

## Board of Directors Finance Committee Meeting

This meeting will be held remotely, with no physical meeting location, pursuant to Government Code Section 54953(e). Members of the public may join the meeting by clicking on the following link:

To join the meeting by video, click on:

<https://oneshoreline-org.zoom.us/j/81677546690>

To join the meeting by phone, call: 669-444-9171, Meeting ID: 816 7754 6690, Passcode: 002419

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## **AGENDA** **November 21, 2024** **9:00 AM**

- 1. Roll Call**
- 2. Public Comment** Persons wishing to address the Committee on District-related matters not on this Agenda may speak for up to two minutes; comments on Agenda items shall be heard during that item for up to two minutes.
- 3. Action to Set the Agenda \***
- 4. Regular Business**
  - A. With the District's auditor, discuss the draft Audited Financial Statements for the July 1, 2023 – June 30, 2024 Fiscal Year (attached)
  - B. With the District's investment advisor, discuss the recent performance of District investments and potential amendments to the District's Investment Policy \*
- 5. Adjournment**

\* There is no written staff report for this item

### Meeting information, public access and communications

- During the meeting, public comment can be submitted at the appropriate time via Zoom Chat or by raising your hand, speaking if joining by phone, or email to [board@OneShoreline.org](mailto:board@OneShoreline.org) prior to 8:00 a.m. on the meeting day; please indicate the agenda item to which your comment applies and it will be read or summarized at the meeting by the Board Clerk.
- If you require assistance to participate in the meeting or wish to submit a written communication to all Board Members regarding the meeting, please contact the Clerk of the Board by 8:00 am on the day of the meeting.
- Public records relating to an open session item on the agenda are available at least 72 hours prior to a Regular Board meeting or at least 24 hours prior to a Special Board meeting when these records are distributed to Board members. Public records are available at the District office at 1700 South El Camino Real, Suite 502, San Mateo, CA 94402 and at OneShoreline.org. To receive these documents electronically, please email [board@OneShoreline.org](mailto:board@OneShoreline.org).

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

November 8, 2024 Draft

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

For the Year Ended June 30, 2024

San Mateo, California

**SAN MATEO COUNTY  
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT  
For the Year Ended June 30, 2024**

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# SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT

## Awards and Achievements



The Institute for Local Government (ILG) awarded OneShoreline for “the leadership and Innovation in climate resilience for their Planning Policy Guidance, which is a remarkable example of the great work special districts do to advance environmental sustainability in their communities.”



**Commendation**  
THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY, STATE OF CALIFORNIA  
 COMMENTS 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.

DATE: February 13, 2020



COUNTY OF SAN MATEO  
FOUNDED 1856

  
DON HORSLEY  
MAYOR

  
CAROL GROOM  
CITY MANAGER

  
DAVID J. CANEJA  
CITY CLERK



*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.

  
Congresswoman Jackie Speier  
U.S. House of Representatives

February 13, 2020

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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  
Senator, 13<sup>th</sup> District

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

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

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

## **FY2023-2024**

### **Board of Directors**



Dave Pine  
Chair  
District 1



Debbie Ruddock  
Vice Chair  
Coastside



Ray Mueller  
District 3



Adam Rak  
Central San Mateo  
County Cities



Donna Colson  
Northern San Mateo  
County Cities



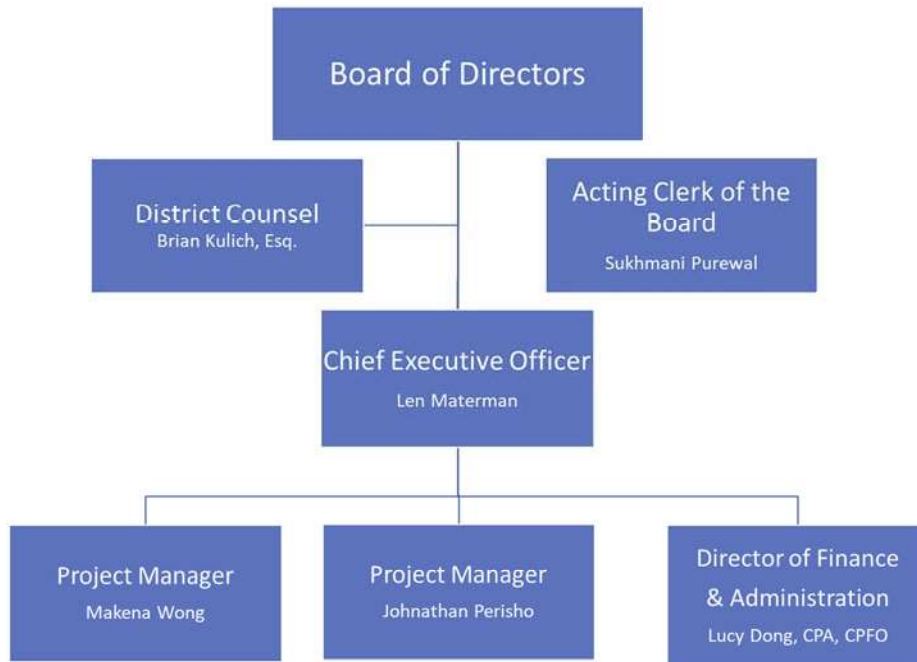
Lisa Gauthier  
Southern San Mateo  
County Cities



Marie Chuang  
San Mateo County  
Cities At-Large

# SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT

## Organization Chart



## 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, 2024, 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, 2024, 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 (*Government Auditing Standards*). 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements 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 8, 2024 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.

*Macias Gini É O'Connell LAP*

Walnut Creek, California  
November 8, 2024

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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, 2024

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, 2024. 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, 2024 by \$71.4 million (net position):

**District's Net Position**  
**June 30, 2024**

Assets:	
Current and other assets	\$ 52,274,472
Capital assets	35,747,790
Total assets	88,022,262
Liabilities:	
Long-term liabilities	14,664,899
Other liabilities	1,946,073
Total liabilities	16,610,972
Deferred inflows of resources	28,973
Net position:	
Net investment in capital assets	20,961,453
Restricted	80
Unrestricted	50,420,784
Total net position	\$ 71,382,317

The District’s net position at June 30, 2024 is subdivided into the following components:

- \$21 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, 2024 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.
- \$80 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*).
- \$50.4 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, 2024

The District held \$88 million in total assets at June 30, 2024 which were subdivided into the following components:

- \$52.3 million in current and other assets, which are comprised of \$50.7 million in cash and cash equivalents, \$1.5 million in receivables and \$22 thousand in prepaid expenses.
- \$35.7 million in capital assets, net of accumulated depreciation.

The District held \$16.6 million in total liabilities at June 30, 2024 which were subdivided into the following components:

- \$14.7 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, 2024.
- \$0.4 million in accounts payable.
- \$1.2 million in unearned revenue.
- \$0.3 million in accrued interest payable.

**Fund Financial Position**

The District's governmental funds reported combined fund balances of \$50 million at June 30, 2024. \$50 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, 2024:

**District's Fund Balance**  
**June 30, 2024**

Nonspendable	\$	22,074
Restricted		80
Assigned		49,995,138
Unassigned		(263,946)
Total fund balance		\$ 49,753,346

**Capital Assets and Debt Administration**

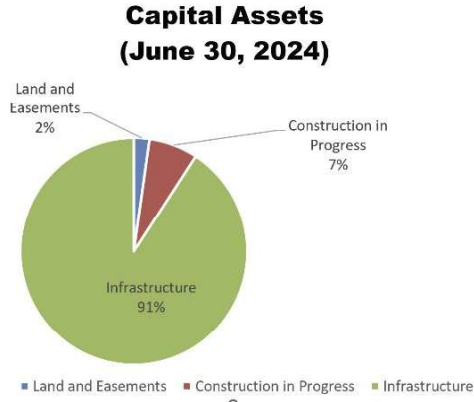
The District's capital assets balance was reported at \$35.7 million (net of accumulated depreciation). This includes land, easements, construction in progress and infrastructure. The District's capital assets as of June 30, 2024 are comprised of the following:

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

Land	\$	702,962
Easements		92,419
Construction in progress		2,490,288
Infrastructure, net		32,462,121
Total capital assets, net		\$ 35,747,790

**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, 2024**

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 \$14.7 million as of June 30, 2024, 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	\$	13,065,000
2015 Revenue refunding bonds - premium		1,558,644
Accrued vacation leave		41,255
Total long term obligations	\$	14,664,899

*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.

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

**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, 2024

*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 21-22 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 eight 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 23 – 26 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, 2024

**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 27 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>				
<b>June 30, 2024</b>				
	June 30, 2024	June 30, 2023	Difference (\$)	Difference (%)
<b>Assets:</b>				
Current and other assets	\$ 52,274,472	\$ 44,801,803	\$ 7,472,669	16.68%
Capital assets, net	35,747,790	36,705,025	(957,235)	-2.61%
Total assets	88,022,262	81,506,828	6,515,434	
<b>Liabilities:</b>				
Long-term liabilities	14,664,899	15,634,194	(969,295)	-6.20%
Other liabilities	1,946,073	1,749,451	196,622	11.24%
Total liabilities	16,610,972	17,383,645	(772,673)	
Deferred inflows of resources	28,973	31,587	(2,614)	-8.28%
<b>Net position:</b>				
Net investment in capital assets	20,961,453	20,290,349	671,104	3.31%
Restricted	80	77	3	3.90%
Unrestricted	50,420,784	43,801,170	6,619,614	15.11%
Total net position	\$ 71,382,317	\$ 64,091,596	\$ 7,290,721	

The District's current assets increased by \$7.5 million. This was primarily a result of increasing property tax apportionments from the County of San Mateo for the year ended June 30, 2024 in comparison with the year ended June 30, 2023.

**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, 2024

**Assets**

- *Cash and cash equivalents* were reported at \$51 million as of June 30, 2024. \$29.8 million was deposited in the District's US Bank Custodial Account, \$0.6 million was deposited in District's Wells Fargo Bank Account, \$20.4 million was deposited in the District's Local Agency Investment Fund Account.
- *Interest receivable* was reported at \$0.4 million at June 30, 2024 and represents proportionate interest earned at the end of June 30, 2024 that are expected to be collected within 15 days after the fiscal year end.
- *Taxes receivable* was reported at \$0.1 million as of June 30, 2024 and represents the property tax that was earned at the end of June 30, 2024 and will be distributed within 60 days after fiscal year end.
- *Intergovernmental receivable* was reported at \$1.0 million at June 30, 2024, and represents the District's grant awards earned but not yet paid by the granting agencies as of June 30, 2024.
- *Prepaid expenses* were reported at \$22 thousand at June 30, 2024 and includes the District's prepaid health and liability insurance premium and unamortized prepaid insurance for bond issuance.
- *Capital assets* amounted to \$35.7 million, net of accumulated depreciation, and are broken down further in the tables under note 4.

**Liabilities**

- *Accounts Payable* was reported at \$0.4 million as of June 30, 2024 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 \$1.2 million as of June 30, 2024 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 \$0.3 million as of June 30, 2024 and represents the amount of interest that the District has incurred as of June 30, 2024, on the 2015 Colma Creek revenue refunding bonds but which has not yet been paid out.
- *Long-term obligations* were reported to \$14.7 million as of June 30, 2024 and are further broken down in the table under note 5. The District has \$0.9 million in debt service principal payments due within one year on the 2015 Colma Creek revenue refunding bonds, and \$12.2 million in debt service principal payments due beyond one year on the same bonds. The District has \$1.6 million in unamortized bond premiums as of June 30, 2024, of which \$0.1 million will be amortized within one year. Additionally, \$41 thousand is reported for the District's accrued vacation and leave, of which \$24 thousand is estimated to be due within one year.

**Deferred inflows of resources** were reported at \$29 thousand at June 30, 2024 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, 2024

The District’s activities and changes in net position for the year ended June 30, 2024 are summarized as follows:

<b>District's Changes in Net Position</b>				
<b>Year Ended June 30, 2024</b>				
	FY 2024	FY 2023	Difference (\$)	Difference (%)
Program expenses:				
Public protection	\$ 3,243,637	\$ 2,063,232	\$ 1,180,405	57.21%
Depreciation expense	990,176	973,569	16,607	1.71%
Interest on long-term liabilities	513,444	554,527	(41,083)	-7.41%
Total program expenses	4,747,257	3,591,328	1,155,929	
Program revenues:				
Operating grants and contributions	1,482,148	1,446,362	35,786	2.47%
Capital grants and contributions	535,992	1,748,483	(1,212,491)	-69.35%
Total program revenues	2,018,140	3,194,845	(1,176,705)	
General revenues:				
Property tax	7,942,868	7,268,967	673,901	9.27%
Interest and investment income	2,051,294	113,471	1,937,823	1707.77%
Other	25,676	10,827	14,849	137.15%
Total general revenues	10,019,838	7,393,265	2,626,573	
Changes in net position	7,290,721	6,996,782	293,939	4.20%
Net position - beginning:	64,091,596	57,094,814	6,996,782	
Net position - ending	\$ 71,382,317	\$ 64,091,596	\$ 7,290,721	

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

The District’s net position increased by \$7.3 million for the year ended June 30, 2024. The District’s project costs are expected to gradually increase in future years as more projects will move to planning, design, operation, and maintenance. For the year ended June 30, 2024, the District’s costs are still outweighed by its annual revenues for property tax and contributions by \$7.3 million. In particular, the District’s property tax revenues from the County increased by \$0.7 million, the District’s investment income increased by \$1.9 million, the District’s operating and capital grants decreased by \$1.2 million, and the District incurred \$1.2 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, 2023 and the year ended June 30, 2024:

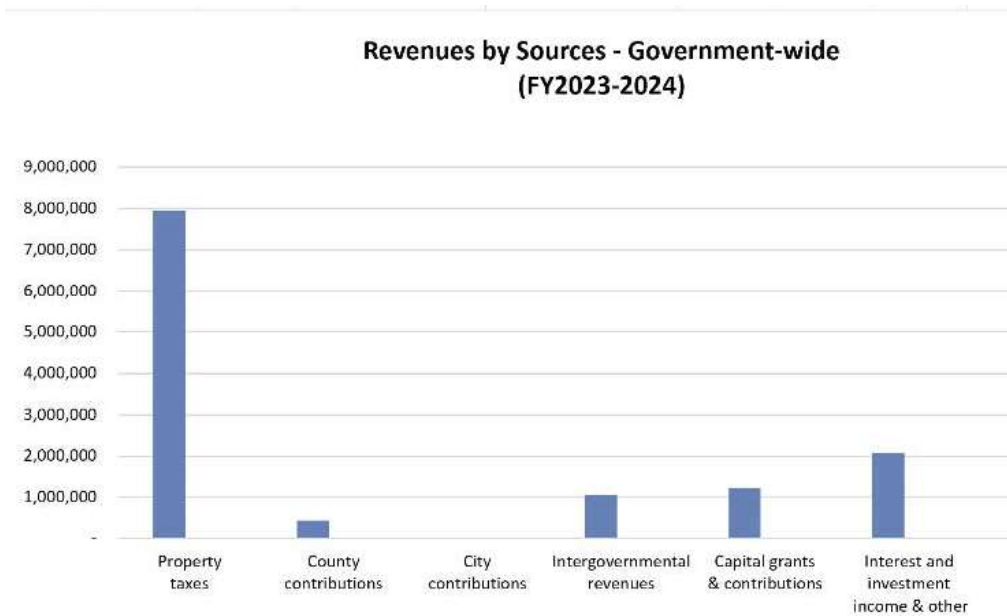
- The District had a significant decrease in the activities for the Bayfront Canal Atherton Capital Project fund for the financial reporting period ended June 30, 2024, to report decreasing capital project activities. The fund reported total revenues and expenditures of \$0.2 million for project costs incurred through the balance sheet date.
- The District had the Burlingame-Millbrae SFO Shoreline Capital Project fund for the financial reporting period ended June 30, 2024, to report capital project activities. The fund has incurred capital outlay in the amount of \$0.4 million for the year ended June 30, 2024. 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, 2024**

**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, \$1.8 million and \$0.3 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, 2024. The District is steadily expanding its operations and anticipates annual increases in expenditures, but costs for the year ended June 30, 2024 did not rise to the level expected when preparing budgeted forecasts.

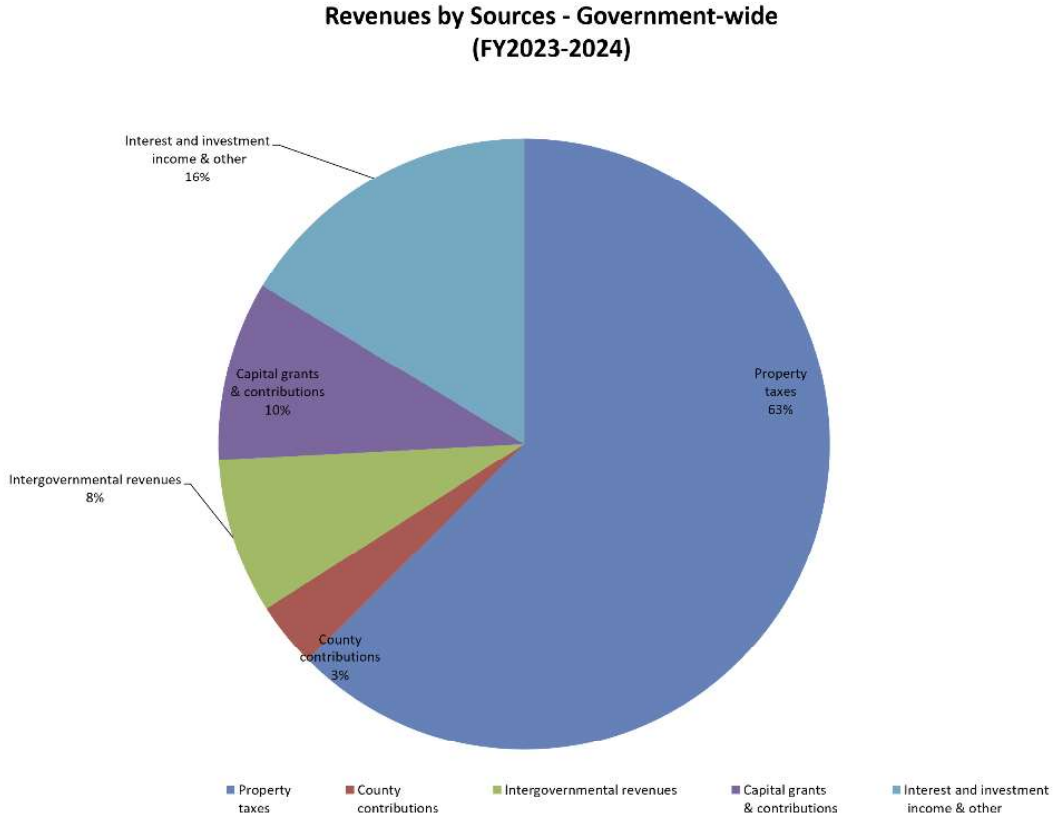
**Governmental Activities - Revenues**



**Program Revenues** accounted for 17% of the District’s overall governmental activities revenues. Program revenues amounted to \$2 million for the year ended June 30, 2024. This included \$1.6 million in capital and operating grants supporting the District’s projects and \$0.4 million in Measure K grant contributions from the County of San Mateo.

**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, 2024**

The District’s revenues for the fiscal year ended June 30, 2024 are comprised of and distributed as follows:



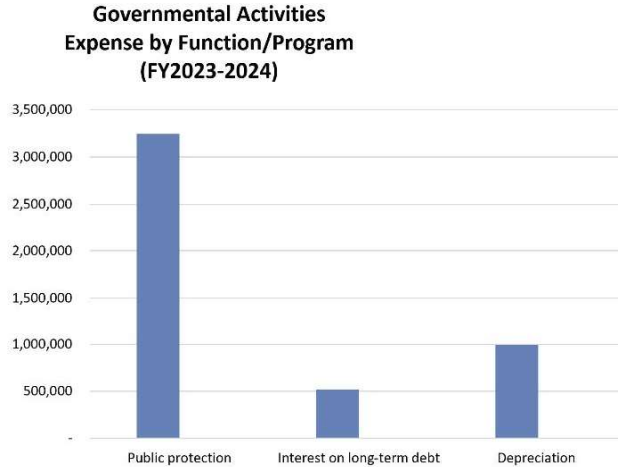
**General Revenues** were reported at \$10 million and accounted for 83.2% of the District’s overall governmental activities revenues. General Revenues primarily consisted of the following:

- *Property Tax Revenues* were reported at \$7.9 million and were generated from the District’s 8 flood control zones contained within 4 special revenue funds reported in the basic financial statements.
- *Interest and Investment Income and other revenue* was reported at \$2 million.



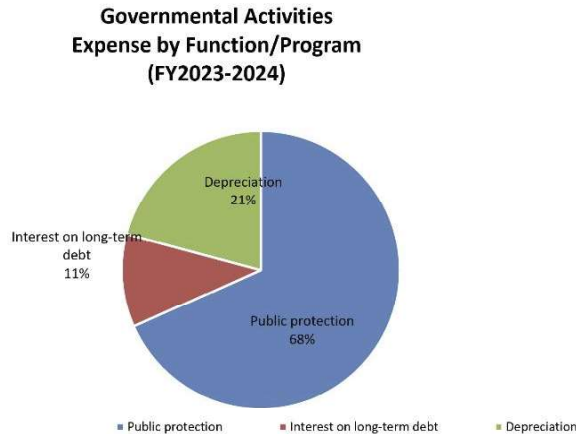
**San Mateo County Flood and Sea Level Rise Resiliency District  
Management’s Discussion and Analysis  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2024**

**Governmental Activities - Expenses**



- **Expenses for *Public Protection*** accounted for 68% of the District’s overall governmental activities expenses. Public protection expenses were reported at \$3.2 million for the year ended June 30, 2024, \$2.4 million of this was costs of services and supplies, \$0.8 million was costs of salaries and benefits and \$29 thousand was capital project fund soft costs reflected as capital outlay.
- **Expenses for *Interest on long-term debt*** is current portion of the accrued interest of 2015 Colma Creek Revenue Refunding bond, reported \$0.5 million and accounted for 11% of the District’s overall governmental activities expenses.
- **Expenses for *Depreciation*** represents the depreciation costs on the District’s capital assets incurred for the year ended June 30, 2024 and amounted to \$1.0 million, or 21% of the District’s overall governmental expenses.

The District’s expenses for the fiscal year ended June 30, 2024 are comprised of and distributed as follows:



**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, 2024**

The map below highlights the locations of several of the projects around San Mateo County that the District (also known as OneShoreline) either leads or supports. The following pages describe a subset of these projects in greater detail — more information may be found at [OneShoreline.org/Projects](https://www.1shoreside.org/Projects). OneShoreline’s land use planning activities can be found at [OneShoreline.org/Planning-Guidance](https://www.1shoreside.org/Planning-Guidance).



**Accomplishments in FY 2023-24**

**OneShoreline Flood Early Warning System**

OneShoreline continues to operate, maintain, and expand the countywide Flood Early Warning System: an integrated network of stream, precipitation, and tide gauges located to monitor flood risk in real time.

**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, 2024**

This system provides two major functions: an alert system, and data collection to proactively plan and implement stormwater management solutions. The flood monitoring webpage is accessible for both emergency responders and the general public here:

<https://oneshorelineearlywarning.ouerein.com/>

Four new dashboards have been created for [Atherton Channel](#), [Belmont Creek](#), [San Bruno Creek](#), and [Colma Creek](#) systems to provide concise points of reference for flood-prone watersheds.

System expansion to the Pacific coastside has also been completed through the installation of a new coastal stream monitoring station at Pescadero Creek within the town of Pescadero, as well as upgrades to existing stream stations to add a precipitation gauge and improve signal strength, installation of a base station signal repeater to transmit coastal data for integrated into the Flood Early Warning System, and modifications of a “Road May Flood” flasher to identify when water is present on Pescadero Creek Road. Planning and preparation has also continued for the Fall 2024 installation of a new signal repeater at San Bruno Mountain, and for a new stream and precipitation station on Highline Creek in Millbrae.



### **Bayside Creek Routine Maintenance Program**

In December 2022 and January 2023, major storms resulted in substantial flooding along several Bayside creeks in San Mateo County.

As OneShoreline staff provided regional jurisdictional support in post-storm clean-ups and emergency flood mitigation activities, a pattern became increasingly apparent: a primary cause of creek flooding was a lack of water flow capacity, driven in part by a substantial buildup of sediment and vegetation. As most of these overburdened creek floodplains include more than one jurisdiction actions involve multiple agencies. Furthermore, environmental regulatory agencies prefer and encourage maintenance permits that allow for debris removal for the purpose of flood protection to be done on a countywide basis, led by one agency.



At the June 26, 2023, Board meeting, staff were authorized to engage a consultant to help secure the permits necessary to implement a OneShoreline 5-year stream routine maintenance program to remove debris along flood-prone reaches of five creeks. Throughout FY2023–24, staff and OneShoreline’s consultant worked to secure necessary approvals and to plan appropriate mitigation measures. In FY2024–25, OneShoreline will continue working with local jurisdictions to plan for debris removal work to be completed as permits are finalized for five locations on four creeks: San Bruno Creek, Belmont Creek, Cordilleras Creek, and Atherton Channel.



**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, 2024**

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

The cities of Millbrae and Burlingame along San Mateo County’s Bay shoreline include very low-lying and densely-developed lands. The San Francisco International Airport (SFO) is to the north of Millbrae, which is immediately north of Burlingame.



There are two types of flood hazards that threaten people and property in this area:

1. Flooding from San Francisco Bay from storm surges and high tides, which are increasing with sea level rise, and
2. Inland flooding during major rainfall events that overwhelm local creeks and storm drain systems and are exacerbated by high tides.

These flood hazards threaten critical and regionally significant infrastructure in Millbrae, Burlingame, and adjacent areas that serve the larger Bay area and beyond. This includes SFO, two water treatment plants, U.S. 101 Highway, a rail corridor and intermodal transportation center, and electrical distribution facilities valued at several billion dollars and providing thousands of jobs. In addition, the quality and quantity of access opportunities to and along the Bay shoreline in the project area is lacking. Where segments of the San Francisco Bay Trail exist, there are sections of unsafe and degraded trail conditions, which will only face increased degradation with sea level rise. There are also multiple critical gaps in the Bay Trail throughout the project area. Finally, much of the project area was historically tidal; after much of the land in the project area was created using Bay fill, marsh areas were mostly lost. With sea level rise, remaining beaches and marshes will be lost to open water if no project is completed.

As a result, OneShoreline has developed a large regional shoreline project, the overall goal of this is to achieve long-term climate resilience against sea level rise and extreme storms for developed, natural, and public access areas. After committing \$4 million in State funding to jump-start the project in 2022, during FY2023-24, OneShoreline completed the following Project milestones:

- In September 2023, OneShoreline’s consultant team of engineers and experts in CEQA, environmental permitting, and other disciplines completed reports summarizing the Project’s environmental constraints (e.g. [biological resources](#) and [hazardous materials](#)), [coastal flood hazards](#), and [inland flood hazards](#); completed a [corrosion study](#)).
- In October 2023, these reports informed the completion of a [Conceptual Alternatives Feasibility Analysis](#) to analyze the first set of project alternatives.
- Later in October 2023, OneShoreline initiated the California Environmental Quality Act (CEQA) process by releasing a Notice of Preparation (NOP) for an Environmental Impact Report (EIR). The NOP provided an overview of the scope and nature of the project and invited public comments.

**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, 2024

- From November 2023 to May 2024, OneShoreline reviewed NOP comments, explored additional project alternatives, and hired an outreach consultant for the Project.

In FY2024–25, OneShoreline will complete and implement a Project Outreach and Engagement Plan. The first phase of this Plan will be to solicit and incorporate feedback from project partners, landowners, permitting agencies, and the broader public on an updated draft of Project alternatives and criteria before launching the EIR.

**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**

Building upon its Planning Policy Guidance focused on private development (adopted by the Board in June 2023), in FY2023–24, OneShoreline began developing countywide guidance for the critical task of integrating climate risks into the planning and design of public infrastructure. This new document is tentatively titled Planning Policy Guidance for Resilient Public Infrastructure in San Mateo County (“Public Infrastructure Guidance”). Like private development, the public infrastructure that our communities rely upon must also be resilient to future conditions associated with extreme precipitation, coastal erosion, sea level rise, and shallow groundwater rise.

OneShoreline’s new Public Infrastructure Guidance will provide reasonable, clear, and specific advice for San Mateo County, all twenty cities and towns within it, and asset owners and service providers, so they may account for these climate hazards in the policies and processes used to plan, design, site, and approve critical infrastructure. The first draft of the Public Infrastructure Guidance will focus on three infrastructure types: stormwater conveyance and retention systems, wastewater and water recycling systems, and roadways. During FY2023-24, OneShoreline completed the following Project milestones:

- In November 2023, OneShoreline convened a Technical Advisory Group consisting of staff leaders from City public works departments, County planning and sustainability departments, and asset operators to provide expert input into, and champion local implementation of, the Public Infrastructure Guidance.
- In January 2024, OneShoreline released a Request for Proposals (“RFP”) seeking consultants who would support the development of the Public Infrastructure Guidance.
- In May 2024, OneShoreline executed a contract with the successful consultant team and kicked off the Guidance development.

In FY2024–25, OneShoreline will work with its consultant to complete a draft of the Public Infrastructure Guidance for review and feedback from its Technical Advisory Group and the broader public.

**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, 2024

**Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project**

The Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project has continued to provide relief to flood-prone communities. The Bayfront Canal and Atherton Channel drain portions of the cities of Menlo Park and Redwood City, Towns of Atherton and Woodside, and unincorporated San Mateo County into the San Francisco Bay through a tide gate structure owned and operated by Redwood City. However, stormwater flows concurrent with high tide conditions impede this drainage and quickly overwhelm the Canal's capacity. This project has connected the Bayfront Canal and Atherton Channel to the Ravenswood Pond Complex, increasing capacity by over 160 acre-feet, while reducing potential flooding.



While in operation since 2022 the project was officially completed in December 2023 following the successful implementation of essential improvements to conveyance systems. Through a joint operations plan that establishes the roles and responsibilities for OneShoreline, the City of Redwood City, and U.S. Fish & Wildlife Service staff, collaborative members were on site throughout wet season storms to clean debris removed by the system's automatically-operated trash racks, and to ensure the structure’s effectiveness for subsequent storms. Over the storms of late 2023 and early 2024, an estimated 220 acre-feet of runoff was treated and diverted, which resulted in less flooding of people and property than during previous, larger, storm events.

OneShoreline staff have continued to work with Redwood City to ensure the reliable operation of project infrastructure and will be completing the first of five years of post-construction monitoring reports and mitigation activities through the end of 2024.

**Colma Creek**

Routine maintenance was completed on Colma Creek including 400 cubic yards of sediment dredged, 4,700 linear feet of vegetation maintenance and debris removal between Produce Avenue and the South San Francisco BART Station, debris removal and fence repairs at the Centennial Way Pedestrian Bridge, and cleaning and repair of culverts from Spruce to the South San Francisco BART Station. Culvert repair and replacement work between Airport Boulevard and Utah Avenue was partially completed in Fall 2023 and paused due to seasonal limits of work in the creek channel, which was completed in October 2024.

In coordination with local partners, OneShoreline has begun evaluations related to watershed planning and projects to improve the aesthetics, habitat, and climate resilience of the channel. An initial condition assessment was completed in Fall 2023 with geotechnical work to resume in late 2024. OneShoreline staff has been preparing a public procurement process anticipated in Fall 2024 for plan and design work on key areas to begin in early 2025.

**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, 2024

**FEMA National Flood Insurance Program Community Rating System (CRS)**

On September 18, 2023, the Board authorized the CEO to execute a grant agreement with the County of San Mateo funded through Measure K, a half-cent sales tax approved by voters in 2016. One of the three specific efforts to be funded by this grant is to expand and maximize the benefits of the FEMA Community Rating System (“CRS”) for local jurisdictions throughout the county. The CRS program reduces the cost of flood insurance in communities that go beyond FEMA’s minimum floodplain management requirements. Only five of the 20 cities in San Mateo County, and San Mateo County itself, currently participate in the CRS program.

Between March 2024 and June 2024, OneShoreline hired a consultant to support this effort, including studying relevant local National Flood Insurance Program (“NFIP”) documentation, information on upcoming changes to the CRS, and developing a presentation for jurisdictions interested in learning more about the CRS. In FY2024-25, OneShoreline will use this material to reach out to all 20 municipalities and the County, meet with all those interested, and support applications to the CRS or, for those that participate in CRS, support maximizing the program’s benefits.

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





**SAN MATEO COUNTY  
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT  
Statement of Net Position  
June 30, 2024**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 50,729,499
Interest receivable	432,757
Taxes receivable	139,901
Intergovernmental receivable	950,241
Prepaid expenses	22,074
Capital assets, net of accumulated depreciation	
Nondepreciable	3,285,669
Depreciable	32,462,121
Total Assets	88,022,262
<b>Liabilities</b>	
Accounts payable	442,377
Accrued interest	272,188
Unearned revenue	1,231,508
Long-term liabilities	
Revenue refunding bonds - due within one year	1,005,630
Revenue refunding bonds - due beyond one year	13,618,014
Accrued vacation and leave - due within one year	23,661
Accrued vacation and leave - due beyond one year	17,594
Total Liabilities	16,610,972
<b>Deferred Inflows of Resources</b>	28,973
<b>Net Position</b>	
Net investment in capital assets	20,961,453
Restricted for debt service	80
Unrestricted	50,420,784
Total net position	\$ 71,382,317

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, 2024**

	<b>Governmental Activities</b>
<b>Program Expenses</b>	
Public protection	\$ 3,243,637
Depreciation expense	990,176
Interest on long-term liabilities	513,444
Total Program Expenses	4,747,257
 <b>Program Revenues</b>	
Operating grants and contributions	1,482,148
Capital grants and contributions	535,992
Total Program Revenues	2,018,140
Net Program Revenues	(2,729,117)
 <b>General Revenues</b>	
Property tax	7,942,868
Interest and investment income (loss)	2,051,294
Other	25,676
Total General Revenues	10,019,838
Change in Net Position	7,290,721
Net Position - Beginning	64,091,596
<b>Net Position - Ending</b>	<b>\$ 71,382,317</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, 2024

	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>Assets</b>								
Cash and investments	\$ 3,940,008	\$ 40,832,943	\$ 3,763,478	\$ 229,755	\$ -	\$ 80	\$ 1,963,235	\$ 50,729,499
Receivables:								
Taxes receivable	-	124,819	7,678	-	-	-	7,404	139,901
Grants receivable	778,739	-	-	-	171,502	-	-	950,241
Interest receivable	32,976	348,642	32,252	2,010	-	-	16,877	432,757
Dues from other funds	142,751	-	-	-	-	-	-	142,751
Other assets	12,584	-	-	-	-	9,490	-	22,074
Total Assets	\$ 4,907,058	\$ 41,306,404	\$ 3,803,408	\$ 231,765	\$ 171,502	\$ 9,570	\$ 1,987,516	\$ 52,417,223
<b>Liabilities</b>								
Accounts payable	\$ 78,269	\$ 162,909	\$ 79,487	\$ 257	\$ 121,195	\$ -	\$ 260	\$ 442,377
Unearned revenues	1,000,000	-	-	231,508	-	-	-	1,231,508
Dues to other funds	-	-	-	-	142,751	-	-	142,751
Total Liabilities	\$ 1,078,269	\$ 162,909	\$ 79,487	\$ 231,765	\$ 263,946	\$ -	\$ 260	\$ 1,816,636
<b>Deferred Inflows of Resources</b>	675,739	-	-	-	171,502	-	-	847,241
<b>Fund Balances</b>								
Nonspendable	12,584	-	-	-	-	9,490	-	22,074
Restricted	-	-	-	-	-	80	-	80
Assigned	3,140,466	41,143,495	3,723,921	-	-	-	1,987,256	49,995,138
Unassigned	-	-	-	-	(263,946)	-	-	(263,946)
Total Fund Balances	\$ 3,153,050	\$ 41,143,495	\$ 3,723,921	\$ -	\$ (263,946)	\$ 9,570	\$ 1,987,256	\$ 49,753,346
<b>Total Liabilities and Fund Balances</b>	\$ 4,907,058	\$ 41,306,404	\$ 3,803,408	\$ 231,765	\$ 171,502	\$ 9,570	\$ 1,987,516	\$ 52,417,223

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, 2024**

<b>Fund balances - total governmental funds</b>	<b>\$ 49,753,346</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, are shown as deferred inflows of resources in the governmental funds.	847,241
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	35,747,790
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.	(272,188)
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.	(28,973)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Revenue refunding bonds	(13,065,000)
Premium on revenue refunding bonds	(1,558,644)
Accrued vacation and leave	<u>(41,255)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 71,382,317</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, 2024

	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	\$ -	\$ 6,849,929	\$ 517,101	\$ -	\$ -	\$ -	\$ 575,838	\$ 7,942,868
County contributions	437,500	-	-	-	-	-	-	437,500
Intergovernmental revenues	1,044,648	-	-	-	-	-	-	1,044,648
Capital grants and contributions	-	-	-	225,970	979,251	-	-	1,205,221
Interest and investment income (loss)	128,592	1,671,570	161,419	14,127	-	3	75,583	2,051,294
Other	12,762	12,914	-	-	-	-	-	25,676
Total Revenues	1,623,502	8,534,413	678,520	240,097	979,251	3	651,421	12,707,207
<b>Expenditures</b>								
Current:								
Salaries and benefits	787,876	-	-	-	-	-	-	787,876
Services and supplies	493,349	379,384	263,879	-	-	856	449,710	1,587,178
Capital outlay	97,986	206,367	-	238,662	362,173	-	-	905,188
Debt service - principal	-	-	-	-	-	825,000	-	825,000
Debt service - interest	-	-	-	-	-	673,875	-	673,875
Total Expenditures	1,379,211	585,751	263,879	238,662	362,173	1,499,731	449,710	4,779,117
<b>Other Financing Sources (Uses):</b>								
Transfers in	45,000	-	-	-	-	1,498,875	-	1,543,875
Transfers out	-	(1,530,775)	(7,000)	-	-	-	(6,100)	(1,543,875)
Total Other Financing Sources (Uses)	45,000	(1,530,775)	(7,000)	-	-	1,498,875	(6,100)	-
Net Change in Fund Balances	289,291	6,417,887	407,641	1,435	617,078	(853)	195,611	7,928,090
Fund Balances - Beginning	2,863,759	34,725,608	3,316,280	(1,435)	(881,024)	10,423	1,791,645	41,825,256
<b>Fund Balances - Ending</b>	\$ 3,153,050	\$ 41,143,495	\$ 3,723,921	\$ -	\$ (263,946)	\$ 9,570	\$ 1,987,256	\$ 49,753,346

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, 2024**

**Net change in fund balances - total governmental funds** \$ 7,928,090

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	\$	905,188		
Less capital project fund soft costs reflected as capital outlay		(29,340)		
Less current year disposals		(842,908)		
Less current year depreciation		(990,176)		(957,236)

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities.				(669,229)
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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				825,000
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Change in accrued interest				17,187
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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		3,665		146,909

**Change in net position of governmental activities** \$ 7,290,721

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, 2024

**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, 2024

**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 certain provisions of GASB Statement No. 99, *Omnibus*, that are effective for the year ended June 30, 2024 and Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, and determined they had no impact on the District’s financial statements for the year ended June 30, 2024.

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

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2024

**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. 101, *Compensated Absences*, No. 102, *Certain Risk Disclosures*, No. 103, *Financial Reporting Model Improvements*, and No. 104, *Disclosure of Certain Capital Assets*.

**(d) Investment Valuation**

Investments are carried at fair value, except for investments in the Local Agency Investment Fund (LAIF). Fair value is based on current market prices. The value of the District's share in LAIF is determined on an amortized cost basis, which approximates fair value.

**(e) Receivables**

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

**(f) 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.

**(g) 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 25 years to 50 years.

**(h) 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.

**(i) 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. The District estimates the current portion of accrued vacation and leave based on prior year usage.

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

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2024

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

**(j) 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.

**(k) Property Tax**

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

**(l) County Contributions**

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

**(m) 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.

**(n) Investment Earnings**

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

**(o) 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.

**(p) 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.

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

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2024

**3. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2024 consist of the following:

Investments with financial institutions	\$ 50,212,173
Deposits with financial institutions	<u>517,326</u>
Total cash and cash equivalents	<u>\$ 50,729,499</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 fair 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, 2024, cash balances in bank were insured up to \$250,000 per insured bank by the Federal Depository Insurance Corporation. At June 30, 2024, the bank balance of \$259,611 was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the name of the District.

**(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.



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

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2024

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

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 (1)
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%	No limit	270 days	None
Negotiable Certificates of Deposit	30%	No limit	None	A (long-term) A-1 (short-term)
Mortgage and Asset Backed Securities	20%	No limit	None	AA
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
Supranational Entities USD Denominated Senior Unsecured Unsubordinated Obligations	30%	No limit	5 years	AA

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

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

(3) 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, 2024

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

District Investments

As of June 30, 2024, the District's investments consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years)		Fair Value
		Less than 1	1 to 5	
LAIF	N/A	\$ 20,431,720	\$ -	\$ 20,431,720
U.S Treasury	AA+ / Aaa	473,198	15,917,980	16,391,178
Corporate	AAA to BBB+ / A1, AA3	-	12,255,020	12,255,020
Foreign Issues	A+, AA-/AA2	-	882,321	882,321
Municipal	A+, AA-/ AA2, AA3	-	251,934	251,934
<b>Total Investments</b>		<b>\$ 20,904,918</b>	<b>\$ 29,307,255</b>	<b>\$ 50,212,173</b>

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, 2024 was 609 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, 2024, the District's investments in Federal National Mortgage Corporation comprised 10% of total investments.

Local Agency Investment Fund

As of June 30, 2024, the District's investment in the Local Agency Investment Fund (LAIF) was \$20.4 million, and the total amount invested by all participating agencies in LAIF is \$25.7 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, 2024, the PMIA balance was \$178 billion, of which 3.00% in structured notes and asset backed securities.

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

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2024

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

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.
- 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, 2024 included the following:

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments subject to fair value hierarchy:			
U.S. Treasury Notes	\$ 16,391,178	\$ 16,391,178	\$ -
Corporate	12,255,020	-	12,255,020
Foreign Issues	882,321	-	882,321
Municipal	251,934	-	251,934
<b>Total investments subject to fair value hierarchy</b>	<b><u>29,780,453</u></b>	<b><u>16,391,178</u></b>	<b><u>13,389,275</u></b>
Investments not subject to fair value hierarchy:			
Local agency investment funds held by State Treasury	<u>\$ 20,431,720</u>		

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

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2024

**4. CAPITAL ASSETS**

Capital assets activity for the District for the year ended June 30, 2024 is as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Non-Depreciable Capital Assets:					
Land	\$ 702,962	\$ -	\$ -	\$ -	\$ 702,962
Easements	92,419	-	-	-	92,419
Construction in Progress	3,043,132	656,976	(366,912)	(842,908)	2,490,288
Total non-depreciable capital assets	<u>3,838,513</u>	<u>656,976</u>	<u>(366,912)</u>	<u>(842,908)</u>	<u>3,285,669</u>
Depreciable capital assets:					
Infrastructure	47,972,043	218,873	366,912	-	48,557,828
Less accumulated depreciation:					
Infrastructure	(15,105,531)	(990,176)	-	-	(16,095,707)
Depreciable capital assets, net	<u>32,866,512</u>	<u>(771,303)</u>	<u>366,912</u>	<u>-</u>	<u>32,462,121</u>
Total Capital Assets, net	<u>\$ 36,705,025</u>	<u>\$ (114,327)</u>	<u>\$ -</u>	<u>\$ (842,908)</u>	<u>\$ 35,747,790</u>

Construction in process additions for the year ended June 30, 2024 primarily represents work performed on the Millbrae and Burlingame Shoreline Area Protection and Enhancement project.

**5. LONG TERM LIABILITIES**

The District's long-term liabilities as of June 30, 2024 are as follows:

	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Amounts Due</u> <u>Within 1 Year</u>
Revenue refunding bonds	\$ 13,890,000	\$ -	\$ (825,000)	\$ 13,065,000	\$ 865,000
Add: unamortized premium	1,699,274	-	(140,630)	1,558,644	140,630
Revenue refunding bonds, net	15,589,274	-	(965,630)	14,623,644	1,005,630
Accrued vacation leave	44,920	33,056	(36,721)	41,255	23,661
Total Governmental Activities	<u>\$ 15,634,194</u>	<u>\$ 33,056</u>	<u>\$ (1,002,351)</u>	<u>\$ 14,664,899</u>	<u>\$ 1,029,291</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.

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

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2024

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

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, 2024 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, 2024</u>
<b>2015 Revenue Refunding Bonds:</b>					
Serial current interest bonds	8/1/24 - 8/1/35	5.00%	\$865,000 - \$1,410,000	\$18,725,000	\$13,065,000

Annual debt service requirements for the governmental activities of the District as of June 30, 2024 are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Revenue Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 865,000	\$ 631,625
2026	910,000	587,250
2027	950,000	540,750
2028	1,000,000	492,000
2029	1,055,000	440,625
2030-2034	6,100,000	1,338,500
2035-2036	2,185,000	93,375
Total	<u>\$ 13,065,000</u>	<u>\$ 4,124,125</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.

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

Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2024

**6. LEASE**

The District occupies an office building to conduct its business under a noncancelable operating lease. Total rent paid for this lease was \$110,422 for the year ended June 30, 2024. The lease expired on October 31, 2024 and the District is following a month-to-month arrangement until a new lease agreement is finalized.

**7. REVENUES**

**(a) County Contributions**

Pursuant to the resolution approved by the County Board on January 29, 2019, the County is 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, 2024, the County made contributions of \$437,500 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 \$7,942,868 for the year ended June 30, 2024.

**(c) Capital Grant Contributions**

The District also receives capital grant contributions for specific projects. For the year ended June 30, 2024, the District incurred capital project costs on the Bayfront Canal Atherton Capital Project and Burlingame-Millbrae SFO Shoreline Capital Project.

**8. 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.

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

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2024

**8. FUND BALANCE (Continued)**

(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.

**9. 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, 2024, which resulted in a negative cash balance and required short-term borrowing from the District's general fund in the amount of \$142,751. 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, 2024, the Colma Creek Flood Control fund made a transfer of \$1,498,875 to the Debt Service fund for the purpose of financing debt service obligations.

**10. 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, 2025. Claims have not exceeded coverage for the District since its inception on January 1, 2020.

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, 2024**

	<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	\$ 2,091,605	\$ 2,091,605	\$ 437,500	\$ (1,654,105)
Intergovernmental revenues	1,225,200	1,225,200	1,044,648	(180,552)
Interest and investment income (loss)	25,178	25,178	128,592	103,414
Interest and investment income (loss)	-	-	12,762	12,762
Total Revenues	<u>3,341,983</u>	<u>3,341,983</u>	<u>1,623,502</u>	<u>(1,718,481)</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	\$ 954,969	\$ 954,969	\$ 787,876	\$ 167,093
Services and supplies	787,643	787,643	493,349	294,294
Capital outlay	160,000	160,000	97,986	62,014
Total Expenditures	<u>1,902,612</u>	<u>1,902,612</u>	<u>1,379,211</u>	<u>523,401</u>
Net Change in Fund Balance	<u>\$ 1,439,371</u>	<u>\$ 1,439,371</u>	244,291	<u>\$ (1,195,080)</u>
Budgetary Fund Balance - Beginning			<u>2,863,759</u>	
<b>Budgetary Fund Balance - Ending</b>			<u>\$ 3,108,050</u>	
<b>Other financing sources</b>				
Operating transfers in			<u>45,000</u>	
<b>GAAP Fund Balance</b>			<u>\$ 3,153,050</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, 2024**

	<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	\$ 5,087,368	\$ 5,087,368	\$ 6,849,929	\$ 1,762,561
Intergovernmental revenues	-	-	-	-
Interest and investment income (loss)	185,482	185,482	1,671,570	1,486,088
Other	11,069	11,069	12,914	1,845
Total Revenues	<u>5,283,919</u>	<u>5,283,919</u>	<u>8,534,413</u>	<u>3,250,494</u>
<b>Expenditures</b>				
Current:				
Services and supplies	\$ 2,370,250	\$ 2,370,250	\$ 379,384	\$ 1,990,866
Capital outlay	-	-	206,367	(206,367)
Total Expenditures	<u>2,370,250</u>	<u>2,370,250</u>	<u>585,751</u>	<u>1,784,499</u>
Net Change in Fund Balance	<u>\$ 2,913,669</u>	<u>\$ 2,913,669</u>	7,948,662	<u>\$ 5,034,993</u>
Budgetary Fund Balance - Beginning			<u>34,725,608</u>	
<b>Budgetary Fund Balance - Ending</b>			<u>42,674,270</u>	
<b>Other financing uses</b>				
Operating transfers out			<u>(1,530,775)</u>	
<b>GAAP Fund Balance</b>			<u>\$ 41,143,495</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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	
<b>Revenues</b>				
Property taxes	\$ 407,076	\$ 407,076	\$ 517,101	\$ 110,025
Interest and investment income (loss)	22,400	22,400	161,419	139,019
Total Revenues	<u>429,476</u>	<u>429,476</u>	<u>678,520</u>	<u>249,044</u>
<b>Expenditures</b>				
Services and supplies	\$ 561,449	\$ 561,449	\$ 263,879	\$ 297,570
Net Change in Fund Balance	<u>\$ (131,973)</u>	<u>\$ (131,973)</u>	414,641	<u>\$ 546,614</u>
Budgetary Fund Balance - Beginning			3,316,280	
<b>Budgetary Fund Balance - Ending</b>			<u>\$ 3,730,921</u>	
<b>Other financing uses</b>				
Operating transfers out			<u>(7,000)</u>	
<b>Excess (deficiency) of revenues and other source over expenditures</b>			<u>\$ 3,723,921</u>	

**SAN MATEO**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2024

**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, 2024.

**2. EXPENDITURES LESS THAN BUDGET**

The District had many areas of operations for the year ended June 30, 2024 where actual expenditures were below budgeted amounts. In the case of Colma Flood Zone, City of South San Francisco is updating its land use plans and zoning, before OneShoreline moved forward with any new projects. In the case of San Bruno Flood Zone, OneShoreline is studying the existing infrastructure to determine which infrastructure needs to be replaced to accommodate climate threats.

## SUPPLEMENTARY INFORMATION



**SAN MATEO COUNTY**  
**FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2024**

	<b>San Francisquito Creek Flood Control Fund</b>	<b>Ravenswood Slough Flood Control Zone Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and investments	\$ 1,440,191	\$ 523,044	\$ 1,963,235
Receivables			
Taxes receivable	7,044	360	7,404
Interest receivable	12,397	4,480	16,877
Total Assets	<u>\$ 1,459,632</u>	<u>\$ 527,884</u>	<u>\$ 1,987,516</u>
<b>Liabilities</b>			
Accounts payable	<u>\$ 200</u>	<u>\$ 60</u>	<u>\$ 260</u>
<b>Fund Balances</b>			
Assigned	<u>1,459,432</u>	<u>527,824</u>	<u>1,987,256</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,459,632</u>	<u>\$ 527,884</u>	<u>\$ 1,987,516</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, 2024**

	<b>San Francisco Creek Flood Control Fund</b>	<b>Ravenswood Slough Flood Control Zone Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Property tax	\$ 553,270	\$ 22,568	\$ 575,838
Interest and investment loss	52,668	22,915	75,583
Total Revenues	<u>605,938</u>	<u>45,483</u>	<u>651,421</u>
<b>Expenditures</b>			
Services and supplies	448,748	962	449,710
Total Expenditures	<u>448,748</u>	<u>962</u>	<u>449,710</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(6,000)	(100)	(6,100)
Total Expenditures	<u>(6,000)</u>	<u>(100)</u>	<u>(6,100)</u>
Net Change in Fund Balances	151,190	44,421	195,611
Fund Balances - Beginning	<u>1,308,242</u>	<u>483,403</u>	<u>1,791,645</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 1,459,432</u></u>	<u><u>\$ 527,824</u></u>	<u><u>\$ 1,987,256</u></u>

**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 (*Government Auditing Standards*), 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, 2024, 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 8, 2024.

***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 8, 2024