

**San Mateo County  
Flood and Sea Level Rise  
Resiliency District**

**Independent Auditor's Reports,  
Basic Financial Statements,  
Required Supplementary Information, and  
Other Supplementary Information**

For the Year Ended June 30, 2022

San Mateo, California



**SAN MATEO COUNTY  
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT  
For the Year Ended June 30, 2022**

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# SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT


## Awards and Achievements

**Commendation**  
THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY, STATE OF CALIFORNIA  
COMMENDS AND HONORS

**SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
2020 MAYOR'S AWARD

UPON BEING RECOGNIZED BY THE SAN MATEO AREA CHAMBER OF COMMERCE AND THE CITY OF SAN MATEO AS AN EMERGING LOCAL BUSINESS THAT DEMONSTRATES CIVIC LEADERSHIP AND FOR INVALUABLE CONTRIBUTIONS AND COMMITMENT TO THE CHAMBER'S MISSION AND GOALS. THE BOARD HEREBY EXTENDS ITS SINCERE WISHES FOR CONTINUED SUCCESS AND SERVICE TO THE COMMUNITY.

DATED: February 13, 2020



*Harren Locum*  
HARREN LOCUM, PRESIDENT

*Dave Pine*  
DAVE PINE

*Don Horsley*  
DON HORSLEY

*Carole Groom*  
CAROLE GROOM

*David J. Cuneo*  
DAVID J. CUNEO



*In Recognition of*

**San Mateo County Flood and Sea Level Rise Resiliency District**

Congratulations on your receipt of the Mayor's Award. The creation of this district will allow residents of San Mateo County to partner with federal and state agencies over the coming decades to meet the challenge of sea level rise and related flooding. San Mateo County is leading the way in forming new tools for our most significant challenges. The district, coupled with community engagement, will be the sharpest tool in the toolbox. Good luck in the years ahead.

*Jackie Speier*  
Congresswoman Jackie Speier  
U.S. House of Representatives

February 13, 2020  
Date

S T A T E O F C A L I F O R N I A

**Senate**

CERTIFICATE OF RECOGNITION

Presented to

**SAN MATEO COUNTY FLOOD & SEA LEVEL RISE RESILIENCY DISTRICT**  
MAYOR'S AWARD WINNER

Warm congratulations on the occasion of your receipt of the Mayor's Award from the San Mateo Chamber of Commerce! Your hard work has made you stand out for this honor. Best wishes for all your future endeavors.

On this 13<sup>th</sup> day of February, 2020

*Jerry Hill*  
JERRY HILL  
Senator, 13<sup>th</sup> District

CALIFORNIA LEGISLATURE

**Assembly**

CERTIFICATE OF RECOGNITION

**San Mateo County Flood and Sea Level Rise Resiliency District**

In honor and recognition of being awarded the Mayor's Award by the San Mateo Area Chamber of Commerce. Congratulations and best wishes in your future endeavors.

February 13, 2020



*Kevin Mullin*  
Kevin Mullin, 22<sup>nd</sup> District  
Speaker pro Tempore

# **SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

## **FY2021-2022**

### **Board of Directors**



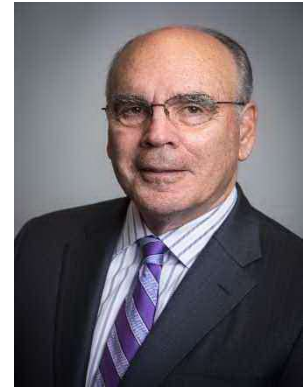
Dave Pine  
Chair  
District 1



Debbie Ruddock  
Vice Chair  
Coastside



Diane Papan  
Central San Mateo  
County Cities



Don Horsley  
District 3



Donna Colson  
Northern San Mateo County  
Cities



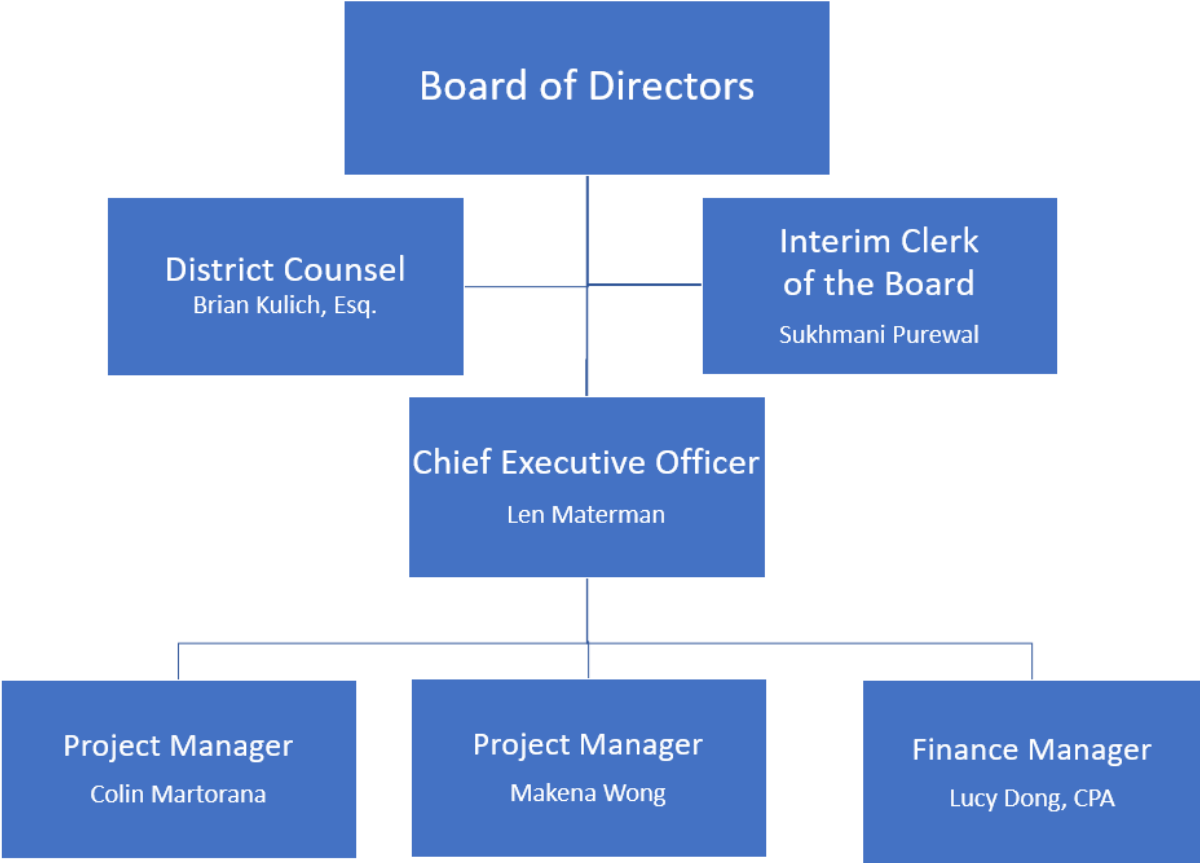
Lisa Gauthier  
Southern San Mateo County  
Cities



Marie Chuang  
San Mateo County Cities  
At-Large

# SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT

## Organization Chart



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## Independent Auditor's Report

Board of Directors  
San Mateo County Flood and Sea Level Rise Resiliency District  
San Mateo, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo County Flood and Sea Level Rise Resiliency District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining nonmajor fund financial statements and the schedule of cities support are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Walnut Creek, California  
November 18, 2022

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**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management's Discussion and Analysis**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2022

This Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the San Mateo County Flood and Sea Level Rise Resiliency District (also known as OneShoreline) for the fiscal year ended June 30, 2022. The information presented here should be read in conjunction with the information furnished in the financial statements and notes to the financial statements.

**Financial Highlights**

**Government-wide Financial Position**

The District's assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2022 by \$57.1 million (net position):

**District's Net Position**  
**June 30, 2022**

Assets:	
Current and other assets	\$ 40,230,389
Capital assets	35,250,810
Total assets	75,481,199
Liabilities:	
Long-term liabilities	16,560,237
Other liabilities	1,791,947
Total liabilities	18,352,184
Deferred inflows of resources	34,201
Net position:	
Net investment in capital assets	18,061,076
Restricted	73
Unrestricted	39,033,665
Total net position	\$ 57,094,814

The District's net position at June 30, 2022 is subdivided into the following components:

- \$18.1 million represents the District's investment in capital assets (*net investment in capital assets*). This is comprised of the net book value of capital assets at June 30, 2022 reduced by the balance of obligations pertaining to capital-related activities. These capital assets and related obligations are used to provide services to citizens and are not available for future spending.
- \$73 represents resources that are subject to external restrictions on their use and are available to meet the District's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$39.0 million is available to fund District's programs for citizens and debt obligations to creditors (*unrestricted net position*).

**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management's Discussion and Analysis**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2022

The District held \$75.5 million in total assets at June 30, 2022 which were subdivided into the following components:

- \$40.2 million in current and other assets, which are comprised of \$39.4 million in cash and cash equivalents, \$786 thousand in receivables and \$17 thousand in prepaid expenses.
- \$35.3 million in capital assets, net of accumulated depreciation.

The District held \$18.4 million in total liabilities at June 30, 2022 which were subdivided into the following components:

- \$16.6 million in long-term liabilities, which are comprised of outstanding principal and unamortized premium on the District's 2015 revenue refunding bonds as well as accrued vacation and leave for the District's employees at June 30, 2022.
- \$855 thousand in accounts payable.
- \$631 thousand in unearned revenue.
- \$306 thousand in accrued interest payable.

**Fund Financial Position**

The District's governmental funds reported combined fund balances of \$38.1 million at June 30, 2022. \$38.2 million (assigned fund balance), is available for spending at the District's discretion. The components of fund balance are outlined as follows at June 30, 2022:

**District's Fund Balance**  
**June 30, 2022**

Nonspendable	\$	16,691
Restricted		73
Assigned		38,234,313
Unassigned		(154,821)
Total fund balance	\$	38,096,256

**Capital Assets and Debt Administration**

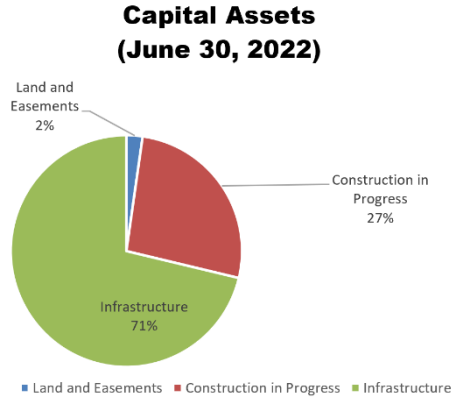
The District's capital assets balance was reported at \$35.3 million (net of accumulated depreciation). This includes land, easements, construction in progress and infrastructure. The District's capital assets as of June 30, 2022 is comprised of the followings:

**Capital Assets**  
**Net of Accumulated Depreciation**

Land	\$	702,962
Easements		92,419
Construction in progress		9,334,385
Infrastructure, net		25,121,044
Total capital assets, net	\$	35,250,810

**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022**

The District’s capital assets are comprised of and distributed as follows:



*Additional information on the District’s capital assets can be found in Note 4 of this report.*

The District’s total long-term obligations were reported at \$16.6 million as of June 30, 2022, which is derived from the outstanding principal and premium of the 2015 Colma Creek revenue refunding bonds and outstanding obligations for accrued vacation leave as indicated in the table below:

**Long Term Obligations**

2015 Revenue refunding bonds - principal	\$	14,675,000
2015 Revenue refunding bonds - premium		1,839,904
Accrued vacation leave		45,333
Total long term obligations	\$	16,560,237

*Additional information on the District’s long-term obligations can be found in Note 5 of this report.*

**Overview of Financial Statements**

This discussion and analysis serves as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of two components:

- (1) **Government-wide** financial statements
- (2) **Fund** financial statements

The government-wide financial statements are prepared using the accrual basis of accounting. The governmental fund financial statements are prepared using the modified accrual basis of accounting. Further information on the basis of accounting is discussed in Notes 2(b).

The notes to the basic financial statements provide additional context to the various areas of the basic financial statements.

**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management's Discussion and Analysis**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022

**Government-wide Financial Statements** provide readers with a broad overview of the District's finances, in a manner similar to private-sector businesses.

*The statement of net position* presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

*The statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when 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 result in cash flows in a future fiscal period.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include public protection.

*The government-wide financial statements can be found on pages 19-20 of this report.*

**Fund Financial Statements** provide a narrower view of the District's finances. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental funds which include general, special revenue, capital projects, and debt service 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 the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of governmental activities, 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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains nine individual governmental funds. Information for the General Fund and the other major funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the nonmajor governmental funds is provided in the combining statements in this report as supplementary information.

*The governmental fund financial statements can be found on pages 21 - 24 of this report.*

**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management's Discussion and Analysis**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2022

**Notes to the Basic Financial Statements** provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

*The notes can be found starting on page 25 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the District's net position may serve over time as a useful indicator of whether the District's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the District's overall financial position. The District's net position is summarized as follows:

<b>District's Net Position</b>				
	June 30, 2022	June 30, 2021	Difference (\$)	Difference (%)
<b>Assets:</b>				
Current and other assets	\$ 40,230,389	\$ 37,990,220	\$ 2,240,169	5.90%
Capital assets, net	35,250,810	28,218,730	7,032,080	24.92%
Total assets	75,481,199	66,208,950	9,272,249	
<b>Liabilities:</b>				
Long-term liabilities	16,560,237	17,440,087	(879,850)	-5.04%
Other liabilities	1,791,947	1,219,522	572,425	46.94%
Total liabilities	18,352,184	18,659,609	(307,425)	
Deferred inflows of resources	34,201	36,815	(2,614)	-7.10%
<b>Net position:</b>				
Net investment in capital assets	18,061,076	10,333,658	7,727,418	74.78%
Restricted	73	69	4	5.80%
Unrestricted	39,033,665	37,178,799	1,854,866	4.99%
Total net position	\$ 57,094,814	\$ 47,512,526	\$ 9,582,288	

The District's current assets increased by \$2.2 million. This was primarily a result of increasing property tax apportionments from the County of San Mateo for the year ended June 30, 2022 in comparison with the year ended June 30, 2021. The District's other liabilities increased by \$0.6 million primarily as a result of advance receipt of project funding for capital project activities.

**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management's Discussion and Analysis**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022

**Assets**

- *Cash and cash equivalents* were reported at \$39.4 million as of June 30, 2022. \$28.6 million was deposited in the District's US Bank Custodial Account, \$2.4 million was deposited in District's Wells Fargo Bank Account, \$8.4 million was deposited in the District's Local Agency Investment Fund Account.
- *Interest receivable* was reported at \$13 thousand at June 30, 2022 and represents proportionate interest earned at the end of June 30, 2022 that are expected to be collected within 15 days after the fiscal year end.
- *Taxes receivable* was reported at \$126 thousand as of June 30, 2022 and represents the property tax that was earned at the end of June 30, 2022 and will be distributed within 60 days after fiscal year end.
- *Intergovernment receivable* was reported at \$648 thousand at June 30, 2022, and represents the District's grant awards earned but not yet paid by the granting agencies as of June 30, 2022.
- *Prepaid expenses* were reported at \$17 thousand at June 30, 2022 and represents the District's prepaid insurance premium.
- *Capital assets* amounted to \$35.3 million, net of accumulated depreciation, and are broken down further in the tables under note 4.

**Liabilities**

- *Accounts Payable* was reported at \$855 thousand as of June 30, 2022 and represents the sum of all outstanding amounts the District owed to vendors for goods or services received that have not yet been paid for at the end of the fiscal year.
- *Unearned Revenue* was reported at \$631 thousand as of June 30, 2022 and represents transactions where the District has received cash but has not yet performed the associated services at the end of the fiscal year.
- *Accrued Interest* was reported at \$306 thousand as of June 30, 2022 and represents the amount of interest that the District has incurred as of June 30, 2022, on the 2015 Colma Creek revenue refunding bonds but which has not yet been paid out.
- *Long-term obligations* were reported to \$16.6 million as of June 30, 2022 and are further broken down in the table under note 5. The District has \$785 thousand in debt service principal payments due within one year on the 2015 Colma Creek revenue refunding bonds, and \$15.7 million in debt service principal payments due beyond one year on the same bonds. \$45 thousand is reported for the District's accrued vacation and leave which is due within one year.

**Deferred inflows of resources** were reported at \$34 thousand at June 30, 2022 and represents deferred gains on refunding pertaining to the 2015 Colma Creek revenue refunding bonds.

**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management's Discussion and Analysis**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022

The District's activities and changes in net position for the year ended June 30, 2022 are summarized as follows:

<b>District's Changes in Net Position</b>				
	FY 2022	FY 2021	Difference (\$)	Difference (%)
Program expenses:				
Public protection	\$ 3,646,184	\$ 2,309,629	\$ 1,336,555	57.87%
Depreciation expense	785,142	785,142	-	0.00%
Interest on long-term liabilities	593,630	630,965	(37,335)	-5.92%
Total program expenses	5,024,956	3,725,736	1,299,220	
Program revenues:				
Operating grants and contributions	2,242,915	1,611,698	631,217	39.16%
Capital grants and contributions	7,278,352	648,071	6,630,281	100.00%
Total program revenues	9,521,267	2,259,769	7,261,498	
General revenues:				
Property tax	6,370,033	5,820,523	549,510	9.44%
Interest and investment income	(1,294,776)	(32,992)	(1,261,784)	3824.52%
Other	10,720	10,443	277	2.65%
Total general revenues	5,085,977	5,797,974	(711,997)	
Changes in net position	9,582,288	4,332,007	5,250,281	121.20%
Net position - beginning:	47,512,526	43,180,519	4,332,007	
Net position - ending	\$ 57,094,814	\$ 47,512,526	\$ 9,582,288	

**Analysis of Governmental Activities - Revenues and Expenses**

The District's net position increased by \$9.6 million for the year ended June 30, 2022. The District's project costs are expected to gradually decrease in future years as projects will move to operation and maintenance. For the year ended June 30, 2022, the District's costs are still outweighed by its annual revenues for property tax and contributions by \$9.6 million. In particular, the District's property tax revenues from the County increased by \$0.5 million and the District's operating and capital grants increased by \$7.3 million, and the District is incurred \$1.3 million more in costs for public protection activities as a result of more capital projects getting underway.

**GOVERNMENTAL FUND FINANCIAL ANALYSIS**

The following is a summary of significant changes in activities under the District's major governmental funds between the year ended June 30, 2021 and the year ended June 30, 2022:

- The District had a significant increase in the activities for the Bayfront Canal Atherton Capital Project fund for the financial reporting period ended June 30, 2022, to report increasing capital project activities. The fund reported total revenues and expenditures of \$7.2 million for project costs incurred through the balance sheet date.
- The District created the Burlingame-Millbrae SFO Shoreline Capital Project fund for the financial reporting period ended June 30, 2022, to report capital project activities. The fund has started incurring capital outlay in the amount of \$0.2 million for the year ended June 30, 2022. Future years are expected to reflect increased activities for this fund.

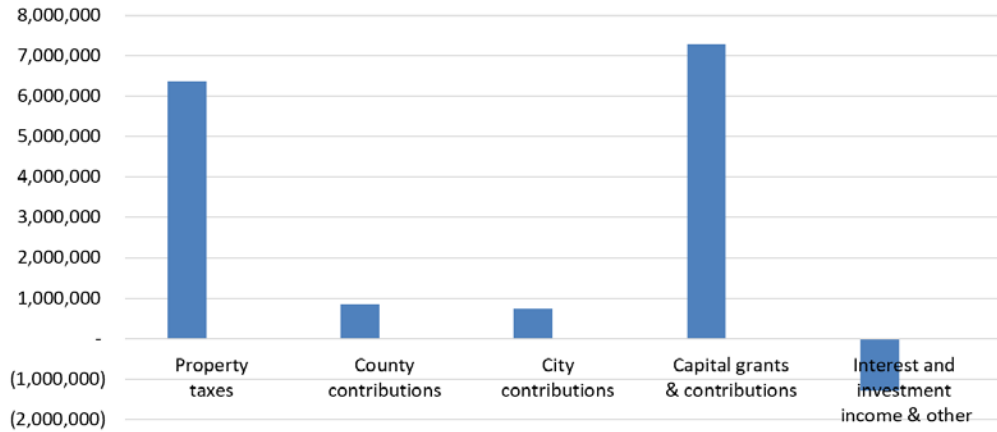
**San Mateo County Flood and Sea Level Rise Resiliency District**  
**Management’s Discussion and Analysis**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2022

**BUDGETARY ANALYSIS**

The General Fund, Colma Creek Flood Control Fund, and San Bruno Creek Flood Control Fund each incurred expenditures that were lower than budgeted estimates in the amounts of \$0.5 million, \$0.7 million and \$0.5 million respectively. This was mainly due to an anticipated higher volume of expenditures for services and supplies connected to project activities for the year ended June 30, 2022. The District is steadily expanding its operations and anticipates annual increases in expenditures, but costs for the year ended June 30, 2022 did not rise to the level expected when preparing budgeted forecasts.

**Governmental Activities - Revenues**

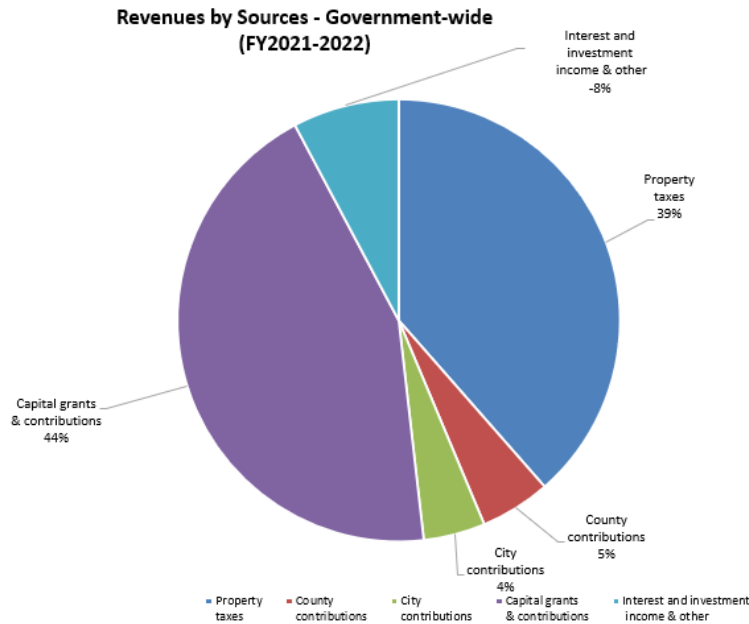
**Revenues by Sources - Government-wide  
 (FY2021-2022)**



**Program Revenues** accounted for 65.2% of the District’s overall governmental activities revenues. Program revenues amounted to \$9.5 million for the year ended June 30, 2022. This included \$7.9 million in capital and operating grants supporting the District’s projects and \$1.6 million in contributions, of which \$0.7 million were contributed by 20 local cities and \$0.9 million were contributed by San Mateo County as third-year start-up funding support and Measure K Grant Initial Payment to the District.

**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022**

The District’s revenues for the fiscal year ended June 30, 2022 are comprised of and distributed as follows:



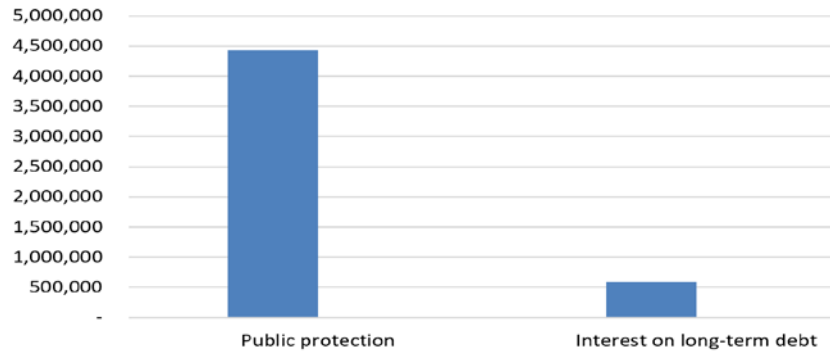
**General Revenues** were reported at \$5.1 million and accounted for 36.4% of the District’s overall governmental activities revenues. General Revenues primarily consisted of the following:

- *Property Tax Revenues* reported \$6.4million and generated from the District’s 9 flood control zones contained within 5 special revenue funds reported in the basic financial statements.
- *Interest and Investment Income and other revenue* was reported at a negative \$1.3 million, which was primarily due to downturns in the fair market value adjustments of the District’s investment portfolio.

**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022**

**Governmental Activities - Expenses**

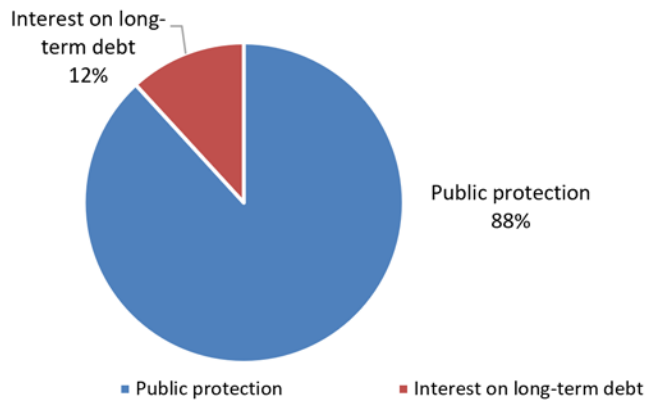
**Governmental Activities  
Expense by Function/Program  
(FY2021-2022)**



- **Expenses for *Public Protection*** accounted for 88% of the District’s overall governmental activities expenses. Public protection reported \$4,431,326 at June 30, 2022, \$2,989,690 was the costs of Services and Supplies, \$639,251 was the costs of Salaries and Benefits, \$6,463 was capital project fund soft costs reflected as capital outlay, \$10,780 was changes in accrued compensation liability, and \$785,142 was costs for depreciation on various infrastructure capital assets.
- **Expenses for *Interest on long-term debt*** is current portion of the accrued interest of 2015 Colma Creek Revenue Refunding bond, reported \$593,630 and accounted for 12% of the District’s overall governmental activities expenses.

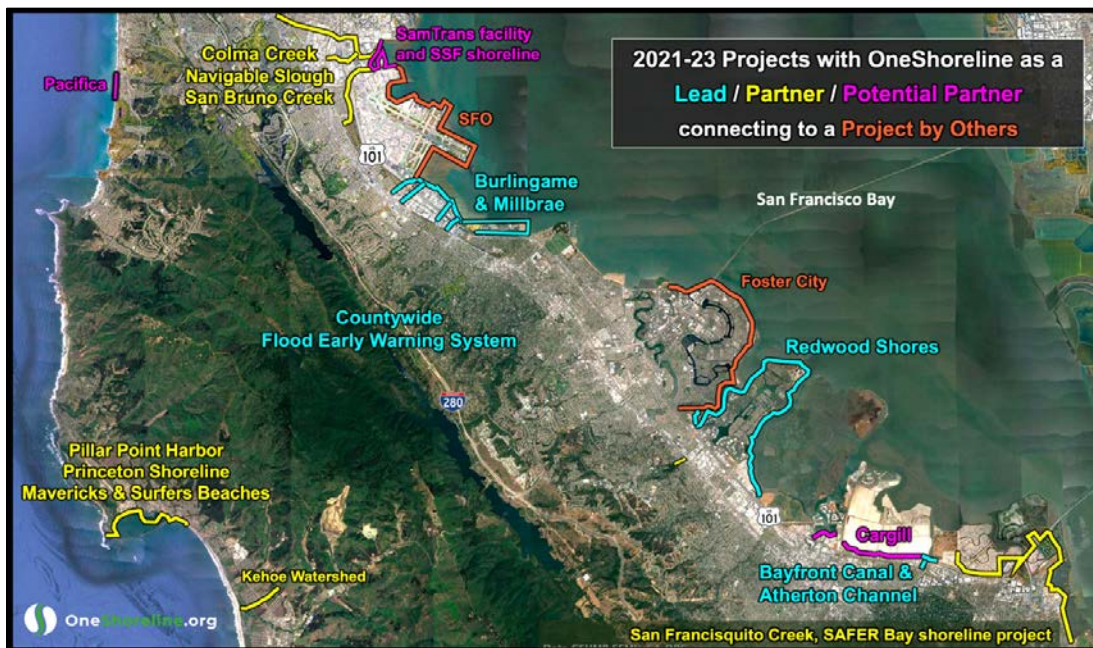
The District’s expenses for the fiscal year ended June 30, 2022 are comprised of and distributed as follows:

**Governmental Activities  
Expense by Function/Program  
(FY2021-2022)**



**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022**

The map below highlights the locations of projects around San Mateo County where the District (also known as OneShoreline) is either the lead agency, a partner agency or a potential partner. The following two pages describe three of these projects in greater detail – more information may be found at <https://OneShoreline.org/Projects>.



**Accomplishments in FY 2021-22**

**Complete construction of the Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project**

Just east of Highway 101 and north of Marsh Road, the Atherton Channel converges with the Bayfront Canal near the border between Redwood City and Menlo Park, and empties into San Francisco Bay. For the past several decades, high tides have kept flows in the Canal and Channel from draining to the Bay, and minor rainfall events have resulted in the flooding of nearby mobile home parks and businesses.



Shortly after it was established in January 2020, OneShoreline assumed the role of lead agency on the Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project to install concrete box culverts under Marsh Road in order to divert stormwater during high tide conditions from the Bayfront Canal into ponds managed by the U.S. Fish & Wildlife Service. By connecting the Bayfront Canal and Atherton Channel to these ponds, the Canal’s capacity is essentially increased and the flood threat to the community is decreased.



Between early 2020 and June of 2021, OneShoreline certified the project’s CEQA document, secured land rights and federal and state environmental permits, developed an agreement to fund construction and maintenance with San Mateo County, cities of Redwood City and Menlo Park, and the Town of Atherton, and awarded the construction contract.

**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022**

Within the FY 2021-22 fiscal year, OneShoreline met its major construction schedule milestones, including completing work within regulated waters in October 2021, and establishing the hydraulic connection between the Canal and ponds in December 2021. In January 2022, the Project area was backfilled and improved (as compared to its pre-project condition) and in February, March, and April 2022, pond berms providing the Project’s environmental mitigation were regraded and seeded, the trash racks were installed, and the Marsh Road entrance to Bedwell Bayfront Park was repaved.



The approximately \$10 million project was completed with change orders totaling a mere 2% of the construction contract. This winter, the new facility is positioned to perform its first stormwater diversion from Bayfront Canal.

**Countywide Flood Early Warning System**

The District is managing a Flood Emergency Response project funded by the State’s Department of Water Resources to create a coordinated county-wide flood emergency preparedness and response program, upgrade and expand the region’s flood early warning system to inform for emergency personnel, public works staff, and the general public reference during an event, and creation of three site-specific Flood Emergency Action Plans (EAPs) to better define and coordinate activities and emergency-related responsibilities before, during, and after flood events, and lead a public outreach regarding these.



Between mid-2020 and mid-2021, the District upgraded and expanded the flood early warning system. A key component of this effort was the continued development of the monitoring system’s threshold warning levels, and messaging program.

Within the 2021-22 fiscal year, OneShoreline installed temporary gauges to refine the threshold warning levels at each station and enhance our understanding of downstream in-channel conditions and warning lead times. During the atmospheric river of October 24, 2021, early notice of flooding was delivered to emergency response and public works personnel. Also, during this fiscal year, OneShoreline focused its attention on developing a partnership with the County and Resource Conservation District to expand its early warning system to the community of Pescadero near the Pacific coast. OneShoreline developed the first iteration of a Countywide Flood Early Warning System website that includes dashboards for a quick overview of each station’s key data. Although this website is still in development, features of it may be previewed on our website, at <https://OneShoreline.org/FloodWarning>.



**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2022

**Millbrae and Burlingame Shoreline Area Protection & Enhancement Project**

Within the cities of Millbrae and Burlingame along San Francisco Bay, regionally significant electrical distribution and water treatment facilities and transportation and rail corridors, major corporate sites, and many local businesses and homes are vulnerable to flooding and sea level rise. In late 2019 and early 2020, these cities completed separate efforts to evaluate their vulnerabilities and potential adaptation strategies to reduce those vulnerabilities. Meanwhile, immediately to the north, SFO is planning and designing a project to protect the entire perimeter of the airport from sea level rise.

Consistent with its core purpose, in 2020 OneShoreline brought together these entities to advance their independent efforts in a coordinated and connected way. The objectives of this project are to not only remove hundreds of properties and critical infrastructure from the FEMA floodplain, but advance long-term resilience to sea level rise and extreme storms, as well as provide environmental and recreational enhancements.

During 2021-22 fiscal year, OneShoreline secured \$8 million from the State of California. Half of that amount is dedicated to engaging a consultant team on this project to complete data gathering, 30% design, and a Draft Environmental Impact Report of a project to keep the shoreline and creek banks indicated by the red lines on the image right from overtopping when the Bay water level is substantially higher than it is today.



**Work with cities and developers so that private property and public infrastructure are planned in the context of future climate conditions and regional protection efforts**

Because San Mateo County has more people and property at risk from the first few feet of sea level rise than any other county in California, its residents and their elected leaders understand that climate change poses a transformative challenge to our communities. An enduring aspect of the District’s work to build long-term resilience countywide rests on identifying opportunities for new development and infrastructure projects to be resilient and be part of the regional solution to this transformative challenge. These projects are intended to function for decades, during which time the impacts of climate change will grow, and thus these projects should be designed to function under foreseeable future conditions, including higher sea levels and more intense storms, wildfires, drought, and heat. Incorporating climate resilience into the siting and building of these assets now will avoid the much more difficult and costly effort to retrofit these assets later.

With a portion of the \$8 million in State funding mentioned above, OneShoreline is also working with several cities to update their General Plans, Specific Plans, and zoning ordinances so that these critical documents can today help guide our region’s resilience to the future conditions brought on by climate change. The work to update these key planning documents began with the City of Burlingame, which in December 2021 became the first city in the Bay Area to incorporate requirements related to sea level rise protection into its citywide zoning ordinance. In parallel, OneShoreline has also reviewed and provided verbal and written comments on design concepts or submittals from private developers with water-fronting projects. At the suggestion of planning staff from several cities, these OneShoreline comments are being templated into a draft Planning Guidance Policy, which can be used as a standardized and evolving resource for cities and the County to account for climate-driven flooding, stormwater capture, groundwater rise, and sea level rise in planning documents, processes, and approvals.

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**BASIC FINANCIAL STATEMENTS**  
**Government-Wide Financial Statements**



**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 39,427,453
Interest receivable	12,687
Taxes receivable	125,643
Intergovernmental receivable	647,915
Prepaid expenses	16,691
Capital assets, net of accumulated depreciation	
Nondepreciable	10,129,766
Depreciable	25,121,044
Total Assets	75,481,199
<b>Liabilities</b>	
Accounts payable	855,309
Accrued interest	305,729
Unearned revenue	630,909
Long-term liabilities	
Revenue refunding bonds - due within one year	925,630
Revenue refunding bonds - due beyond one year	15,589,274
Accrued vacation and leave - due within one year	45,333
Total Liabilities	18,352,184
<b>Deferred Inflows of Resources</b>	34,201
<b>Net Position</b>	
Net investment in capital assets	18,061,076
Restricted for debt service	73
Unrestricted	39,033,665
Total net position	\$ 57,094,814

The accompanying notes are an integral part of this statement.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	<b>Governmental Activities</b>
<b>Program Expenses</b>	
Public protection	\$ 3,646,184
Depreciation expense	785,142
Interest on long-term liabilities	593,630
Total Program Expenses	5,024,956
 <b>Program Revenues</b>	
Operating grants and contributions	2,242,915
Capital grants and contributions	7,278,352
Total Program Revenues	9,521,267
Net Program Revenues	4,496,311
 <b>General Revenues</b>	
Property tax	6,370,033
Interest and investment income (loss)	(1,294,776)
Other	10,720
Total General Revenues	5,085,977
Change in Net Position	9,582,288
Net Position - Beginning	47,512,526
<b>Net Position - Ending</b>	<b>\$ 57,094,814</b>

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS**  
**Fund Financial Statements**



**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	<b>General Fund</b>	<b>Colma Creek Flood Control Fund</b>	<b>San Bruno Creek Flood Control Fund</b>	<b>Bayfront Canal Atherton Capital Project Fund</b>	<b>Burlingame-Millbrae SFO Shoreline Capital Project Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>								
Cash and investments	\$ 2,675,928	\$ 30,557,646	\$ 3,818,052	\$ 694,264	\$ -	\$ 73	\$ 1,681,490	\$ 39,427,453
Receivables:								
Accounts receivable	-	-	-	-	-	-	-	-
Taxes receivable	-	114,470	5,586	-	-	-	5,587	125,643
Grants receivable	500,835	-	-	-	147,080	-	-	647,915
Interest receivable	847	10,012	1,252	46	-	-	530	12,687
Dues from other funds	7,649	-	-	-	-	-	-	7,649
Other assets	5,489	-	-	-	-	11,202	-	16,691
Total Assets	<u>\$ 3,190,748</u>	<u>\$ 30,682,128</u>	<u>\$ 3,824,890</u>	<u>\$ 694,310</u>	<u>\$ 147,080</u>	<u>\$ 11,275</u>	<u>\$ 1,687,607</u>	<u>\$ 40,238,038</u>
<b>Liabilities</b>								
Accounts payable	\$ 53,502	\$ 170,122	\$ 420,769	\$ 63,401	\$ 147,172	\$ -	\$ 343	\$ 855,309
Unearned revenues	-	-	-	630,909	-	-	-	630,909
Dues to other funds	-	-	-	-	7,649	-	-	7,649
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	<u>\$ 53,502</u>	<u>\$ 170,122</u>	<u>\$ 420,769</u>	<u>\$ 694,310</u>	<u>\$ 154,821</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 1,493,867</u>
<b>Deferred Inflows of Resources</b>	500,835	-	-	-	147,080	-	-	647,915
<b>Fund Balances</b>								
Nonspendable	5,489	-	-	-	-	11,202	-	16,691
Restricted	-	-	-	-	-	73	-	73
Assigned	2,630,922	30,512,006	3,404,121	-	-	-	1,687,264	38,234,313
Unassigned	-	-	-	-	(154,821)	-	-	(154,821)
Total Fund Balances	<u>2,636,411</u>	<u>30,512,006</u>	<u>3,404,121</u>	<u>-</u>	<u>(154,821)</u>	<u>11,275</u>	<u>1,687,264</u>	<u>38,096,256</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,190,748</u>	<u>\$ 30,682,128</u>	<u>\$ 3,824,890</u>	<u>\$ 694,310</u>	<u>\$ 147,080</u>	<u>\$ 11,275</u>	<u>\$ 1,687,607</u>	<u>\$ 40,238,038</u>

The accompanying notes are an integral part of this statement.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Government-Wide Statement of Net Position**  
**June 30, 2022**

<b>Fund balances - total governmental funds</b>	<b>\$ 38,096,256</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, and shown as deferred inflows of resources in the governmental funds.	647,915
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	35,250,810
Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(305,729)
Deferred inflows of resources in governmental activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	(34,201)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Revenue refunding bonds	(14,675,000)
Premium on revenue refunding bonds	(1,839,904)
Accrued vacation and leave	<u>(45,333)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 57,094,814</u></u></b>

The accompanying notes are an integral part of this statement.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	General Fund	Colma Creek Flood Control Fund	San Bruno Creek Flood Control Fund	Bayfront Canal Atherton Capital Project Fund	Burlingame-Millbrae SFO Shoreline Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Property tax	\$ -	\$ 5,420,183	\$ 438,553	\$ -	\$ -	\$ -	\$ 511,297	\$ 6,370,033
County contributions	850,000	-	-	-	-	-	-	850,000
City contributions	745,000	-	-	-	-	-	-	745,000
Capital grants and contributions	91,031	-	-	7,187,321	-	-	-	7,278,352
Interest and investment income (loss)	(57,155)	(1,043,930)	(132,969)	(9,445)	-	4	(51,281)	(1,294,776)
Other	200	10,520	-	-	-	-	-	10,720
Total Revenues	<u>1,629,076</u>	<u>4,386,773</u>	<u>305,584</u>	<u>7,177,876</u>	<u>-</u>	<u>4</u>	<u>460,016</u>	<u>13,959,329</u>
<b>Expenditures</b>								
Current:								
Salaries and benefits	639,251	-	-	-	-	-	-	639,251
Services and supplies	341,208	2,047,735	246,667	-	-	856	353,224	2,989,690
Capital outlay	41,414	20,713	428,861	7,177,876	154,821	-	-	7,823,685
Debt service - principal	-	-	-	-	-	750,000	-	750,000
Debt service - interest	-	-	-	-	-	752,500	-	752,500
Total Expenditures	<u>1,021,873</u>	<u>2,068,448</u>	<u>675,528</u>	<u>7,177,876</u>	<u>154,821</u>	<u>1,503,356</u>	<u>353,224</u>	<u>12,955,126</u>
<b>Other Financing Sources (Uses):</b>								
Transfers in	60,000	-	-	-	-	1,502,500	-	1,562,500
Transfers out	-	(1,552,500)	(4,500)	-	-	-	(5,500)	(1,562,500)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>(1,552,500)</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>1,502,500</u>	<u>(5,500)</u>	<u>-</u>
Net Change in Fund Balances	667,203	765,825	(374,444)	-	(154,821)	(852)	101,292	1,004,203
Fund Balances - Beginning, as previously reported	1,953,304	29,746,181	3,778,565	-	-	12,127	1,601,876	37,092,053
Cumulative effect of prior period adjustment	15,904	-	-	-	-	-	(15,904)	-
Fund Balances - Beginning, as restated	<u>1,969,208</u>	<u>29,746,181</u>	<u>3,778,565</u>	<u>-</u>	<u>-</u>	<u>12,127</u>	<u>1,585,972</u>	<u>37,092,053</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,636,411</u>	<u>\$ 30,512,006</u>	<u>\$ 3,404,121</u>	<u>\$ -</u>	<u>\$ (154,821)</u>	<u>\$ 11,275</u>	<u>\$ 1,687,264</u>	<u>\$ 38,096,256</u>

The accompanying notes are an integral part of this statement.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2022**

**Net change in fund balances - total governmental funds** \$ 1,004,203

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

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

Expenditures for general capital assets and infrastructure	\$ 7,823,685	
Less capital project fund soft costs reflected as capital outlay	(6,463)	
Less current year depreciation	<u>(785,142)</u>	<u>7,032,080</u>

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities.

647,915

Repayment and defeasance of long-term liabilities are expenditures and other financing uses in the governmental funds but reduce long-term liabilities in the statement of net position

750,000

Change in accrued interest

15,626

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

Amortization of bond premium	140,630	
Amortization of deferred gain on refunding	2,614	
Change in accrued vacation leave	<u>(10,780)</u>	<u>132,464</u>

**Change in net position of governmental activities**

\$ 9,582,288

The accompanying notes are an integral part of this statement.

## NOTES TO BASIC FINANCIAL STATEMENTS



**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements  
For the Year Ended June 30, 2022

**1. FINANCIAL REPORTING ENTITY**

On February 23, 2016, the San Mateo County Board of Supervisors (County Board) approved a report entitled “Improving Flood Control in San Mateo County’s Areas of Responsibilities” (Report) and approved Resolution No. 074363 for an Appropriation Transfer Request to begin implementation of the Report’s recommendations. This included funding totaling \$6.2 million from the County general fund over a three-year period to establish a program to address flood risks in the County’s areas of responsibility as outlined in the Report.

In May of 2017, the City/County Association of Governments of San Mateo County (C/CAG)’s Countywide Water Coordination Committee (Committee) was established, which consisted of seven city elected officials and one member of the County Board. In April 2018, the Committee convened a Staff Advisory Team (SAT) comprised of 18 staff-level representatives from C/CAG, the County, cities, and other water-related or interested agencies to help develop a proposal to establish a new water management agency.

The SAT, in coordination with the Committee, developed an overall roadmap for the process to create a new agency as described in the “Flood and Sea Level Rise Resiliency Agency Proposal” (Proposal), dated December 21, 2018. This was reviewed and approved by the County Board on January 29, 2019. The Proposal revised (through special legislation) the 1959 San Mateo Flood Control District Act (Act) to change the governance of the District from the County Board to a seven-member board consisting of five city members and two County Board members. The revisions to the Act also enhanced authorities related to sea level rise and coastal erosion, clarified funding and financing authorities to reflect current state regulations/constitutional restrictions, and changed the name of the entity to the Flood and Sea Level Rise Resiliency District. The new entity was officially formed effective January 1, 2020. The District’s mission and role is to address sea level rise, flooding, coastal erosion, and large-scale stormwater infrastructure improvements through integrated regional planning, design, permitting, project implementation, and long-term operations and maintenance to create a resilient “one shoreline” approach in San Mateo County by 2100.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation**

*Government-Wide Financial Statements*

The statement of net position and statement of activities report the financial activities of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues of the District. Direct expenses are those that are specifically associated with the District’s operations. Program revenues refer to grants, contributions, and other revenues that meet the operational requirements of the program. Any revenues not classified as program revenues are presented as general revenues.

*Fund Financial Statements*

The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, which are each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are presented as separate columns in the fund financial statements.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following major governmental funds:

- The *General Fund* serves as the District's primary operating fund and accounts for all financial resources and transactions of the District, except those accounted for in another fund.
- The *Colma Creek Flood Control Fund* accounts for funds that support various flood control projects within Colma Creek. This fund is financed by property taxes.
- The *San Bruno Creek Flood Control Fund* accounts for funds that support various flood control projects within the City of San Bruno. This fund is financed by property taxes.
- The *Bayfront Canal Atherton Capital Project Fund* accounts for funds that support significant capital project operations for the District. This fund is financed by grants and contributions.
- The *Burlingame-Millbrae SFO Shoreline Capital Project Fund* accounts for funds that support significant capital project operations for the District. This fund is financed by the State Coastal Conservancy grant.
- The *Debt Service Fund* accounts for the accumulation and resources for, and the payment of, long-term debt principal, interest, and related costs.

The District reports the following non-major governmental funds:

- *San Francisquito Creek Flood Control Fund* accounts for creek improvement activities in San Francisquito Creek. This fund is financed by property taxes.
- *Ravenswood Slough Flood Control Zone Fund* accounts for flood control projects in the Ravenswood Slough Flood Control Zone Fund. This fund is financed by property taxes.

**(b) Basis of Accounting**

The government-wide 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 at the time liabilities are incurred regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. Property taxes and grant and contribution revenues from reimbursement type programs are considered to be available when they are collectible within two months of the end of the current fiscal period in order to properly match revenues with related expenditures. Expenditures are recognized in the accounting period in which the liability is incurred.

**(c) Implementation of Governmental Accounting Standards Board (GASB) Statements**

The District has evaluated the requirements of GASB Statements No. 87, *Leases*, No. 92, *Omnibus*, No. 93, *Replacement of Interbank Offered Rates*, No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, and determined they had no impact on the District's financial statements for the year ended June 30, 2022.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements of GASB Statements No. 91, *Conduit Debt Obligations*, No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, No. 96, *Subscription-Based Information Technology*, No. 99, *Omnibus*, No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* and No. 101, *Compensated Absences*.

**(d) Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**(e) Prepaid Items**

Certain payments to external parties reflect costs applicable to future accounting periods and are recognized as prepaid items in both government-wide and fund financial statements. Prepayments are amortized and recognized as expenditures in the period consumed using the consumption method.

**(f) Capital Assets**

Capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. The District defines capital assets as assets with an initial unit cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in government-wide financial statements. Estimated useful lives for depreciable capital assets currently held by the District range from 46 years to 50 years

**(g) Leases**

Under the provisions of GASB Statement No. 87, the District is required to recognize a lease liability and an intangible right-to-use lease asset as a lessee and a lease receivable and a deferred inflow of resources as a lessor. The District's policy is to record leases with an initial net present value of \$50,000.

**(h) Accrued Vacation Leave**

The District allows employees to accumulate earned but unused vacation and leave time, which is eligible for payment upon separation from the District. The liability of such time is reported as incurred in the government-wide financial statements. The liability for those amounts is recorded in the governmental funds only if the liability is considered due and payable. The liability for accrued vacation and leave includes the District's share of social security and Medicare contributions payable on behalf of the employees.

**(i) Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The District has deferred inflows for a deferred gain on refunding connected to the issuance of its 2015 revenue refunding bonds, which is amortized annually.

**(j) Property Tax**

Secured taxes are distributed from the County of San Mateo to the District monthly on the basis of the County's apportionment schedules.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) County and City Contributions**

The District receives annual contributions from both the County of San Mateo and the local city governments within the County. The financial obligations are determined each year based on the budget of the District, which is established by the Board of Directors.

**(l) Due From/Due To Other Funds and Transfers**

Interfund transactions are treated as transfers under the other financial sources and use a section of the statement of revenues, expenditures, and changes in fund balance. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**(m) Investment Earnings**

The District earns interest quarterly from the Local Agency Investment Fund (LAIF) and monthly on its investments with U.S. Bank.

**(n) Accounting Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

**3. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2022 consist of the following:

Investments with financial institutions	\$ 36,884,718
Deposits with financial institutions	2,542,735
Total cash and investments	<u>\$ 39,427,453</u>

**(a) Deposits**

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. As of June 30, 2022, cash balances in bank were insured up to \$250,000 per insured bank by the Federal Depository Insurance Corporation. At June 30, 2022, the bank balance of \$2,171,175 was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the name of the District.

**SAN MATEO COUNTY  
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**3. CASH AND CASH EQUIVALENTS (Continued)**

**(b) Investments**

Investment Policy

The District's investment policy addresses safekeeping and custody practices with financial institutions in which the District deposits funds, types of permitted investment instruments, and the percentage of the portfolio that may be invested in certain instruments. The objectives of the policy, in order of priority are safety, liquidity, and return on investments.

The table below identifies the investment types that are authorized by the investment policy. The table also identifies certain provisions of the investment policy that address interest rate risk and concentration of credit risk. The investment policy places maturity limits based on the type of security.

Authorized Investments	Maximum Percentage of District Portfolio	Maximum Percentage Acquired from Single Issuer	Maximum Maturity	Credit Rating Requirements <sup>(1)</sup>
U.S. Treasury Obligations	No limit	No limit	None	None
Federal Agency or United States Government-Sponsored Enterprise Obligations	No limit	No limit	None	None
Obligations of the State of California or Any Local Agency Within the State	20%	No limit	None	A
Registered Treasury Notes or Bonds of Any of the Other 49 States in Addition to California	20%	No limit	None	A
Commercial Paper (2)	20%	10%	270 days	None
Negotiable Certificates of Deposit	30%	No limit	None	A (long-term) A-1 (short-term)
Demand Deposits	No limit	No limit	None	None
Passbook Savings Accounts - Collateralized	No limit	No limit	None	None
Shares of Beneficial Interest Issued by Diversified Management Companies	20%	10%	None	None
Repurchase Agreements (3)	No limit	No limit	None	None
Local Agency Investment Fund (State Pool)	Maximum amount permitted by the State Treasurer	No limit	None	None
San Mateo County Pool	No limit	No limit	None	None
Local Government Investment Pools (LGIPs)	No limit	No limit	None	AAA
Bankers' Acceptances	40%	30%	180 days	None
Medium-Term Notes	30%	No limit	5 years	A

<sup>(1)</sup> Ratings listed are the required minimum investment security ratings assessed by a nationally recognized statistical-rating organization (NRSRO).

<sup>(2)</sup> No more than 5% of outstanding commercial paper investments can be invested in the Energy industry/sector.

<sup>(3)</sup> Overnight Repurchase Agreement shall be used solely as a short-term investment not to exceed 3 days.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**3. CASH AND CASH EQUIVALENTS (Continued)**

District Investments

As of June 30, 2022, the District's investments consisted of the following:

<u>Investment Type</u>	<u>Credit Rating</u> S&P's/Moody's	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>Fair Value</u>
U.S. Treasury Notes	AA+ / Aaa	\$ 3,363,409	\$ 21,467,034	\$ 24,830,443
Local Agency Investment Funds	Not Rated	8,392,536	-	8,392,536
Medium Term Notes	BBB+ to AAA / A3 to AAA	-	3,544,270	3,544,270
Municipal Notes	Not Rated to A+ / AA3	-	117,469	117,469
Total Investments		\$ 11,755,945	\$ 25,128,773	\$ 36,884,718

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the fair value of an investment. In accordance with the investment policy, the Treasurer manages the risk exposure by limiting the weighted average maturity of its investment portfolio to not more than two years at any time. The weighted average maturity of the District's investment portfolio at June 30, 2022 was 724 days.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The investment policy sets limits to certain investment types specifying the amount the District may invest in any one issuer. As of June 30, 2022, there were no issuers which held more than 5% of the District's investment portfolio.

Local Agency Investment Fund

As of June 30, 2022, the District's investment in the Local Agency Investment Fund (LAIF) was \$8.4 million, and the total amount invested by all participating agencies in LAIF is \$35.8 billion. The Local Investment Advisory Board (LIAB), which consists of five members as designated by State statute, provides oversight for LAIF. All securities are purchased under the authority of Government Code Sections 16430 and 16480.4. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. LAIF is part of the Pooled Money Investment Account (PMIA), which is not SEC-registered. As of June 30, 2022, the PMIA balance was \$234.5 billion, of which 1.88% in structured notes and asset backed securities.

Fair Value Measurement

The District prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**3. CASH AND CASH EQUIVALENTS (Continued)**

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Authorized investments in which the District can invest are outlined in the County’s current effective investment policy, which are summarized in the “Investment Policy” section above.

The District’s investments by fair value as of June 30, 2022 included the following:

<b>Investments</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
Investments subject to fair value hierarchy:			
U.S. Treasury notes	\$ 24,830,443	\$ 24,830,443	\$ -
Medium term notes	3,544,270	-	3,544,270
Municipal notes	117,469	-	117,469
Total investments subject to fair value hierarchy	<u>28,492,182</u>	<u>24,830,443</u>	<u>3,661,739</u>
Investments not subject to fair value hierarchy:			
Local agency investment funds held by State Treasury	<u>\$ 8,392,536</u>		

**4. CAPITAL ASSETS**

Capital assets activity for the District for the year ended June 30, 2022 is as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
Non-Depreciable Capital Assets:					
Land	\$ 702,962	\$ -	\$ -	\$ -	\$ 702,962
Easements	92,419	-	-	-	92,419
Construction in Progress	1,517,163	7,817,222	-	-	9,334,385
Total non-depreciable capital assets	<u>2,312,544</u>	<u>7,817,222</u>	<u>-</u>	<u>-</u>	<u>10,129,766</u>
Depreciable capital assets:					
Infrastructure	39,253,006	-	-	-	39,253,006
Less accumulated depreciation for:					
Infrastructure	(13,346,820)	(785,142)	-	-	(14,131,962)
Depreciable capital assets, net	<u>25,906,186</u>	<u>(785,142)</u>	<u>-</u>	<u>-</u>	<u>25,121,044</u>
Total Capital Assets, net	<u>\$ 28,218,730</u>	<u>\$ 7,032,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,250,810</u>

Construction in process additions for the year ended June 30, 2022 primarily represents work performed on the Bayfront canal and Atherton Channel Flood Protection and Ecosystems Restoration Project, and the San Bruno Creek Emergency Tide Gate Repair Project.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**5. LONG TERM LIABILITIES**

The District's long-term liabilities as of June 30, 2022 are as follows:

	Balance 7/1/2021	Additions	Retirements	Balance 6/30/2022	Amounts Due Within 1 Year
Revenue refunding bonds	\$ 15,425,000	\$ -	\$ (750,000)	\$ 14,675,000	\$ 785,000
Add: unamortized premium	1,980,534	-	(140,630)	1,839,904	140,630
Revenue refunding bonds, net	17,405,534	-	(890,630)	16,514,904	925,630
Accrued vacation leave	34,553	34,345	(23,565)	45,333	45,333
Total Governmental Activities	<u>\$ 17,440,087</u>	<u>\$ 34,345</u>	<u>\$ (914,195)</u>	<u>\$ 16,560,237</u>	<u>\$ 970,963</u>

**(a) 2015 Lease Revenue Refunding Bonds**

In August 2015, the San Mateo County Flood Control District (the "Flood Control District") issued \$18.7 million in Revenue Refunding Bonds (the "2015 Revenue Refunding Bonds") with a bond premium of \$2.8 million to refund the County Joint Powers Financing Authority's (JPFA) outstanding balance of its 1997 Certificates of Participation (COPs) and 2004 COPs and to pay its costs of issuance. The Flood Control District pledged its revenues to repay the 2015 Revenue Refunding Bonds through August 2035.

Revenue refunding bonds are pledged by all revenues, income and investment earnings, received by Colma Creek Flood Control Zone (Colma Creek), including the ad valorem taxes levied by the County and allocable to the Colma Creek. There is no right of acceleration under the indenture in an event of default. In the event of default, the trustee, U.S. Bank National Association, shall exercise its rights to indemnification and protection from liability under the indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the bonds. The trustee shall be entitled to interest on all amounts advanced by it under the indenture at the maximum interest rate permitted by law. Notwithstanding the foregoing, the trustee shall not be required to advance its own funds. The trustee in its individual or other capacity may become the owner or pledgee of the bonds with the same rights it would have if it were not the trustee.

When the District was formed effective January 1, 2020, it assumed the obligations associated with this debt formerly connected to the original County Flood Control District.

The District's long-term debt as of June 30, 2022 are as follows:

<u>Type of Indebtedness</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2022</u>
<b>2015 Revenue Refunding Bonds:</b>					
Serial current interest bonds	8/1/22 - 8/1/35	5.00%	\$775,000 - \$1,410,000	\$18,725,000	\$14,675,000

**SAN MATEO COUNTY  
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**6. LONG TERM LIABILITIES (Continued)**

Annual debt service requirements for the governmental activities of the District as of June 30, 2022 are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 785,000	\$ 714,125
2024	825,000	673,875
2025	865,000	631,625
2026	910,000	587,250
2027	950,000	540,750
2028-2032	5,535,000	1,919,875
2033-2036	4,805,000	444,625
Total	<u>\$ 14,675,000</u>	<u>\$ 5,512,125</u>

**(b) Accrued Vacation and Leave**

The District’s policy allows employees to accumulate earned but unused vacation time, which is eligible for payment upon separation from the District’s service. The liability of such time is reported as incurred in the government-wide financial statements. The liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for accrued vacation leave includes the District’s share of social security and Medicare contributions payable on behalf of the employees. Vacation time accrues at a rate of 160.0 hours for the Executive Director and at a rate of 96.0 hours annually for other District employees, with a cap of 180 hours. Additionally, the Executive Director earns management leave accrual at a rate of 40.0 hours annually.

**7. LEASE**

The District occupies an office building to conduct its business under a noncancelable operating lease. Total rental paid for this lease was \$101,843 for the year ended June 30, 2022. Future minimum lease payments total \$69,472 for the year ending June 30, 2023.

**8. REVENUES**

**(a) County and City Contributions**

Pursuant to the resolution approved by the County Board on January 29, 2019, the County and local city agencies within the County are expected to make annual contributions to the District until such time that the District is able to secure adequate independent funding sources of its own. For the year ended June 30, 2022, the County made contributions of \$850,000 and the city agencies contributed a combined amount of \$745,000 as prescribed by Board resolution.

**(b) Property Tax**

The District receives monthly property tax payments from the County of San Mateo based on the County’s apportionment factor calculations. The District’s revenue for property tax appropriations amounted to \$6,370,033 for the year ended June 30, 2022.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**8. REVENUES (Continued)**

**(c) Capital Grant Contributions**

The District also receives one-time capital grant contributions for specific projects. For the year ended June 30, 2022, the District incurred capital project costs on the Burlingame-Millbrae SFO Shoreline Capital Project, for which it received a capital grant reimbursement after the balance sheet date.

**9. FUND BALANCE**

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for the District's governmental funds are made up of the following:

- (a) Nonspendable Fund Balance** – includes amounts that are (1) not in spendable form, or (2) legally or contractually require to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid amounts.
- (b) Restricted Fund Balance** – includes amounts that are restricted for specific purposes due to external sources or enabling legislation.
- (c) Assigned Fund Balance** – includes amounts intended to be used by the District for specific purposes that are not restricted. Intent is expressed by (a) the Board of Directors or (b) a body (for example: a budget or finance committee) or official to which the Council has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances represent all District activities outside of debt service operations, which are encompassed under the restricted fund category. These costs are intended for specific purposes, but are not restricted.
- (d) Unassigned Fund Balance** – includes the residual classification that includes all amounts not contained in other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

**10. INTERFUND BALANCES AND TRANSFERS**

The District's Burlingame-Millbrae SFO Shoreline Capital Project Fund expended more funds than its available cash as of June 30, 2022, which resulted in a negative cash balance and required short-term borrowing from the District's general fund in the amount of \$7,649. The District's Burlingame-Millbrae SFO Shoreline Capital Project Fund expects to repay the amount due to the general fund upon collection of its grants receivable.

For the year ended June 30, 2022, the Colma Creek Flood Control fund made a transfer of \$1,502,500 to the Debt Service fund for the purpose of financing debt service obligations.

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2022

**11. NET POSITION**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District considers restricted net position to have been depleted before unrestricted net position is applied.

**12. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. By agreement, the District was an additional insured on the County of San Mateo's excess liability insurance coverage for the year ended June 30, 2022. Effective July 1, 2022, the District was covered under AWCA JPIA Liability and Property Program. County Counsel provides legal representation for any claims or litigation of the District. The District engages with a separate insurance provider for worker's compensation insurance to employees with a limit of \$1,000,000 per accident. The existing insurance policy for workers' compensation at the balance sheet date is valid through April 1, 2023. Claims have not exceeded coverage for the District since its inception on January 1, 2020.

**13. PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2022, the District consolidated the San Mateo County Flood Control Zone Special Revenue Fund into the General Fund and restated General Fund fund balance by \$15,904. A special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. The San Mateo County Flood Control Zone Special Revenue Fund did not have a specific restricted or committed revenue source. Its activities were thus incorporated into the General Fund as of July 1, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)



**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amount</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	
<b>Revenues</b>				
County contributions	\$ 1,250,000	\$ 1,250,000	\$ 850,000	\$ (400,000)
City contributions	745,000	745,000	745,000	-
Capital grants and contributions	291,000	291,000	91,031	(199,969)
Interest and investment income (loss)	6,780	6,780	(57,155)	(63,935)
Other	-	-	200	200
Total Revenues	<u>2,292,780</u>	<u>2,292,780</u>	<u>1,629,076</u>	<u>(663,704)</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	\$ 891,264	\$ 891,264	\$ 639,251	\$ 252,013
Services and supplies	400,754	400,754	341,208	59,546
Capital outlay	230,000	230,000	41,414	188,586
Total Expenditures	<u>1,522,018</u>	<u>1,522,018</u>	<u>1,021,873</u>	<u>500,145</u>
Net Change in Fund Balance	<u>\$ 770,762</u>	<u>\$ 770,762</u>	607,203	<u>\$ (163,559)</u>
Budgetary Fund Balance - Beginning, as restated			<u>1,969,208</u>	
<b>Budgetary Fund Balance - Ending</b>			<u><u>\$ 2,576,411</u></u>	
<b>Other financing sources</b>				
Operating transfers in			<u>60,000</u>	
<b>GAAP Fund Balance</b>			<u><u>\$ 2,636,411</u></u>	

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Colma Creek Flood Control Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amount</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	
<b>Revenues</b>				
Property taxes	\$ 3,431,959	\$ 3,431,959	\$ 5,420,183	\$ 1,988,224
Interest and investment income (loss)	97,293	97,293	(1,043,930)	(1,141,223)
Other	10,512	10,512	10,520	8
Total Revenues	<u>3,539,764</u>	<u>3,539,764</u>	<u>4,386,773</u>	<u>847,009</u>
<b>Expenditures</b>				
Current:				
Services and supplies	\$ 2,428,473	\$ 2,428,473	\$ 2,047,735	\$ 380,738
Capital outlay	350,000	350,000	20,713	329,287
Total Expenditures	<u>2,778,473</u>	<u>2,778,473</u>	<u>2,068,448</u>	<u>710,025</u>
Net Change in Fund Balance	<u>\$ 761,291</u>	<u>\$ 761,291</u>	2,318,325	<u>\$ 1,557,034</u>
Budgetary Fund Balance - Beginning			<u>29,746,181</u>	
<b>Budgetary Fund Balance - Ending</b>			<u>32,064,506</u>	
<b>Other financing uses</b>				
Operating transfers out			<u>(1,552,500)</u>	
<b>GAAP Fund Balance</b>			<u>\$ 30,512,006</u>	

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**San Bruno Creek Flood Control Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amount</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	
<b>Revenues</b>				
Property taxes	\$ 286,839	\$ 286,839	\$ 438,553	\$ 151,714
Interest and investment income (loss)	12,543	12,543	(132,969)	(145,512)
Total Revenues	<u>299,382</u>	<u>299,382</u>	<u>305,584</u>	<u>6,202</u>
<b>Expenditures</b>				
Current:				
Services and supplies	\$ 376,800	\$ 376,800	\$ 246,667	\$ 130,133
Capital outlay	-	825,000	428,861	396,139
Total Expenditures	<u>376,800</u>	<u>1,201,800</u>	<u>675,528</u>	<u>526,272</u>
Net Change in Fund Balance	<u>\$ (77,418)</u>	<u>\$ (902,418)</u>	(369,944)	<u>\$ 532,474</u>
Budgetary Fund Balance - Beginning			<u>3,778,565</u>	
<b>Budgetary Fund Balance - Ending</b>			<u>\$ 3,408,621</u>	
<b>Other financing uses</b>				
Operating transfers out			<u>(4,500)</u>	
<b>Excess (deficiency) of revenues and other source over expenditures</b>			<u>\$ 3,404,121</u>	

**SAN MATEO**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2022

**1. BUDGETS, BUDGETARY PROCESS, AND ENCUMBRANCES**

The District adopts an annual operating budget. Annual budgets are prepared using the modified accrual basis of accounting, which is consistent with the basis used to present the District's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

The annual budget is adopted by the Board of Directors. The District has the flexibility to expend funds based on operational needs as long as expenditures do not exceed the approved budget.

The District uses an encumbrance system to assist in controlling expenditures. Purchase orders, contracts, and other commitments for the expenditures of monies are recorded under this system in order to reserve applicable appropriations. Encumbrances outstanding at year-end are reported in assigned fund balance as they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District did not have outstanding encumbrances as of June 30, 2022.

**2. EXPENDITURES LESS THAN BUDGET**

The District had many areas of operations for the year ended June 30, 2022 where actual expenditures fell short of budgeted amounts. This is due primarily to the fact that the District was a new entity effective as of January 1, 2020 and some areas of operations did not increase at the pace originally anticipated when the budget was prepared prior to the COVID-19 pandemic. The District has initiated a number of capital projects which are expected to increase in activity in the coming years.

## SUPPLEMENTARY INFORMATION



**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2022**

	<b>San Francisquito Creek Flood Control Fund</b>	<b>Ravenswood Slough Flood Control Zone Fund</b>	<b>San Mateo County Flood Control Zone Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and investments	\$ 1,222,326	\$ 459,164	\$ -	\$ 1,681,490
Receivables				
Taxes receivable	5,332	255	-	5,587
Interest receivable	386	144	-	530
Total Assets	<u>\$ 1,228,044</u>	<u>\$ 459,563</u>	<u>\$ -</u>	<u>\$ 1,687,607</u>
<b>Liabilities</b>				
Accounts payable	\$ 343	\$ -	\$ -	\$ 343
<b>Fund Balances</b>				
Assigned	<u>1,227,701</u>	<u>459,563</u>	<u>-</u>	<u>1,687,264</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,228,044</u>	<u>\$ 459,563</u>	<u>\$ -</u>	<u>\$ 1,687,607</u>

**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

	San Francisquito Creek Flood Control Fund	Ravenswood Slough Flood Control Zone Fund	San Mateo County Flood Control Zone Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property tax	\$ 489,767	\$ 21,530	\$ -	\$ 511,297
Interest and investment loss	(35,577)	(15,704)	-	(51,281)
Total Revenues	<u>454,190</u>	<u>5,826</u>	<u>-</u>	<u>460,016</u>
<b>Expenditures</b>				
Current:				
Services and supplies	<u>352,544</u>	<u>680</u>	<u>-</u>	<u>353,224</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	(5,300)	(200)	-	(5,500)
Total Expenditures	<u>(5,300)</u>	<u>(200)</u>	<u>-</u>	<u>(5,500)</u>
Net Change in Fund Balances	96,346	4,946	-	101,292
Fund Balances - Beginning, as originally reported	1,131,355	454,617	15,904	1,601,876
Cumulative effect of prior period adjustment	-	-	(15,904)	(15,904)
Fund Balances - Beginning, as restated	<u>1,131,355</u>	<u>454,617</u>	<u>-</u>	<u>1,585,972</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,227,701</u>	<u>\$ 459,563</u>	<u>\$ -</u>	<u>\$ 1,687,264</u>

**SAN MATEO COUNTY  
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT  
Schedule of Cities Support  
For the Year Ended June 30, 2022**

<b>City/ Agency</b>	<b>Year Ended June 30, 2022 Contributions</b>
Atherton	\$ 25,000
Belmont	40,000
Brisbane	25,000
Burlingame	40,000
Colma	25,000
Daly City	55,000
East Palo Alto	40,000
Foster City	40,000
Half Moon Bay	25,000
Hillsborough	25,000
Menlo Park	40,000
Millbrae	40,000
Pacifica	40,000
Portola Valley	25,000
Redwood City	55,000
San Bruno	40,000
San Carlos	40,000
San Mateo	55,000
South San Francisco	55,000
Woodside	15,000
Total	<u>\$ 745,000</u>

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**Independent Auditor’s Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
San Mateo County Flood and Sea Level Rise Resiliency District  
San Mateo, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo County Flood and Sea Level Rise Resiliency District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 18, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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 entity’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 or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District’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 financial statements. 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*.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
November 18, 2022