address community priorities including: keeping public places, healthy, safe and clean, maintaining 911 emergency response times, and keeping the City affordable for nurses, teachers, sheriff's deputies, agricultural workers and others essential to our economy and emergency response; and

WHEREAS, to allow ample time for hotels and other lodging operators to transition to the increased TOT rate, the City's existing TOT rate would remain at twelve percent (12%) through June 30, 2021, after which the TOT rate would increase to fourteen percent (14%) commencing on July 1, 2021, and to fifteen percent (15%) commencing on July 1, 2022; and

WHEREAS, the City Council may amend the TOT provisions or postpone the TOT increase by ordinance without subsequent voter approval, except that the Council cannot extend or increase the tax in excess of the rates set forth in this measure, or change the allowed use for the tax revenues, without voter approval in accordance with California Constitution Article XIIIC, Section 2(b);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HALF MOON BAY, SUBJECT TO VOTER APPROVAL, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Recitals

The City Council of the City of Half Moon Bay, subject to voter approval, finds that all Recitals contained in this Ordinance are true and correct.

Section 2. City Council Approval

By Resolution No. C-2020-78, the City Council of the City of Half Moon Bay by a two-thirds vote approved this Ordinance for placement on the ballot in the general municipal election consolidated with the November 3, 2020 statewide general election.

Section 3. Half Moon Bay Municipal Code Section 3.12.030 Amended

Subject to voter approval, Half Moon Bay Municipal Code Title 3 (Revenue and Finance), Chapter 12 (Transient Occupancy Tax), Section 030 (Tax Imposed) is amended to read as follows (amended text in **bold**), and this amendment shall be codified in the Municipal Code:

Sec. 3.12.030 Tax imposed

For the privilege of occupancy in any hotel or campground**, until June 30, 2021** each transient is subject to and shall pay a tax in the amount of twelve percent of the rent charged by the operator, or fifty cents per day, whichever is greater. **Commencing July 1, 2021, each transient is subject to and shall pay a tax in the amount of fourteen**

percent of the rent charged by the operator or fifty cents per day, whichever is greater. Commencing July 1, 2022, each transient is subject to and shall pay a tax in the amount of fifteen percent of the rent charged by the operator or fifty cents per day, whichever is greater. The tax constitutes a debt owed by the transient to the city which is extinguished only by the payment by the operator to the city. The transient shall pay the tax to the operator of the hotel or campground at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax is due upon the transient's ceasing to occupy space in the hotel or campground. If for any reason the tax due is not paid to the operator of the hotel or campground, the tax administrator may require that such tax be paid directly to the tax administrator.

Section 4. Expenditure of Revenues

(a) The revenues from the increase in the transient occupancy tax imposed by this Ordinance may be spent for unrestricted general revenue purposes of the City of Half Moon Bay.

(b) The revenues from the portion of the transient occupancy tax imposed before the effective date of this Ordinance may be spent for unrestricted general revenue purposes of the City of Half Moon Bay.

Section 5. Voter Approval Required.

This Ordinance shall only become operative if the general tax increase imposed is approved by a simple majority of voters voting on the question at the general municipal election consolidated with the November 3, 2020 statewide general election.

Section 6. Effective Date.

Pursuant to Elections Code Section 9217, this Ordinance shall be in full force and effect ten (10) days after the certification by the City Council of the election returns indicating passage of the Ordinance in the election of November 3, 2020, by the margin of votes required by California Constitution Article XIIIC, Section 2(b) for general tax measures. Pursuant to the Ordinance, the City's existing TOT rate shall be maintained at twelve percent (12%) through June 30, 2021, an increased TOT rate of fourteen percent (14%) shall take effect on July 1, 2021, and a further TOT rate increase to fifteen percent (15%) shall take effect on July 1, 2022.

Section 7. Amendment

(a) The tax adopted herein may be extended or increased only by a vote of the people of the City of Half Moon Bay in accordance with California Constitution Article XIIIC, Section 2(b).

(b) The City Council may, by ordinance and without voter approval, amend the tax provisions hereby adopted, provided that the amendment does not increase the amount or rate of tax paid by any taxpayer, or otherwise constitute a tax increase for which voter approval would be required by Article XIII A or Article XIII C of the California Constitution. For example, the City Council may by ordinance postpone the transient occupancy tax increase hereby set to commence July 1, 2021 and/or the subsequent tax increase hereby set to commence July 1, 2022, without voter approval of the postponement.

Section 8. Severability

If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that, subject to voter approval, it would have passed this Ordinance and each section or subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

Section 9. Publication.

The City Clerk is directed to cause this Ordinance to be published in a newspaper of general circulation within 15 days after passage in the manner required by Government Code Section 36933.

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This Ordinance was approved and adopted by the People of the City of Half Moon Bay at the municipal election consolidated with the November 3, 2020 statewide election.

ATTEST:

For Jessica Blair, City Clerk

APPROVED:

Adam Eisen, Mayor

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 15, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

From: Lisa Lopez, Administrative Services Director

TITLE: **WARRANTS FOR THE MONTH OF NOVEMBER 2020**

RECOMMENDATION:
Accept the warrants list for the month of November 2020.

STRATEGIC ELEMENT:
This recommendation supports the Fiscal Sustainability and Inclusive Governance Element.

DISCUSSION:
During this month, we processed 5 check runs. The first was on November 4, totaling $15,432.30. The second was on November 5, totaling $76,421.86. The third was on November 12, totaling $105,322.72. The fourth was on November 19, totaling $492,941.22. The fifth was on November 25, totaling $890,378.32. The total for the month was $1,580,496.42.

The City processed payments related to 5 capital improvement projects, in a total amount of $82,643.43. These projects include: HWY 1 Safety/Traffic Reduction Improvements, HWY 1 Safety/Congestion, Bikeway Connectivity Project – North, Corp Yard Improvements, Ocean Colony Pump Station Replacement.

Staff is also including a list of all payments above $30,000 processed during this reporting period, as listed in the table below.

Over $30,000					
Check#	Vendor Number	Payee	Check Date	Check Amount	Description
48696	159	SEWER AUTHORITY MID-COASTSID	11/19/2020	344,427.09	NOV'20, FY20/21 SEWER AUTHORITY MID-COASTSIDE OPERATIONS
48697	3085	SHUTE MIHALY & WEINBERGER LLP	11/19/2020	79,988.03	LEGAL SERVICES
48727	216	SAN MATEO COUNTY SHERIFF'S OFF	11/25/2020	751,410.50	Q2, FY20/21 PATROL SERVICE CREDIT
48731	3701	V. W. HOUSEN & ASSOCIATES INC.	11/25/2020	33,419.50	JUL-OCT'20, FY20/21 SEWER SYSTEM SUPPORT SERVICES

ATTACHMENTS:
Check Disbursement List by Check Date

Report Criteria:
Report type: Summary
Check.Type = "Calculated","manual"

Check Number	Vendor Number	Payee	Check Issue Date	Amount	Description
48610	3793	AMS SYSTEMS INC	11/05/2020	1,016.43	PRINTING SERVICE
48611	4464	AVENU MUNISERVICES	11/05/2020	500.00	STARS Q2 2020
48612	2912	BARTEL ASSOCIATES LLC	11/05/2020	3,170.00	SEP'20, OPEB ACTUARIAL VALUATION & GASBS 74/75 FEE PRO
48613	481	BIG CREEK LUMBER	11/05/2020	181.90	MAINT SUPPLIES
48614	3133	CHESTNUT ID	11/05/2020	450.66	UNIFORMS
48615	3355	CLEANING AND GARDENING	11/05/2020	1,200.00	MAINT SERVICE
48616	4086	COASTSIDE BUZZ	11/05/2020	500.00	ONLINE PROMOTION
48617	51	COASTSIDE COUNTY WATER DISTRICT	11/05/2020	8,775.64	HYDRANT
48618	957	COASTSIDE.NET	11/05/2020	140.66	INTERNET SERVICE
48619	70	GRAINGER	11/05/2020	379.04	MAINT SUPPLIES
48620	4633	GRANICUS	11/05/2020	1,287.40	SEP'20 GRANICUS SERVICE
48621	3528	HASSETT HARDWARE	11/05/2020	3,687.96	MAINT SUPPLIES
48622	3429	HUE & CRY	11/05/2020	133.95	SECURITY SERVICE
48623	291	LAURIE BECKER	11/05/2020	808.50	INSTRUCTOR PAYMENT ZUMBA GOLD 11/05-11/07/20
48624	4293	LOCKWORKS UNLIMINTED INC	11/05/2020	200.56	MAINT SERVICE
48625	4028	LORAL LANDSCAPING INC.	11/05/2020	1,875.00	NOV'20, LANDSCAPE, MAINTENANCE, REPORTING SERVICES
48626	3746	MALCOLM C SMITH	11/05/2020	1,320.00	OCT'20, COMMUNICATION CONSULTANT
48627	1206	MARK THOMAS & CO. INC.	11/05/2020	15,938.65	SEP'20, HWY1 SAFETY AND OPERATIONAL IMPROVEMENTS
48628	3726	NICOLAS LASZKIEWICZ	11/05/2020	1,305.00	TRANSLATION SERVICES
48629	4472	ON POINT LANGUAGE SOLUTIONS LLC	11/05/2020	1,768.14	TRANSLATION SERVICES
48630	3956	PENINSULA MUNICIPAL ENGINEERING	11/05/2020	14,952.00	AUG'20, ENGINEERING SERVICES, HWY 1 SOUTH SAFETY AND
48631	5177	PRINT INNOVATIONS, INC.	11/05/2020	817.50	FULL COLOR CORRUGATED PLASTIC SIGNS
48632	252	RICE TRUCKING-SOIL FARM INC.	11/05/2020	65.55	MAINT SUPPLIES
48633	2385	RON CARDOZA	11/05/2020	4,140.00	MAINT SERVICE
48634	165	STRAWFLOWER ELECTRONICS	11/05/2020	65.50	MAINT SUPPLIES
48635	3519	SWCA INCORPORATED	11/05/2020	4,216.48	SEP'20 VEGETATION MANAGEMENT
48636	4487	THE HOME DEPOT PRO	11/05/2020	804.54	MAINT SUPPLIES
48637	3211	THE LEW EDWARDS GROUP	11/05/2020	5,750.00	OCT'20, FY20/21 CONTRACT SERVICES
48638	1497	TURBO DATA SYSTEMS	11/05/2020	939.18	CITATION PROCESSING
48639	4459	VICTOR GAITAN	11/05/2020	31.62	TRAVEL REIMBURSEMENT
48640	1244	AAA FIRE PROTECTION SERVICES	11/12/2020	1,206.10	MAINT SERVICE
48641	4085	ACC ENVIRONMENTAL CONSULTANTS INC.	11/12/2020	2,800.00	PHASE 1 ENVIRONMENTAL REPORT
48642	3332	AMERICAN PORTABLES	11/12/2020	2,979.88	OCT'20, FY20/21 PORTABLE RESTROOM FACILITIES
48643	2407	ARAMARK	11/12/2020	994.65	MAINT SERVICE
48644	444	ASSOCIATION OF BAY AREA GOVERNMENTS	11/12/2020	86.17	LEVELIZED CHARGE NAT GAS
48645	4300	AT&T	11/12/2020	43.53	PHONE SERVICE

M = Manual Check, V = Void Check

Check Number	Vendor Number	Payee	Check Issue Date	Amount	Description
48646	4300	AT&T	11/12/2020	1,235.23	PHONE SERVICE
48647	4464	AVENU MUNISERVICES	11/12/2020	564.54	SUTA Q2 2020
48648	3626	BKF ENGINEERS	11/12/2020	3,893.00	SEP'20, 880 STONE PINE ROAD LAND SUREVEYING
48649	5168	BLEYLE ELEVATOR, INC	11/12/2020	190.00	MAINT SERVICE
48650	32	CA DEPT OF TRANSPORTATION	11/12/2020	2,348.35	SIGNALS & LIGHTING
48651	1531	CALIFORNIA MUNICIPAL STATISTICS INC	11/12/2020	500.00	JUN'20 CAFR REPORT
48652	4193	CASELLE INC.	11/12/2020	3,744.00	ERP CONTRACT SUPPORT & MAINTENANCE
48653	1189	COASTSIDE FIRE PROTECTION DISTRICT	11/12/2020	98.00	SPECIAL EVENT PERMIT FEE 11/15/20
48654	3643	CORODATA RECORDS MANAGEMENT INC	11/12/2020	283.74	RECORDS MANAGEMENT
48655	3446	FLYERS ENERGY LLC	11/12/2020	1,223.25	VEHICLE FUEL
48656	76	HALF MOON BAY BUILDING & GARDEN	11/12/2020	48.27	MAINT SUPPLIES
48657	3528	HASSETT HARDWARE	11/12/2020	406.10	REC SUPPLIES
48658	2444	HOME DEPOT CREDIT SERVICES	11/12/2020	138.53	MAINT SUPPLIES
48659	3429	HUE & CRY	11/12/2020	429.00	SECURITY SERVICE
48660	4267	IMPEC GROUP INC.	11/12/2020	18,225.08	OCT'20, FY20/21 JANITORIAL & MAINTENANCE SERVICES
48661	5184	JUDE PITTMAN	11/12/2020	123.33	REGISTRATION REFUND 10/29/-12/10/20
48662	103	KIKUCHI & ASSOC.	11/12/2020	1,687.50	OCT'20, HWY1 SOUTH SAFETY AND OPEARATIONAL IMPROVE
48663	2699	KONICA MINOLTA BUSINESS SOLUTIONS	11/12/2020	1,382.01	PW NEW PRINTER
48664	1206	MARK THOMAS & CO. INC.	11/12/2020	20,964.52	SEP'20, SEWER MAINTENANCE & MANAGEMENT
48665	5182	MATTHEW SPAULDING	11/12/2020	53.00	CITATION REFUND, CIT#51040362 10/11/2020
48666	4472	ON POINT LANGUAGE SOLUTIONS LLC	11/12/2020	3,025.00	COVID TRANSLATION SERVICES
48667	3694	OPENGOV INC	11/12/2020	6,500.00	FY20/21 MANAGEMENT REPORTING
48668	5183	PAPER CRANE	11/12/2020	200.00	SPONSORSHIP DONATION REFUND
48669	3956	PENINSULA MUNICIPAL ENGINEERING	11/12/2020	14,151.00	SEP'20 ENGINEERING TRAFFIC TRANSPORTATION SERVICES
48670	3951	PUBLIC PARKING ASSOCIATES INC	11/12/2020	185.00	MAINT SERVICE
48671	5020	QUADIENT FINANCE USA, INC	11/12/2020	408.49	POSTAGE
48672	2797	SAN MATEO DAILY JOURNAL	11/12/2020	1,760.00	ADVERTISING SERVICE
48673	1484	SANDIE ARNOTT	11/12/2020	6,408.78	FY20/21 SAN MATEO COUNTY PROPERTY TAX
48674	3101	SHRED-IT USA LLC	11/12/2020	152.67	RECORDS MANAGEMENT
48675	1760	STEPFORD	11/12/2020	2,564.00	DESKTOP SUPPORT
48676	3519	SWCA INCORPORATED	11/12/2020	4,320.00	OCT'20, OCEAN COLONY PUMP STATION & FORCE MAIN
48677	4270	4LEAF INC.	11/19/2020	1,738.13	OCT'20, PLAN REVIEW AND BUILDING INSPECTIONS
48678	4211	ABUNDANT GRACE COASTSIDE WORKER	11/19/2020	17,697.13	AUG-SEP'20, COASTAL CLEAN TEAM
48679	3387	C & D HAUPT INC	11/19/2020	3,770.00	CDD IT SUPPORT
48680	293	CLEARLITE TROPHIES	11/19/2020	251.65	OFFICE SUPPLIES
48681	4086	COASTSIDE BUZZ	11/19/2020	250.00	COMMUNITY OUTREACH
48682	3975	COLANTUONO HIGHSMITH WHATLEY PC	11/19/2020	7,833.00	LEGAL SERVICES -SAM
48683	217	COUNTY OF SAN MATEO INFORMATION SVCS DE	11/19/2020	76.00	MICROWAVE SERVICE
48684	2603	H.T. HARVEY & ASSOCIATES	11/19/2020	769.50	SEP'20, 880 STONE PINE ROAD BIOLOGICAL RESOURCES ASS
48685	76	HALF MOON BAY BUILDING & GARDEN	11/19/2020	246.91	MAINT SUPPLIES

M = Manual Check, V = Void Check

Check Number	Vendor Number	Payee	Check Issue Date	Amount	Description
48686	4110	LISA POPE	11/19/2020	1,750.00	TRANSCRIPTION SERVICE
48687	2573	MARIAN POTT	11/19/2020	1,715.00	INSTRUCTOR PAYMENT DOG TRAINING 10/21-11/18/20
48688	3250	M-GROUP	11/19/2020	2,245.00	OCT'20, FY19-20 PLANNING SERVICES
48689	3934	MITEL	11/19/2020	2,732.67	SHERIFF SUBSTATION PHONE SERVICE
48690	4489	MTA PARTS INC.	11/19/2020	156.11	VEHICLE PARTS
48691	3641	NEIGHBORHOOD RADIO	11/19/2020	125.00	ADVERTISING SERVICE
48692	137	PACIFIC GAS & ELECTRIC	11/19/2020	13,881.14	PACIFIC RIDGE LIGHT POLES
48693	5020	QUADIENT FINANCE USA, INC	11/19/2020	515.00	POSTAGE
48694	29	READYREFRESH	11/19/2020	254.13	WATER FOR CORP YARD
48695	252	RICE TRUCKING-SOIL FARM INC.	11/19/2020	475.24	MAINT SUPPLIES
48696	159	SEWER AUTHORITY MID-COASTSIDE	11/19/2020	344,427.09	NOV'20, FY20/21 SEWER AUTHORITY MID-COASTSIDE OPERATI
48697	3085	SHUTE MIHALY & WEINBERGER LLP	11/19/2020	79,988.03	GENERAL MATTERS
48698	3519	SWCA INCORPORATED	11/19/2020	10,032.62	OCT'20, VEGETATION MANAGEMENT
48699	5185	TARA HATCHER	11/19/2020	40.00	NOTARY EXAM 11/18/2020
48700	4487	THE HOME DEPOT PRO	11/19/2020	647.89	MAINT SUPPLIES
48701	2440	ULINE SHIPPING SUPPLIES	11/19/2020	1,015.66	MAINTENANCE SUPPLIES
48702	3004	VERIZON WIRELESS	11/19/2020	308.32	MOBILE SERIVCES
48703	4270	4LEAF INC.	11/25/2020	14,708.40	OCT'20, BUILDING INSPECTIONS AND PLAN REVIEW SERVICES
48704	3954	ALTA PLANNING & DESIGN	11/25/2020	1,164.00	OCT'20, BIKEWAY CONNECTIVITY PROJECT-NORTH
48705	5018	BFI OF CALIFORNIA INC	11/25/2020	355.50	MAINT SERVICE
48706	4115	BIG BELLY SOLAR INC	11/25/2020	1,269.54	NOV'20, FY20/21 SMART TRASH RECEPTACLES
48707	5188	CASE4GOOD	11/25/2020	300.00	EMERGENCY RESPONSE PROGRAM -ARLETA PARK CERT
48708	3133	CHESTNUT ID	11/25/2020	16.87	UNIFORMS
48709	2861	CODE PUBLISHING COMPANY	11/25/2020	963.50	MUNICIPAL CODE WEB UPDATE
48710	2504	CRYSTAL KLINGELE	11/25/2020	62.80	PDP-19-068 DEPOSIT REIMBURSEMENT
48711	2941	CSG CONSULTANTS INC.	11/25/2020	6,045.00	SEP'20, FY20/21 NPDES STORMWATER SERVICES
48712	2603	H.T. HARVEY & ASSOCIATES	11/25/2020	3,245.50	OCT'20, 880 STONE PINE ROAD BIOLOGICAL RESOURCES ASS
48713	76	HALF MOON BAY BUILDING & GARDEN	11/25/2020	78.08	MAINT SUPPLIES
48714	3429	HUE & CRY SECURITY SYSTEMS INC.	11/25/2020	133.95	SECURITY SERVICE
48715	1283	KATHY OLER	11/25/2020	1,900.00	DEC'20 TEMPORARY CITY PARKING LOT RENTAL
48716	2699	KONICA MINOLTA BUSINESS SOLUTIONS	11/25/2020	2,270.63	PRINTER AND SCANNER LEASE AGREEMENT
48717	3922	LLOYD A MCVICKER	11/25/2020	3,062.50	DEC'20 ANNEX RENT
48718	3069	MANAGED HEALTH NETWORK	11/25/2020	168.00	EAP
48719	457	OFFICE DEPOT INC.	11/25/2020	112.79	FINANCE OFFICE SUPPLIES
48720	3694	OPENGOV INC	11/25/2020	8,800.00	FY20/21 OPEN TOWN HALL DATABASE MANAGEMENT
48721	137	PACIFIC GAS & ELECTRIC	11/25/2020	581.05	PANEL RELOCATION-202 FAIRWAY DR
48722	3359	PACIFICA COMMUNITY TELEVISION	11/25/2020	14,900.00	FY20/21 Q1 RECORDING SERVICE
48723	3372	PENINSULA OPEN SPACE TRUST	11/25/2020	3,025.00	DEC'20 CORP YARD LEASE-880 STONE PINE ROAD
48724	261	PETERSON POWER SYSTEMS	11/25/2020	6,326.85	OCT'20, BACK-UP GENERATOR SERVICES
48725	5177	PRINT INNOVATIONS, INC.	11/25/2020	523.30	FULL COLOR CORRUGATED PLASTIC SIGNS

M = Manual Check, V = Void Check

Check Number	Vendor Number	Payee	Check Issue Date	Amount	Description	
48726	5187	SAMANTHA CHAPMAN	11/25/2020	123.33	REGISTRATION REFUND DOG TRAINING 10/29-12/10/20	
48727	216	SAN MATEO COUNTY SHERIFF'S OFFICE	11/25/2020	751,410.50	Q2, FY20/21 LAW ENFORCEMENT SERVICES	
48728	3757	SCHAFF & WHEELER	11/25/2020	10,245.00	OCT'20, SEWER LIFT STATION REPAIRS	
48729	5186	Street Smart Rentals	11/25/2020	19,557.00	HWY1 SOUTH SAFETY & OPERATIONAL IMPROVEMENTS	
48730	1423	THE GRAPHIC WORKS	11/25/2020	1,442.73	WEB DESIGN	
48731	3701	V. W. HOUSEN & ASSOCIATES INC.	11/25/2020	33,419.50	JUL-OCT'20, FY20/21 SEWER SYSTEM SUPPORT SERVICES	
48732	3871	WEST COAST ARBORISTS INC	11/25/2020	3,000.00	GENERAL TREE MAINTENANCE SERVICES	
48733	4429	WESTERN EXTERMINATOR COMPANY	11/25/2020	1,167.00	OCT'20, EXTERMINATOR SERVICES	
48753	3923	WELLS FARGO	11/04/2020	15,432.30	10/08/20 AMZN/COVID TESTING	M
Grand Totals:						
125				1,580,496.42		

Report Criteria:
Report type: Summary
Check.Type = "Calculated","manual"

M = Manual Check, V = Void Check

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 15, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: Lisa Lopez, Administrative Services Director
Kenneth Stiles, Senior Accountant

TITLE: **COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

RECOMMENDATION:
Adopt a resolution receiving the City of Half Moon Bay Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020

FISCAL IMPACT:
There is no fiscal impact associated with the adoption of these resolutions.

STRATEGIC ELEMENT:
This recommendation supports the Fiscal Sustainability and Inclusive Governance Elements.

BACKGROUND:
The City of Half Moon Bay annually conducts an independent audit of financial transactions and issues the Comprehensive Annual Financial Report (CAFR). The CAFR Report has been prepared in conformity with the Governmental Accounting and Financial Reporting Standards.

An independent audit was conducted by the auditing firm Maze & Associates (Maze) in conformity with General Accepted Auditing Standards. The City received a clean audit opinion on the financial statements.

The City's CAFR presents an easily readable and organized report of the City's financial transactions and provide the users of government financial statements with a wide variety of information needed to help them evaluate the financial condition of the City. The final step in preparing these financial statements is to present them to the City Council for its acceptance.

The CAFR document (Attachment 2) is composed of the following parts:

- Introductory Section including letter of transmittal
- Independent Auditors' Report
- Management Discussion and Analysis

- Basic City-wide and fund level financial statements
- Explanatory notes to financial statements, supplemental schedules
- Supplementary information
- Statistical section

The transmittal letter included in the CAFR provides information on the City's profile, financial planning and budgeting, and the local economy.

DISCUSSION:

The General Fund is the City's primary operating fund. It receives unrestricted revenues and provides general administrative services, law enforcement and animal control services, and land development-related activities such as planning, building, and engineering. The City's General Fund balance on June 30, 2020, was $10.6 million, of which $7.3 million was committed and the balance $3.3 million was unassigned. The fund balance on June 30, 2020 shows a decrease of $300K, or 3%, from the prior year. The decrease is primarily due to impacted revenues from the COVID-19 pandemic.

The Management Discussion & Analysis (MD&A) section of the CAFR summarizes the financial results for the fiscal year ended June 30, 2020 and provides explanations for changes from the prior fiscal year.

The City of Half Moon Bay was the honored recipient of the "Certificate of Achievement for Excellence in Financial Reporting" award presented by the Government Finance Officers Association (GFOA) of the United States and Canada in recognition for the City's 2018-19 CAFR. The City believes that this year's CAFR document continues to conform to the highest standards in government accounting and financial reporting requirements and will qualify for a Certificate of Achievement Program. The document will be submitted to the GFOA for consideration for the award this year.

<u>Looking Forward</u>

During the budget development for Fiscal Year 2020-21, the City estimated that the fund balance on June 30,2020 would be $7.3 million. With the audit complete, an updated fund balance summary is detailed below:

General Fund Balance Summary		
	FY2020-21 Adopted	FY2020-21 Final
Beginning Fund Balance	7,300,000	10,634,152
Revenues	12,807,303	12,807,303
Expenditures	(13,439,508)	(13,439,508)
Budget Adjustments		*(413,700)*
Net Change to Fund Balance	**(632,205)**	**(1,045,905)**
	-	
Ending Fund Balance	6,667,795	9,588,247
Operating Contingency	(3,746,853)	(3,746,853)
Economic Uncertainty	(2,497,902)	(2,497,902)
Unassigned	**423,040**	**3,343,492**

Due to the uncertainty surrounding the pandemic and the economy, the City planned for unassigned balances through FY2020-21 to be $423K. With the audited beginning fund balance of $10.6 million, the City anticipates unassigned balances to be $3.3 million.

Unassigned balances represent funds that have not yet been programmed for a particular purpose. Although much higher than anticipated, staff recommends deployment of such funds to be discussed during the mid-year process.

ATTACHMENTS:

1. Resolution accepting the City of Half Moon Bay Comprehensive Annual Financial Report
2. Draft Comprehensive Annual Financial Report (CAFR) Fiscal Year Ended June 30, 2020

Resolution No. C-2020-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY TO ACCEPT THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDING JUNE 30, 2020

WHEREAS, the City of Half Moon Bay contracted with the audit firm of Maze & Associates to conduct an audit of the City's financial records in accordance with Governmental Accounting Standards Board (GASB) Statement 34; and

WHEREAS, the financial statements for the Fiscal Year ending June 30, 2020 as prepared by said firm have been completed; and

WHEREAS, it is recommended that the City Council accept the financial statements, known as the Comprehensive Annual Financial Report (CAFR);

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby adopts a resolution to accept the City's Comprehensive Annual Financial Report (CAFR) as prepared by Maze & Associates for the Fiscal Year ending June 30, 2020.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 15th day of December, 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST: APPROVED:

_____ _____

Jessica Blair, City Clerk Mayor



THE CITY OF
HALF MOON BAY
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

Review Draft

CITY OF HALF MOON BAY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended June 30, 2020

Prepared by
Finance Department

Review Draft



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Review Draft

CITY OF HALF MOON BAY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

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CITY OF HALF MOON BAY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF HALF MOON BAY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF HALF MOON BAY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

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Review Draft

INTRODUCTORY SECTION

Review Draft



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CITY OF HALF MOON BAY

507-B Purissima Street
Half Moon Bay, CA 94019

December 15, 2020

Honorable Mayor,
Members of the City Council,
And Citizens of Half Moon Bay

It is a pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Half Moon Bay (the City) for the fiscal year ended June 30, 2020. The intent of this report is to provide a full and transparent understanding of the City's financial activities. The report is prepared in compliance with California Government Sections 25250 and 25253, in accordance with Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB), and continuing disclosure requirements of the Securities and Exchange Commission (SEC) related to the City's debt.

This report consists of management's representations concerning the finances of the City of Half Moon Bay. Consequently, responsibility for both the accuracy of the data and the fairness of this presentation, including all disclosures, rests with the City's management. To present a reasonable basis for making these representations, management personnel of the City have established and maintained a comprehensive internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is 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 likely to be derived and that the valuation of costs and benefits requires estimates and judgment by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to represent fairly the financial position and results of operation of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The City's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants in Pleasant Hill, California. The independent auditor has issued an unmodified (or "clean") opinion on the City's financial statements for the year ended June 30, 2020.

Review Draft

GAAP requires that management provide a narrative of introductions, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the report of the independent auditors in the financial section. This letter complements the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

Named San Benito in the 1840's and later Spanishtown, Half Moon Bay received its current name in 1874 and is the oldest settlement in San Mateo County. Considered a rural coastal community, the City is home to approximately 13,000 people. There is a rich culture of different traditions and multi-generational families who have lived in Half Moon Bay for well over 100 years. In any given neighborhood you will find farmers, high tech entrepreneurs, and artists living together. At the crossroads of Highway 1 and Highway 92, Half Moon Bay is approximately 25 miles south of San Francisco and a 45 minute drive from almost anywhere in the Bay Area.

The City and Coastside are a thriving agricultural, fishing and tourism destination. The local and growing organic agricultural community hosts a Saturday farmers' market and many rural roadside stands sell the bounty of the local farms and nurseries. About 3,000 tons of pumpkins are grown on the Coastside every year and the ripening pumpkins are featured in the Art and Pumpkin Festival held each October on the downtown historic Main Street. The annual festival draws more than 200,000 visitors for the two day event.

As a popular tourist destination, Half Moon Bay offers a wide variety of public and private attractions. Main Street is home to shops, art galleries, and fine dining. The Coastal Trail provides recreation for biking, pedestrian and equestrian users. Golf can be enjoyed at two acclaimed golf courses. Half Moon Bay boasts truly unique lodging with breathtaking ocean views, world-class hotels, and quaint cottages. And the enduring natural beauty of the beaches is enjoyed by all.

The City of Half Moon Bay was incorporated in 1959 and operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the governing City Council, which consists of five Councilmembers. Councilmembers are elected to overlapping four-year terms and, from amongst themselves, select a Mayor and Vice Mayor each December. The Council is responsible for passing ordinances, adopting the budget, appointing Planning Commission and Volunteer Committee members and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, providing leadership to the City's programs, overseeing the day-to-day operations of the City, and appointing City staff.

By means of its own employees and through other shared or contract services, the City provides a variety of municipal services including law enforcement; library; disaster preparedness; recreation programs; maintenance of streets, parks and buildings; sanitary sewer utility collection and maintenance; planning, zoning and building inspection; storm drain maintenance; code and parking enforcement; engineering; sanitary sewer utility treatment and distribution; and general

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administrative services. Fire protection services are provided by a special district that is not a part of the City's reporting entity.

FINANCIAL OPERATIONS

BUDGET PROCESS

The annual budget serves as the foundation for the City's financial planning and control of expenditures. The City's budget document also reflects the One-Year and Five-Year Capital Improvement Program and the Five-Year Forecast.

The City prepares and adopts its budget in accordance with California Government Sections 29000 and 29143. The Council holds a public hearing on the proposed budget and adopts a final budget by the end of June, the close of the City's fiscal year.

A program budget is used to plan, prioritize and guide municipal operations. The City uses the modified accrual basis of accounting for all Governmental Funds and the accrual basis of accounting for Propriety Funds and Fiduciary Funds. Budgetary controls ensure compliance with the annual appropriated budget approved by the City Council. The City Council may amend the annual budget by resolution. Transfers of appropriations between departments or programs within the same fund can be approved administratively by the City Manager and Finance Director. Transfers between funds require the approval of the City Council. Accordingly, the lowest level of budgetary control established by the City Council is at the department level.

Budget-to-actual comparisons are presented in the supplementary section of the accompanying financial statements for each individual governmental fund for which an appropriated annual budget has been adopted.

FINANCIAL CONTROL

The Finance Department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's systems of internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

The City's Reserve Policy per Resolution C-2020-60 states that a reserve equal to 50% of General Fund annual operating expenditures is to be set aside to reduce the risk of financial impacts from catastrophic disasters; respond to the challenges of changing economic environment, including prolonged downturns in the local, state, and national economy; and demonstrate continued prudent fiscal management and creditworthiness.

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MAJOR INITIATIVES AND ACCOMPLISHMENTS

A number of important initiatives were delivered in the past year. These projects were a combination of capital and operational improvements, increased engagement with the community, and improvement of infrastructure. Some of the accomplishments include:

1. Completed major Capital Improvement Projects, including:
   - Kelly / Highway 1 Drainage Project
   - Ocean View Park – Permanent Restrooms and Site Improvements
   - Ted Adcock Community Center Kitchen Remodel
   - Streetlight Upgrades on Main Street
   - Vertical Access at Poplar Beach
   - Stair Repair at Canada Verde

2. Major Projects in Progress:
   - Main Street Bridge Rehabilitation
   - Highway 1 North Safety Project
   - Highway 1 South Safety Project
   - Eastside Parallel Trail Expansion
   - Poplar Street Parallel Path
   - Equestrian Beach Access
   - Corporate Yard Improvements
   - Town Center Master Plan
   - Climate Action and Adaptation
   - Enterprise Resource Planning – Financial Software Upgrade
   - Ocean Colony Pump Station Replacement Project

3. Other accomplishments:
   - Coordinated a telecommuting protocol and negotiated key changes to current MOU's enabling efficient City operations during the ongoing pandemic crisis
   - Completed Planning Commission public review draft of the Local Coastal Plan Amendment (LCP)
   - Created a robust COVID-19 response plan
   - Managed the process of converting to district-based elections to comply with the California Voting Rights Act
   - Led outreach and research efforts to consider increasing the City's minimum wage to $15 per hour, which was approved by the Council and will take effect January 1, 2021
   - Completed design and awarded contract for the Ocean Colony Pump Stations and Force Main Project

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Much of the work focuses on enhancing and beautifying the community, as well as creating processes and organizational improvements which allow Staff to better carry out their core functions in serving the public. The 2019-24 Five-Year Capital Improvement Program (CIP) provides in depth project-by-project information and how it aligns with the City's Strategic Plan.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the perspective of the environment in which the City operates. During Fiscal Year 2019-20, the City faced unprecedented challenges with the global COVID-19 pandemic and the subsequent economic downturn. This downturn has negatively impacted City revenues, in particular transient occupancy and sales tax receipts. At the time of this report, the downturn is still expected to impact revenues into future fiscal years.

Local Economy

Employment in Half Moon Bay is concentrated in three major sectors: professional services; farm and agriculture; and retail/food services. The 2019 average unemployment rate for California was 4.1%, San Mateo County was 1.8%, and the City of Half Moon Bay was 1.6%. However due to the COVID-19 pandemic, the unemployment rate peaked as high as 11.4% for San Mateo County during the month of April 2020. While this rate has decreased slightly since, unemployment remains a concern as the pandemic continues.

A significant driver of the economy has continued to be the local real estate market, which saw another year-over-year increase in assessed value. Half Moon Bay's total assessed value for 2019-20 is $3.3 billion, which is a 6.4% increase over 2018-19. Housing prices continue to remain strong, though future performance appears uncertain as the country is in an economic downturn. Additional challenges for the City include a volatile equities market and uncertainty related to interest rates and inflation.

Two of the most pressing concerns for the City are its disproportionate reliance on tourism and the pandemic's impact on transient occupancy tax (TOT) and local sales tax revenues; as well as, steadily rising City employee labor costs including pension obligations. TOT is the City's largest revenue source, and one of the most vulnerable in an economic downturn. TOT revenue in 2019-20 was $5,291,821, a 42% increase over ten years ago but a 22% decrease from the prior year. 91% of revenue collected in this category is from hotels, motels, and lodges; short-term vacation rental receipts have provided a modest increase to this revenue category. The TOT rate for FY 2019-2020 remained unchanged at 12%.

As a result of past City Council actions, the escalating pension costs facing many CalPERS agencies are not projected to have as severe an impact in Half Moon Bay. Nevertheless, these expenses will still present a challenge for the City as annual Unfunded Pension Liability costs are expected to rise approximately $317,466 (or over 36%) by FY 2026-27. These costs coupled with increased demand for essential City services and enhanced infrastructure investment, to maintain and enhance City assets, will strain City finances. Staff will continue to monitor these conditions moving forward, and

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make budgetary adjustments as necessary, to ensure the City can sustain long-term financial health.

Long-Term Financial Planning

The long-term financial plan of the City continues to include cost containment strategies and a comprehensive cost recovery program, both designed to ensure the long-term financial health of the City. Although the City's long-term financial outlook shows stability, this is achieved through the use of general fund reserves while the economic downturn continues.

The most recent Five-Year Financial Forecast projects structural deficits beginning in 2019-20 and ending in FY 2023-24. With this information, the City looked to a tax measure to increase revenues to decrease these future deficits. In November 2020, voters passed Measure U effectively raising the Transient Occupancy Tax rate to 15% by 2022. The City anticipates this measure to generate more revenues to offset rising costs.

Additionally in FY 2019-20, the City Council created a new reserve, an Economic Uncertainty Reserve, to smooth the effects of dramatic downturn in the economy that may negatively impact revenues. The goal of this new reserve is to retain 20% of budgeted annual operating expenditures. While the use of this reserve is anticipated in future fiscal years, the City's long-term goals include fully funding both the economic uncertainty and the operating reserve to be a total of 50% of annual operating expenditures.

The City's long term strategic plan, adopted on March 15, 2018, addresses the following four Strategic Elements:

- Fiscal Sustainability
- Healthy Communities and Public Safety
- Inclusive Governance
- Infrastructure and Environment

Based on these Strategic Elements, the City Council annually adopts strategic initiatives to guide the City's actions, work plans, and efforts on addressing the City's priorities.. The Council addresses the City's long-term fiscal sustainability by retiring debt early, improving reserves, investing in infrastructure, and marketing the City to visitors to improve key revenue sources, such as Transient Occupancy and Sales Tax. The City continues to maintain a balance between ongoing revenues and ongoing costs as part of its overall long-range strategic financial planning.

Risk Management

Comprehensive general liability coverage is provided through the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA). The plan consists of a self-insurance pool involving a number of cities in the San Francisco-Oakland area. The cities contract with the Plan through a liability coverage agreement that is very similar to a comprehensive general liability, commercial auto, and public officials' errors and omissions policy. The City's limit in the pool is $5,000,000 with a $50,000 per occurrence deductible for which it self-insures.

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For Workers' Compensation coverage, the City participates in the Cities Group, created by a joint powers agreement to provide workers compensation coverage of up to $10,000,000 per occurrence in excess of $1,000,000 for miscellaneous employees. The Group acts as administrator, claim adjuster and provides other risk management services as required by State law. Each member of the Group pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the Group. Additional information concerning the City's participation in risk pools for liability and workers' compensation is provided in Note 10 to the financial statements.

The City focuses on identification of hazards and dangerous conditions, and provides on-going training in an effort to reduce exposure and ensure public safety and welfare.

AWARDS AND ACKNOWLEDGEMENTS

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 of Half Moon Bay for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are pleased to submit it to the GFOA to determine its eligibility.

We would like to take an opportunity to thank the Administrative Services Department staff. Special thanks to Kenneth Stiles, Senior Accountant; Bryan Lopez, Senior Management Analyst; Julissa Acosta, Accounting Technician; Raymond Cruz, Accounting Technician; and Maggie Rodriguez, Administrative Assistant for their efforts during the annual audit process and contribution to this report. We also would like to express deep appreciation to the audit team from Maze and Associates for their professional work and assistance during the audit process and throughout the year.

Finally, we would like to express our appreciation to the City Council, the operating departments, and the Council Finance Committee for their interest and support toward conducting the financial operations of the City in a responsible manner with emphasis on transparency, ethics and fiscal responsibility.

Respectfully submitted,

Signed: Bob Nisbet _____ Lisa Lopez _____

Bob Nisbet
City Manager

Lisa Lopez
Administrative Services Director

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Half Moon Bay
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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City of Half Moon Bay

City Council



Mayor Adam Eisen



Vice Mayor
Robert Brownstone



Councilmember
Debbie Ruddock



Councilmember
Deborah Penrose



Councilmember
Harvey Rarback

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City of Half Moon Bay

Executive Team



City Manager
Bob Nisbet



City Attorney
Catherine Engberg



Communications Director/
City Clerk Jessica Blair



Deputy City Manager
Matthew Chidester



Public Works Director
John Doughty



Community Development
Director Jill Ekas



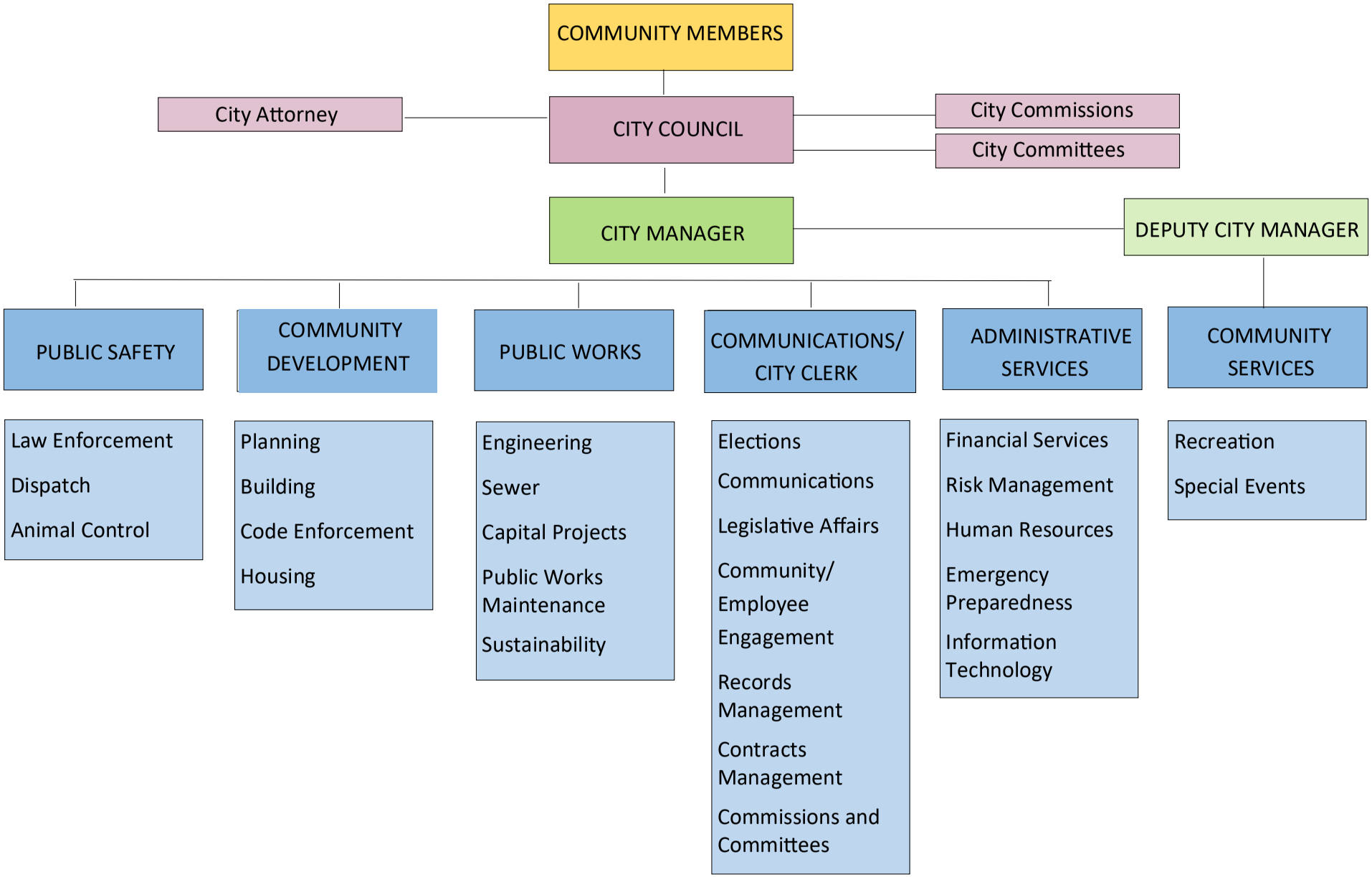
Captain Saul Lopez
San Mateo County Sheriff



Lisa Lopez
Administrative Services Director

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City of Half Moon Bay Organizational Chart



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FINANCIAL SECTION

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MAZE & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Half Moon Bay, California

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

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E maze@mazeassociates.com
W **mazeassociates.com**

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Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplementary 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.

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 30, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Half Moon Bay (the City), we offer readers of the City of Half Moon Bay's financial statements this overview of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in our letter of transmittal and the City's basic financial statements.

Financial Highlights

- The City's government-wide assets exceed its liabilities on June 30, 2020, by $139.9 million, which is less than 1% or $1.2 million increase from the prior year. Of this amount, $47.5 million may be used to meet the City's ongoing obligations to citizens and creditors, which is a 21% increase over the prior year's unrestricted net position of $39.1 million.

- The City's cash and investments on June 30, 2020 totaled $46.7 million, of which $34.5 million is classified as government activities and $12.2 million as Business-type activity. The City's cash and investments decreased by $14.8 million, or 24% compared to the prior year.

- The City had outstanding long-term obligations of $10.9 million in judgment obligation bond debt (Series B). The City retired this bond in August 2019. The debt service for this final payment was made from an irrevocable escrow trust that was established in July 2013 from an insurance settlement to pay down the Judgment Obligation Bonds on the first available call dates on the bonds. The City Council had made the strategic decision that the best use of these monies was to pay down the Judgment Obligation Bonds early. This debt reduction plan facilitated a complete pay down on the bonds two decades earlier than originally scheduled.

- During the 2014-15 fiscal year, the City implemented the Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, which resulted in adjustments to pension expenses and reporting the City's long-term net pension liability of $11.2 million on the FY 2019-20 Statement of Net Position. GASB No. 68 is intended to improve accounting and financial reporting by state and local governments that provide pension benefits. The Net Pension Liability increased by $689 thousand from the $10.7 million recorded last year.

- Deferred outflows of resources were $2.6 million, of which $2.5 million was generated by governmental activities and $92K from business-type activities. Inflows decreased by 2% from the prior year. Deferred inflows of resources were $972K of which is a decrease of 7% from the prior year.

- City-wide revenues were $26.1 million, of which $18.9 million was generated by governmental activities and $7.2 million by Business-type activities. Revenues decreased by 12% from the prior year primarily due to a decrease in capital grants and contributions.

- City-wide expenditures were $24.8 million, of which $18.9 million was incurred by governmental activities and $5.9 million by Business-type activities. Expenditures increased by 15% from the prior year mostly due to rising costs in sewer utilities and public works.

- The City's General Fund balance as of June 30, 2020 was $10.6 million, a decrease of roughly $322 thousand as compared to the prior year's amount of $10.9 million. This decrease is primarily due to a decrease in expenditures and net transfers out.

- For the fiscal year ended June 30, 2020, Governmental Fund expenditures and net transfers exceeded revenues by $12.4 million, primarily attributed to the final $10.9 million dollar payment

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of the Judgement Obligation Bond. The governmental funds' combined ending fund balance as of June 30, 2020 is $56.6 million, a 18% decrease from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis section is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains a transmittal letter, other required supplementary information, optional section that presents combining statements for non-major governmental funds and internal service funds, and statistical section.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Both are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial condition.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

These two statements that comprise the government-wide financial statements both distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type activities). The governmental activities of the City include its general government, public safety, public works and building regulation, parks and recreation, and planning programs. The sole Business-type activity of the City is the City's sewer utility.

The government-wide financial statements normally include, not only the City of Half Moon Bay itself (known as the primary government), but also a legally separate Community Development Agency of the City of Half Moon Bay for which the City of Half Moon Bay is financially accountable. Although the Agency is an integral part of the primary government, no financial information has been included for this component unit since it has been inactive for over ten years.

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 of Half Moon Bay uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Half Moon Bay maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Streets and Roads Fund, and the Judgment Obligation Bond Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Combining Balance Sheet and Individual Fund Statements of Revenues, Expenditures and Changes in Fund Balances sections of the report.

The City of Half Moon Bay adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison schedule has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-32 of this report. The budgetary comparison schedule for the General Fund can be found on page 85.

Proprietary Funds

The City of Half Moon Bay maintains two types of proprietary funds: Internal Service funds and Enterprise (Proprietary) funds.

Internal Service Funds

Internal Service funds are used to accumulate resources and allocate costs internally among the City's various functions. The City uses internal service funds to account and reserve for the purchase and maintenance of City vehicles and equipment, to account and reserve for risk management activities, and to stabilize for fluctuations in pension costs. Because these services exclusively benefit the governmental functions, they have been included within governmental activities in the government-wide financial statements.

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Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily by user charges. The City uses an enterprise fund to account for the financial activity of the City's sewer operation.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The enterprise funds are also combined into a single, aggregated presentation in the proprietary fund financial statements that can be found on pages 33-35 of this report.

Notes to the Basic Financial Statements

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-74 of this report.

Other Information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including schedule of proportionate share of the net pension liability, contributions, funding progress for the City's obligation to provide other post-employment benefits to its employees and budgetary comparison schedules for the General Fund and the other funds. Required supplementary information can be found on pages 77-87 of this report.

The combining statements for non-major governmental funds and internal service funds are presented on pages 94-108, and the Statistical Section follows on page 115.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table provides a condensed statement of net position as of June 30, 2020 and 2019:

CITY OF HALF MOON BAY
Comparative Statement
Statement of Net Position
Year Ended June 30, 2020

	Governmental Activities		Business Type Activities		Total		
	2020	2019	2020	2019	2020	2019	Variance
Current and other assets	$ 36,644,359	$ 50,450,814	$ 20,993,839	$ 20,447,113	$ 57,638,198	$ 70,897,927	-19%
Land held for resale	26,823,920	26,823,920			26,823,920	26,823,920	0%
Capital assets	68,470,868	66,527,017	4,587,090	4,566,718	73,057,958	71,093,735	3%
Total Assets	131,939,147	143,801,751	25,580,929	25,013,831	157,520,076	168,815,582	-7%
Deferred outflows of resources							
Related to OPEB	12,841		642		13,483	-	
Related to pension	2,575,375	2,691,811	92,025	57,565	2,667,400	2,749,376	-3%
	2,588,216	2,691,811	92,667	57,565	2,680,883	2,749,376	-2%
Long-term liabilities outstanding	4,956,180	16,175,020	335,734	142,343	5,291,914	16,317,363	-68%
Other liabilities	13,913,610	15,396,875	90,982	153,981	14,004,592	15,550,856	-10%
Total Liabilities	18,869,790	31,571,895	426,716	296,324	19,296,506	31,868,219	-39%
Deferred inflows of resources							
Related to OPEB	7,493	880	368	38	7,861	918	756%
Related to pension	935,996	906,741	28,864	139,615	964,860	1,046,356	-8%
	943,489	907,621	29,232	139,653	972,721	1,047,274	-7%
Net position:							
Net Investment in capital assets	62,744,013	60,800,162	4,587,090	4,566,718	67,331,103	65,366,880	3%
Restricted	16,416,110	27,738,822	8,692,609	6,385,095	25,108,719	34,123,917	-26%
Unrestricted	35,553,961	25,475,062	11,937,949	13,683,606	47,491,910	39,158,668	21%
Total Net Position	$ 114,714,084	$ 114,014,046	$ 25,217,648	$ 24,635,419	$ 139,931,732	$ 138,649,465	0.9%

Note: Total assets + deferred outflows – total liabilities – deferred inflows = total net position

Net Position reflects the difference between assets and liabilities. Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Half Moon Bay, assets exceeded liabilities by $139.9 million on June 30, 2020, with invested capital assets of $67.3 million, $25.1 million restricted and an unrestricted net position of $47.5 million. Portions of the unrestricted net position may by law or contract be used only for specified purposes and may not necessarily be used for any general governmental purpose.

The net investment in capital assets reflecting the investment in capital assets (e.g. land, buildings, facilities, vehicles, equipment, and infrastructure) is $67.3 million and represents 48% percent of the City's net position. This portion has increased by $1.9 million or 3%, a slight increase of capital assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the net investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position accounts for $25 million, or 18% percent, of the City's total net position. The restricted net position decreased by $9 million or 26% percent in fiscal year 2019-20. This portion of the net position can only be spent for specific purposes stipulated by external resource providers or legislation. This increase is from revenues exceeding expenditures in the non-major governmental funds category.

The unrestricted net position of $47.5 million, or 34% percent of the City's total net position, increased by $8.3 million or 21% percent. The increase is from a decrease in long term liabilities. This portion of the

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net position may be used to meet the government's ongoing obligations to residents and creditors, although portions of the unrestricted net position may by law or contract be only used for specified purposes and may not necessarily be used for any general governmental purpose.

Statement of Activities

The following table provides a condensed statement of activities for the fiscal year ended June 30, 2020, as compared to June 30, 2019:

CITY OF HALF MOON BAY
Comparative Statement
Statement of Activities
Year Ended June 30, 2020

	Governmental Activities		Business-type Activities		Total		
	2020	2019	2020	2019	2020	2019	Variance
Program revenues:							
Charges for services	$ 1,247,639	$ 1,478,683	$ 4,540,020	$ 4,533,846	$ 5,787,659	$ 6,012,529	-4%
Operating grants and contributions	786,552	1,390,373			786,552	1,390,373	-43%
Capital grants and contributions	627,168	5,090,594			627,168	5,090,594	-88%
Subtotal	2,661,359	7,959,650	4,540,020	4,533,846	7,201,379	12,493,496	-42%
General revenues:							
Property taxes	3,667,867	3,613,782			3,667,867	3,613,782	1%
Sales and use taxes	3,042,265	2,804,748			3,042,265	2,804,748	8%
Transient occupancy taxes	5,291,821	6,828,108			5,291,821	6,828,108	-22%
Other taxes	1,346,187	1,242,286			1,346,187	1,242,286	8%
Other general revenues	2,923,153	1,960,967	2,690,004	771,733	5,613,157	2,732,700	105%
Subtotal	16,271,293	16,449,891	2,690,004	771,733	18,961,297	17,221,624	10%
Total revenues	18,932,652	24,409,541	7,230,024	5,305,579	26,162,676	29,715,120	-12.0%
Expenses							
General government*	4,981,025	4,722,479			4,981,025	4,722,479	5%
Public safety	4,631,203	3,975,865			4,631,203	3,975,865	16%
Public works	3,754,258	3,506,195			3,754,258	3,506,195	7%
Recreation services	1,808,657	1,167,467			1,808,657	1,167,467	55%
Planning	3,286,029	2,784,468			3,286,029	2,784,468	18%
Interest and fiscal charges	468,852	937,704			468,852	937,704	-50%
Sewer utility			5,950,383	4,562,513	5,950,383	4,562,513	30%
Total expenses	18,930,024	17,094,178	5,950,383	4,562,513	24,880,407	21,656,691	15%
Increase(Decrease) in net position before transfers	2,628	7,315,363	1,279,641	743,066	1,282,269	8,058,429	-84%
Transfers	697,412	674,430	(697,412)	(674,430)	-	-	0%
Increase (Decrease) in net position	700,040	7,989,793	582,229	68,636	1,282,269	8,058,429	-84%
Net position - As of July 1	114,014,046	106,024,253	24,635,419	24,566,783	138,649,465	130,591,036	
Prior Period Adjustment	-		-		-	-	
Net position - As of July 1, as restated	114,014,046	106,024,253	24,635,419	24,566,783	138,649,465	130,591,036	6%
Net position - As of June 30	$ 114,714,086	$ 114,014,046	$ 25,217,648	$ 24,635,419	$ 139,931,734	$ 138,649,465	1%

Governmental Activities

The City's Governmental net position increased by $700 thousand or less than 1% in fiscal year 2019-20, primarily due to decreasing revenues.

Revenues Highlights:

- Total general revenues decreased by $178 thousand or 1% from the prior year, primarily due to decreases in transient occupancy tax but significant increases in other general revenues.
  - Transient Occupancy Tax (TOT), the City's largest source of general revenue decreased by $1.5 million or 22% from prior year.
  - Sales Tax, the second largest source of general revenue increased slightly by $237K or 8% from the prior year.
  - Property Tax, the third largest source of general revenue remained relatively flat with a slight increase of $54K or 1% from the prior year.

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- Other General Revenues include investment income and other miscellaneous revenues. The amount from government activities increased by $962K or 49% from prior year. This is primarily due to $400K of one-time interest savings from the closure of the job obligation bond.

Expenses for Government Activities increased by $1.8 million or 10% from the prior year, this is primarily due to rising costs in public safety and recreation services.

Business-type Activities

The City's sole Business-type activity is the sewer fund. The City's total Business-type net position increased by $582 K, primarily due to the following factors:

- Total revenues increased significantly with an increase of $1.9 million or 36% from the prior year. However, revenues from charges for services only increased by $6K, with the remaining increase coming from other general revenues. Other general revenues include any gain/loss on investment in the Sewer Authority Mid-Coastside (SAM) and interest income.

- The City is a member of the SAM joint power authority and exercises significant influence over SAM's operations; therefore, the share of the City's investment in SAM's net position is reflected in the City's financial statements. In 2019-20 the City recognized an unrealized gain on this investment of $2.3 million.

- Expenses from Business-type Activities increased by $1.3 million as compared to fiscal year 2018-19. This is primarily due to increases in salaries, contract services, and repairs.

FUND FINANCIAL ANALYSIS

As noted above, the City uses fund accounting to ensure and demonstrate compliance with governmental finance-related legal requirements.

Governmental Funds

The Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balance of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The following is a schedule of revenues, expenditures, and changes in fund balances for each of the major governmental and aggregate non-major governmental funds recorded on the modified accrual basis of accounting:

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CITY OF HALF MOON BAY
Comparative Statement
Governmental Funds Statement of Revenues, Expenditures and Fund Balance
Year Ended June 30, 2020

	2020	2019	Variance
Revenues	$ 18,770,648	$ 23,583,635	-20%
Expenditures	29,866,615	18,868,565	58%
Transfers (net)	(1,351,247)	(379,640)	256%
Net Change in Fund Balances	(12,447,214)	4,335,430	-387%
Fund balances at beginning of year	69,127,521	64,792,091	7%
Fund balances at end of year	56,680,307	69,127,521	-18%
Non-spendable	26,823,920	26,823,920	
Restricted	16,416,110	27,738,822	-41%
Committed	7,300,642	6,646,354	10%
Assigned	2,806,125	1,244,495	125%
Unassigned	3,333,510	6,673,930	-50%
Total fund balances	56,680,307	69,127,521	-18%

As of June 30, 2020, the City's governmental funds reported combined fund balances of $56.6 million, a decrease of $12.4 million in comparison with June 30, 2019, which is primarily attributed to a 58% increase in expenditures. The governmental funds expenditures were $29.8 million in fiscal year 2019-20, a $10.9 million increase over the prior year, mostly due to the final $10.9 million judgement obligation bond payment.

The governmental funds' fund balance is comprised of the following:

- Non-spendable is $26.8 million (47% of total balance) which represents the value of land held by the City. There has been no change in this amount from the prior year.
- Restricted is $16.4 million (29% of the total balance), which can only be spent for specific purposes, set by external resource providers, or enabling legislation. The balance is primarily for restricted street funds, development fees, and reserves required by debt covenants.
- Committed balance is $7.3 million (13% of the total balance), which can only be spent for specific purposes as determined by formal action of the City Council. This amount is to satisfy the City's general fund reserve policy, which states that 50 percent of budgeted operating expenditures for the year to be committed for contingencies and economic uncertainty.
- Assigned balance is $2.8 million (5% of the total balance), which indicates City Council's intent to use these funds toward capital improvements in the future. This balance represents funds remaining in capital funds for future expenditures.
- Unassigned is $3.3 million (6% of the total balance), which is available for any use.

FINANCIAL ANALYSIS OF CITY'S FUNDS

General Fund

The General Fund is the primary operating fund of the City of Half Moon Bay. All unrestricted revenues such as general taxes, fees and other revenues that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. The General Fund provides for the cost of operating City government and includes the services of the City Attorney, City Clerk, City Council, City Manager, City-wide costs (such as debt service), Finance and Risk Management, Human Resources and Information

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Technology, Recreation, Building and Planning, Public Works, and Public Safety. In addition, the General Fund expenditures include transfers to fund capital projects and reserve funding.

As of June 30, 2020, the total General Fund balance was $10.6 million, which includes an unassigned portion of 3.3 million. The General Fund fund balances decreased by $322K for the fiscal year ended June 30, 2020.

The following table compares General Fund revenues and expenditures by category:

CITY OF HALF MOON BAY
Comparative Statement
General Fund Statement of Revenues, Expenditures and Fund Balance
Year Ended June 30, 2020

	2020	2019	Variance
Revenues			
Taxes	$ 13,180,918	$ 14,448,702	-9%
License and permits	414,752	377,873	10%
Fines and forfeitures	140,238	189,415	-26%
Charges for services	1,161,996	1,160,506	0%
Rents and Leases		75,603	-100%
Intergovernmental revenues	45,000	(40,876)	-210%
Miscellaneous	981,892	799,124	23%
Total	15,924,796	17,010,347	-6%
Expenditures			
General government	1,988,767	2,320,879	-14%
General administration	1,292,277	1,124,476	15%
Public safety	3,994,510	3,671,277	9%
Public works	1,859,378	1,723,687	8%
Recreation Services	961,043	695,266	38%
Planning	2,855,634	2,686,309	6%
Capital Outlay	120,000	-	
Debt Service	572,686	-	
Total	13,644,295	12,221,894	11.6%
Net Transfers	(2,602,613)	(3,794,641)	-31%
Net Change in Fund Balances	(322,112)	993,812	-49%
Fund Balances at beginning of year	10,956,264	9,962,452	10%
Fund Balances at end of year	$ 10,634,152	$ 10,956,264	-3%

General Fund Revenues

General Fund revenues for the year ended June 30, 2020 decreased by $1 million or 6%, over the prior year. The preceding chart summarizes revenues into major categories for comparative purposes across two fiscal years.

Total tax revenues decreased by $1.2 million or 9% from the prior year indicating impacted economic activity. Net transfers decreased by $1.1 million primarily due to a decrease in capital projects being funded directly with General Fund monies.

General Fund Expenditures

General Fund expenditures for the 2019-20 fiscal year increased by $1.4 million or 11%. This increase is primarily due to increase costs in public works and recreation services.

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General Fund Budgetary Highlights

General Fund balance decreased $322K or 3% from the prior year. The final 2019-20 budget included decrease of $3 million. This overperformance of $2.6 million is primarily due to halting $1.8 million of transfers out to other funds as a response to COVID-19 and revenue uncertainty.

Other Major Governmental Funds

The following table compares governmental fund balances:

CITY OF HALF MOON BAY
Comparative Statement
Governmental Funds Statement of Revenues, Expenditures and Fund Balance
Year Ended June 30, 2020

	2020	2019	Variance
Major Governmental Funds:			
General Fund	10,634,152	10,956,264	-3%
Streets and Road	4,130,572	3,272,139	26%
Judgement Obligation Bonds	35,975	11,675,887	-100%
Library Capital	1,287,887	1,244,495	3%
Land Asset	26,823,920	26,823,920	0%
Capital Project Fund	1,518,238	2,364,020	-36%
Non-Major Governmental Funds	12,249,563	12,790,796	-4%
Total Fund Balances	$ 56,680,307	$ 69,127,521	-18%

Streets and Roads Funds

The Streets and Roads Special Revenue funds provide for all proceeds of Gas Tax funds, Measure A Local Transportation Ordinance Tax funds and other grants. These funds are restricted for the purpose of these taxes and mainly used for streets and road maintenance and improvements.

As of June 30, 2020, the Street and Road Funds had a fund balance of $4.1 million, a $858 thousand decrease from the prior year, primarily due to the progress made on street projects.

Judgment Obligation Bond (JOB) Fund

The JOB funds account for debt service on the judgment obligation bonds. As of June 30, 2020, the fund balance was $35 thousand, which is a $11.6 million decrease from the prior year. This is due to the payoff off the Series B Judgement Obligation bond.

Library Fund

The Library Capital Projects fund is used to account for the design, development, and construction of the new library and the maintenance thereafter. This fund increased slightly by $43 thousand.

Land Asset Fund

This is a restricted fund which was created in Fiscal Year 2014-15 for the purposes of recording land assets held for resale. The fund balance as of June 30, 2020 is $26.8 million, which consists of transfers of land assets for Glencree and Beechwood properties from the General Fund and the Judgment Obligation Bond Funds. The Glencree property was donated to the City. The Beechwood property was acquired by the City as part of the settlement of the Yamagiwa litigation in 2007. With the receipt of the insurance settlement payments, the Beechwood properties are no longer required for the Judgement Obligation Bonds. There was no activity in this fund in fiscal year 2019-20.

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Non-Major Funds

Non-Major funds are comprised of Special Revenue and Capital Project funds.

Special Revenue funds include:

- Police Grants Fund that accounts for revenues received and expenditures made for police services,
- Storm Drain Operating Fund that accounts for the maintenance of the existing storm drain system,
- Traffic Mitigation Fund that provides for all proceeds from traffic mitigation fees imposed on new development and restricted to defray the cost of constructing improvements to mitigate traffic,
- Affordable Housing Fund that accounts for proceeds of construction and development fees, including in lieu fees with the restricted purpose of the development of affordable housing,
- Parks Development Fund, which accounts for development impact fees, Federal, State and County grants, and is restricted for acquisition, development and capital improvements of the City's parks and trails.

Capital Projects Funds include:

- Public Facilities Fund that accounts for expenditures related to public facilities improvements,
- Storm Drain Improvements Fund that accounts for all proceeds from storm drainage improvement fees assessed against new and remodeled construction and used for drainage improvements.

As of June 30, 2020, the Non-Major Funds had a fund balance of $12.4 million, a $541 thousand decrease over the prior year. This decrease is primarily due to expenditures exceeding revenues and a decrease in transfers in from the General Fund.

Proprietary Fund Financial Statement Analysis

As of June 30, 2020, the City's Proprietary Fund net position was $29.9 million ($4.6 million invested in capital assets; $8.6 million restricted for investment in Sewer Authority; $16.4 million in unrestricted net position). Additional information on this investment can be found in Note 6 of the financial statements. Unrestricted net position of $4.7 million in the Internal Service Funds is primarily reserved for vehicle and equipment replacement, risk management and general liability claims, and pension cost stabilization.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's total net investment in capital assets for its Governmental and Business-type activities (net of accumulated depreciation) as of June 30, 2020, was $73 million, an increase of $1.9 million as compared to June 30, 2019.

Capital assets include land, buildings, equipment, vehicles and infrastructure. The following table presents summarized information on capital assets net of depreciation for fiscal years 2020 and 2019:

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CITY OF HALF MOON BAY
Comparative Statement
Capital Assets (net of depreciation)
Year Ended June 30, 2020

	Governmental Activities		Business Type Activities		Total		
	2020	2019	2020	2019	2020	2019	Variance
Land	$ 4,630,615	$ 4,630,615	$ -	$ -	$ 4,630,615	$ 4,630,615	0%
Rights of Way	6,723,926	6,723,926			$ 6,723,926	6,723,926	0%
Construction in progress	3,934,875	3,068,718	532,297	405,922	$ 4,467,172	3,474,640	29%
Buildings and improvements	30,045,573	30,143,596	3,995,366	4,089,291	$ 34,040,939	34,232,887	-1%
Machinery and equipment	197,805	206,228	59,427	71,505	$ 257,232	277,733	-7%
Infrastructure	22,938,074	21,753,934			$ 22,938,074	21,753,934	5%
Total	$ 68,470,868	$ 66,527,017	$ 4,587,090	$ 4,566,718	$ 73,057,958	$ 71,093,735	3%

Construction in progress increased by $992K primarily due to progress in capital projects. Likewise, Infrastructure also increased by $1.1 million or 5% from the prior year. Additional information regarding the City's capital assets can be found in Note 4 in Notes to the Basic Financial Statements.

Long-term Obligations

As of June 30, 2020, the City's long-term obligations totaled $17.7 million, primarily comprised of judgment obligation bonds.

CITY OF HALF MOON BAY
Comparative Statement
Long Term Obligations
Year Ended June 30, 2020

	Governmental Activities		Business-type Activities		Total		
	2020	2019	2020	2019	2020	2019	Variance
Judgment Obligation Bonds Series B		$ 10,915,000			$ -	$ 10,915,000	-100%
Library Loan	5,154,169	5,726,855			$ 5,154,169	$ 5,726,855	-10%
Claims liability	938,250	903,761			$ 938,250	$ 903,761	4%
Employee compensated absences	398,614	303,067			$ 398,614	$ 303,067	32%
Pension Liability	11,237,684	10,742,029	335,734	142,343	$ 11,573,418	$ 10,884,372	6%
Total	$ 17,728,717	$ 28,590,712	$ 335,734	$ 142,343	$ 18,064,451	$ 28,733,055	-37%

Judgment Obligation Bonds: The City issued $16.7 million of City of Half Moon Bay Judgment Obligation Bonds, Series A and B in July 2009. The bonds are rated AA by Standard and Poor's, per a rating review dated June 2014. The maximum annual debt service is $1.2 million. The Bonds were divided into two series. The 2009 Series A Bonds were tax exempt bonds and the 2009 Series B Bonds are federally taxable Build America bonds. The purpose of the bond sale was to meet the judgment settlement relating to Yamagiwa v. City of Half Moon Bay case involving the Cabrillo Highway property.

In the fiscal year ended June 30, 2013 the City received a $13.2 million insurance settlement payment for the above-mentioned lawsuit. The City Council determined that the best use of these monies was to pay down the Judgment Obligation bonds early. An irrevocable escrow trust was established in July 2013 to apply these monies toward the pay down of the Judgment Obligation Bonds on the first available call dates on the bonds. The 2009 Series A Bonds were completely paid off in the 2014-15 Fiscal Year. Additionally, this debt reduction plan facilitated a complete pay down on the remaining bonds in August 2019.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is approximately $123 million. At June 30, 2020 the City had no debt applicable to this limit.

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Additional information about the City's long-term obligations can be found in Note 5 to the Notes to the Basic Financial Statements.

Currently Known Facts, Conditions, and Decisions

Outlined below is key information that is expected to have a significant effect on financial position or results of operations at the time of this report.

In December 2019, the world saw the appearance of a new novel coronavirus, COVID-19, that quickly developed into a global pandemic. On March 16, 2020, San Mateo County along with five other Bay Area counties announced "shelter-in-place" orders for all residents, directing everyone to stay inside their homes except for essential activities. With Transient Occupancy Tax and Sales Tax revenues being the most vulnerable, the shelter in place orders immediately impacted the financial outlook of the City. In response, the City defunded various capital projects, halted many expenditures, and went into a temporary furlough. Although these actions lead to fully funded reserves and a positive unassigned fund balance, the pandemic is still expected to have a significant impact on the City's financial position.

Other challenges that the City will face in the future include rising unfunded liabilities as they relate to pension and other post-employment benefits (OPEB); uncertainties with the CalPERS pension pool funding level and retirement assumptions, changes to the CalPERS amortization and smoothing policies, which will drive our CalPERS rates significantly higher; and a slow economic recovery from the pandemic.

Fiscal sustainability remains a high priority for Half Moon Bay. To that end, staff will continue to monitor these conditions and seek the most efficient ways to provide services to the public. Staff looks forward to continuing to work with the City Council and the community to address any potential financial challenges that may lay ahead. In addition, staff will continue to identify operational efficiencies, appropriate economic development opportunities and alternative revenue options available to the community to continue delivering services that provide a high quality of life for the residents and visitors of Half Moon Bay.

Requests for Information

This financial report is designed to provide all those with an interest in the government's finances with a general overview of the City of Half Moon Bay financial position and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Half Moon Bay
Finance Department
507-B Purissima Street
Half Moon Bay, CA 94019.

An electronic version of this report is available at the City's website, found at www.hmbcity.com

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CITY OF HALF MOON BAY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (Note 2)	$34,506,870	$12,245,806	$46,752,676
Accounts receivable, net	1,555,722	2,753	1,558,475
Interest receivable	132,302	46,139	178,441
Prepaids	272,306		272,306
Land held for resale (Note 1i)	26,823,920		26,823,920
Investment in Sewer Authority Mid-Coastside (Note 6)		8,692,609	8,692,609
Net OPEB Asset (Note 9)	177,159	6,532	183,691
Capital assets, not depreciated (Note 4)	15,289,416	532,297	15,821,713
Capital assets, depreciated, net (Note 4)	53,181,452	4,054,793	57,236,245
Total assets	131,939,147	25,580,929	157,520,076
Deferred outflows of resources			
Related to OPEB (Note 9)	12,841	642	13,483
Related to pensions (Note 8)	2,575,375	92,025	2,667,400
Total deferred outflows of resources	2,588,216	92,667	2,680,883
Liabilities			
Accounts payable	143,400	90,982	234,382
Accrued liabilities	686,664		686,664
Deposits payable	236,009		236,009
Unearned revenue	75,000		75,000
Claims liability, due within one year (Note 10)	938,250		938,250
Compensated absences (Note 1j):			
Due within one year	23,917		23,917
Due in more than one year	374,697		374,697
Long-term debt (Note 5):			
Due within one year	572,686		572,686
Due in more than one year	4,581,483		4,581,483
Net pension liability, due in more than one year (Note 8)	11,237,684	335,734	11,573,418
Total liabilities	18,869,790	426,716	19,296,506
Deferred inflows of resources			
Related to OPEB (Note 9)	7,493	368	7,861
Related to pensions (Note 8)	935,996	28,864	964,860
Total deferred inflows of resources	943,489	29,232	972,721
Net position (Note 7)			
Net investment in capital assets	62,744,013	4,587,090	67,331,103
Restricted for:			
Investment in Sewer Authority		8,692,609	8,692,609
Debt Service	35,975		35,975
Streets and roads	6,722,925		6,722,925
Affordable housing	2,374,510		2,374,510
Capital projects	2,226,748		2,226,748
Other City projects	5,055,952		5,055,952
Total restricted net position	16,416,110	8,692,609	25,108,719
Unrestricted	35,553,961	11,937,949	47,491,910
Total net position	$114,714,084	$25,217,648	$139,931,732

See accompanying notes to financial statements

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CITY OF HALF MOON BAY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental Activities:							
General government	$4,981,025	$94,986			($4,886,039)		($4,886,039)
Public safety	4,631,203	159,631	$155,948		(4,315,624)		(4,315,624)
Public works	3,754,260	332,903	630,604	$627,168	(2,163,585)		(2,163,585)
Recreation	1,808,657	494,433			(1,314,224)		(1,314,224)
Planning	3,286,029	165,686			(3,120,343)		(3,120,343)
Interest charges	468,852				(468,852)		(468,852)
Total governmental activities	18,930,026	1,247,639	786,552	627,168	(16,268,667)		(16,268,667)
Business-type Activities:							
Sewer	5,950,383	4,540,020				($1,410,363)	(1,410,363)
Total	$24,880,409	$5,787,659	$786,552	$627,168	(16,268,667)	(1,410,363)	(17,679,030)
General revenues:							
Taxes:							
Property					3,667,867		$3,667,867
Sales and Use					3,042,265		3,042,265
Transient occupancy					5,291,821		5,291,821
Franchise					825,066		825,066
Business License Tax					521,121		521,121
Investment income					2,257,971	382,491	2,640,462
Miscellaneous					665,182		665,182
Gain on investment in Sewer Authority Mid-Coastside (Note 6)						2,307,513	2,307,513
Transfers (Note 3)					697,412	(697,412)	
Total general revenues and transfers					16,968,705	1,992,592	18,961,297
Change in Net Position					700,038	582,229	1,282,267
Net Position at beginning of year					114,014,046	24,635,419	138,649,465
Net Position at end of year					$114,714,084	$25,217,648	$139,931,732

See accompanying notes to financial statements

Review Draft



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CITY OF HALF MOON BAY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	General Fund	Streets and Roads	Judgment Obligation Bonds	Library
Assets				
Cash and investments (Note 2)	$9,977,317	$4,193,254	$35,975	$1,299,441
Receivables:				
Accounts, net	1,332,600	124,052		
Interest	35,774	16,334		4,874
Land held for resale (Note 1i)				
Prepaids				
Total assets	$11,345,691	$4,333,640	$35,975	$1,304,315
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$11,936	$13,949		$16,428
Accrued liabilities	463,594	114,119		
Deposits payable	236,009			
Unearned revenue		75,000		
Total Liabilities	711,539	203,068		16,428
Fund balances (Note 7):				
Nonspendable				
Restricted		4,130,572	$35,975	
Committed	7,300,642			
Assigned				1,287,887
Unassigned	3,333,510			
Total fund balances	10,634,152	4,130,572	35,975	1,287,887
Total liabilities and fund balances	$11,345,691	$4,333,640	$35,975	$1,304,315

See accompanying notes to financial statements

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Land Asset	Capital Projects	Non-major Governmental Funds	Total
	$1,302,537	$12,252,944	$29,061,468
		99,070	1,555,722
	6,060	49,320	112,362
$26,823,920			26,823,920
	272,306		272,306
$26,823,920	$1,580,903	$12,401,334	$57,825,778
	$61,465	$44,020	$147,798
	1,200	107,751	686,664
			236,009
			75,000
	62,665	151,771	1,145,471
$26,823,920			26,823,920
		12,249,563	16,416,110
			7,300,642
	1,518,238		2,806,125
			3,333,510
26,823,920	1,518,238	12,249,563	56,680,307
$26,823,920	$1,580,903	$12,401,334	$57,825,778

Review Draft

CITY OF HALF MOON BAY
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2020

Fund balances of governmental funds	$56,680,307
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets, non depreciable	15,289,416
Capital assets, depreciated, net	52,983,647
Deferred outflows below are not current assets of financial resources and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.	
Deferred outflows of resources	2,588,216
Deferred inflows of resources	(943,478)
Long-term asset and liabilities that have not been included in governmental fund activity	
Bonds payable	(5,154,169)
Compensated absences	(398,614)
Net pension liability	(11,237,684)
Net OPEB asset	173,075
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	4,733,368
Net position of governmental activities	$114,714,084

See accompanying notes to financial statements

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CITY OF HALF MOON BAY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Streets and Road	Judgment Obligation Bonds	Library
REVENUES				
Taxes	$13,180,918			
License and Permits	414,752	$106,369		
Fines and forfeitures	140,238			
Charges for services	1,161,996			
Impact fees/recreation fees				
Investment income	383,965	124,568	$143,939	$43,392
Intergovernmental revenues	45,000	1,206,191		
Miscellaneous	597,927	176,003		
Total Revenues	15,924,796	1,613,131	143,939	43,392
EXPENDITURES				
Current:				
General government	1,988,767			
General administration	1,292,277			
Public Safety	3,994,510			
Public works	1,859,378	372,506		
Recreation services	961,043			
Planning	2,855,632			
Capital outlay	120,000	1,436,185		
Debt service:				
Principal	572,686		10,915,000	
Interest & fees			468,852	
Total Expenditures	13,644,293	1,808,691	11,383,852	
Excess (deficiency) of revenues over (under) expenditures	2,280,503	(195,560)	(11,239,913)	43,392
Other financing sources (uses):				
Transfers in (Note 3)	2,762,255	1,086,500		
Transfers (out) (Note 3)	(5,364,870)	(32,507)	(399,999)	
Total other financing sources (uses)	(2,602,615)	1,053,993	(399,999)	
Net change in fund balances	(322,112)	858,433	(11,639,912)	43,392
Fund balances at beginning of year	10,956,264	3,272,139	11,675,887	1,244,495
Fund balances at end of year	$10,634,152	$4,130,572	$35,975	$1,287,887

See accompanying notes to financial statements

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Land Asset	Capital Project Fund	Non-Major Governmental Funds	Total
			$13,180,918
			521,121
			140,238
		$11,175	1,173,171
		304,827	304,827
	$55,298	413,488	1,164,650
		255,018	1,506,209
		5,584	779,514
	55,298	990,092	18,770,648
	675		1,989,442
			1,292,277
		110,093	4,104,603
		70,036	2,301,920
		15,934	976,977
		300,449	3,156,081
	196,232	2,336,360	4,088,777
			11,487,686
			468,852
	196,907	2,832,872	29,866,615
	(141,609)	(1,842,780)	(11,095,967)
	605,000	2,573,074	7,026,829
	(1,309,173)	(1,271,527)	(8,378,076)
	(704,173)	1,301,547	(1,351,247)
	(845,782)	(541,233)	(12,447,214)
$26,823,920	2,364,020	12,790,796	69,127,521
$26,823,920	$1,518,238	$12,249,563	$56,680,307

Review Draft

CITY OF HALF MOON BAY
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Changes in fund balances of governmental funds	($12,447,214)
Amounts reported for governmental activities in the statement of activities are different because:	
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expenses, whereas net position decrease by the amount of depreciation expense charged for the year.	
Capital outlay	4,088,777
Uncapitalized capital outlay	(393,396)
Depreciation expense	(1,743,107)
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue of expenditures in governmental funds (net change).	
OPEB expenses	1,400
Compensated absences	(95,547)
Pension expense	(641,346)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.	442,785
Changes in net position of governmental activities	$700,038

See accompanying notes to financial statements

Review Draft

CITY OF HALF MOON BAY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Sewer Enterprise Fund	Internal Service Funds
Assets:		
Current Assets:		
Cash and investments (Note 2)	$12,245,806	$5,445,402
Accounts receivable	2,753	
Interest receivable	46,139	19,940
Total Current Assets	12,294,698	5,465,342
Noncurrent Assets:		
Investment in Sewer Authority Mid-Coastside (Note 6)	8,692,609	
Net OPEB Asset (Note 9)	6,532	4,084
Non-depreciable capital assets (Note 4)	532,297	
Depreciable capital assets, net of accumulated depreciation (Note 4)	4,054,793	197,805
Total non-current assets	13,286,231	201,889
Total Assets	25,580,929	5,667,231
Deferred Outflows of Resources		
Related to OPEB (Note 9)	642	
Related to pensions (Note 8)	92,025	
Total deferred outflows of resources	92,667	
Liabilities:		
Current Liabilities:		
Accounts payable	90,982	(4,398)
Claims liability (Note 10)		938,250
Total current liabilities	90,982	933,852
Noncurrent liabilities:		
Net pension liability (Note 8)	335,734	
Total Liabilities	426,716	933,852
Deferred Inflows of Resources		
Related to OPEB (Note 9)	368	11
Related to pensions (Note 8)	28,864	
Total deferred inflows of resources	29,232	11
Net Position:		
Net investment in capital assets	4,587,090	197,805
Restricted for investment in Sewer Authority	8,692,609	
Unrestricted	11,937,949	4,535,563
Total Net Position	$25,217,648	$4,733,368

See accompanying notes to financial statements

Review Draft

CITY OF HALF MOON BAY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Sewer Enterprise Fund	Internal Service Funds
Operating revenues:		
Charges for services	$4,540,020	
Impact fees		$17,091
Total operating revenues	4,540,020	17,091
Operating expenses:		
Salaries and wages	353,225	389,107
Contract services	4,890,833	402,253
Supplies	28,162	149,121
Repairs and maintenance	572,160	18,985
Insurance		226,032
Pensions		556,743
Depreciation	106,003	42,728
Total operating expenses	5,950,383	1,784,969
Total operation income	(1,410,363)	(1,767,878)
Non-operating revenues:		
Gain on investment in Sewer Authority Mid-Coastside (Note 6)	2,307,513	
Investment income	382,491	162,004
Total non-operating revenues	2,690,004	162,004
Income before transfers	1,279,641	(1,605,874)
Transfers:		
Transfers in (Note 3)		2,048,659
Transfers (out) (Note 3)	(697,412)	
Total transfers	(697,412)	2,048,659
Change in net position	582,229	442,785
Net position at beginning of year	24,635,419	4,290,583
Net position at end of year	$25,217,648	$4,733,368

See accompanying notes to financial statements

Review Draft

CITY OF HALF MOON BAY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Sewer Enterprise Fund	Internal Service Funds
Cash flows from operating activities:		
Cash received from department users	$4,572,229	$17,091
Cash payments to suppliers for goods and services	(5,554,154)	(1,344,511)
Cash payments to employee services	(305,178)	(390,349)
Net cash provided by operating activities	(1,287,103)	(1,717,769)
Cash flows from non-capital and related financing activities:		
Cash collected from other funds		2,048,659
Cash paid to other funds	(697,412)	
Net cash (used for) non capital and related financing activities	(697,412)	2,048,659
Cash flows form capital and related financing activities:		
Acquisition of capital assets	(126,375)	(34,305)
Net cash provided by (used for) capital and related financing activities	(126,375)	(34,305)
Cash flows from investing activities:		
Interest received on investments	382,491	196,493
Net cash provided by investing activities	382,491	196,493
Net increase in cash and cash equivalents	(1,728,399)	493,078
Cash and cash equivalents at beginning of year	13,974,205	4,952,324
Cash and cash equivalents at end of year	$12,245,806	$5,445,402
Reconciliation of operating income (loss) to net cash provided by (used for)		
Provided by (used for) operating activities:		
Operating income (loss)	($1,410,363)	($1,767,878)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	106,003	42,728
Change in assets and liabilities:		
Interest receivable, net	34,962	23,457
Accounts receivable	(2,753)	
Accounts payable	(62,999)	(14,834)
Deferred outflows of resources	(35,102)	
Deferred inflows of resources	(110,242)	(1,242)
Net pension liability	193,391	
Net cash provided by operating activities	($1,287,103)	($1,717,769)
Non-cash transactions:		
Gain on investment in Sewer Authority Mid-Coastside	$2,307,513	

See accompanying notes to financial statements

Review Draft

CITY OF HALF MOON BAY
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

	OPEB Trust Fund
Assets:	
Investments:	
Mutual Funds (Note 2)	$702,917
Total Assets	702,917
Net Position:	
Restricted for OPEB benefits	$702,917

See accompanying notes to financial statements

Review Draft

CITY OF HALF MOON BAY
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	OPEB Trust Fund
Additions:	
Investment income:	
Interest	$31,082
Less: Investments expenses	(3,625)
Total additions	27,457
Net position at beginning of year	675,460
Net position at end of year	$702,917

See accompanying notes to financial statements

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1. Significant Accounting Policies

The City of Half Moon Bay (the City) is located next to the Pacific Ocean in San Mateo County, approximately twenty-five miles south of San Francisco. The City and coast side area is a thriving agricultural, fishing and tourism destination. In addition, about 3,000 tons of pumpkins are grown on the coast side each year and the ripening pumpkin heralds the Annual Arts and Pumpkin Festival held in October on the downtown historic Main Street. The annual festival draws more than 200,000 visitors for the two-day event.

The City is a general law city operating under the Council-Manager form of government, with a five-member City Council elected for four-year overlapping terms. The City Manager is appointed by the City Council to serve as administrator of the staff and to carry out the Council's policies.

Fire, water, library and certain sewer services are provided by separate districts or authorities which are not controlled by the City.

a) Reporting Entity

The financial statements of the City include the financial activities of the City, as well as the Community Development Agency of the City of Half Moon Bay, which is controlled by and dependent on the City.

b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in aggregate for governmental and proprietary funds.

Review Draft

1. Significant Accounting Policies, continued

b) Government-wide and Fund Financial Statements, continued

The City reports the following major governmental funds:

The *General Fund* (Fund 1) is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The major revenue sources for this fund are transient occupancy tax, property taxes, sales taxes, unrestricted revenues from the State, and interest income. Expenditures are made for public safety, planning, building, engineering, and other general government services.

The *Streets and Roads Special Revenue Fund* was established to account for all proceeds of Gas Tax funds (Fund 10), Measure A Local Transportation Ordinance Tax funds (Fund 12), Main Street Bridge fund (Fund 9) and other grants (Fund 11) that are restricted to purposes of these taxes.

The *Judgment Obligation Bonds* - Debt Service Fund (Fund 77 Series A; Fund 78 Series B) was established to account for the Judgment Obligation Bond Series 2009A and the Judgment Obligation Bond Series 2009B issued on July 14, 2009.

The *Library Capital Projects Fund* (Fund 16) is used to account for the construction and facilities maintenance of the library.

The *Land Asset Capital Projects Fund* (Fund 79) was established to account for the two land parcels held for resale.

The *Capital Projects Fund* (Fund 25) is used to fund Capital Improvement Program projects, including construction, technology, and other infrastructure improvements.

The City reports the following major enterprise fund:

The *Sewer Enterprise Fund* is used to account for the financial activity of the City's sewer utility. The costs of providing these services to the general public are financed or recovered primarily through user charges (Fund 5 is Sewer Operating Fund; Fund 6 is Sewer Capital Fund.)

The City also reports the following fund types:

Internal Service Funds:

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City operates an *Equipment Replacement Fund* (Fund 62), *Vehicle Replacement Fund* (Fund 61), a *Risk Management Fund* (Fund 63), and *Pension Stabilization Fund* (Fund 64).

Review Draft

1. Significant Accounting Policies, continued

c) Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until due. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Property taxes, sales taxes, transient occupancy taxes, and charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to members, customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Sewer Fund and of the government's Internal Service Funds are charges to customers for services. Operating expenses for the Sewer Fund and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

Review Draft

1. Significant Accounting Policies, continued

d) Cash and Investments

Investments are reported in the accompanying statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's investment pools is also considered to be cash equivalents.

e) Cash and Investments with Fiscal Agents

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

f) Fair Value Measurements

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

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1. Significant Accounting Policies, continued

g) Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to "due to/from other funds" (i.e., the current portion of interfund loans).

h) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement is reported at acquisition value rather than fair value. 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. In addition, the City does not capitalize the allocation of capital costs related segments of projects maintained by other entities. The City utilizes a capitalization threshold of $5,000.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Building and Improvements	40 years
Sewer Mains and Laterals	60 years
Infrastructure	20 to 50 years
Vehicles	5 to 10 years
Equipment	5 to 20 years

i) Land Held for Resale

Lands held for resale are recorded in the Land Asset Capital Projects Fund at the lower of acquisition cost or estimated resale value. Fund balances are reserved in amounts equal to the carrying value of land held for resale since such assets are not available to finance the City's current operations.

Land held for resale of $26,823,920 at June 30, 2020 is stated at the lower of historical cost or net realizable value.

j) Compensated Absences

Depending upon length of employment, City employees earn 12 to 27 vacation days a year. Sick leave is accrued at the rate of 12 days per year. Employees can carry forward two to three years-worth of earned but unused vacation leave benefits to subsequent years depending on employee group. Upon termination, the City is obligated to compensate employees for all earned but unused vacation days. The earned but unused sick leave benefits are payable for some employees, when vested, in the event of employee termination.

Review Draft

1. Significant Accounting Policies, continued

In the government-wide financial statements, a liability is accrued for all earned but unused vacation leave benefits, as well as vested amounts of sick leave relating to the operations of the funds. General Fund is typically used to liquidate the liability for compensated absences. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City. In the fund financial statements, governmental funds report compensated absences only if they have matured, i.e. unused reimbursable leave still outstanding at fiscal year-end following an employee's resignation or retirement. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

The changes in compensated absences for the year ended June 30, 2020 is as follows:

Beginning Balance	$303,067
Additions	484,370
Payments	(388,823)
Ending Balance	$398,614
Current Portion	$23,917
Non-current Portion	$374,697

k) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types 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 issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as service expenditures.

l) Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired, or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Internal Service Funds, which account for the City's risk management activities.

Review Draft

1. Significant Accounting Policies, continued

m) Property Taxes

State of California (State) Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value ($1 per $100 of assessed value) plus an additional amount for general obligation debt approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIIIA and may be adjusted by no more than 2% per year unless the property is sold or transferred. The state legislature has determined the method of distribution of receipts from the $1.00 tax levy among the counties, cities, school districts and other districts.

The County of San Mateo assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	On or before November 1	July 1
Due dates (delinquent after)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These "unsecured" taxes are secured by liens on the personal property being taxed. The County of San Mateo distributes to the City the entire amount of each year's levy and in return receives all penalties and interest on delinquent payments.

n) Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

o) Pensions and OPEB (Other Post-Employment Benefits)

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

Review Draft

1. Significant Accounting Policies, continued

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported in the OPEB Trust Fund. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

p) New GASB Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2020.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

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

Future Governmental Accounting Standards (GASB) Pronouncements

GASB Statement No. 84 – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined its effect on the financial statements.

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 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined its effect on the financial statements.

Review Draft

2. Cash, Cash Equivalents, and Investments

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	$1,200
Deposits with financial institutions	3,452,320
Investments	43,299,156
Total City cash and investments	46,752,676
OPEB Trust Fund: Investments held with trustee	702,917
Total cash and investments	$47,455,593

a) Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy for custodial credit risk on deposits. As of June 30, 2020, the carrying amount of the City's deposits was $3,452,319 and the bank balance was $3,556,219. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $250,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is considered to be held in the name of the City.

Review Draft

2. Cash, Cash Equivalents, and Investments, continued

b) Investments Authorized by the City's Investment Policy

The City maintains a cash and investment pool that is available for use by all funds. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	None	None
U.S. Agency Securities	5 Years	None	None	None
Bankers' Acceptances	180 Days	None	20%	5%
Commercial Paper	180 Days	Aaa/AAA	15%	2%
Negotiable Certificates of Deposit	2 Years	None	30%	None
Repurchase Agreements	1 year	None	None	5%
California Local Agency Investment Fund	None	None	None	$75 million
Pool	None	None	None	None
Time Deposits	2 years	None	10%	None
Medium-Term Notes	5 Years	AA	20%	10%
Money Market Mutual Funds	None	Aaa/AAA	20%	5%

c) Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	No Limit	No Limit
U.S. Agency Securities	None	None	No Limit	No Limit
State Obligations	None	AAA	No Limit	No Limit
Municipal Obligations	None	AAA	No Limit	No Limit
Bankers' Acceptances	360 Days	A1	No Limit	No Limit
Commercial Paper	270 Days	A1+	No Limit	No Limit
Money Market Mutual Funds	None	Aam	No Limit	No Limit
California Local Agency Investment Fund	None	None	No Limit	No Limit
Repurchase Agreements	None	None	No Limit	No Limit

Review Draft

2. Cash, Cash Equivalents, and Investments, continued

d) Fair Value Hierarchy

The City adopted GASB Statement No. 72, Fair Value Measurement and Applications, which required governmental entities to measure investments at fair value in fiscal year 2020. 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 input used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Total
Investments exempt from Fair Value Hierarchy:	
San Mateo County Investment Pool	$35,582,717
California Local Agency Investment Fund	7,716,439
Investments Measured at Amortized Cost:	
Mutual Fund	702,917
Cash in Bank and on hand	3,453,520
Total Cash and Investments	$47,455,593

e) Interest Rate Risk

Interest Rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

	Remaining Maturity (in Months)	
Investment Type	12 Months Or Less	Total
Available for Operations		
California Local Agency Investment Fund	$7,716,439	$7,716,439
San Mateo County Investment Pool	35,582,717	35,582,717
Held by Trustees		
Mutual Fund	702,917	702,917
Total Investments	$44,002,073	44,002,073
Demand Deposits and Cash on Hand		3,453,520
		$47,455,593

Review Draft

2. Cash, Cash Equivalents, and Investments, continued

f) Custodial Credit Risk - Investment

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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.

g) Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of ratings by nationally recognized statistical rating organization.

Investment Type	AA	Not Rated	Total
Held by City			
California Local Agency Investment Fund		$7,716,439	$7,716,439
San Mateo County Investment Pool	$35,582,717		35,582,717
Cash in banks and on hand		3,453,520	3,453,520
Held by Trustee			
Mutual Fund		702,917	702,917
Total Cash & Investments	$35,582,717	$11,872,876	$47,455,593

h) Investments in San Mateo County Investment Pool

The City is also a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County of San Mateo. The City reports its investment in the County Pool at the fair value amount provided by the County. The balance available for withdrawal is based on the accounting records maintained by the County Pool which are recorded on an amortized cost basis. Included in the County Pool's investment portfolio are U.S. Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, repurchase agreements, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2020, these investments matured in an average of 1.75 years.

Review Draft

2. Cash, Cash Equivalents, and Investments, continued

i) Investments in State Treasurer's Local Agency Investment Pool

The City is also a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2020 these investments matured in an average of 191 days.

3. Interfund Transfers

Transfers between funds during the fiscal year ended June 30, 2020 were as follows:

Transfer To	Transfer From	Amount	
General Fund	Sewer Enterprise Fund	$489,086	(a)
	Streets and Roads Special Revenue Fund	9,838	(b)
	Judgment Obligation Bonds Debt Service Fund	399,999	(c)
	Capital Projects Capital Project Fund	594,599	(d)
	Non-Major Governmental Funds	1,268,733	(e)
Streets and Road Special Revenue Fund	General Fund	1,086,500	(c)
Capital Projects Capital Project Fund	General Fund	605,000	(d)
Non-Major Governmental Funds	General Fund	1,858,500	(e)
	Capital Projects Capital Project Fund	714,574	(d)
Internal Service Funds	General Fund	1,814,870	(e)
	Streets and Roads Special Revenue Fund	22,669	(e)
	Non-Major Governmental Funds	2,794	(e)
	Sewer Enterprise Fund	208,326	(e)
		$9,075,488	

Interfund transfers were principally used for the following purposes:
(a) Sewer Management expenditures
(b) Streets and Roads expenditures
(c) Debt Service expenditures
(d) Capital Program expenditures
(e) Program Expenditures

Review Draft

4. Capital Assets

a) Capital Assets Activity

A Summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Transfers	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	$4,630,615			$4,630,615
Rights of way	6,723,926			6,723,926
Construction in progress	3,068,718	$3,694,271	($2,828,114)	$3,934,875
Total capital assets not being depreciated	14,423,259	3,694,271	(2,828,114)	15,289,416
Capital assets being depreciated:				
Buildings & improvements	35,252,171	1,110	767,306	36,020,587
Machinery & equipment	1,026,697	34,305		1,061,002
Infrastructure	36,560,206		2,060,808	38,621,014
Total capital assets being depreciated	72,839,074	35,415	2,828,114	75,702,603
Less accumulated depreciation for:				
Buildings & improvements	5,108,575	866,439		5,975,014
Machinery & equipment	820,469	42,728		863,197
Infrastructure	14,806,272	876,668		15,682,940
Total accumulated depreciation	20,735,316	1,785,835		22,521,151
Net depreciable assets	52,103,758	(1,750,420)	2,828,114	53,181,452
Governmental activity capital assets, net	$66,527,017	$1,943,851		$68,470,868

Review Draft

4. Capital Assets, continued

	Balance June 30, 2019	Additions	Balance June 30, 2020
Business-type activities:			
Capital assets not being depreciated:			
Construction in progress	$405,922	$126,375	$532,297
Total capital assets not being depreciated	405,922	126,375	532,297
Capital assets being depreciated:			
Buildings & improvements	5,760,897		5,760,897
Machinery & equipment	763,646		763,646
Total capital assets being depreciated	6,524,543		6,524,543
Less accumulated depreciation for:			
Buildings & improvements	1,671,606	93,925	1,765,531
Machinery & equipment	692,141	12,078	704,219
Total accumulated depreciation	2,363,747	106,003	2,469,750
Net depreciable assets	4,160,796	(106,003)	4,054,793
Business-type activity capital assets, net	$4,566,718	$20,372	$4,587,090

b) Depreciation

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	$94,528
Recreation	812,838
Public safety	15,878
Public works	819,863
Depreciation on capital assets held by the City's Internal Service Funds is charged to the various functions based on their usage of the assets	42,728
Total Governmental Activities	$1,785,835
Business-Type Activities:	
Sewer Fund	$106,003

Review Draft

5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2020.

	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Current Portion
Governmental Activity Debt					
2009 B Judgment Obligation Bonds					
2.00%-5.375%, due 2020	$10,915,000	$10,915,000	$10,915,000		
Direct borrowing:					
San Mateo County advancement	5,726,855	5,726,855	572,686	$5,154,169	$572,686
Total Governmental Activity		$16,641,855	$11,487,686	$5,154,169	$572,686

a) Judgment Obligation Bond, Series 2009A and Series 2009B

In July 2009, the City issued Judgment Obligation Bonds (JOB) 2009B in the amount of $10,915,000. The proceeds were used to settle the City's judgment obligation.

Judgment Obligation Bond, Series 2009B

The JOB Series 2009B bonds interest rates range from 8.5% to 8.625%. Interest payments for the JOB Series 2009B bonds are due on February 1 and August 1 of each year and principal payments are due on August 1 annually, commencing on August 1, 2027 with the final payment due on August 1, 2040. The bonds were fully repaid on August 1, 2019.

b) Escrow Trust for Repayment of Judgment Obligation Bonds

During the fiscal year ended June 30, 2013, the City received a $13.2 million insurance payment from the insurance company for a binding arbitration awarded. The City determined that the best use of the proceeds was to pay down the Judgment Obligation Bonds early. An irrevocable escrow trust was established in July 2013 to apply these monies toward the pay down of the Judgment Obligation Bonds. The debt reduction plan facilitated a complete pay down on the bonds on August 1, 2019.

c) Library Loan – Advance Agreement with the County of San Mateo

During the fiscal year ended June 30, 2017, the City entered into a $6 million Interest-free loan agreement with the County of San Mateo to ensure completion of the Library Project. The Project includes design, environmental review, demolition of existing library, construction, and construction management. The terms of repayment are directly from the property tax apportionments in two installments on December 15 and April 15 per fiscal year for a ten-year period beginning no later than December 15, 2019 and final payment would be made no later than April 15, 2029. As of June 30, 2020, the City had drawn down $5,726,855. Repayment began in fiscal year 2020.

Review Draft

5. Long-Term Debt, continued

As of June 30, 2020, annual debt service to maturity for the Library Loan is as follows:

Year ending June 30	Governmental Activities Direct Borrowings Principal
2021	$572,686
2022	572,686
2023	572,686
2024	572,686
2025	572,686
2026-2030	2,290,739
Total	$5,154,169

6. Investment in Sewer Authority Mid-Coast side

The City, along with the Montara Water and Sanitary District and El Granada Sanitary District, established the Sewer Authority Mid-Coastside (SAM) in 1976 to build and operate a sewage treatment facility for its members. SAM is controlled by a six-member board consisting of two representatives from each member. The board appoints management and employees of SAM and is responsible for SAM's budget, operations and finances. As one of SAM's member agencies, the City makes contributions to SAM in the form of collections assessments and operations and maintenance assessments. The City exercises significant influence over SAM's operations; therefore, the City's share of SAM's net position has been recorded as an investment in the City's financial statements. The City's share of SAM's net position is calculated annually, based on the proportion of SAM's total assessed valuation within the City limits. Complete financial statements for SAM can be obtained from the SAM at 1000 North Cabrillo Highway, Half Moon Bay, California 94019-1466. Based on SAM's audited financial statements for June 30, 2019, the City recorded its investment in SAM in the amount of $8,692,609 at June 30, 2020.

7. Net Position/Fund Balances

a) Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications: non-spendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision-making authority for the City, has the ability to commit fund balances through the adoption of a formal resolution. The same action must be taken to modify or rescind the commitment. The City Council has approved a policy (Resolution No. C-44-11) authorizing the City Manager to assign fund balances for specific purposes up to $8,000,000. Assignments of amounts over $8,000,000 require the approval of City Council.

Review Draft

7. Net Position/Fund Balances, continued

b) Stabilization Arrangement

City Council adopted a resolution (No. C-44-11) to establish a contingency reserve in the amount of 30% of the following fiscal year's budgeted operating expenditures. Changes to the reserve amount require City Council approval. Appropriations from the General Fund reserve commitment can only be made for the following specific circumstances:

1) Budgeted revenue taken by another government entity;

2) Drop in projected/actual revenue of more than 3% of the General Fund adopted revenue budget;

3) One-time costs exceeding $250,000 used to secure long-term cost savings;

4) In the event of actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within this City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, earthquake, nuclear disaster, tornado, tsunami, or terrorism.

c) Classifications

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2020, fund balances for government funds are made up of the following:

- *Non-spendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, long-term notes receivable and land.

- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) the City Manager. The City Council has delegated the authority for the City Manager to assign amounts of up to $8 million to be used for specific purposes (Resolution C-44-11).

Review Draft

7. Net Position/Fund Balances, continued

- *Unassigned Fund Balance* – is the residual classification and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. General Fund is the only fund that reports a positive unassigned fund balance.

d) Policies

The standard also requires governments to disclose the accounting policies that indicate the order in which restricted, committed, assigned and unassigned amounts are spent.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and non-major governmental funds as of June 30, 2020 were distributed as follows:

	General Fund	Streets and Roads	Judgment Obligation Bonds	Library	Land Asset	Capital Projects	Non-major Governmental Funds	Total
Nonspendable:								
Land held for resale					$26,823,920			$26,823,920
Total nonspendable					**26,823,920**			**26,823,920**
Restricted:								
Streets & roads		$4,130,572						$4,130,572
Parks development improvements							$2,592,353	2,592,353
Debt service			$35,975					35,975
Police Grants							491,566	491,566
Storm drain maintenance improvements							1,306,366	1,306,366
Traffic mitigation							4,211,724	4,211,724
Affordable housing							2,374,510	2,374,510
Public facilities							1,273,044	1,273,044
Total restricted		**4,130,572**	**35,975**				**12,249,563**	**16,416,110**
Committed:								
Contingency reserve	$7,300,642							7,300,642
Total committed	7,300,642							7,300,642
Assigned:								
San Mateo County Library				$1,287,887		1,518,238		2,806,125
Total assigned				**1,287,887**		**1,518,238**		**2,806,125**
Unassigned:	$3,333,510							3,333,510
Total Fund Balances	**$10,634,152**	**$4,130,572**	**$35,975**	**$1,287,887**	**$26,823,920**	**$1,518,238**	**$12,249,563**	**$56,680,307**

Review Draft

7. Net Position/Fund Balances, continued

e) Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three categories. These categories apply only to Net Position, which is determined only at the Government-wide level, and are described below:

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 successor agency assets.

Unrestricted describes the portion of Net Position which is not restricted as to use.

8. Pension Plan

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

a) General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety and Miscellaneous Employee Pension Rate Plans. Benefit provisions under the Plan are established by State statute and Board resolution. The City's Safety and Miscellaneous Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C 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 three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and 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.

Review Draft

8. Pension Plans, 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 Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	7.25%
Required employer contribution rates	10.868%	7.072%

	Safety
Hire date	Prior to January 1, 2013
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	3%
Required employee contribution rates	0%
Required employer contribution rates	0%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was $320,885 in fiscal year 2020.

Review Draft

8. Pension Plans, continued

b) General Information about the Pension Plans

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.

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

	Miscellaneous	Safety
Contributions - employer	$649,405	$555,649

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

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

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

	Proportionate Share of Net Pension Liability
Miscellaneous	$5,254,057
Safety	6,319,361
Total Net Pension Liability	$11,573,418

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Review Draft

8. Pension Plans, continued

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

The City's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2018	0.12663%	0.10417%
Proportion - June 30, 2019	0.13120%	0.10123%
Change - Increase (Decrease)	0.00457%	(0.00294%)

For the year ended June 30, 2020, the City recognized pension expense of $880,343 for Miscellaneous Plan and $956,672 for Safety Plan, with a total pension expense of $1,837,015. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$649,405		$555,649		$1,205,054	
Changes in assumptions	250,538	($88,814)	259,020	($50,547)	509,558	($139,361)
Differences between actual and expected experience	364,916	(28,274)	412,597		777,513	(28,274)
Net change in Proportion DIDO and Net Pension Liability	175,275	(13,546)		(193,094)	175,275	(206,640)
Net difference in actual contribution and proportion contributions		(229,209)		(182,585)		(411,794)
Net differences between projected and actual earnings on plan investments		(91,857)		(86,934)		(178,791)
Total	$1,440,134	($451,700)	$1,227,266	($513,160)	$2,667,400	($964,860)

$1,205,054 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 following fiscal year. 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	Miscellaneous	Safety	Total
2021	317,437	229,923	547,360
2022	(44,878)	(110,601)	(155,479)
2023	47,909	22,220	70,129
2024	18,561	16,915	35,476
Total	$339,029	$158,457	$497,486

Review Draft

8. Pension Plans, continued

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

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

	Miscellaneous & Safety
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pensions Plan Investment Expenses, includes Inflation
Mortality	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report available on the CalPERS' website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Review Draft

8. Pension Plans, continued

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

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 of the funds' asset classes, expected compound (geometric) 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 rounded 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class(a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	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 System's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity
(b) An expected inflation of 2.00% used for this period.
(c) An expected inflation of 2.92% used for this period.

Review Draft

8. Pension Plans, continued

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

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, 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 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$8,088,316	$9,181,152	$17,269,468
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$5,254,057	$6,319,361	$11,573,418
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$2,914,577	$3,973,141	$6,887,718

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

9. Other Post Employment Healthcare Benefits

a) Post Employment Benefits Plan

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City pays the minimum amount provided under Government Code Section 22892 of the Public Employees Medical and Hospital Care Act. The City currently pays $115 to $119 per month for any health coverage. the City joined the Public Agencies Post- Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services (PARS). The City established an irrevocable trust with PARS, managed by an appointed board not under the control of City Council. This trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements. The City has previously setup an irrevocable retiree benefit trust with the Public Agency Retirement Services (PARS). The City continued with the same funding policy payment to a full ARC contribution.

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9. Other Post Employment Healthcare Benefits, continued

b) Employees covered by benefit terms

Plan membership varies based on different employee bargaining groups. As of June 30, 2020, membership in the plan consisted of the following:

	Number of Covered Employees
Active employees	37
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	25
Total	73

c) Net OPEB Liability

The components of the net OPEB liability of the City at June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at Fiscal Year Ending 6/30/2019:	$488,003	$675,460	($187,457)
Changes Recognized for the Measurement Period:			
Service Cost	28,713	-	28,713
Interest	30,256	-	30,256
Expected investment income	-	-	-
Contributions:	-	-	-
Employer - City's contribution	-	26,083	(26,083)
Employer - Implicit subsidy	-	-	-
Net investment income	-	29,170	(29,170)
Benefit payments	(24,885)	(24,885)	-
Actual vs. expected experience	5,947	-	5,947
Changes of assumptions	(8,808)	-	(8,808)
Administrative expenses*	-	(2,911)	2,911
Net Changes during Fiscal Year 2020	31,223	27,457	3,766
Balance at Fiscal Year Ending 6/30/2020:	$519,226	$702,917	($183,691)

Review Draft

9. Other Post Employment Healthcare Benefits, continued

d) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

In accordance with GASB 74, regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2020, calculated using the discount rate of 6.00%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage point higher than the current rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5%)	Discount Rate (6%)	Discount Rate +1% (7%)
($124,664)	($183,691)	($232,965)

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
($241,759)	($183,691)	($112,951)

e) Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Contribution Policy	City contributes full ADC
Actuarial Cost Method	Entry Age Normal. Level percentage of payroll
Actuarial Assumptions:	
Discount Rate	6.00%(1)
Long Term Expected Rate	6.00%(2)
Rate of Return on Assets	6.00%(3)
Inflation	2.75%
Payroll Growth	3.00%
Mortality Rate	CalPERS 1997-2015 Experience Study; Mortality projected fully generational with Society of Actuaries Scale MP-2019
Healthcare Trend Rate	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Healthcare participation for future retirees	50% covered; 30% if waived coverage
PEMHCA Minimum Increases	4.25% annually

(1) At June 30, 2020
(2) At June 30, 2019
(3) Expected City Contributions projected to keep sufficient plan assets to pay all benefits from trust.

Review Draft

9. Other Post Employment Healthcare Benefits, continued

f) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of $67,502. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$8,175	
Changes in assumptions	-	$7,861
Differences between actual and expected experience	5,308	-
Total	$13,483	$7,861

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

Year Ended June 30	Annual Amortization
2021	$1,906
2022	1,906
2023	1,176
2024	1,955
2025	(1,321)
Total	$5,622

Review Draft

9. Other Post Employment Healthcare Benefits, continued

g) OPEB Trust Fund

Plan Administration

The City is the plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City's retiree healthcare benefit plan – a single-employer defined benefit OPEB plan that provides healthcare benefits for eligible general and public safety employees of the City.

	Fiscal Year ended June 30, 2020
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

Contribution Information

PARS established rates for each employer based on an actuarially determined rate for each employer. Plan members are not required to contribute to the plan. For the year ended June 30, 2020, the City contributed $26,083 to the Trust.

Investment Policy

PARS offers different investment portfolios as part of the investment vehicle. The City invests in "Capital Appreciation" portfolio; the primary goal of the Capital Appreciation objective is growth of principal. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selections and monitoring helps to drive return potential while reducing portfolio risk.

The following is the City adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	48.00%	4.82%
Fixed Income	45.00%	1.47%
REITs	2.00%	3.76%
Cash	5.00%	0.06%
Total	100.00%	

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9. Other Post Employment Healthcare Benefits, continued

Investment Concentration

As of June 30, 2020, the City's Trust did not have investments in any one organization exceeding 5% of the City's Trust investments.

Investment Rate of Return

For the year ended June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense, was 4.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The ABAG Plan covers general liability claims in an amount up to $5,000,000. The City has a deductible or uninsured liability of up to $50,000 per claim. Once the City's deductible is met ABAG Plan becomes responsible for payment of all claims up to the limit. The Cities Group covers workers compensation claims up to $2,500,000 in primary payment ($1,000,000 for miscellaneous employees and $1,500,000 for safety employees) and has coverage above that limit to a maximum of $10,000,000 per incident in excess. The City has no deductible for these claims. The City also belongs to the California Sanitation Risk Management Authority, which insures the City up to $500,000 per property against sewer backup damages. The City is liable for only one claim per property and is not liable for any future damages, as the property owner is then required to install a back flow valve on their line, with the exception of properties in certain low lying areas.

The City provides for the uninsured portion of claims and judgments in the General Fund and Risk Management Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

Settled claims have not exceeded the City's excess coverage in any of the past three fiscal years. Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balance. These losses include an estimate of claims that have been incurred but not reported. The liability for general liability self-insurance claims is the City's best estimate based on available information.

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10. Risk Management (Continued)

a) The Cities Group

The City, along with five other governments located within San Mateo County, is a member of The Cities Group, a public entity risk pool and a provider of workers' compensation insurance coverage, claims management, risk management services and legal defense to each participating member. The Cities Group is governed by a Board of Directors, which comprises officials appointed by each participating member. Premiums paid to The Cities Group may be modified by Board decision according to the loss experience of each member. This loss experience mechanism will operate to ensure that each member returns over a period of time to The Cities Group the funds paid out on its behalf as paid losses. In the opinion of City management, premiums paid represent the best available estimate of the ultimate cost of the City's participation in The Cities Group and, accordingly, the accompanying basic financial statements of the City includes no provisions for possible refunds or additional assessments. For the year ended June 30, 2020, the City paid premiums of $40,417 to The Cities Group. Financial statements may be obtained from The Cities Group at P.O. Box 111, Burlingame, CA 94011-0111.

b) Plan JPA

Prior to January 2018 the City participated in ABAG Plan Corporation, a non-profit public benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. On January 16, 2018, ABAG Plan Corporation transitioned to Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a self-funded pooled insurance corporation established by a joint powers authority in which the City is one of 28 members. The rights and responsibilities of the member agencies are governed by the bylaws of the PLAN JPA, the risk coverage agreement, and a related memorandum of coverage. Each member chooses its self-insured liability retention at a level between $25,000 and $250,000. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limit, in establishing the level of pool reserves, approving the premium allocation methodology for setting premiums for each member, and in approving the methodology for returning disbursable equity to members. PLAN JPA is responsible for administering the insurance program. PLAN JPA provides claims administration and risk management services to the members. Audited financial information may be obtained from PLAN JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

For the year ended June 30, 2020, the City paid premiums of $172,548. Financial statements may be obtained from Plan JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City's liability for uninsured claims was estimated by management based on prior year claims experience as follows:

	June 30, 2020	June 30, 2019
Beginning balance of claims payable	$903,761	$849,394
Increase in estimated liability	567,657	585,903
Claims paid	(533,168)	(531,536)
Ending balance of claims payable	$938,250	$903,761

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

COST-SHARING EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS PLAN

This schedule presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Review Draft

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Plan
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's proportion of the Net Pension Liability (Asset)	0.04792%	0.10917%	0.11869%	0.12281%	0.12663%	0.13120%
Plan's proportionate share of the Net Pension Liability (Asset)	$2,981,768	$2,994,972	$4,123,054	$4,841,079	$4,772,172	$5,254,057
Covered Payroll	$1,412,295	$1,986,876	$2,014,025	$2,423,106	$3,177,604	$3,415,448
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	211.13%	150.74%	204.72%	199.79%	150.18%	153.83%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.22%	83.28%	77.87%	76.18%	77.02%	75.07%

* Fiscal year 2015 was the 1st year of implementation

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REQUIRED SUPPLEMENTARY INFORMATION

Safety Plan
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's proportion of the Net Pension Liability (Asset)	0.06033%	0.10493%	0.10385%	0.10143%	0.10417%	0.10123%
Plan's proportionate share of the Net Pension Liability (Asset)	$3,754,036	$4,323,582	$5,378,768	$6,060,745	$6,112,200	$6,319,361
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.10%	76.97%	71.33%	69.65%	69.70%	73.37%

* Fiscal year 2015 was the 1st year of implementation

Review Draft

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Plan
Cost-Sharing Multiple Employer Defined Pension Plan
As of fiscal year ending June 30, 2020
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal year ended June 30:	2016	2017	2018	2019	2020
Actuarially determined contribution	$168,511	$344,215	$435,299	$525,289	$649,405
Contributions in relation to the actuarially determined contributions	(168,511)	(344,215)	(435,299)	(525,289)	(649,405)
Contribution deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	$2,014,025	$2,423,106	$3,177,604	$3,415,448	$3,945,078
Contributions as a percentage of covered-employee payroll	8.4%	14.2%	13.7%	15.4%	16.5%
Notes to Schedule					
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	(1)
Investment rate of return	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50%

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

* Fiscal year 2015 was the 1st year of implementation

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REQUIRED SUPPLEMENTARY INFORMATION

Safety Plan
Cost-Sharing Multiple Employer Defined Pension Plan
As of fiscal year ending June 30, 2019
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal year ended June 30:	2016	2017	2018	2019	2020
Actuarially determined contribution	$414,500	$249,322	$445,240	$551,942	$555,649
Contributions in relation to the actuarially determined contributions	(414,500)	(249,322)	(445,240)	(551,942)	(555,649)
Contribution deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	(1)
Investment rate of return	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50%

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

* Fiscal year 2015 was the 1st year of implementation

Review Draft

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES
IN THE NET OPEB LIABILITY AND RELATED RATIOS
A Single Employer OPEB Plan
Last 10 fiscal years*

Measurement Date	**6/30/2017**	**6/30/18**	**6/30/2019**	**6/30/20**
Total OPEB Liability (1)				
Service Cost	$ 25,533	$ 27,065	$ 27,877	$ 28,713
Interest	24,624	26,373	28,268	30,256
Differences between expected and actual experience	-	-	-	-
Benefit payments	(22,522)	(22,553)	(22,788)	(24,885)
Actual vs. expected experience	-	-	-	5,947
Changes of assumptions	-	-	-	(8,808)
Net change in total OPEB liability	27,635	30,885	33,357	31,223
Total OPEB liability - beginning	396,126	423,761	454,646	488,003
Total OPEB liability - ending (a)	$ 423,761	$ 454,646	$ 488,003	$ 519,226
OPEB fiduciary net position				
Net investment income	$ 48,425	$ 32,087	$ 41,937	$ 29,170
Contributions:				
Employer - City's contribution	22,522	39,261	22,928	26,083
Employer - Implicit subsidy	-	-	-	-
Administrative expense	(2,071)	(1,552)	(1,745)	(2,911)
Actual vs. expected experience	-	-	-	-
Benefit payments	(22,522)	(22,553)	(22,788)	(24,885)
Net change in plan fiduciary net position	46,354	47,243	40,332	27,457
Plan fiduciary net position - beginning	541,531	587,885	635,128	675,460
Plan fiduciary net position - ending (b)	$ 587,885	$ 635,128	$ 675,460	$ 702,917
Net OPEB liability - ending (a)-(b)	$ (164,124)	$ (180,482)	$ (187,457)	$ (183,691)
Plan fiduciary net position as a percentage of the total OPEB liability	138.73%	139.70%	138.41%	135.38%
Covered-employee payroll (A)	N/A **	$ 3,009,829	$ 4,157,271	$ 4,976,211
Total OPEB liability as a percentage of covered-employee payroll	N/A **	-6.00%	-4.51%	-3.69%

* Fiscal year 2018 was the first year of implementation of GASB 75
Administrative expenses are included in investment expenses.
**Fiscal year 2017 was the first year of GASB 74 implementation

Review Draft

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
A Single Employer OPEB Plan
Last 10 fiscal years*

Fiscal Year Ended June 30,	**2017**	**2018**	**2019**	**2020**
Actuarially Determined Contribution (ADC)	$16,708	$17,251	$15,539	$16,054
Less: Contributions in Relation to the ADC	(22,522)	(39,261)	(22,928)	(26,083)
Contribution deficiency (excess)	($5,814)	($22,010)	($7,389)	($10,029)
Covered-employee payroll	N/A **	$3,009,829	$ 4,157,271	$ 4,976,211
Contributions as a percentage of Covered-employee payroll	N/A **	1.30%	0.55%	0.52%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, level percentage of payroll
Amortization Period	14-year fixed period from 6/30/20
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA Minimum	4.25% annual increases
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2019

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

Review Draft

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal year ended June 30,[1]	Annual money-weighted rate of return, net of investment expense
2017*	8.60%
2018	7.60%
2019	7.60%
2020	4.10%

[1] This schedule is intended to show information for 10 years. Additional years will be added to this schedule in future fiscal years

* Fiscal year 2017 was the first year of GASB 74 implementation

Review Draft

CITY OF HALF MOON BAY
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Taxes	$14,244,411	$14,081,411	$13,180,918	($900,493)
Licenses and permits	396,416	357,656	414,752	57,096
Fines and forfeitures	115,802	115,802	140,238	24,436
Charges for services	1,042,572	1,042,572	1,161,996	119,424
Investment income	98,944	98,944	383,965	285,021
Intergovernmental revenues		60,000	45,000	(15,000)
Miscellaneous	640,089	640,089	597,927	(42,162)
Total revenues	16,538,234	16,396,474	15,924,796	(471,678)
Expenditures:				
Current Operations:				
General Government	2,637,796	2,597,581	1,988,767	608,814
General administration	1,605,942	1,426,368	1,292,277	134,091
Public Safety	4,155,245	4,155,245	3,994,510	160,735
Public Works	1,451,678	1,451,678	1,859,378	(407,700)
Recreation services	1,323,743	1,323,743	961,043	362,700
Planning	3,335,028	3,395,028	2,855,632	539,396
Capital outlay			120,000	(120,000)
Debt service:				
Principal	600,000	600,000	572,686	27,314
Total expenditures	15,109,432	14,949,643	13,644,293	1,305,350
Excess of revenues over expenditures	1,428,802	1,446,831	2,280,503	833,672
Other financing sources (uses):				
Transfers in	916,922	903,006	2,762,255	1,859,249
Transfers out	(5,145,079)	(5,364,868)	(5,364,870)	(2)
Total Other Financing Sources (Uses)	(4,228,157)	(4,461,862)	(2,602,615)	1,859,247
Net change in fund balance	($2,799,355)	($3,015,031)	(322,112)	$2,692,919
Fund balance at beginning of year			10,956,264	
Fund balance at end of year			$10,634,152	

See accompanying notes to financial statements

Review Draft

CITY OF HALF MOON BAY
STREETS AND ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes				
Licenses and permits	$175,600	$175,600	$106,369	($69,231)
Investment income	33,762	33,762	124,568	90,806
Intergovernmental revenue	5,358,265	1,099,247	1,206,191	106,944
Miscellaneous			176,003	176,003
Total revenues	5,567,627	1,308,609	1,613,131	304,522
Expenditures:				
Current:				
Public works	473,974	473,974	372,506	101,468
Capital Outlay	7,080,014	2,678,014	1,436,185	1,241,829
Total expenditures	7,553,988	3,151,988	1,808,691	1,343,297
Excess (deficiency) of revenues over (under) expenditures	(1,986,361)	(1,843,379)	(195,560)	1,647,819
Other financing sources (uses):				
Transfer in	1,304,000	1,304,000	1,086,500	(217,500)
Transfer out	(250,007)	(250,007)	(32,507)	217,500
Total other financing sources (uses)	1,053,993	1,053,993	1,053,993	
Net change in fund balance	($932,368)	($789,386)	858,433	$1,647,819
Fund balance at beginning of year			3,272,139	
Fund balance at end of year			$4,130,572	

Review Draft

REQUIRED SUPPLEMENTARY INFORMATION

Budget and Budgetary Accounting

The City Council adopts an Annual Budget no later than the second meeting of June of each year for the fiscal year commencing the following July 1. The Annual Budget is adopted on a basis consistent with generally accepted accounting principles. The Capital Projects Funds are budgeted annually, with major capital improvement projects details in a separate Five Year Capital Improvement Program budget document.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Manager submits to the City Council a proposed operating budget for the following fiscal year. The operating budget includes proposed revenues and expenditures.

2. After a review by the City Council, a public hearing is conducted and further comment is received from the City Council and the general public.

3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.

4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review.

5. The City Manager is authorized to transfer from time to time budget amounts of operational expenditure categories within divisions as deemed necessary in order to meet the City's needs.

6. City Council approval is required for all fund to fund transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfers to/from the capital expenditure category. The legal level of budgetary control of the City Council is at the fund level. This is the level that management cannot overspend the budget without approval of the City Council.

Review Draft

SUPPLEMENTARY INFORMATION

Review Draft

CITY OF HALF MOON BAY
JUDGMENT OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$122,960	$143,939	$20,979
Total revenues	122,960	143,939	20,979
Expenditures:			
Debt service:			
Principal	10,915,000	10,915,000	
Interest and fees	471,962	468,852	3,110
Total expenditures	11,386,962	11,383,852	3,110
Excess of revenues over expenditures	(11,264,002)	(11,239,913)	24,089
Other financing sources:			
Transfers (out)		(399,999)	(399,999)
Total other financing sources		(399,999)	(399,999)
Net change in fund balance	($11,264,002)	(11,639,912)	($375,910)
Fund balance at beginning of year		11,675,887	
Fund balance at end of year		$35,975	

Review Draft

CITY OF HALF MOON BAY
LIBRARY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income		$43,392	$43,392
Total Revenues		43,392	43,392
Expenditures:			
Capital outlay	$2		2
Total expenditures	2		2
Net change in fund balance	($2)	43,392	$43,394
Fund balance at beginning of year		1,244,495	
Fund balance at end of year		$1,287,887	

Review Draft

CITY OF HALF MOON BAY
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Investment income	$98,944	$98,944	$55,298	($43,646)
Total revenues	98,944	98,944	55,298	(43,646)
Expenditures:				
Current Operations:				
General Government			675	(675)
Capital Outlay		935,000	196,232	738,768
Total expenditures		935,000	196,907	738,093
Excess of revenues over expenditures	98,944	(836,056)	(141,609)	694,447
Other financing sources (uses):				
Transfers in	916,922	605,000	605,000	
Total Other Financing Sources (Uses)	916,922	605,000	(704,173)	(1,309,173)
Net change in fund balance	$1,015,866	($231,056)	(845,782)	($614,726)
Fund balance at beginning of year			2,364,020	
Fund balance at end of year			$1,518,238	

Review Draft

Special Revenue Funds

Special Revenue Funds are established to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects that are restricted by law or administrative action to expenditures for specified purposes).

The *Police Grants Fund* (Fund 22) was established to account for revenues received and expenditures made for police services. The City receives funds for police services from Federal, State, County and local governmental agencies. These funds are designated for specific police services, activities, and capital equipment.

The *Storm Drain Operating Fund* (Fund 7) accounts for the maintenance of the existing storm drain system.

The *Traffic Mitigation Fund* (Fund 13) was established to account for all proceeds from traffic mitigation fees, whose purpose is to defray the actual costs of constructing improvements to mitigate traffic and circulation impacts resulting from proposed new development.

The *Affordable Housing Fund* (Fund 19) was established to account for proceeds of construction and development fees, including in lieu fees, whose purpose is for the development of affordable housing for very low, low, and moderate income households to rent or buy.

The *Parks Development Fund* (Fund 17) was established to account for proceeds of construction and development fees, whose purpose is for the acquisition, development, improvement, and expansion of parks and recreational areas, including equipment for recreation purposes and for capital expenditures such as infrastructure construction projects. In addition, this fund also includes the Library Fund (Fund 15) which accounts for the operations of the public library and is funded by contributions from the City and the San Mateo County Library Joint Powers Authority.

Capital Projects Funds

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities and infrastructure by the City, with the exception of those assets financed by proprietary funds.

The *Public Facilities Fund* (Fund 48) accounts for expenditures related to public facilities improvements that are needed - police facilities, the library, the public works yard, etc. The funds are received from various contractual agreements that are one-time in nature and which are not specifically dedicated, as well as grants.

The *Storm Drain Improvements Fund* (Fund 14) is used to account for all proceeds from storm drainage improvement fees which are assessed against new or remodeled construction and are used for drainage improvements.

Review Draft

CITY OF HALF MOON BAY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Police Grants	Storm Drain Operating	Traffic Mitigation	Affordable Housing	Parks Development
Assets					
Cash and investments	$530,400	$351,344	$4,196,011	$2,365,659	$2,565,869
Accounts receivable					99,070
Interest receivable	2,102	1,318	15,713	8,874	11,585
Total assets	$532,502	$352,662	$4,211,724	$2,374,533	$2,676,524
Liabilities:					
Accounts payable					$22,164
Accrued expenses	$40,936			$23	
Accrued liabilities					62,007
Total liabilities	40,936			23	84,171
Fund Balances:					
Restricted	491,566	$352,662	$4,211,724	2,374,510	2,592,353
Total fund balances	491,566	352,662	4,211,724	2,374,510	2,592,353
Total liabilities and fund balances	$532,502	$352,662	$4,211,724	$2,374,533	$2,676,524

Review Draft

CAPITAL PROJECTS FUNDS		
Public Facilities	Storm Drain Improvements	Total
$1,270,655	$973,006	$12,252,944
		99,070
5,784	3,944	49,320
$1,276,439	$976,950	$12,401,334
	$21,856	$44,020
	1,390	42,349
$3,395		65,402
3,395	23,246	151,771
1,273,044	953,704	12,249,563
1,273,044	953,704	12,249,563
$1,276,439	$976,950	$12,401,334

Review Draft

CITY OF HALF MOON BAY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS				
	Police Grants	Storm Drain Operating	Traffic Mitigation	Affordable Housing	Parks Development
Revenues:					
Charges for services					
Impact fees/recreation fees			$118,386		$186,441
Investment income	$16,765	$10,334	131,541	$71,576	101,492
Intergovernmental revenues	155,948				99,070
Miscellaneous					5,584
Total Revenues	172,713	10,334	249,927	71,576	392,587
Expenditures:					
Current:					
Public Safety	110,093				
Public Works			32,054		
Recreation Services					15,934
Planning				300,449	
Capital outlay			79,483		1,361,628
Total Expenditures	110,093		111,537	300,449	1,377,562
Excess (deficiency) of revenues over (under) expenditures	62,620	10,334	138,390	(228,873)	(984,975)
Other financing sources:					
Transfers in		49,996		400,000	1,433,078
Transfer (out)					(634,875)
Total Other Financing Sources		49,996		400,000	798,203
Net change in fund balances	62,620	60,330	138,390	171,127	(186,772)
Fund balances at beginning of year	428,946	292,332	4,073,334	2,203,383	2,779,125
Fund balances at end of year	$491,566	$352,662	$4,211,724	$2,374,510	$2,592,353

Review Draft

CAPITAL PROJECTS FUNDS		
Public Facilities	Storm Drain Improvements	Total
	$11,175	$11,175
		304,827
$46,656	35,124	413,488
		255,018
		5,584
46,656	46,299	990,092
		110,093
	37,982	70,036
		15,934
		300,449
308,514	586,735	2,336,360
308,514	624,717	2,832,872
(261,858)	(578,418)	(1,842,780)
540,000	150,000	2,573,074
(484,241)	(152,411)	(1,271,527)
55,759	(2,411)	1,301,547
(206,099)	(580,829)	(541,233)
1,479,143	1,534,533	12,790,796
$1,273,044	$953,704	$12,249,563

Review Draft

CITY OF HALF MOON BAY
POLICE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$1,734	$16,765	$15,031
Intergovernmental	118,826	155,948	37,122
Total Revenues	120,560	172,713	52,153
Expenditures:			
Current:			
Public Safety	409,283	110,093	299,190
Total expenditures	409,283	110,093	(299,190)
Excess (deficiency) of revenues over (under) expenditures	(288,723)	62,620	351,343
Net change in fund balance	($288,723)	62,620	$351,343
Fund Balance at beginning of year		428,946	
Fund balance at end of year		$491,566	

Review Draft

CITY OF HALF MOON BAY
STORM DRAIN OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$612	$10,334	$9,722
Total revenues	612	10,334	9,722
Expenditures:			
Current:			
Public works	54,384		54,384
Total expenditures	54,384		54,384
Excess (deficiency) of revenues over (under) expenditures	(53,772)	10,334	64,106
Other financing sources:			
Transfers in	50,000	49,996	(4)
Total other financing sources	49,998	49,996	(2)
Net change in fund balance	($3,774)	60,330	$64,104
Fund balance at beginning of year		292,332	
Fund balance at end of year		$352,662	

Review Draft

CITY OF HALF MOON BAY
TRAFFIC MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Impact fees/recreation fees	$33,374	$118,386	$85,012
Investment income	2,448	131,541	129,093
Total revenues	35,822	249,927	214,105
Expenditures:			
Current:			
Public works		32,054	(32,054)
Capital outlay		79,483	(79,483)
Total expenditures		111,537	(111,537)
Excess (deficiency) of revenues over (under) expenditures	(64,178)	138,390	202,568
Net change in fund balance	($64,178)	138,390	$202,568
Fund balance at beginning of year		4,073,334	
Fund balance at end of year		$4,211,724	

Review Draft

CITY OF HALF MOON BAY
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Recreation fees/impact fees			
Investment income	$11,322	$71,576	$60,254
Total revenues	11,322	71,576	60,254
Expenditures:			
Current:			
Planning	(40)	300,449	(300,489)
Total expenditures	(40)	300,449	(300,489)
Excess of revenues over expenditures	11,322	(228,873)	60,254
Other financing sources (uses):			
Transfers in	400,000	400,000	
Total Other Financing Sources (uses)	400,000	400,000	
Net change in fund balance	$11,322	171,127	$60,254
Fund balance at beginning of year		2,203,383	
Fund balance at end of year		$2,374,510	

Review Draft

CITY OF HALF MOON BAY
PARKS DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Impact fees/recreation fees	$139,899	$186,441	$46,542
Investment income	816	101,492	100,676
Intergovernmental revenues		99,070	99,070
Miscellaneous		5,584	5,584
Total Revenues	140,715	392,587	251,872
Expenditures:			
Current:			
Recreation services	26,444	15,934	10,510
Capital outlay	2,415,495	1,361,628	1,053,867
Total expenditures	2,441,939	1,377,562	1,064,377
Excess of revenues over expenditures	(2,301,224)	(984,975)	1,316,249
Other financing sources:			
Transfers in	1,433,078	1,433,078	
Transfers out	(4,464)	(634,875)	(630,411)
Total other financing sources	1,428,614	798,203	(630,411)
Net change in fund balance	($872,610)	(186,772)	$685,838
Fund balance at beginning of year		2,779,125	
Fund balance at end of year		$2,592,353	

Review Draft

CITY OF HALF MOON BAY
PUBLIC FACILITIES CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Impact fees/recreation fees			
Investment income	$3,570	$46,656	$43,086
Intergovernmental revenue	6,250		(6,250)
Total revenues	9,820	46,656	36,836
Expenditures:			
Capital Outlay	990,000	308,514	681,486
Total expenditures	1,080,819	308,514	772,305
Excess (deficiency) of revenues over (under) expenditures	(1,070,999)	(261,858)	809,141
Other financing sources (uses):			
Transfers in	540,000	540,000	
Transfers (out)		(484,241)	(484,241)
Total Other Financing Sources (uses)	540,000	55,759	(484,241)
Net change in fund balance	($530,999)	(206,099)	$324,900
Fund balance at beginning of year		1,479,143	
Fund balance at end of year		$1,273,044	

Review Draft

CITY OF HALF MOON BAY
STORM DRAIN IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	$3,174	$11,175	$8,001
Investment income	3,672	35,124	31,452
Total Revenues	6,846	46,299	39,453
Expenditures:			
Public works		37,982	(37,982)
Capital outlay	867,227	586,735	280,492
Total expenditures	867,227	624,717	242,510
Excess of revenues over expenditures	(860,381)	(578,418)	281,963
Other financing sources:			
Transfers in	150,000	150,000	
Transfers out	(2,411)	(152,411)	(150,000)
Total other financing sources	147,589	(2,411)	(150,000)
Net change in fund balance	($712,792)	(580,829)	$131,963
Fund balance at beginning of year		1,534,533	
Fund balance at end of year		$953,704	

Review Draft

CITY OF HALF MOON BAY, CALIFORNIA

INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED JUNE 30, 2020

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other government units on a cost- reimbursement basis (including depreciation).

The *Equipment* (Fund 62) and *Vehicle Replacement* (Fund 61) *Fund* is used to account for replacement of furniture, fixtures, equipment, and vehicles. These funds cover the cost of repair, maintenance and replacement of City vehicles and provide for the service, maintenance of the management information systems, leased copiers and leased postage meter. Revenues are derived from charges to user departments (al funds) based on usage.

The *Risk Management Fund* (Fund 63) administers the City's general insurance and workers compensation programs with the goals of reducing insurance-related costs, maintain appropriate levels of coverage and to build for contingent legal reserves.

The *Pension Stabilization Fund* (Fund 64) stabilizes major fluctuations in annual pension costs driven by market factors and actuarial changes.

Review Draft

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Equipment and Vehicle Replacement	Risk Management	Pension Stabilization	Total
Assets				
Current Assets:				
Cash and investments	$741,472	$3,308,383	$1,395,547	$5,445,402
Interest receivable	1,845	12,472	5,623	19,940
Total Current Assets	743,317	3,320,855	1,401,170	5,465,342
Non-current assets:				
Net OPEB asset		4,084		4,084
Capital assets, net of Accumulated depreciation	197,805			197,805
Total Assets	941,122	3,324,939	1,401,170	5,667,231
Liabilities				
Current Liabilities:				
Accounts payable	(11,615)	7,217		(4,398)
Claims liability		938,250		938,250
Total Liabilities	(11,615)	945,467		933,852
Deferred inflow of resources				
Related to OPEB		11		11
Total deferred inflows of resources		11		11
Net Position				
Net position:				
Invested in capital assets	197,805			197,805
Unrestricted	754,932	2,379,461	1,401,170	4,535,563
Total net position	$952,737	$2,379,461	$1,401,170	$4,733,368

Review Draft

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Equipment and Vehicle Replacement	Risk Management	Pension Stabilization	Total
Operating revenues:				
Impact fees	$17,091			$17,091
Total operating revenues	17,091			17,091
Operating expenses:				
Salaries and wages		$94,088	$295,019	389,107
Contract services	336,647	65,606		402,253
Services and supplies	146,921	2,200		149,121
Repairs and maintenance	18,985			18,985
Insurance expense		226,032		226,032
Pension			556,743	556,743
Depreciation	42,728			42,728
Total operating expenses	545,281	387,926	851,762	1,784,969
Operating income (loss)	(528,190)	(387,926)	(851,762)	(1,767,878)
Non-operating revenues (expenses):				
Investment income	22,684	98,332	40,988	162,004
Total non-operating revenues	22,684	98,332	40,988	162,004
Transfers in	423,325	625,334	1,000,000	2,048,659
Change in net position	(82,181)	335,740	189,226	442,785
Net position at beginning of year	1,034,918	2,043,721	1,211,944	4,290,583
Net position at end of year	$952,737	$2,379,461	$1,401,170	$4,733,368

Review Draft

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Equipment and Vehicle Replacement	Risk Management	Pension Stabilization	Total
Cash flows from operating activities:				
Cash received from department users	$17,091			$17,091
Cash payments to suppliers of goods and services	(496,643)	($292,471)	($555,397)	(1,344,511)
Cash payments to employees for services		(95,330)	(295,019)	(390,349)
Net cash provided by (used for) operating activities	(479,552)	(387,801)	(850,416)	(1,717,769)
Cash flows from non-capital financing activities:				
Transfer in	423,325	625,334	1,000,000	2,048,659
Net cash provided by (used for) non-capital financing activities	423,325	625,334	1,000,000	2,048,659
Cash flows form capital and related financing activities:				
Acquisition of capital assets	(34,305)			(34,305)
Net cash provided by (used for) capital and related financing activities	(34,305)			(34,305)
Cash flows from investing activities:				
Interest received on investments	22,684	132,821	40,988	196,493
Net cash provided by investing activities	22,684	132,821	40,988	196,493
Net increase (decreased) in cash and cash equivalents	(67,848)	370,354	190,572	493,078
Cash and cash equivalents at beginning of year	809,320	2,938,029	1,204,975	4,952,324
Cash and cash equivalents at end of year	$741,472	$3,308,383	$1,395,547	$5,445,402
Reconciliation of operating income to net cash flows provided by operating activities:				
Operating income (loss)	($528,190)	($387,926)	($851,762)	($1,767,878)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	42,728			42,728
(Increase) in interest receivable	17,525	4,586	1,346	23,457
Increase (Decreased) in accounts payable	(11,615)	(3,219)		(14,834)
Increase (Decreased) in employees benefits		(1,242)		(1,242)
Net cash provided by (used for) operating activities	($479,552)	($387,801)	($850,416)	($1,717,769)

Review Draft

STATISTICAL SECTION

Review Draft



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CITY OF HALF MOON BAY, CALIFORNIA

STATISTICAL SECTION

FISCAL YEAR ENDED JUNE 30, 2020

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the ability to issue additional debt in the future.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City's provides and the activities it performs.

Property Tax Information

These schedules contain information to help the reader assess the City's property tax sources and changes.

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

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Review Draft

CITY OF HALF MOON BAY

Net Position by Component

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Invested in capital assets, net of related debt	$ 31,763,735	$ 33,635,252	$ 34,516,084	$ 36,067,826	$ 37,550,877	$ 40,513,950	$ 46,399,149	$ 63,168,981	$ 60,800,162	$ 62,744,013
Restricted	-	-	-	38,078,982	18,540,842	19,779,956	22,157,470	25,844,530	27,738,822	16,416,110
Unrestricted	22,882,696	26,111,627	43,069,044	7,998,768	26,042,003	34,369,708	28,173,022	17,010,742	25,475,062	35,553,961
Total governmental activities net position	$ 54,646,431	$ 59,746,879	$ 77,585,128	$ 82,145,576	$ 82,133,722	$ 94,663,614	$ 96,729,641	$ 106,024,253	$ 114,014,046	$ 114,714,084
Business-type activities:										
Invested in capital assets, net of related debt	$ 4,148,716	$ 4,511,633	$ 4,089,787	$ 4,024,768	$ 3,970,876	$ 3,871,356	$ 3,816,994	$ 4,490,973	$ 4,566,718	$ 4,587,090
Restricted	-	-	-	-	-	-	-	5,946,230	6,385,095	8,692,609
Unrestricted	10,998,100	13,604,197	15,881,577	18,347,207	19,063,158	20,635,855	21,900,766	14,129,580	13,683,606	11,937,949
Total business-type activities net position	$ 15,146,816	$ 18,115,830	$ 19,971,364	$ 22,371,975	$ 23,034,034	$ 24,507,211	$ 25,717,760	$ 24,566,783	$ 24,635,419	$ 25,217,648
Primary government:										
Invested in capital assets, net of related debt	$ 35,912,451	$ 38,146,885	$ 38,605,871	$ 40,092,594	$ 41,521,753	$ 44,385,306	$ 50,216,143	$ 67,659,954	$ 65,366,880	$ 67,331,103
Restricted	-	-	-	38,078,982	18,540,842	19,779,956	22,157,470	31,790,760	34,123,917	25,108,719
Unrestricted	33,880,796	39,715,824	58,950,621	26,345,975	45,105,161	55,005,563	50,073,788	31,140,322	39,158,668	47,491,910
Total primary government net position [1]	$ 69,793,247	$ 77,862,709	$ 97,556,492	$ 104,517,551	$ 105,167,756	$ 119,170,825	$ 122,447,401	$ 130,591,036	$ 138,649,465	$ 139,931,732

(1)

The $8.1 million increase in primary government net position in FY 2011-12 is mainly attributable to an increase in capital assets of $2.2 million, a one-time contribution of $1.9 million from the Sewer Assessment District which closed in FY 2011-12, and an increase in cash and investments.. The cash and investment increase is attributable to an improved local economy, significant cost savings efforts, an increase in the sewer usage rates, and timing of funding on capital projects.

The $19.7 million increase in primary government net position in FY 2012-13 is primarily attributable to higher tax revenues, receipt of insurance proceeds, increase in sewer usage rates, and timing of program and capital spending. Of the $19.7 million, $13.2 million is attributable to the one-time insurance proceeds received in the current year.

The $7.0 million increase in primary government net position in FY 2013-14 is primarily attributable to higher tax revenues and timing of sewer-related capital spending.

The $12.5 million increase in primary government net position in FY 2015-16 is primarily attributable to higher tax revenues and a contribution of $6.0 million from the County of San Mateo for the library construction capital project that is scheduled to commence during fiscal year 2016-17.

The $3.5 million increase in primary government net position in FY 2016-17 is primarily attributable to investment in infrastructure and capital projects.

The $8.4 million increase in primary government net position in FY 2017-18 is primarily attributable to investment in capital projects.

The $8.0 million increase in primary government net position in FY 2018-19 is primarily attributable to higher tax and general revenues

The $700 thousand increase in primary government net position in FY 20119-20 is primarily attributable to increased investments in capital assets

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CITY OF HALF MOON BAY

Changes in Net Position

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	$ 2,417,645	$ 3,196,920	$ 3,016,622	$ 6,058,766	$ 3,271,719	$ 5,678,534	$ 6,367,929	$ 7,634,037	$ 7,506,947	$ 8,267,054
Public safety	4,452,292	3,739,193	4,020,875	3,209,351	3,901,511	3,449,122	5,183,033	3,878,176	3,975,865	4,631,203
Public works	1,503,731	1,910,246	2,203,959	2,316,147	2,605,015	2,670,228	3,314,879	3,801,624	3,506,195	3,754,258
Recreation services	470,592	335,383	208,152	221,703	282,251	337,331	348,604	926,730	1,167,467	1,808,657
Interest and fiscal charges	1,194,208	1,182,228	1,172,672	1,155,865	1,053,237	937,704	937,704	937,704	937,704	468,852
Total governmental activities expenses	10,038,468	10,363,970	10,622,280	12,961,832	11,113,733	13,072,919	16,152,149	17,178,271	17,094,178	18,930,024
Business-type activities:										
Sewer	2,718,762	2,630,004	3,224,026	2,881,315	4,078,003	2,943,013	2,966,613	4,757,056	4,562,513	5,950,383
Total business-type activities expenses	2,718,762	2,630,004	3,224,026	2,881,315	4,078,003	2,943,013	2,966,613	4,757,056	4,562,513	5,950,383
Total primary government expenses	$ 12,757,230	$ 12,993,974	$ 13,846,306	$ 15,843,147	$ 15,191,736	$ 16,015,932	$ 19,118,762	$ 21,935,327	$ 21,656,691	$ 24,880,407
Program revenues:										
Governmental activities:										
Charges for services:										
General government	$ 275,581	$ 573,847	$ 322,092	$ 769,532	$ 562,974	$ 658,244	$ 526,111	$ 243,580	$ 391,071	$ 260,672
Public safety	108,566	119,719	153,154	117,737	107,738	118,204	95,883	961,407	64,011	159,631
Public works	225,007	317,715	549,671	632,607	423,449	407,342	452,260	672,979	392,876	332,903
Recreation services	573,574	508,032	457,531	534,225	550,144	588,890	624,771	841,581	630,725	494,433
Operating grants and contributions	1,387,622	897,344	1,182,936	1,512,220	1,903,151	390,970	1,166,559	932,873	1,390,373	786,552
Capital grants and contributions	316,502	1,645,343	571,140	775,559	596,856	7,915,220	607,526	6,940,211	5,090,594	627,168
Total governmental activities program revenues	2,886,852	4,062,000	3,236,524	4,341,880	4,144,312	10,078,870	3,473,110	10,592,631	7,959,650	2,661,359
Business-type activities:										
Charges for services:										
Sewer	3,094,158	3,851,696	5,279,838	5,502,406	5,105,502	4,715,919	4,524,358	4,261,126	4,533,846	4,540,020
Operating grants and contributions	-	1,965,858	1,540	4,074	45,628	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-	-	-	-	-	-
	3,094,158	5,817,554	5,281,378	5,506,480	5,151,130	4,715,919	4,524,358	4,261,126	4,533,846	4,540,020
Total primary government program revenues	5,981,010	9,879,554	8,517,902	9,848,360	9,295,442	14,794,789	7,997,468	14,853,757	12,493,496	7,201,379
Net revenues (expenses):										
Governmental activities	(7,151,616)	(6,301,970)	(7,385,756)	(8,619,952)	(6,969,421)	(2,994,049)	(12,679,039)	(6,585,640)	(9,134,528)	(16,268,665)
Business-type activities	375,396	3,187,550	2,057,352	2,625,165	1,073,127	1,772,906	1,557,745	(495,930)	(28,667)	(1,410,363)
Total net revenues (expenses) [3]	(6,776,220)	(3,114,420)	(5,328,404)	(5,994,787)	(5,896,294)	(1,221,143)	(11,121,294)	(7,081,570)	(9,163,195)	(17,679,028)

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CITY OF HALF MOON BAY

Changes in Net Position

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	2,327,269	2,411,605	2,829,102	2,613,407	2,871,413	3,116,710	3,126,884	3,379,657	3,613,782	3,667,867
Sales tax	2,037,312	2,127,152	2,584,599	3,556,753	3,862,041	4,068,786	2,514,852	2,836,614	2,804,748	3,042,265
Transient occupancy taxes	3,732,443	4,230,920	4,524,646	4,974,614	5,433,394	5,935,558	6,024,855	6,434,808	6,828,108	5,291,821
Other taxes	624,880	828,343	787,952	814,840	832,390	808,224	919,666	1,038,546	1,242,286	1,346,187
Motor vehicle in lieu, unrestricted	-	-	-	-	-	-	-	-	-	-
Investment income	246,160	425,702	385,353	291,224	798,406	811,191	583,497	703,351	1,188,804	2,257,971
Other general revenues	887,001	1,378,696	962,353	929,562	779,392	783,472	1,575,312	1,386,752	1,446,593	1,362,594
Special Item: Insurance proceeds [2]	-	-	13,150,000	-	-	-	-	-	-	-
Special Item: Donated land [2]	8,917,500	-	-	-	-	-	-	-	-	-
Total governmental activities	18,772,565	11,402,418	25,224,005	13,180,400	14,577,036	15,523,941	14,745,066	15,779,728	17,124,321	16,968,705
Business-type activities:										
Investment income	5,774	31,464	48,182	25,446	63,696	93,088	135,003	195,743	332,868	382,491
Miscellaneous	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(392,817)	(482,199)	(857,213)	(235,565)	1,610,101
Total business-type activities	(244,226)	(218,536)	(201,818)	(224,554)	(186,304)	(299,729)	(347,196)	(661,470)	97,303	1,992,592
Total primary government	$ 18,528,339	$ 11,183,882	$ 25,022,187	$ 12,955,846	$ 14,390,732	$ 15,224,212	$ 14,397,870	$ 15,118,258	$ 17,221,624	$ 18,961,297
Changes in net position:										
Governmental activities	$ 11,620,949	$ 5,100,448	$ 17,838,249	$ 4,560,448	$ 7,607,615	$ 12,529,892	$ 2,066,027	$ 9,194,088	$ 7,989,793	$ 700,040
Business-type activities	131,170	2,969,014	1,855,534	2,400,611	886,823	1,473,177	1,210,549	(1,157,400)	68,636	582,229
Total primary government [1]	$ 11,752,119	$ 8,069,462	$ 19,693,783	$ 6,961,059	$ 8,494,438	$ 14,003,069	$ 3,276,576	$ 8,036,688	$ 8,058,429	$ 1,282,269

[1] Change in Net Assets in Primary Government:

FY 2011-12 increase in net position of $8.1 million is primarily due to an increase in cash and investments from improved revenues, strong expense management, and timing of projects, as well as increased capital assets and a one-time contribution from the Sewer Assessment District

FY 2012-13 increase in net position of $19.7 million is primarily due to receipt of insurance rocovery associated with the Yamagiwa claim.

FY 2013-14 increase in net position of $7.0 million is primarily due to higher tax revenues and timing of sewer-related capital spending.

FY 2014-15 increase in net position of $8.5 million is primarily due to higher tax revenues and timing of sewer-related capital spending.

FY 2015-16 increase in net position of $14 million is primarily due to higher tax revenues and timing of sewer-related capital spending.

FY 2016-17 increase in net position of $3.5 million is primarily due to investment in infrastructure and capital projects.

FY 2017-18 increase in net position of $8.4 million is primarily due to investment in capital projects.

The $8.0 million increase in primary government net position in FY 2018-19 is primarily attributable to higher tax and general revenues

[2] Special Items:

FY 2012-13 is the receipt of insurance proceeds received for coverage on the Yamagiwa case.

[3] Total net expenses in FY 2012-13 increased by $2.2 million primarily for timing of capital grants and project timing.

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CITY OF HALF MOON BAY

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year June 30	
	2010	
General fund:		
Reserved	$	2,934,031
Unreserved		2,404,122
Total general fund [1]	$	5,338,153
All other governmental funds:		
Reserved	$	18,432,044
Unreserved, reported in:		
Special revenue funds		139,239
Debt service fund		1,145,312
Capital projects funds		2,223,984
Total all other governmental funds [2]	$	21,940,579

	Fiscal Year June 30									
	2011 [3]	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
General fund:										
Nonspendable	$ 9,373,648	$ 9,145,574	$ 8,917,500	$ 8,917,500	$ -	$ -	$ -	$ -	$ -	$ -
Committed	2,763,098	3,672,354	3,800,352	4,255,283	3,012,735	2,909,550	5,070,257	5,070,257	5,146,354	7,300,642
Assigned	-	1,110,256	1,825,000	2,609,294			-	-	-	-
Unassigned	2,893,969	2,587,992	3,143,252	3,978,376	6,529,822	7,829,894	5,986,903	4,892,195	5,809,910	3,333,510
Total general fund [1]	$ 15,030,715	$ 16,516,176	$ 17,686,104	$ 19,760,453	$ 9,542,557	$ 10,739,444	$ 11,057,160	$ 9,962,452	$ 10,956,264	$ 10,634,152
All other governmental funds:										
Nonspendable	$ 17,906,420	$ 17,906,420	$ 17,906,420	$ 17,906,420	$ 26,823,920	$ -	$ -	$ -	$ 26,823,920	$ 26,823,920
Restricted			7,431,343	21,169,241	23,288,017	31,602,450	23,288,663	25,844,530	27,738,822	16,416,110
Committed	2,823,637	6,130,588	13,150,000	-	-	26,823,920	26,823,920	26,823,920	-	-
Assigned	2,034,742		-	-	-	-	5,611,038	2,161,189	1,244,495	2,806,125
Unassigned	(3,416)		-	-	-	-	-	-	2,364,020	-
Total all other governmental funds [2]	$ 22,761,383	$ 24,037,008	$ 38,487,763	$ 39,075,661	$ 50,111,937	$ 58,426,370	$ 55,723,621	$ 54,829,639	$ 58,171,257	$ 46,046,155

[1] General Fund:
FY 2011-12 and FY 2012-13 Assigned General fund balance is planned for future years' capital expenditures; Committed General fund balance reflects the 30% General fund reserve policy. The Nonspendable fund balance is primarily land held for resale.
FY 2014-15 Nonspendable fund balance decrease is due to the land held for resale transfer from the General Fund to the newly created Land Asset Fund.
FY 2015-16 Unassigned fund balance increase is primarily due to increase in tax revenue.
FY 2016-17 Unassigned fund balance decrease is primarily due to increased investment in capital projects.
FY 2017-18 Unassigned fund balance decrease is primarily due to investment in capital projects.
FY 2018-19 Unassigned fund balance increase is primarily due to in tax and general revenues
FY 2019-20 Unassigned fund balance decrease is primarily due to lower revenues from TOT

[2] Other Governmental Funds:
FY 2011-12 Nonspendable fund balance is land held for resale. The increase in Restricted fund balance reflects the change in classification for special revenue funds, as well as increased restricted monies for capital projects.
FY 2012-13 Nonspendable fund balance is land held for resale. The increase in the Committed balance is for the monies to be used for the debt reduction program on the Judgment Obligation Bonds.
FY 2013-14 Restricted fund balance increas is due to the reclass of the Committed balance in the Judgement Obligation Bond fund.
FY 2014-15 Nonspendable fund balance increase is due to the land held for resale transfer from the General Fund to the newly created Land Asset Fund.
FY 2015-16 Restricted fund balance increase is primarily due to a contribution of $6.0 million from the County of San Mateo for the library construction project.
FY 2016-17 $2.7 million decrease is primarily due to progress on the Library Capital project.
FY 2017-18 $890,000 decrease is primarily due to progress on the Library Capital project.
FY 2018-19 $3.0M increase is primarily due to progress in capital projects
FY 2019-20 $12.1M decrease is primarily due to the final $10.9 million payment of the Judgement Obligation Bond

[3] GASB 54 was implemented in FY 2010-11. See Notes to Financial Statements for definitions of fund balance. The Nonspendable balance primarily represents Cabrillo Highway and Glencree land.

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CITY OF HALF MOON BAY

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years [1]
(Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	$ 8,721,904	$ 9,598,020	$ 10,726,299	$ 12,060,866	$ 12,999,238	$ 13,929,278	$ 12,586,257	$ 13,638,171	$ 14,448,702	$ 13,180,918
Licenses and permits	290,872	306,022	482,488	537,634	394,931	379,749	444,388	370,269	377,873	521,121
Fines and forfeitures	47,220	74,990	116,060	93,737	83,812	102,202	79,132	171,873	189,415	140,238
Charges for services	263,065	546,433	636,772	940,320	765,457	806,642	701,163	1,255,479	1,165,640	1,173,171
Recreation fees/ Impact fees	287,531	991,622	556,402	821,973	625,166	717,469	1,173,275	1,065,005	2,700,943	304,827
Investment income	246,160	425,612	385,353	291,227	798,408	772,575	549,489	703,354	1,225,128	1,164,650
Rents and leases	26,582	15,017	12,250	11,518	-	20,000	10,080	87,536	75,603	-
Intergovernmental revenues	1,623,367	1,824,763	1,312,202	1,925,058	2,260,890	8,058,785	1,069,157	1,910,615	2,074,855	1,506,209
Administrative fees	15,185	3,659	249	1,633	65	-	-	-	-	-
Miscellaneous	1,068,317	215,760	13,875,666	587,731	519,595	400,376	1,089,034	908,337	1,325,476	779,514
Total revenues	12,590,203	14,001,898	28,103,741	17,271,697	18,447,562	25,187,076	17,701,975	20,110,639	23,583,635	18,770,648
Expenditures										
Current:										
General government	2,368,015	2,194,722	3,295,081	3,316,520	2,727,404	3,582,831	3,143,214	3,968,569	3,445,355	3,281,719
Public safety	4,084,469	3,724,355	4,005,358	2,744,812	946,395	1,083,666	3,610,736	3,689,490	3,727,302	4,104,603
Public works	2,323,968	3,274,946	3,110,738	3,233,403	3,089,741	3,208,099	1,639,299	1,768,330	2,147,231	2,301,920
Recreation services	403,058	190,175	62,803	1,780,847	1,987,691	1,347,508	176,497	701,405	896,854	976,977
Planning services	390,853	532,116	687,726	77,155	142,020	183,328	2,353,980	2,505,066	2,686,651	3,156,081
Capital outlay	163,110	58,861	-	2,254,869	2,745,770	4,437,029	7,766,781	18,996,455	5,027,468	4,088,777
Debt service:										
Principal retirement [1]	315,000	330,000	395,000	290,000	4,655,000	-	-	-	-	11,487,686
Interest and fiscal charges	1,195,864	1,185,637	1,176,352	1,161,844	1,053,237	937,704	937,704	937,704	937,704	468,852
Total expenditures	11,244,337	11,490,812	12,733,058	14,859,450 [2]	17,347,258	14,780,165	19,628,211	32,567,019	18,868,565	29,866,615
Excess (deficiency) of revenues over (under) expenditures	1,345,866	2,511,086	15,370,683	2,412,247	1,100,304	10,406,911	(1,926,236)	(12,456,380)	4,715,070	(11,095,967)
Other financing sources (uses):										
Advanced Proceeds from San Mateo County	-	-	-	-	-	-	-	5,726,855	-	-
Capital grants	-	-	-	-	-	-	-	5,726,855	726,000	-
Transfers in [2]	1,978,768	2,669,092	3,279,711	3,368,987	35,780,529	5,285,654	5,059,687	5,024,534	3,216,998	7,026,829
Transfers out [2]	(1,728,768)	(2,419,092)	(3,029,711)	(3,118,987)	(36,062,453)	(6,181,245)	(5,518,484)	(6,010,554)	(4,322,638)	(8,378,076)
Donated land held for resale	8,917,500	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	9,167,500	250,000	250,000	250,000	(281,924)	(895,591)	(458,797)	10,467,690	(379,640)	(1,351,247)
Net change in fund balances [3]	$ 10,513,366	$ 2,761,086	$ 15,620,683	$ 2,662,247	$ 818,380	$ 9,511,320	$ (2,385,033)	$ (1,988,690)	$ 4,335,430	$ (12,447,214)
Debt service as a percentage of noncapital expenditures	13.6%	13.3%	12.3%	11.5%	39.1%	9.1%	7.9%	6.9%	6.8%	46.4%

[1] In FY 2014-15 the City elected to completely pay off the 2009A Judgement Obligation Bonds.

[2] The increase in transfers in FY 2014-15 is primarily due to the creation of and transfers to the Land Asset Capital Project Fund ($26.8 million) and the Library Capital Fund ($4.2 million).

[3] The net change in fund balance of $2.8 million in FY 2011-12 is primarily due to the revenue increase driven by economic recovery, expense management efforts including contracting for public safety and recreation services, and timing of projects.

The net change in fund balance of $15.6 million in FY 2012-13 is primarily due to receipt of one time insurance payment ($13.2 million), increase in general taxes, and revenue from the law enforcement services contract amendment that was negotiated in FY 2012-13.

The net change in fund balance of $2.7 million in FY 2013-14 is higher tax revenues and grants received.

The net change in fund balance of $9.5 million in FY 2015-16 is primarily due to higher tax revenues and a contribution of $6.0 million from the County of San Mateo for the library construction capital project that is scheduled to commence during fiscal year 2016-17.

The net decrease in fund balance of $2.4 million in FY 2016-17 is primarily due to progress on the Library Capital project.

The net decrease in Fund balance of $1.9 million in FY 2017-18 is primarily due to progress on the Library Capital project.

The net increase in Fund balance of $4.3 million in FY 2018-19 is primarily due to increase in revenues and decrease in library project expenditures

The net decrease in Fund balance of $12.4 million in FY 2019-20 is primarily due to the final $10.9 million payoff the judgement obligation bond

Review Draft 172

CITY OF HALF MOON BAY

Transient Occupancy Tax (TOT) by Lodging Type (BASE) [1]

Last Ten Fiscal Years

As of June 30th

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
LODGING TYPE										
Hotels/Motels	$ 3,588,167	$ 4,032,596	$ 4,302,932	$ 4,583,970	$ 5,002,165	$ 5,643,075	$ 5,785,989	$ 6,078,131	$ 6,409,533	$ 4,852,270
B&Bs/ Inns / Cottages	83,797	95,678	104,057	114,610	101,393	99,062	60,671	68,729	66,079	104,715
RV Parks/Camps	60,477	97,244	96,187	243,467	281,880	148,191	150,019	170,855	159,065	164,658
Vacation Rentals	-	5,401	21,470	35,392	45,105	44,230	43,790	115,398	218,561	170,178
Totals	$ 3,732,441	$ 4,230,920	$ 4,524,646	$ 4,977,439	$ 5,430,543	$ 5,934,558	$ 6,040,468	$ 6,433,114	$ 6,853,237	$ 5,291,821

[1] TOT information by individual establishment is confidential and therefore is not available to the public. TOT is the City's largest "own source" revenue, as defined by GASB Statement No. 44.

Source: City of Half Moon Bay Finance Department.

Review Draft 173

CITY OF HALF MOON BAY

Transient Occupancy Tax (TOT) Rate

Last Ten Fiscal Years

Fiscal Year Ended June 30	TOT Tax Rate
2011	12%
2012	12%
2013	12%
2014	12%
2015	12%
2016	12%
2017	12%
2018	12%
2019	12%
2020	12%

Source: City of Half Moon Bay Finance Department

Review Draft

CITY OF HALF MOON BAY

Transient Occupancy Taxpayers by Type of Establishment

Current Year and Ten Years Ago

TOT Taxpayer Type	2019-20 TOT Collected	2019-20 Percent of Total TOT Revenues	2009-10 TOT Collected	2009-10 Percent of Total TOT Revenues
Hotels/Motels/Lodges	$ 4,852,270	91.69%	$ 3,588,167	96.13%
Bed & Breakfasts and Inns	104,715	1.98%	83,797	2.25%
RV Parks & Campgrounds	164,658	3.11%	60,477	1.62%
Vacation Rentals	170,178	3.22%	-	0.00%
	$ 5,291,821	100.00%	$ 3,732,441	100.00%

Source: City of Half Moon Bay Finance Department

Review Draft

CITY OF HALF MOON BAY

Ratios of Outstanding Debt by Type [1]

Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year Ended June 30	Lease Revenue Bonds	Long-Term Note	Judgment Obligation Bonds	Total Governmental Activities [2]	Total Primary Government	Percentage of Personal Income [4]	Debt Per Capita [3]
2011	170,000	-	16,680,000	16,850,000	16,850,000	31.57%	1,276
2012	115,000	-	16,140,000	16,255,000	16,255,000	39.04%	1,216
2013	-	-	15,860,000	15,860,000	15,860,000	36.55%	1,382
2014	-	-	15,570,000	15,570,000	15,570,000	33.52%	1,344
2015	-	-	10,915,000	10,915,000	10,915,000	22.46%	931
2016	-	-	10,915,000	10,915,000	10,915,000	21.33%	931
2017	-	-	10,915,000	10,915,000	10,915,000	21.35%	871
2018	-	-	10,915,000	10,915,000	10,915,000	20.29%	867
2019	-	-	10,915,000	10,915,000	10,915,000	17.32%	864
2020	-	5,154,170	-	5,154,170	5,154,170	8.03%	408

[1] Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[2] The City has no outstanding debt from Business-Type Activities.

[3] Census data changed in 2010 and Half Moon Bay population decreased, thereby resulting in an increase in debt per capita.

[4] Population information was obtained from California State Department of Finanace, Employment data from California Employment Development Department

Review Draft 176

CITY OF HALF MOON BAY

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30,	Outstanding General Bonded Debt: Lease Revenue Bonds	Judgment Obligation Bonds	Total	Percent of Assessed Value [1]	Debt Per Capita
2011	170	16,680	16,850	0.0007%	1,296
2012	115	16,140	16,255	0.0007%	1,231
2013	-	15,860	15,860	0.0007%	1,186
2014	-	15,570	15,570	0.0007%	1,357
2015	-	10,915	10,915	0.0005%	942
2016	-	10,915	10,915	0.0004%	931
2017	-	10,915	10,915	0.0004%	931
2018	-	10,915	10,915	0.0004%	871
2019	-	10,915	10,915	0.0004%	867
2020	-	-	-	0.0000%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

[1] Assessed value has been used because the actual value of taxable property is not readily available in the State of California. Percentages less than 0.0000% are not shown.

Review Draft

CITY OF HALF MOON BAY

Direct and Overlapping Debt

June 30, 2020

2019-20 Assessed Value		$ 3,301,922,465	
	Percentage Applicable [1]	Total Debt 6/30/2020	City's Share of Debt 06/30/20
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	1.380%	$ 766,683,503	$ 10,580,232
Cabrillo Unified School District	46.447%	129,071,539	59,949,858
Midpeninsula Regional Open Space District	1.055%	88,810,000	936,946
Granada Sanitary District 1915 Act Bonds	18.005%	1,430,000	257,472
Total Overlapping Tax and Assessment Debt		$ 985,995,042	$ 71,724,508
Ratio to Assessed Valuation:			
Total Overlapping Tax and Assessment Debt			2.17%
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	1.380%	$ 515,920,256	$ 7,119,700
San Mateo County Board of Education Certificates of Participation	1.380%	7,505,000	103,569
Midpeninsula Regional Open Space Disctrict General Fund Obligations	1.055%	111,985,600	1,181,448
Direct: City of Half Moon Bay Loan Agreement		5,154,169	5,154,169
Total Direct Debt			$ 5,154,169
Total Overlapping Debt			80,129,225
Combined Total Debt			$ 85,283,394

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2019-20 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	2.17%
Total Direct Debt ($16,641,855)	0.16%
Combined Total Debt	2.58%

Source: California Municipal Statistics, Inc. (Austin Busch - Austin@calmuni.com)

Review Draft

CITY OF HALF MOON BAY

Legal Debt Margin Information

Last Ten Fiscal Years

	June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Assessed valuation	$ 2,279,418,104	$ 2,307,212,678	$ 2,347,639,088	$ 2,361,010,857	$ 2,553,357,622	$ 2,733,242,180	$ 2,755,768,400	$ 2,893,093,932	$3,123,075,037	$3,303,922,465
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	569,854,526	576,803,170	586,909,772	590,252,714	638,339,406	683,310,545	688,942,100	723,273,483	780,768,759	825,980,616
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	85,478,179	86,520,475	88,036,466	88,537,907	95,750,911	102,496,582	103,341,315	108,491,022	117,115,314	123,897,092
Total net debt applicable to limit:										
General obligation bonds	16,850,000	16,255,000	15,860,000	15,570,000	10,915,000	10,915,000	10,915,000	10,915,000	10,915,000	-
Legal debt margin	$ 68,628,179	$ 70,265,475	$ 72,176,466	$ 72,967,907	$ 84,835,911	$ 91,581,582	$ 92,426,315	$ 97,576,022	$ 106,200,314	$ 123,897,092
Total debt applicable to the limit										
as a percentage of debt limit	19.7%	18.8%	18.0%	17.6%	11.4%	10.6%	10.6%	10.1%	9.3%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for the parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 % level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: City Finance Department
San Mateo County Tax Assessor Combined Tax Roll 650-363-4777

Review Draft 179

CITY OF HALF MOON BAY

Principal Employers

6/30/2020 and Ten Years Prior

Employer	2020 Number of Employees	2020 Percent of Total Employment	2010 Number of Employees	2010 Percent of Total Employment
Ritz Carlton Hotel	550	16.60%	100	5.07%
Rocket Farms Inc.	130	3.92%		
New Leaf Community Market	116	3.50%	94	4.76%
Safeway Store	102	3.08%	114	5.78%
Sam's Chowder House	97	2.93%	49	2.48%
Half Moon Bay Golf Links	55	1.66%	61	3.09%
Hassett Hardware	49	1.48%	47	2.38%
Burger King	49	1.48%		
Pastorino Hay & Ranch Supply Inc.	48	1.45%		
Mullins Bar & Grill	43	1.30%	46	2.33%
Ocean Colony Partners LLC			47	2.38%
CVS/Pharmacy			57	2.89%
Cetrella			40	2.03%
Subtotal Top Ten Employers	1,239	37.39%	655	33.18%
Total Employment	3,314	100.00%	1,974	100.00%

"Total Employment" as used above represents the total employment of all employers with business licenses located within City limits.

Source for 2019: Employer information from City of Half Moon Bay HdL Business License System.

Review Draft

CITY OF HALF MOON BAY

Full-time and Part-time City Employees By Function

Last Ten Fiscal Years

	June 30									
Function	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
General Government	15	16	16	20	23	20	26	31	24	30
Public Safety	-	-	-	-	-	-	-	-	0	0
Public Works/Maintenance	3	3	3	4	4	4	3	4	6	6
Recreation Services	-	-	-	-	-	0	-	5	5	2
Planning & CDD Dir.	2	3	3	1	1	2	2	6	9	7
Total	20	22	22	25	28	26	31	46	44	45

Note: General government includes five City Council members as well as Administration and Finance staff.

Source: City of Half Moon Bay Finance Department

Review Draft 181

CITY OF HALF MOON BAY

Operating Indicators By Function

Last Ten Fiscal Years

	June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Police: [1]										
Arrests - Part 1 crimes		43	41	50	30	44	38	48	54	71
Traffic citations		518	1,175	1,067	436	527	489	921	2,128	2,517
Parking citations		774	1,222	1,152	1,065	1,598	1,212	3,994	3,465	2,444
Parks and Recreation: [2]										
Number of recreation classes	72	83	60	155	87	88	75	159	105	123
Number of facility rentals [3]	104	25	101	24	42	110	88	324	397	389
Building and Code Enforcement: [4]										
Number of permits issued (est.)		550	457	500	487	413	460	413	473	450
Number of plan checks (est.)		100	104	100	110	105	220	166	205	237
Number of inspections (est.)		2,000	2,009	2,000	2,355	2,820	2,216	2,520	2,442	2,057
Planning: [3]										
Planning Commission Meetings		24	20	22	20	15	12	20	23	20
Number of permits processed		70	80	75	70	111	47	43	102	145

[1] The City started contracting with the San Mateo County Sheriff Office in June 2011. Traffic and parking citation counts for FY 2011-12 are from June 2011 to April 2012.

[2] In FY 2011-12, the City contracted out Recreation services to the City of San Carlos. In FY 2014-15, it changed to the Boys & Girls Club. All programs are provided directly to the public by the contractors.

[3] In FY 2016-17, the City re-assumed responsibility for the Parks and Recreation program. The facility rentals count for FY 2016-17 is estimated based on rental revenue received.

[4] Information will continue to be added as made available.

Sources: City of Half Moon Bay Departments

Review Draft 182

CITY OF HALF MOON BAY
Capital Asset Statistics By Function
Last Ten Fiscal Years

	June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Police:										
Sheriff Substation/EOC	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (miles)	35	35	35	35	35	35	29	29	29	28
Parks	9	9	9	9	9	9	9	9	9	9
Community Centers	1	1	1	1	1	1	1	1	1	1
Sewer lines (miles)		37	37	37	37	37	37	37	37	38
Library									1	1
Facilities/Buildings		6	6	6	6	6	6	6	6	6
Bike Trails (miles)		3	3	6	6	7	7	7	7	7
Land (acres)		100	100	100	176	176	176	176	176	176
Administration:										
Facilities/Buildings		1	1	1	1	1	1	1	1	1

(1) FY 2019 Street information is based on the most recent Pavement Condition Report.

Source: City of Half Moon Bay Finance Department

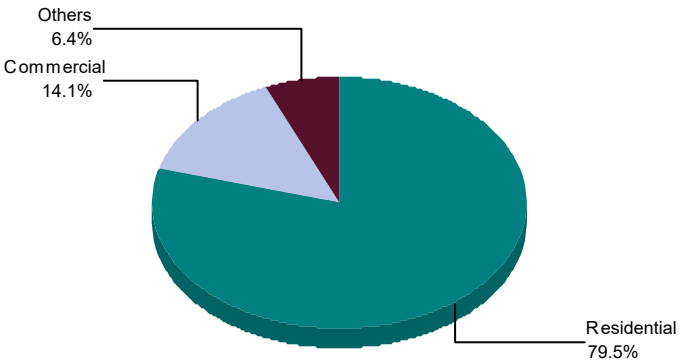
Review Draft 183

THE CITY OF HALF MOON BAY
2019/20 USE CATEGORY SUMMARY

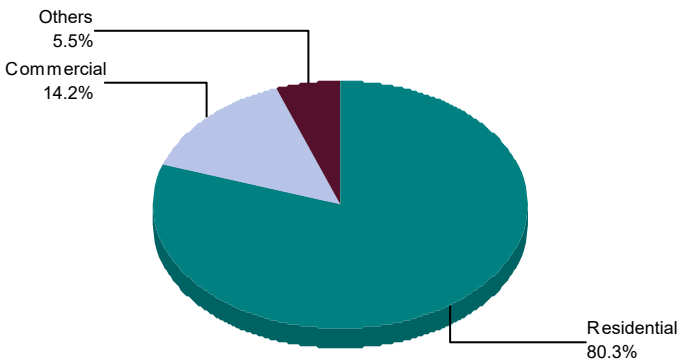
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value		Net Taxable Value	
Residential	3,799	$2,704,198,833	(79.5%)	$2,652,141,529	(80.3%)
Commercial	218	$478,780,135	(14.1%)	$467,790,599	(14.2%)
Industrial	15	$9,374,259	(0.3%)	$9,374,259	(0.3%)
Agricultural	41	$28,875,898	(0.8%)	$16,208,520	(0.5%)
Govt. Owned	98	$35,788	(0.0%)	$0	(0.0%)
Institutional	20	$17,630,324	(0.5%)	$298,922	(0.0%)
Miscellaneous	14	$15,398,633	(0.5%)	$15,398,633	(0.5%)
Recreational	24	$43,685,999	(1.3%)	$43,356,325	(1.3%)
Vacant	1,930	$62,838,400	(1.8%)	$56,658,361	(1.7%)
Unsecured	[258]	$41,436,048	(1.2%)	$40,695,317	(1.2%)
TOTALS	**6,159**	**$3,402,254,317**		**$3,301,922,465**	

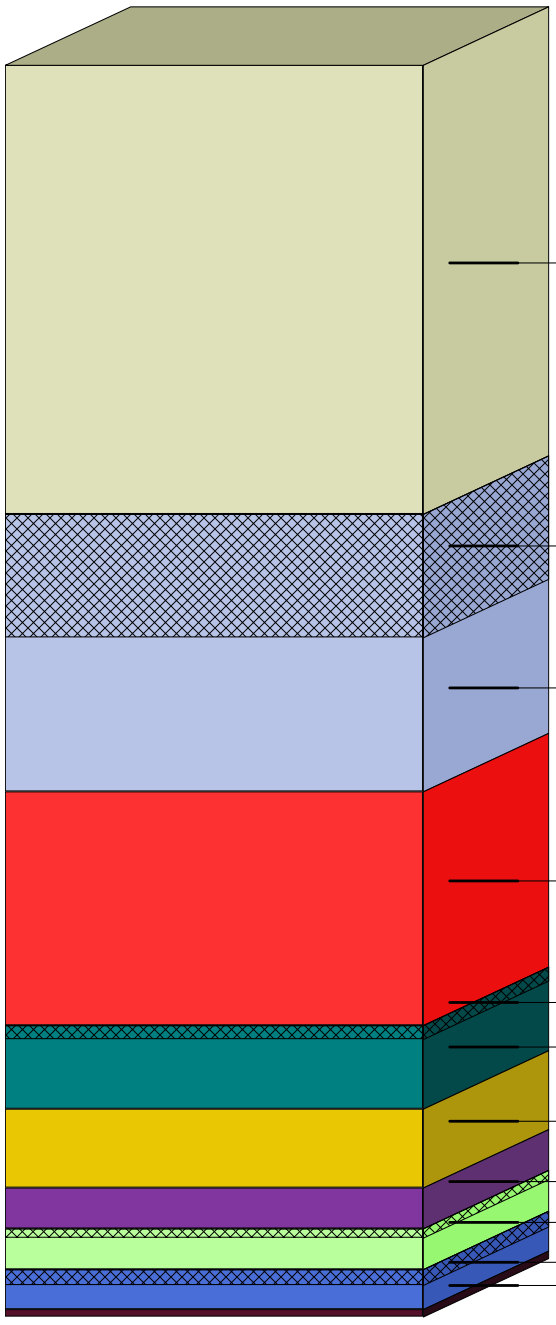
ASSESSED VALUE



NET TAXABLE VALUE



THE CITY OF HALF MOON BAY
PROPERTY TAX DOLLAR BREAKDOWN



$ 0.3591	Cabrillo Unified General Purpose
$ 0.09860	ERAF Share of San Mateo County
$ 0.1229	San Mateo County
$ 0.1869	Coastside Fire
$ 0.01122	ERAF Share of Half Moon Bay General Fund
$ 0.0553	Half Moon Bay General Fund
$ 0.0634	San Mateo Junior College General Purpose
$ 0.0330	County Education Tax
$ 0.0323	County Library
$ 0.0317	Coastside County Water
$ 0.00330	County Harbor District
$ 0.00195	Bay Area, Air Pollution
$ 0.00041	Resource Conservation
$ 1.0000	

ATI (Annual Tax Increment) Ratios for Tax Rate Area 017-005, Excluding Redevelopment Factors & Additional Debt Service

Data Source: ***San Mateo County Assessor 2019/20 Annual Tax Increment Tables*** Prepared On 7/29/2020 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Review Draft

THE CITY OF HALF MOON BAY
2019/20 ROLL SUMMARY

Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	6,159	0	258
TRAs	8	0	7
Values			
Land	1,622,863,081	0	153,519
Improvements	1,719,267,213	0	5,098,527
Personal Property	16,361,484	0	26,388,675
Fixtures	2,326,491	0	9,795,327
Aircraft	0	0	0
Total Value	**$3,360,818,269**	**$0**	**$41,436,048**
Exemptions			
Real Estate	98,782,443	0	332,954
Personal Property	789,353	0	351,263
Fixtures	19,325	0	56,514
Aircraft	0	0	0
Homeowners*	16,079,000	0	7,000
Total Exemptions*	**$99,591,121**	**$0**	**$740,731**
Total Net Value	**$3,261,227,148**	**$0**	**$40,695,317**

Combined Values	Total
Total Values	**$3,402,254,317**
Total Exemptions	**$100,331,852**
Net Total Values	**$3,301,922,465**
Net Aircraft Values	**$0**

** Note: Homeowner Exemptions are not included in Total Exemptions*

Totals do not Include Aircraft Values or Exemptions

Data Source: San Mateo County Assessor 2019/20 Combined Tax Rolls

Prepared On 8/24/2020 By MV

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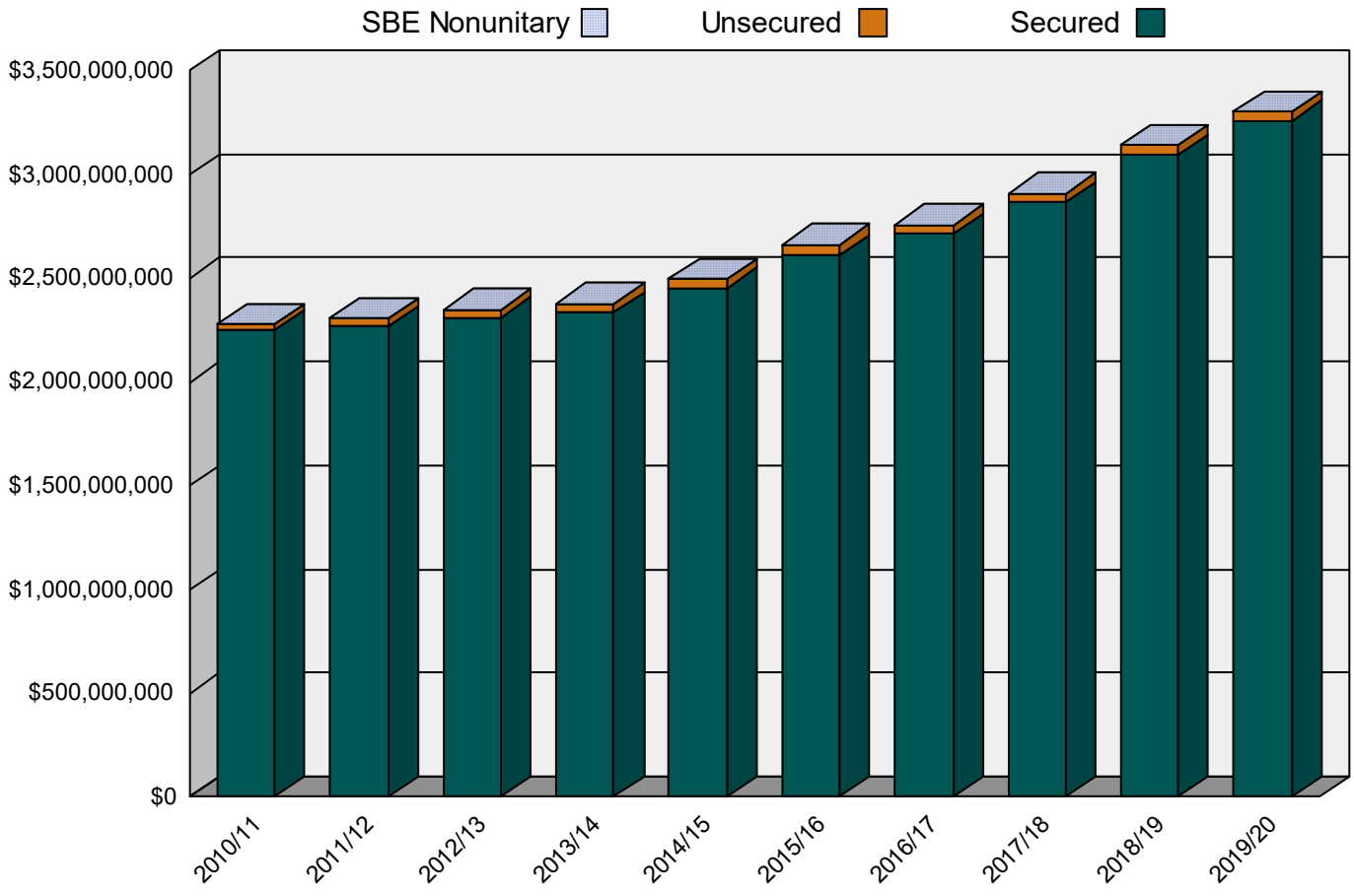
Review Draft

THE CITY OF HALF MOON BAY

NET TAXABLE ASSESSED VALUE HISTORY

2010/11 - 2019/20 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2010/11	$2,251,380,792	$28,037,312	$0	**2,279,418,104**	
2011/12	$2,266,736,579	$40,476,099	$0	**2,307,212,678**	**1.22%**
2012/13	$2,310,590,314	$37,048,774	$0	**2,347,639,088**	**1.75%**
2013/14	$2,336,930,963	$40,818,124	$0	**2,377,749,087**	**1.28%**
2014/15	$2,454,848,902	$42,658,908	$0	**2,497,507,810**	**5.04%**
2015/16	$2,609,284,214	$53,103,728	$0	**2,662,387,942**	**6.60%**
2016/17	$2,716,280,909	$39,462,822	$0	**2,755,743,731**	**3.51%**
2017/18	$2,868,900,977	$40,418,385	$0	**2,909,319,362**	**5.57%**
2018/19	$3,095,123,190	$44,156,277	$0	**3,139,279,467**	**7.90%**
2019/20	$3,261,227,148	$40,695,317	$0	**3,301,922,465**	**5.18%**
				Average % Change	**4.80%**



* Net AV changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Data Source: San Mateo County Assessor 0/ - 2019/20 Combined Tax Rolls

Prepared On 8/24/2020 By MV

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THE CITY OF HALF MOON BAY
2019/20 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) SHC HALF MOON BAY LLC	2	$207,305,996	6.36%	1	$16,000	0.04%	**$207,321,996**	**6.28%**	Commercial Half Moon Bay General Fund
2) OCEAN COLONY PARTNERS LP	18	$42,208,691	1.29%				**$42,208,691**	**1.28%**	Recreational Half Moon Bay General Fund
3) HMB MUSICH LLC	3	$29,580,000	0.91%				**$29,580,000**	**0.90%**	Commercial Half Moon Bay General Fund
4) KEET NERHAN	30	$23,792,930	0.73%	2	$52,717	0.13%	**$23,845,647**	**0.72%**	Commercial Half Moon Bay General Fund
5) IWF HALF MOON BAY LLC	1	$10,752,905	0.33%				**$10,752,905**	**0.33%**	Commercial Half Moon Bay General Fund
6) PROFESSIONAL PENINSULA PROPERTIES LLC	7	$9,822,033	0.30%				**$9,822,033**	**0.30%**	Commercial Half Moon Bay General Fund
7) LONGS DRUG STORE INC	1	$8,930,663	0.27%				**$8,930,663**	**0.27%**	Commercial Half Moon Bay General Fund
8) CASTRO PARTNERS LLC	3	$7,891,883	0.24%				**$7,891,883**	**0.24%**	Commercial Half Moon Bay General Fund
9) DINO E ANDREOTTI	13	$7,553,060	0.23%				**$7,553,060**	**0.23%**	Miscellaneous Half Moon Bay General Fund
10) STAY CAL HMB LLC LESSEE	1	$7,225,178	0.22%				**$7,225,178**	**0.22%**	Commercial Half Moon Bay General Fund
Top Ten Total	79	$355,063,339	10.89%	3	$68,717	0.17%	**$355,132,056**	**10.76%**	
City Total		$3,261,227,148			$40,695,317		**$3,301,922,465**		

Top Owners last edited on 8/21/20 by MaheaV using sales through 06/30/20 (Version R.1)

Data Source: San Mateo County Assessor 2019/20 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 8/24/2020 By M...

Review Draft

THE CITY OF HALF MOON BAY
2010/11 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) SHC HALF MOON BAY LLC	2	$134,523,867	5.98%				**$134,523,867**	**5.90%**	Commercial Half Moon Bay General Fund
2) OCEAN COLONY PARTNERS LP	39	$22,864,984	1.02%				**$22,864,984**	**1.00%**	Recreational Half Moon Bay General Fund
3) KEET NERHAN	34	$21,962,570	0.98%	2	$55,519	0.20%	**$22,018,089**	**0.97%**	Commercial Half Moon Bay General Fund
4) SOUTH WAVECREST LLC	2	$19,496,486	0.87%				**$19,496,486**	**0.86%**	Recreational Half Moon Bay General Fund
5) REGENCY CENTERS LP	3	$13,867,391	0.62%				**$13,867,391**	**0.61%**	Commercial Half Moon Bay General Fund
6) FRANCESCO CARRUBBA	5	$13,836,868	0.61%				**$13,836,868**	**0.61%**	Commercial Half Moon Bay General Fund
7) NURSERYMENS EXCHANGE INC	8	$12,099,984	0.54%				**$12,099,984**	**0.53%**	Dry Farm Half Moon Bay General Fund
8) LONGS DRUG STORE INC	1	$9,912,254	0.44%				**$9,912,254**	**0.43%**	Commercial Half Moon Bay General Fund
9) IWF HALF MOON BAY LP	1	$9,163,726	0.41%				**$9,163,726**	**0.40%**	Commercial Half Moon Bay General Fund
10) MILANO RUGGERO AND SHAHLA MAJIDI	1	$5,183,358	0.23%				**$5,183,358**	**0.23%**	Commercial Half Moon Bay General Fund
Top Ten Total	96	$262,911,488	11.68%	2	$55,519	0.20%	**$262,967,007**	**11.54%**	
City Total		$2,251,380,792			$28,037,312		**$2,279,418,104**		

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Top Owners last edited on 9/12/11 by maheav using sales through 06/30/11 (Version th.0)

Data Source: San Mateo County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 8/24/2020 By M[illegible]

THE CITY OF HALF MOON BAY

ASSESSED VALUE OF TAXABLE PROPERTY

2010/11 - 2019/20 Taxable Property Values

Category	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Residential	1,806,656,465	1,807,548,717	1,847,817,296	1,871,838,949	1,986,554,631	2,128,750,156	2,238,878,627	2,365,335,848	2,496,961,916	2,652,141,529
Commercial	329,209,700	330,355,442	333,127,837	344,198,890	346,707,418	356,041,843	363,813,823	372,002,147	457,418,903	467,790,599
Industrial	5,568,852	5,901,115	6,016,889	6,133,649	6,172,772	6,292,015	6,801,114	7,185,938	8,419,613	9,374,259
Agricultural									17,322,251	16,208,520
Dry Farm	11,235,759	10,559,490	11,427,110	3,720,127	3,496,499	3,786,377	4,241,537	4,358,514		
Govt. Owned									0	0
Institutional	284,781	260,279	265,484	293,694	272,021	277,456	281,685	309,882	315,819	298,922
Irrigated	5,418,982	6,116,088	4,368,007	3,423,600	4,862,761	5,333,856	4,324,786	4,411,271		
Miscellaneous	12,936,578	12,953,724	20,894,204	12,075,286	22,681,808	23,460,537	14,211,644	17,677,501	16,786,985	15,398,633
Recreational	32,211,663	37,455,517	38,043,156	38,699,751	38,874,879	39,568,823	40,290,547	41,062,725	42,118,338	43,356,325
Vacant	46,517,696	50,669,067	48,630,331	50,679,666	45,226,113	45,773,151	43,437,146	56,557,151	55,779,365	56,658,361
Unsecured	28,037,312	40,476,099	37,048,774	40,818,124	42,658,908	53,103,728	39,462,822	40,418,385	44,156,277	40,695,317
Unknown	1,340,316	4,917,140		5,867,351						
TOTALS	2,279,418,104	2,307,212,678	2,347,639,088	2,377,749,087	2,497,507,810	2,662,387,942	2,755,743,731	2,909,319,362	3,139,279,467	3,301,922,465
Total Direct Rate	0.05426	0.05426	0.05453	0.05452	0.05818	0.05818	0.05819	0.05819	0.05821	0.05821

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Notes:
Exempt values are not included in 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.

THE CITY OF HALF MOON BAY

DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER $100 OF TAXABLE VALUE)

Last 10 Fiscal Years										
Agency	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Basic Levy[1]	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cabrillo Unified Bond	0.05080	0.05220	0.07220	0.07190	0.07040	0.07260	0.08320	0.07510	0.07110	0.11510
Mid-Penninsula Regional Open Space	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00160
San Mateo Community College 2005 Series B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00350
San Mateo Junior College	0.01930	0.01990	0.01940	0.01940	0.01900	0.02500	0.02470	0.02350	0.01750	0.02310
Total Direct & Overlapping[2] Tax Rates	**1.07010**	**1.07210**	**1.09160**	**1.09130**	**1.08940**	**1.09760**	**1.10790**	**1.09860**	**1.08860**	**1.14330**
City's Share of 1% Levy Per Prop 13[3]	0.05459	0.05459	0.05465	0.05463	0.05525	0.05525	0.05525	0.05525	0.05526	0.05526
Voter Approved City Debt Rate										
Redevelopment Rate[4]										
Total Direct Rate[5]	0.05426	0.05426	0.05453	0.05452	0.05818	0.05818	0.05819	0.05819	0.05821	0.05821

Notes:

[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 for 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 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. The ERAF portion of the City's Levy has been subtracted where known.

[4]Redevelopment Rate is based on the largest RDA tax rate area and only includes 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 Redevelopment 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 by the City/Agency 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/Agency in the same proportions as general fund revenue.

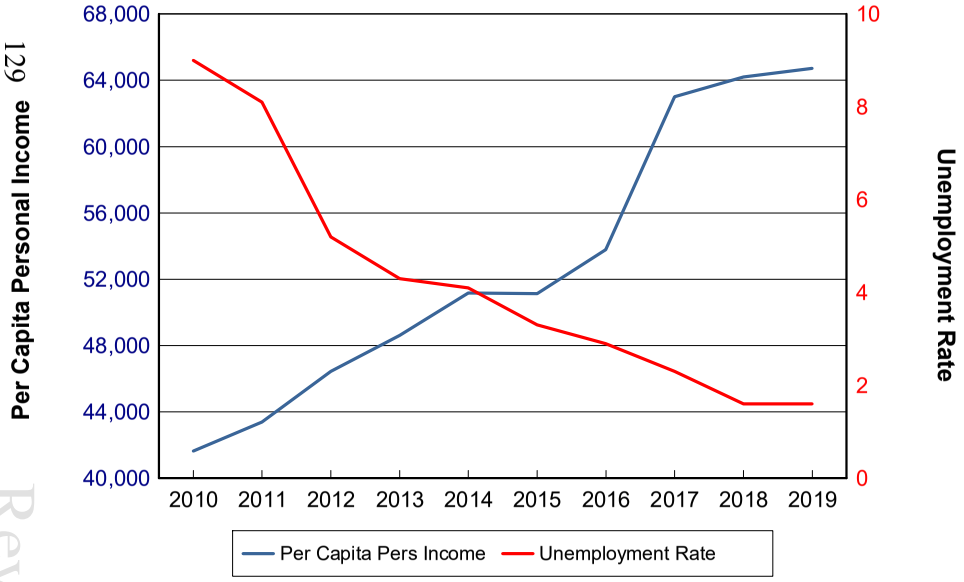
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THE CITY OF HALF MOON BAY

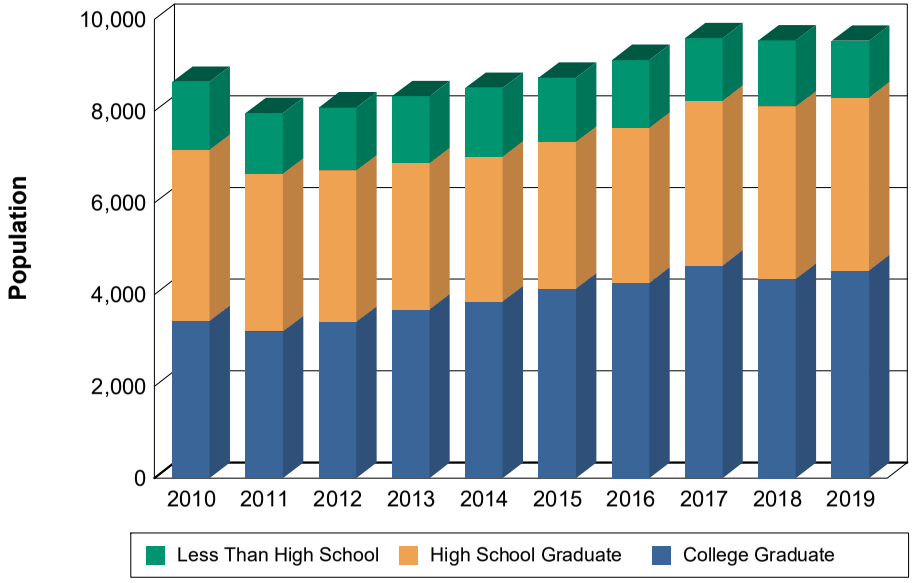
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2010	13,371	$556,795	$41,642	9.0%	40.4	82.9%	39.7%
2011	11,478	$498,019	$43,389	8.1%	42.1	83.4%	40.2%
2012	11,581	$537,926	$46,449	5.2%	42.9	83.0%	42.2%
2013	11,721	$569,699	$48,605	4.3%	43.2	82.5%	44.2%
2014	11,727	$600,059	$51,169	4.1%	44.8	82.4%	45.3%
2015	12,528	$640,547	$51,129	3.3%	44.7	84.0%	47.3%
2016	12,591	$677,251	$53,788	2.9%	45.8	83.8%	46.7%
2017	12,639	$796,455	$63,015	2.3%	47.1	85.8%	48.3%
2018	12,631	$810,881	$64,197	1.6%	47.3	84.9%	45.5%
2019	12,431	$804,495	$64,716	1.6%	45.3	87.1%	47.5%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:
Population: California State Department of Finance. Unemployment Data: California Employment Development Department
2000-2009 Income, Age, and Education Data: ESRI - *Demographic Estimates are based on the last available Census.* Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries
2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

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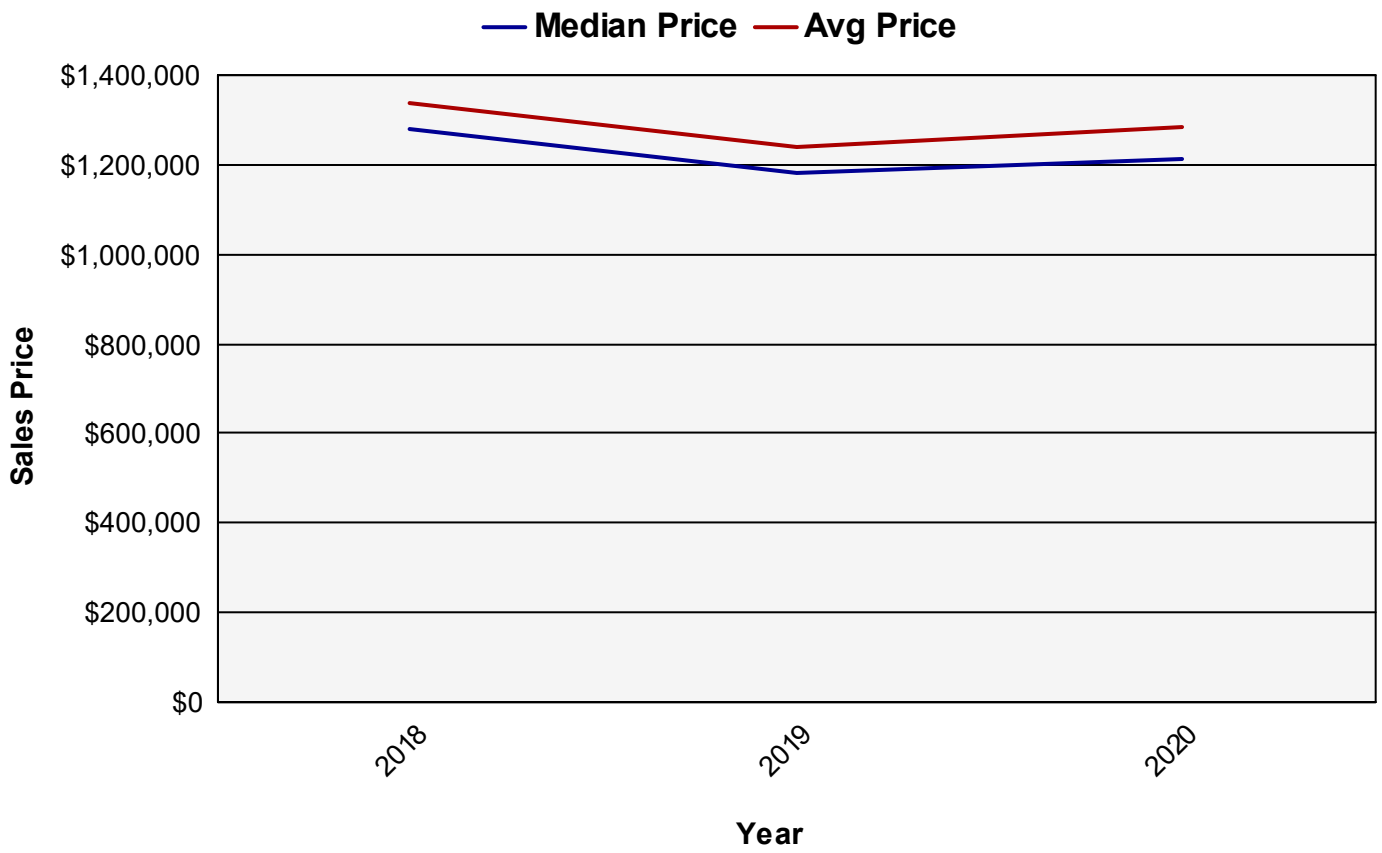
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THE CITY OF HALF MOON BAY

SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2018 - 6/30/2020)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2018	158	$1,337,319	$1,277,500	
2019	131	$1,238,065	$1,180,000	-7.63%
2020	54	$1,282,917	$1,212,500	2.75%



*Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

MAZE & ASSOCIATES

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 Members of the City of Council
City of Half Moon Bay, 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 Half Moon Bay, California as of and for the year ended June 30, 2020 have issued our report thereon dated November 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 from 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.

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Pleasant Hill, CA 94523

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We have also issued a separate Memorandum on Internal Control dated November 30, 2020 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 30, 2020

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BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 15, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: Jessica Blair, Communications Director / City Clerk

TITLE: **2021 CALENDAR OF CITY COUNCIL MEETINGS**

RECOMMENDATION:
By motion, adopt the City Council Calendar for 2021.

FISCAL IMPACT:
There is no fiscal impact associated with this action.

STRATEGIC ELEMENT:
This action supports the Inclusive Governance Element of the Strategic Plan.

DISCUSSION:
The following parameters should be considered when determining meeting dates:

- Hold at least one meeting every month (i.e. do not cancel two meetings in a row)
- Continue to hold two meetings in June due to the budget adoption process
- Continue to hold two meetings in December due to the customarily high volume of agenda items in December, including the Council reorganization

Staff suggests holding the meetings on the first and third Tuesdays of each month with the following exceptions:

Meeting Date	Consideration
January 5, 2021	City Holiday Closure affects packet production.
July 6, 2021	The first meeting of July has been cancelled each of the past 10 years.
August 3, 2021	Traditional time many city and civic groups go “dark” and a frequent time for family travel; however, this schedule allows for one meeting to be held in August.

In addition, please note that Special City Council meetings may be called, and often are during budget preparation.

ATTACHMENT: 2021 Calendar of City Council Meetings

CITY OF HALF MOON BAY

2021 CALENDAR OF CITY COUNCIL MEETINGS

January 2021		**July 2021**	
January 5, 2021	*Cancelled*	*July 6, 2021*	*Cancelled*
January 19, 2021	Regular Meeting	July 20, 2021	Regular Meeting
February 2021		**August 2021**	
February 2, 2021	Regular Meeting	*August 3, 2021*	*Cancelled*
February 16, 2021	Regular Meeting	August 17, 2021	Regular Meeting
March 2021		**September 2021**	
March 2, 2021	Regular Meeting	September 7, 2021	Regular Meeting
March 16, 2021	Regular Meeting	September 21, 2021	Regular Meeting
April 2021		**October 2021**	
April 6, 2021	Regular Meeting	October 5, 2021	Regular Meeting
April 20, 2021	Regular Meeting	October 19, 2021	Regular Meeting
May 2021		**November 2021**	
May 4, 2021	Regular Meeting	November 2, 2021	Regular Meeting
May 18, 2021	Regular Meeting	November 16, 2021	Regular Meeting
June 2021		**December 2021**	
June 1, 2021	Regular Meeting	December 7, 2021	Regular Meeting
June 15, 2021	Regular Meeting	December 21, 2021	Regular Meeting

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **Dec 15, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: John Doughty, Public Works Director
Maz Bozorginia, City Engineer
Denice Hutten, Associate Engineer

TITLE: **AWARD OF CONSTRUCTION CONTRACT AND PROFESSIONAL SERVICES AGREEMENT FOR THE PELICAN POINT GENERATOR REPLACEMENT PROJECT (CIP NO. 0507)**

RECOMMENDATION:
Adopt a resolution authorizing the City Manager to: 1) award and execute a construction contract for the Pelican Point Generator Replacement Project CIP No. 0507 (Project) to the lowest responsive and responsible bidder, Yupana, Inc. of Concord, CA, in the total bid amount of $140,470.00 and approve a contingency in an amount not exceeding 10 percent, or $14,047.00, of the contract award amount for potential change orders; and, 2) execute a Professional Services Agreement with Schaaf and Wheeler, Consulting Civil Engineers, for Construction Support Services for the Project in the amount of $23,050.

FISCAL IMPACT:
The FY 2020-21 budget has allocated sufficient funds for this contract, potential contract changes and project management under planned CIP Project No. 0507 titled "Pump Station and Force Main Repair and Replacement Program." The project is funded solely through sewer enterprise funds derived from sewer service charges; there is no impact on the City's General Fund.

STRATEGIC ELEMENT:
This action supports the Infrastructure and Environment, Healthy Communities and Public Safety Elements of the Strategic Plan.

BACKGROUND:
The "Pelican Point Generator Replacement Project" (Project) is a planned capital improvement project (CIP Project No. 0507) at the Pelican Point Sewer Lift Station at 1001 Miramontes Point Road.

The project consists of removing and replacing the emergency generator including a new concrete pad and automatic transfer switch, re-routing electrical conduits to the wet well, replacing an existing telephone line, repairing and painting the existing electrical controls shed and other incidentals.

An Engineering Report for the Pelican Point Pump Station prepared by Schaaf and Wheeler in October 2015 identified the need and scope of this project. The existing Pelican Point generator is old and the manufacturer is no longer in business. The generator is near the end of its service life and replacement parts may no longer be available. The generator actuation switch and other related electrical incidentals will also be updated with the project.

The Project went out to bid on October 24, 2020 and bids closed on November 19, 2020.

BID SUMMARY:
The City received four (4) bids before the scheduled bid opening time and date of 3:00 p.m. on November 19, 2020.

The bids and engineer's estimate are summarized as follows and are also tabulated in Attachment 2:

Bidder	Total Bid
Sandstone Environmental, Inc.	$175,000
Yupana, Inc.	**$140,470**
ErbCo Comstruction, Inc	$147,100
Blocka Construction, Inc.	$ 237,430
Engineer's Estimate	**$146,000**

The Yapana, Inc. bid came in about 4 percent below the engineer's cost estimate; a high bid outlier is 62 percent above the engineer's cost estimate.

DISCUSSION:
The Pelican Point Generator Replacement Project is considered an essential project due to the sewer facilities' necessary function to provide for public health and safety. The awarded Contractor will be required to follow regulations for best management practices for COVID -19 distancing and protection of field crews and the public to the maximum extent feasible during Project construction while COVID-19 regulations are in place.

Project work will commence this winter with BAAQMD permitting, procurement of materials and site preparations for the generator arrival. The project is anticipated to be complete before Summer, 2021. Work will be performed during the day, Monday through Friday, between the hours of 7:00 a.m. and 6:00 pm.

The City and Contractor will provide public notification prior to commencing construction. Residents affected by the work will be notified by mail and by door hangers. Project

Informational signage will be placed in common areas of the Pelican Point RV Park. Utility service—including sewer service--will be not be interrupted during the work.

City staff will be managing the project construction in terms of contract management, day-to-day construction inspection, coordination with property owners and stakeholders, final approval of schedules, construction methods and invoice payment. Construction management for this project also requires specialized technical knowledge to approve materials submittals, respond to technical requests for information, observe final testing and approve document Project As-Builts. At the request of City Staff, the project design engineers Schaaf and Wheeler provided a proposal for Construction Support Services for the Project.

Yupana, Inc has performed work of similar scope and was well recommended by the references provided in their bid and contacted by City staff. Staff has reviewed the bid and determined that the bid is acceptable and free from significant material discrepancies. Yupana Inc. is deemed the lowest responsible and responsive bidder.

Construction management for this project requires specialized technical knowledge to approve generator and electrical materials submittals, to observe final testing and to document Project As-Builts. Design Engineers Schaaf and Wheeler are familiar with the Project design as well as other aspects of the Project and are best suited to perform Construction Support for the Project in a cost-effective manner. City Staff have reviewed the Construction Support Services Proposal submitted by Schaff and Wheeler and find the proposal to be complete and the fees reasonable.

ATTACHMENTS:

1. Resolution
2. Schaaf and Wheeler Proposal

Resolution No. C-2020-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY TO AUTHORIZE THE CITY MANAGER TO AWARD AND EXECUTE A CONSTRUCTION CONTRACT WITH YUPANA INC. FOR THE PELICAN POINT GENERATOR REPLACEMENT PROJECT AND TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH SCHAAF AND WHEELER FOR PROJECT CONSRUCTION SUPPORT SERVICES

WHEREAS, the City has invited and opened four (4) bids received at the scheduled time, date and place as set forth in the Public Contract Code for the Pelican Point Generator Replacement Project (Project); and,

WHEREAS, the lowest responsive and responsible bid was submitted by Yupana Inc. of Concord, California, in the total amount of $140,470.00; and,

WHEREAS, staff have reviewed a proposal submitted by Schaaf and Wheeler for Project Construction Support Services in the amount of $23,050 and finds the proposal to be complete and the fees to be reasonable; and,

WHEREAS, staff recommends acceptance of the Project bids, award of the Construction Contract to Yupana Inc. and execution of the Professional Services Agreement with Schaff and Wheeler; and

WHEREAS, sufficient funds are allocated in the City approved budget for Fiscal Year 2020-2021 for the recommended contract award and execution of the Professional Services Agreement.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby accepts all bids and authorizes the City Manager to:

1. Award and execute a construction contract for the Pelican Point Generator Replacement Project, CIP No. 0507 (Project), to the lowest responsive and responsible bidder, Yupana Inc. of Concord, CA, in the total bid amount of $140,470.00 and approve a contingency in an amount not exceeding 10 percent, or $14,047, of the contract award amount for potential change orders; and,
2. Execute a Professional Services Agreement with Schaaf and Wheeler for Construction Support Services for the Project in the amount of $23,050.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 15th day of December 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

_____
Jessica Blair, City Clerk

APPROVED:

_____
Mayor

EXHIBIT A – SCOPE OF SERVICES
City of Half Moon Bay
Pelican Point Pump Station Generator Replacement Project
Construction Support Services

Schaaf & Wheeler recently completed the design of the City of Half Moon Bay's Pelican Point Pump Station Generator Replacement project. Schaaf & Wheeler will provide the City of Half Moon Bay with the scope of services detailed herein for construction support services). The scope will be billed on a time and materials basis for a not-to-exceed amount of $23,050.

Task 1 – Project Management & Coordination
Schaaf & Wheeler will provide project management, team coordination, management of subconsultants throughout the construction phase of the project. Specific items included within this task include:

a) General project management, coordination, subconsultant management, etc. Schaaf & Wheeler will be available via email and telephone throughout the construction phase.

Task 2 – Meetings and Site Visits During Construction

a) Schaaf & Wheeler will attend one pre-construction meeting
b) Schaaf & Wheeler will attend up to 18 virtual construction meetings during construction.
c) Schaaf & Wheeler will attend up to 2 construction meetings and/or site visits during construction. These site visits may include observation of construction methods and installed equipment.
d) Schaaf & Wheeler and Electrical Engineering Subconsultant will perform final walk-through and provide punch lists for correction (1 site visit with Schaaf & Wheeler and electrical engineer).

Task 3 –Construction Support Services

a) Review contractor submittals (one resubmittal per item is included).
b) Respond to Requests for Information (RFIs).
c) Prepare and submit record drawings based on information kept by the contractor.

Assumptions:
The following assumptions were made in development of this scope and fee:

1. Construction inspection, material testing, and construction management is not included within this proposal.

FEE ESTIMATE:

A detailed fee estimate by task is included below. The fee for each task is an estimate; some tasks may require more effort than estimated, some less.

TASK DESCRIPTION	PROJ MGR $240	ASSOC. ENG $190	MTH Engr. Electrical	Subconsultant Markup 10%	TOTAL COSTS $
Task 1: Project Management & Coordination					
a. General management and coordination	16			$ -	$3,840
Subtotal	**16**	**0**	**$ -**	**$ -**	**$3,840**
Task 2: Meetings and Site Visits During Construction					
a. Pre-construction Meeting	4			$ -	$960
b. Weekly Construction Meeting Attendance (up to 18 virtual meetings)	18			$ -	$4,320
c. Site Visits (up to 2)	6			$ -	$1,440
d. Final Walk-Through and Punch List	6		$ 1,000	$ 100	$2,540
Subtotal	**34**	**0**	**$ 1,000**	**$ 100**	**$9,260**
Task 3: Construction Support Services					
a. Review Submittals	4	12	$ 2,100	$ 210	$5,550
b. Respond to RFIs	4		$ 1,000	$ 100	$2,060
c. Record Drawings	2	4	$ 1,000	$ 100	$2,340
Subtotal	**10**	**16**	**$ 4,100**	**$ 410**	**$9,950**
TOTAL	**60**	**16**	**$ 5,100**	**$ 510**	**$ 23,050**