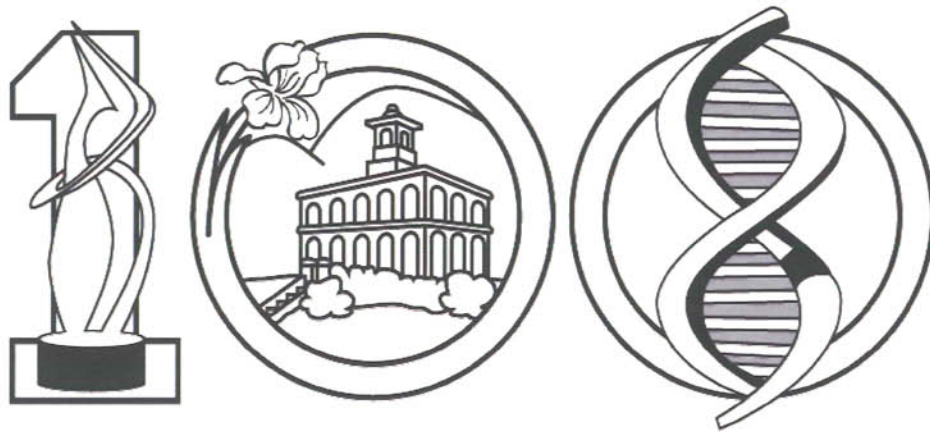


# THE CITY OF SOUTH SAN FRANCISCO



**CENTENNIAL YEAR**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2009**

# **CITY OF SOUTH SAN FRANCISCO, CALIFORNIA**



## **Comprehensive Annual Financial Report**

**For the Year Ended June 30, 2009**

Prepared by:

Department of Finance  
City Hall  
400 Grand Avenue  
South San Francisco, California 94080

Original Cover by Sophia Clemente

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2009

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**CITY COUNCIL 2009**

KARYL MATSUMOTO, MAYOR  
MARK N. ADDIEGO, VICE MAYOR  
RICHARD A. GARBARINO,  
COUNCILMEMBER  
PEDRO GONZALEZ, COUNCILMEMBER  
KEVIN MULLIN, COUNCILMEMBER

**OFFICE OF THE CITY MANAGER**

December 11, 2009

Honorable Mayor and Members  
Of the City Council  
City of South San Francisco  
South San Francisco, California

The Comprehensive Annual Financial Report (CAFR) of the City of South San Francisco (the City) for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all financial activities of the City of South San Francisco, including financial information for the City, as the primary government, and for its component units, for which the City is considered financially accountable. The component units are included because of the significance of their governing, operational, and/or financial relationships with the City.

Management's Discussion & Analysis (MD&A) provides a narrative introduction overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the report of the independent auditor in the financial section.

**BACKGROUND OF THE CITY**

The City encompasses approximately 9.5 square miles and has a population of 63,744. It employs approximately 420 full-time and part-time regular employees. South San Francisco is a full service city which includes public safety (police, fire and paramedics), libraries, parks, cultural and recreational activities, senior citizen services, public works, public improvements, engineering, planning, building regulation, economic development, drainage, street lighting, and general



administrative services. Sewer service, downtown parking operations, and storm water management are accounted for in the City's enterprise funds. The Conference Center Authority is included in the financial statements by discrete presentation – that is, the Authority's financial data is reported in a column separate from the financial data of the City. Water and refuse services are provided by private entities.

South San Francisco was incorporated and became a general law city of the State of California on September 19, 1908. The form of government is the Council-Manager plan. The Council is composed of a Mayor and four Council Members who are elected at large. Each Council Member serves a term of four years, with a rotating Mayor chosen by majority vote of the Council, for a term of one year. The City Manager is the administrative head of the government of the City, under the direction of the City Council. The offices of City Clerk and City Treasurer are elected. The City Attorney is appointed by the City Council.

All department heads are appointed and serve under the administrative direction of the City Manager. All other officers and employees of the City are appointed by the City Manager and serve under the administrative direction of their department heads.

## **FINANCIAL INFORMATION**

In developing and appraising the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) transactions being properly executed in accordance with management's authorization.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Basic characteristics of sound internal accounting control include segregation of accounting duties, approvals of accounting transactions, and regular reconciliation of detail and control records.

All internal control evaluations occur within this framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

The City adopts fiscal year budgets for its general, special revenue, debt service, enterprise, and capital project funds. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as a part of the following year's budget.

To accomplish a multi-year perspective on financial planning, the City has used a five year model in prior years. For the 2008-09 year just completed, the City's budget was a two year budget.

Debt Administration

The City has outstanding tax allocation bonds, lease revenue bonds, special assessment debt, and certificates of participation that are supported by specific revenue sources. These are not considered to be general tax-supported obligations. There are also various capital leases and notes payable in governmental and proprietary funds.

Cash Management

The City pools all of its idle funds for investment purposes and manages its investments following objectives that maintain safety of principal, liquidity, and yield. As of June 30, 2009, the City's investments consisted of the following (not counting City funds held as bond reserves or held as bond proceeds:

	<u>000's</u>	<u>%</u>
State of California Local Agency Investment Fund (LAIF)	\$ 73,646	51.3%
U.S. Agency Securities	\$ 42,210	29.4%
San Mateo County Investment Pool	\$ 6,225	4.3%
US Treasury Securities	\$ 7,788	5.4%
FDIC Insured Corporate Notes	\$ 5,299	3.7%
Cash in Bank	\$ 5,007	3.5%
Money Market Mutual Funds	<u>\$ 3,271</u>	<u>2.3%</u>
<b>Total</b>	<b><u>\$ 143,446</u></b>	<b><u>100.0%</u></b>

As of June 30, 2009, the City's investments earned an average yield of 1.2%. The average maturity of the portfolio was .91 years at June 30, 2009.

## Capital Assets

The City comprised land, buildings, infrastructure, machinery, equipment, furniture, fixtures, and vehicles owned and used by general government and proprietary functions. Assets are reported within the basic financial statements.

## Risk Management

The City maintained a risk management program for workers' compensation, general liability, and property damage. As part of this comprehensive plan, monies have accumulated in the self-insurance internal service fund to meet potential losses. In addition, a safety committee of City employees reviews all accidents and recommends preventive measures to minimize future accident-related losses. The City self-insures the deductible or retention levels of its workers compensation, general liability and property damage insurance policies. A third party administrator handles worker compensation claims. The Association of Bay Area Governments' municipal pool self-insurance plan provides the City's general liability and property damage coverage along with claims and risk management services. An employers' casualty insurance company provides workers compensation coverage in excess of the deductible.

## **OTHER INFORMATION**

### Independent Audit

The City engaged an independent accounting firm to audit the books of accounts, financial records, transactions, and financial statements. Their report covering 2008-09 is in the Financial Section of this report.

### Award

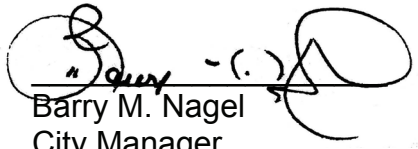
The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report's attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Finance Department and our auditors. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

  
\_\_\_\_\_  
Jim Steele  
Director of Finance

  
\_\_\_\_\_  
Barry M. Nagel  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South San Francisco  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

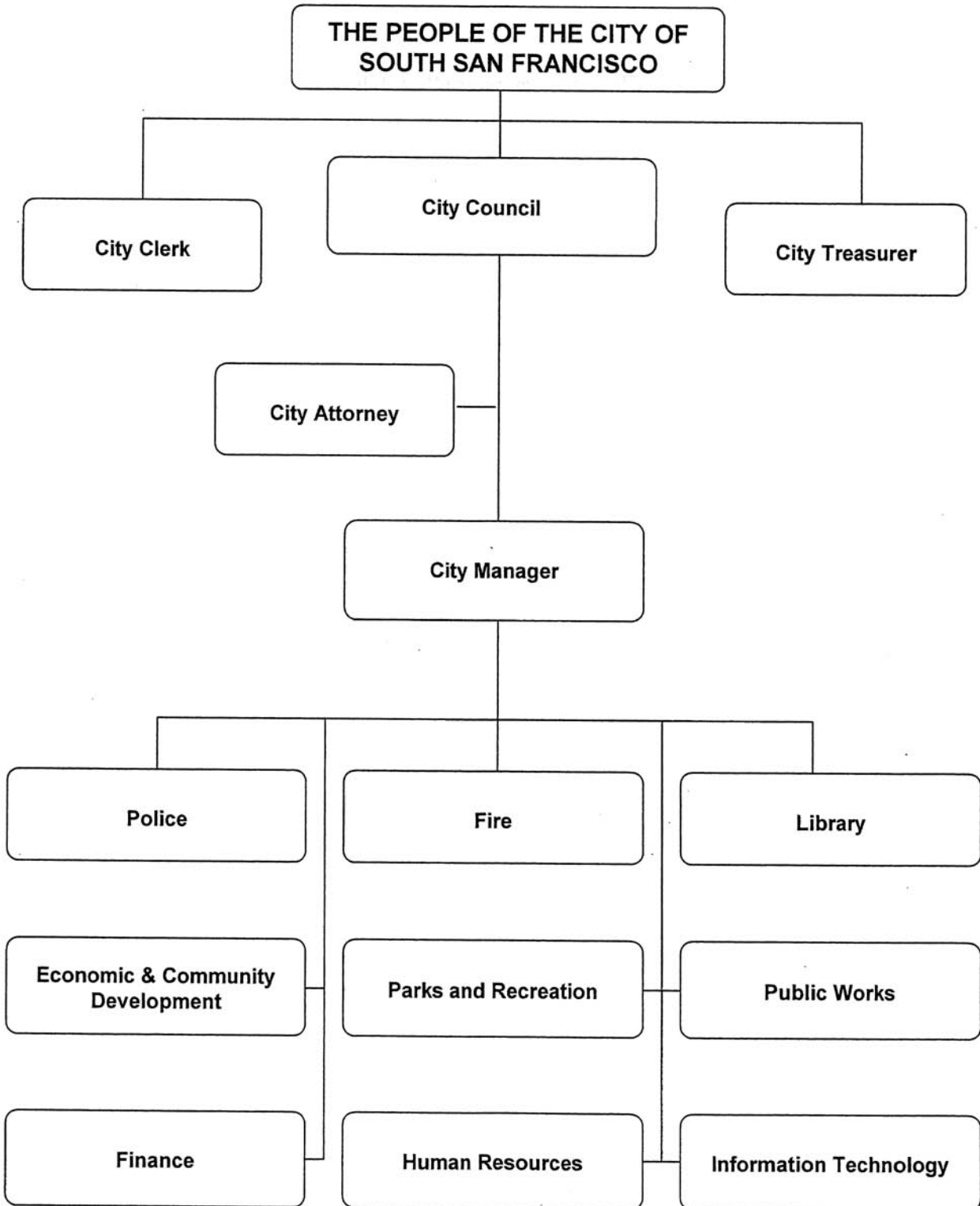


President

Executive Director

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# ORGANIZATION CHART



**CITY OF SOUTH SAN FRANCISCO  
CITY COUNCIL AND DIRECTORY OF OFFICIALS**

***CITY COUNCIL \****

**KARYL MATSUMOTO  
MAYOR**

**MARK N. ADDIEGO  
VICE MAYOR**

**RICHARD A. GARBARINO  
COUNCIL MEMBER**

**KEVIN MULLIN  
COUNCIL MEMBER**

**PEDRO GONZALEZ  
COUNCIL MEMBER**

***CITY OFFICIALS***

**KRISTA MARTINELLI-LARSON  
CITY CLERK**

**BARRY M. NAGEL  
CITY MANAGER**

**RICHARD BATTAGLIA  
CITY TREASURER**

**STEVEN T. MATTAS  
CITY ATTORNEY**

***DEPARTMENT MANAGERS***

**MARTY VAN DUYN  
ASSISTANT CITY MANAGER**

**MICHAEL MASSONI  
CHIEF OF POLICE**

**SUSAN KENNEDY  
ASSISTANT TO THE CITY  
MANAGER**

**PHILIP D. WHITE  
FIRE CHIEF**

**TERRY WHITE  
DIRECTOR OF PUBLIC WORKS**

**SHARON RANALS  
DIRECTOR OF PARKS AND  
RECREATION**

**JIM STEELE  
DIRECTOR OF FINANCE**

**VALERIE SOMMER  
LIBRARY DIRECTOR**

**DOUG HOLLIS  
DIRECTOR OF INFORMATION  
TECHNOLOGY**

**KATHY MOUNT  
HUMAN RESOURCES  
DIRECTOR**

\* As of June 30, 2009



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**INDEPENDENT AUDITOR'S REPORT  
ON BASIC FINANCIAL STATEMENTS**

To the Honorable Mayor and Members of the City Council  
City of South San Francisco, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South San Francisco as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the South San Francisco Conference Center Authority, which represents 1% and 2% of the assets and revenues and 2% and 3% of liabilities and expenses of the reporting entity, respectively. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of these other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South San Francisco as of June 30, 2009 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons as listed in the table of content listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note 9, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009 on our consideration of the City of South San Francisco's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of South San Francisco. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maze & Associates

November 20, 2009

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**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information

Government Accounting Standards Board Statement 34 (GASB 34) requires the City of South San Francisco to provide this overview of its financial activities for the fiscal year. Please read this in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

**FISCAL 2008-09 FINANCIAL HIGHLIGHTS**

Summary:

- The local economy continued along the national trend for the recession that began in 2007-08. While General Fund revenue increased \$2.2 million, that included a full year of the Commercial Parking Tax increase (that had been instituted for only 6 months of 2007-08), as well as some non-recurring property tax adjustments from prior years. Those two blips accounted for \$1.6 million increase of the \$2.2 million increase, meaning ongoing revenue only increased \$.6 million or less than 1%. There were troubling signs in several areas:
  - ⇒ Sales Taxes, declined \$.5 million.
  - ⇒ Transient Occupancy Tax was \$1.2 million below the prior year.
  - ⇒ Building and Fire Permit Revenues, one indicator of business investment, came in \$.6 million below 2007-08.
- The Redevelopment Agency continued to use the 2006 RDA Bond proceeds, as well as cash, to fund several key projects, including the Lindenville Storm Drain improvement project.
- The Sewer Fund completed the multi-year Wet Weather capital improvement program.
- As reported for the last four years, Storm Water net assets are declining. As part of an effort to bolster the fund, the General Fund transferred \$100,000 in new funding to keep the fund afloat.
- The City transferred another \$.5 million to the Benefits Fund to pay down the liability it has for post employment (retiree) health benefits. To date, \$5.5 million has been set aside for these purposes, about 10% of the City's total other post-employment benefit liability (OPEB).

Financial highlights of the year include the following:

- Net assets in governmental activities rose from \$322.8 million to \$346 million as of June 30, 2009. Net assets in business-type activities increased from \$44.4 million to \$53.8 million due to the completion of a Sewer Improvement Project.
- Governmental program revenues increased from \$28.1 million to \$32.8 million in fiscal 2008-09, primarily due to grant receipts for two major new recreation facilities, the Linear Park Trail and the Joseph Fernekes Recreation Building.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

- Governmental program expenses rose from \$86.2 million to \$105.9 million, reflecting the grant expenses that went with the grant receipts mentioned above, as well as higher Redevelopment Property Tax Revenues that boosted required transfers to Housing and payments to Pass Through Taxing entities. (Increases in Redevelopment property tax revenue are explained after Chart 2 (Revenues by Source) below.
- Revenues generated from business-type activities were \$27.3 million, a \$7.1 million increase from the prior year. This was due to two factors. First, the sewer fund had a rate increase, and second, developer contributions were received from a large biotechnology firm to pay for its share of sewer capital expansion projects.
- The overall General Fund balance increased just under \$.5 million to \$18.4 million at June 30, 2009, due to the higher revenues mentioned above.

**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is in six parts:

- 1) The Introductory Section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis (this part),
- 3) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the notes accompanying these statements,
- 4) Required Supplementary Information and the accompanying notes,
- 5) Other Supplementary Information including combining statements for non-major governmental funds, internal service funds, other budgetary information, and a fiduciary statement of changes in assets and liabilities, and
- 6) The Statistical Section.

**Basic Financial Statements**

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the City's activities are grouped into Government Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Assets and the Statement of

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The fiduciary statements provide financial information about the activities of Non-Obligated Assessment Districts, for which the City acts solely as agent.

Note 1 to the Basic Financial Statements provides a summary of the City's significant accounting policies, fund categories, and fund types.

***City-wide Financial Statements***

The Statement of Net Assets and the Statement of Activities present information about the following:

- ***Governmental activities***—All of the City's basic services are considered to be governmental activities, including general government, fire, police, public works, parks, recreation, maintenance services, library, and economic and community development. These services are supported by general City revenues such as taxes, and by specific program revenues from grants, contributions, and fees.
- The City's governmental activities include two separate legal entities, the City of South San Francisco Redevelopment Agency and the City of South San Francisco Capital Improvements Financing Authority, because the City Council governs both of these entities, with services provided solely to the City.
- ***Business-type activities***—All the City's enterprise activities are reported here, including sewage treatment, parking, and storm water management. Unlike governmental services, user fees fully support these services.
- ***Component Unit*** - The City of South San Francisco Conference Center Authority comprises the component unit. The Authority serves the City and other interests and it has a governing body separate from the City Council.

Citywide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

***Fund Financial Statements***

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities. Fund Financial Statements include governmental, enterprise and internal service funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis, as in the past, and include all their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City Funds. These revenues are eliminated in the citywide financial statements and any related profits or losses are returned to the activities, which created them, along with any residual net assets of the Internal Service Funds.

Comparisons of Budget and Actual financial information are required in the Basic Financial Statements only for the General Fund and other Major Funds that are Special Revenue Funds.

**Fiduciary Statements**

The City is the agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts' bond trustees. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets and the Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.



**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

**FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

This analysis focuses on the net assets and changes in net assets of the City's Governmental Activities (Table and Charts 1 through 5) and Business-type Activities (Tables 6 and 7) presented in the City-wide Statement of Net Assets and Statement of Activities. A comparative analysis is presented for fiscal years 2007-08 and 2008-09.

**Governmental Activities**

*Governmental Net Assets*

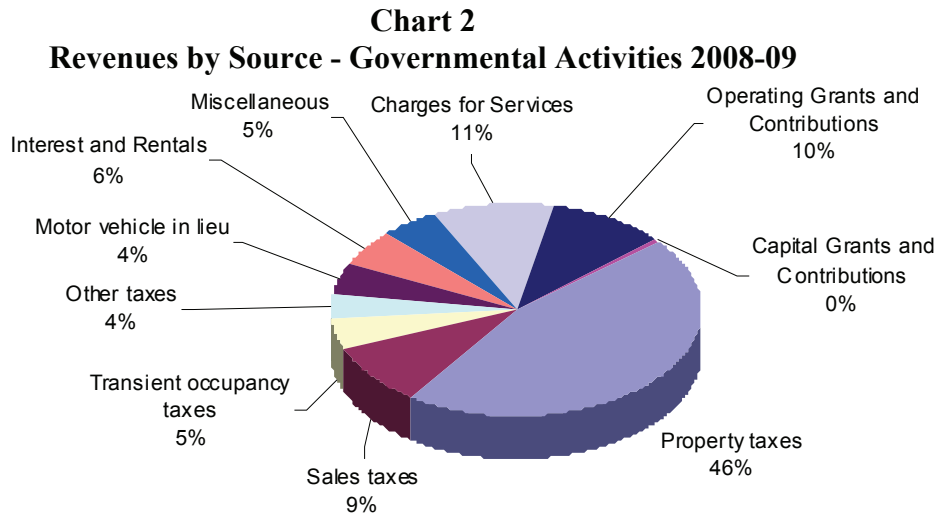
**Table 1**  
**Governmental Net Assets at June 30,**  
**(in Millions)**

	2009	2008
Cash and investments	\$137.1	\$100.3
Other assets	54.7	54.7
Capital assets	285.0	286.6
<b>Total assets</b>	<b>476.8</b>	<b>441.6</b>
Long-term debt outstanding	77.3	78.6
Other liabilities	53.5	40.2
<b>Total liabilities</b>	<b>130.8</b>	<b>118.8</b>
Net assets:		
Invested in capital assets, net of debt	205.5	233.2
Restricted	87.0	80.4
Unrestricted	53.5	9.2
<b>Total net assets</b>	<b>\$346.0</b>	<b>\$322.8</b>

The City's net assets from governmental activities (including Redevelopment) increased \$23.8 million to \$346 million at June 30, 2009. The increase from a revenue and expense perspective is explained in Table 3, Change in Governmental Net Assets. Significant changes in assets and liabilities are explained as follows:

Cash and investments increased with the dramatic increase in Redevelopment Property Tax increment, which included ongoing property tax growth as well as prior year adjustments paid by the County.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)



The percentage of 2008-09 revenues by source was consistent with the previous year, with the exception of Interest and Rentals and Property Taxes. The latter increased as a relative share of total revenues as property taxes have been less volatile in the recession to date. Interest revenue was less as interest rates declined with the stronger dollar, and also in part due to an accounting change in how a note receivable is booked.

Table 3 below shows that total 2008-09 revenues increased 27% to \$96.9 million. The increase comes primarily from new development coming on the rolls in the Shearwater (\$3.8 million) and the Downtown (\$8.3 million) project areas. The Shearwater increase is primarily due to the new construction activity that has taken place in the Britannia project located along Veterans Boulevard. A large portion of the tax increment increase in this area is from the 96,500 square foot Amgen building that was completed in 2007 and is just now hitting the tax roll.

The Downtown increase is primarily due to new construction activity that has taken place in both the Britannia East Grand project and the Britannia Pointe Grand project. Approximately half of the tax increment increase in the Downtown area was from the East Grand project. The Pointe Grand project along with the two new R&D buildings located on East Jamie Court comprised the majority of the remainder of the increase in tax increment in the Downtown area.

Program revenue increased 17% to \$32.8 million, as the City received substantial capital grants for two important recreation facilities, the Linear Park Trail and the Fernekas Recreation Building.

Total governmental expenses increased \$10.3 million or 10.8% to \$105 million for 2008-09, with the largest increase being in the Economic and Community Development area. With higher

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

property tax revenues, the Redevelopment Agency had higher payments to other taxing entities for mandated pass through payments. Total revenues exceeded expenses by \$24 million.

The Statement of Activities presents expenses, program revenues, and general revenues in detail. These elements effect the Change in Governmental Net Assets as follows:

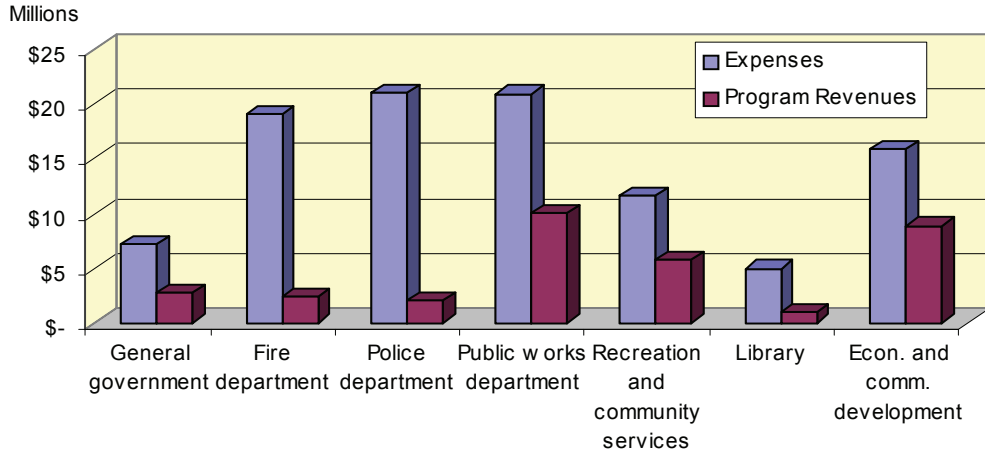
**Table 3**  
**Change in Governmental Net Assets**  
**(in Millions)**

	2008-09	2007-08
<b>Expenses</b>		
General government	\$7.1	\$7.4
Fire department	19.0	17.2
Police department	21.1	19.0
Public works department	20.9	16.3
Recreation and community services	11.6	11.3
Library	5.0	4.7
Economic and community development	15.9	4.7
Interest on long-term debt	5.3	5.6
Total expenses	<u>\$105.9</u>	<u>\$86.2</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$19.2	\$18.1
Operating grants and contributions	13.4	6.8
Capital grants and contributions	0.2	3.1
Total program revenues	<u>\$32.8</u>	<u>\$28.0</u>
General revenues:		
Taxes:		
Property taxes	\$59.4	\$44.2
Sales taxes	11.8	12.2
Transient occupancy taxes	6.2	7.1
Other taxes	6.9	6.1
Motor vehicle in lieu	0.2	0.3
Property taxes in lieu	5.6	4.6
Investment earnings	4.8	9.0
Miscellaneous	2.0	(7.1)
Total general revenues	<u>\$96.9</u>	<u>\$76.5</u>
Excess (deficiency) before transfers	<u>\$23.8</u>	<u>\$18.3</u>
Transfers	(0.4)	(0.2)
<b>Change in net assets</b>	<b>23.4</b>	<b>18.1</b>
Net assets - beginning	322.8	304.7
Implementation of GASB 34		
Net assets - ending	<u><u>\$346.2</u></u>	<u><u>\$322.8</u></u>

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

*Expense and Program Revenue Analysis*

**Chart 4**  
**Expense and Program Revenue Comparison in Governmental Activities**  
**2008-09**



**Table 5**  
**Net (Expense) Revenue from Services**  
**Governmental Activities**  
**(in Millions)**

	<u>2008-09</u>	<u>2007-08</u>
General government	(\$4.4)	(\$4.9)
Fire department	(16.6)	(14.7)
Police department	(19.0)	(16.8)
Public works department	(10.9)	(8.6)
Recreation and community services	(5.8)	(6.4)
Library	(4.0)	(3.7)
Economic and community development	(7.0)	2.6
Interest on long-term debt	(5.3)	(5.7)
<b>Total</b>	<u>(\$73.0)</u>	<u>(\$58.1)</u>

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

The above Chart 4 and Table 5 illustrate the difference between program revenues and expenses. Program revenues consist of capital and operating grants and contributions and fees for services. General City revenues, such as property taxes, sales and transient occupancy taxes, motor vehicle in-lieu taxes, and investment earnings, cover the shortfall between program revenues and program expenses.

The most significant change was in the Economic and Community Development area, again, reflecting much higher pass through payments to other taxing entities as property tax revenues increased.

**Business-type Activities**

**Table 6**  
**Business-type Net Assets at June 30 (in Millions)**

	2009	2008
Cash and investments	\$5.8	\$9.4
Other assets	1.5	3.6
Capital assets	126.1	121.0
Total assets	133.4	134.0
Long-term debt outstanding	70.3	72.4
Other liabilities	9.3	17.2
Total liabilities	79.6	89.6
Net assets:		
Invested in capital assets, net of debt	52.3	45.6
Restricted	4.9	1.5
Unrestricted	(3.4)	(2.7)
<b>Total net assets</b>	<b>\$53.8</b>	<b>\$44.4</b>

Cash declined in business activities, as the Sewer Fund continued to spend dollars on its multi-year Wet Weather improvements. Other liabilities decreased as the Sewer Fund was able to utilize funds deposited by a large business in the prior year to pay for capital improvements benefiting that business' projected expansion plans. Unrestricted net assets show a negative \$3.4 million, reflecting the Sewer Fund using advances from the Redevelopment Agency to fund a portion of those Wet Weather improvements. The City Council authorized a five year rate increase plan to continue the Sewer Fund's capital program and to stabilize its reserves.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

**Table 7**  
**Change in Business-type Net Assets**  
**(in Millions)**

	<u>2008-09</u>	<u>2007-08</u>
Expenses		
Sewer Rental	17.5	16.3
Parking District	0.3	0.4
Storm Water	<u>0.7</u>	<u>0.7</u>
Total expenses	<u>18.5</u>	<u>17.4</u>
Revenues		
Program revenues		
Charge for Services	16.8	15.1
Operating grants and contributions	10.4	4.95
Capital grants and contributions	<u>0.11</u>	<u>0.17</u>
Total program revenues	<u>27.31</u>	<u>20.22</u>
General revenues		
Investment earnings	<u>0.2</u>	<u>0.07</u>
Total general revenues	<u>0.2</u>	<u>0.07</u>
Excess (deficiency) before transfers	<u>9.01</u>	<u>2.89</u>
Transfers	<u>0.4</u>	<u>0.17</u>
Change in net assets	9.41	3.06
Net assets - beginning	<u>44.44</u>	<u>41.38</u>
Net assets - ending	<u><u>53.85</u></u>	<u><u>44.44</u></u>

The Storm Water Enterprise has higher obligations than ongoing revenues, as revenues are locked in place by Proposition 218, while program expenses go up each year with the rise in the costs of employees and materials. As a result, the City has had to shift various capital improvements to the other funding sources. The Redevelopment Agency has contributed resources to flood improvements adjacent to downtown, and Gas Tax and General Funds have been used as well. Overall net assets of business-type activities, however, increased \$9 million during fiscal 2008-09 primarily from the City's Sewer Rental enterprise activity. The Sewer Fund continues to invest in capital assets for its Wet Weather program, which has now ended its five year program.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds**

Governmental funds highlight the City's near-term inflows, outflows, and balances of *spendable* resources. Such information can be helpful in determining the City's financial status. *Unreserved fund balance* is a major indicator of designated and uncommitted resources available for spending in future fiscal years.

At June 30, 2009, the City's governmental funds (including Redevelopment) reported combined fund balances of \$158.7 million, an increase of \$26.8 million (20%) compared with the prior year. The major changes were in the Merged Redevelopment Project Area, which had a dramatic increase in property tax revenue as described above, and in the Low/Moderate Income Housing Fund, which receives 20% of the property taxes from the Merged Project Area.

Governmental fund revenues increased \$16.5 million or 15% this year to a new total of \$129.2 million, again, primarily due to the dramatic increase in Redevelopment property tax revenue. Governmental fund expenditures, on the other hand, decreased \$28.8 million, or 22% reflecting the purchase of several large Redevelopment sites in the prior year.

**Comparison of Final Budgets to Original Adopted Budget**

The budget is initially adopted by the City Council in June, based on revenue projections that are up to date through May. Between May and the end of the fiscal year, there can be major fluctuations in revenues depending on the economy and/or actions by the State of California. There can also be significant changes to departmental expenditure budgets to the extent unforeseen expenses occur. In the Fund financial statements, the page titled "Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual" later in this document shows the initial adopted and final budgets for the General Fund. Significant changes between the adopted and final budgets are described below:

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Required Supplementary Information (Continued)**

Comparison of Final Budgets to Original Adopted Budget – General Fund

	<u>Budgeted Amounts (in 000's)</u>				<u>Pct</u>	<u>Explanation:</u>
	<u>Original</u>	<u>Final</u>	<u>Variance</u>			
<b><u>Revenues</u></b>						
Property Taxes	\$ 15,170	\$ 16,790	\$ 1,620	10.7%	One time adjustment by the County for prior years' non-secured taxes for the City's largest property taxpayer, going back several years.	
Sales Taxes	\$ 12,509	\$ 11,159	\$ (1,350)	-10.8%	The recession caused all business sectors to have lowered sales.	
Transient Occupancy Taxes	\$ 6,450	\$ 5,847	\$ (603)	-9.3%	The recession resulted in a drop in business travel in the last three quarters of the year.	
Intergovernmental	\$ 6,015	\$ 7,160	\$ 1,145	19.0%	Payments by the State for In Lieu Motor Vehicle Fees increased; they are based on prior year property tax receipts, which were higher for the City' than most other cities in the State.	
Licenses and Permits	\$ 6,879	\$ 5,590	\$ (1,289)	-18.7%	With the recession, businesses slowed their expansion plans, and therefore there was a large drop in building permit revenue.	
Charges for Service	\$ 8,137	\$ 8,942	\$ 805	9.9%	Several reimbursements to the Fire Department for their support of regional fires	
<b><u>Expenditures</u></b>						
City Council	\$ 202	\$ 144	\$ (58)	-28.7%	The City cut departmental budgets midyear to deal with the anticipated revenue shortfall due to the recession.	
City Clerk	\$ 403	\$ 338	\$ (65)	-16.1%	Same	
City Treasurer	\$ 42	\$ 78	\$ 36	85.7%	City Council authorized the use of a new investment advisor midyear	
City Attorney	\$ 788	\$ 636	\$ (152)	-19.3%	The City cut departmental budgets midyear to deal with the anticipated revenue shortfall due to the recession.	
Finance	\$ 1,782	\$ 1,575	\$ (207)	-11.6%	Same	
Fire	\$ 16,490	\$ 17,726	\$ 1,236	7.5%	Reflects reimbursements for overtime by the State for disaster assistance the City provided, resulting in more overtime. Also, the City had budgeted for no wage increase, but the Fire fighters received a 2% increase.	
Public Works	\$ 3,723	\$ 4,148	\$ 425	11.4%	The Public Works budget was adjusted at midyear to cover additional inspection services covered by development fees.	
Library	\$ 4,538	\$ 4,747	\$ 209	4.6%	Reflects grants awarded after the year began, with corresponding expenditure budget increases.	
Econ and Comm. Development	\$ 3,061	\$ 3,472	\$ 411	13.4%	Reflects reimbursements by developers for environmental studies done for their projects. Those reimbursements funded additional studies.	
Capital Outlay	\$ -	\$ 272	\$ 272	NA	Reflects the purchase of disaster equipment from a grant that was awarded after the year began.	
Interest	\$ 151	\$ 19	\$ (132)	-87.4%	Reflects a change in the accounting treatment of a long term loan.	

**Proprietary Funds**

Enterprise Fund net assets totaled \$53.8 million at June 30, 2009, an increase of \$9.4 million from the previous year, or 21%. The increase was primarily due to the Sewer Fund's use of previously deferred developer deposits to help complete several large capital improvements. Sewer Capital Assets Net of Debt therefore also increased. Large projects for which substantial work was done during 2008-09 included Pump Station #4 and the Allerton and East Grand Sewer Main projects.



**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

**Analysis of Major Governmental Funds**

***General Fund***

General Fund revenues rose at a modest 1.2% from the prior year, reflecting the beginnings of a national, state, and local economic slowdown.

- ⇒ Sales Taxes declined \$.4 million or 4% from the prior year, as the recession hit construction and retail sales particularly hard.
- ⇒ Property taxes increased \$1.8 million or 12%, primarily reflecting one time corrections by the County from prior years.
- ⇒ Hotel (transient occupancy taxes) decreased \$.1.1 million, or 16% due to the recession, completing offsetting the increases made in the prior year.
- ⇒ Intergovernmental Revenue increased by \$1.5 million, reflecting State grants to the Fire Department for disaster response equipment as well as an increase in the allocation of Motor Vehicle In Lieu Fees by the State, as the City's property tax growth in the prior year caused a formulaic increase in the State's allocation during 2008-09.
- ⇒ Interest and rentals decreased \$1.0 million, as interest rates declined with the stronger dollar during 2008-09, and due to a change in the accounting methodology for interest on a receivable was booked.

General Fund expenditures rose \$1.8 million or 3% from last year, reflecting higher health insurance premiums and worker's compensation costs, which are tied to health costs.

The overall General Fund Balance had a modest \$.1 million increase to \$18.0 million during 2008-09.

At June 30, 2009, the General Fund balance consisted of \$6.5 million in unreserved, undesignated dollars, \$4.7 million for emergencies and economic contingencies, \$4.3 million for future capital projects and economic development, and \$1.3 million for encumbrances and capital projects. Except for the reserves for encumbrances and capital projects, the remaining reserves represent discretionary resources available for absorbing future expenditures that exceed revenues.

***Capital Improvement Fund***

The City consolidates and reports its governmental fund-type capital project expenditures in this fund. Resources consist of transfers from the general fund, major and non-major Redevelopment Agency funds, developer impact fees, and gasoline taxes and transportation sales taxes from non-major governmental funds. Resources also come from federal, state, and local grants, contributions from other cities, utilities and private enterprises. Entire capital projects are appropriated in one-year, but expended over multiple years, with unspent appropriations carried-forward year-to-year until completion.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

***Merged Project Redevelopment Capital Project Fund***

The Redevelopment Agency's (RDA) project areas were fiscally merged during 2005-06, allowing the Agency to tap into a larger tax base with which to sell bonds for redevelopment purposes. At the end of 2008-09, \$25 million remained in bond funds to be used. All funds have been allocated to capital projects, and are expected to be fully drawn down over the next two years. During the year, the largest project expenditures were for:

- Completion of Lindenville Stormwater improvements;
- Preliminary work on the Caltrain station improvements.

Property Tax increment grew across all project areas, but primarily due to the changes described after Chart 2 above. Unreserved Funds held for capital projects increased by \$18 million from the prior year, due to the increase in property tax revenues described above.

***Low and Moderate Income Housing Capital Project Redevelopment Agency Fund***

This fund holds the 20% in annual Redevelopment Agency (RDA) property tax increment that must be set aside for low and moderate income housing needs. The fund received \$8.2 million in such revenues, up from \$5.6 million the prior year. With property tax growth in the Merged Project Area, transfers to the Low Moderate Housing Fund also increased. The Housing Fund loaned dollars to MidPeninsula Housing for that non-profit agency to construct affordable housing near South San Francisco High School.

***Merged Redevelopment Project Area Debt Service Fund***

- ⇒ Activity in 2008-09 was very similar to that in 2007-08, as no new debt service obligations were incurred. Fund balance reflects bond reserves on hand, as required by bond covenants.

***Other Governmental Funds***

Presented as a group in the Basic Financial Statements, these funds are individually presented as Supplementary Information.

**Analysis of Enterprise Funds**

***Sewer Rental Fund***

The Sewer Rental fund reported net income before transfers of \$4.9 million in the current year. Operating revenues increased \$2.1 million or 11% from the previous year to \$20.5 million, due to the planned sewer rate increase needed to fund the multi-year Wet Weather capital improvements. Operating expenses increased \$1.2 million this year or 8% from 2007-08. This reflects higher health, costs, as well as an increase in professional services to fund continued required regulatory studies to comply with bay discharge requirements.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

***Parking District Fund***

Net assets increased \$.3 million to \$2.6 million, as the Fund is building up funding to help pay for the new Miller Ave. Parking Garage, as well as to prepare for increased operating expenses when that Garage opens in 2010.

***Storm Water Fund***

Ongoing revenues continue to lag requirements for storm water improvements. As a result, the Gas Tax Fund, as it did in the prior year, transferred in \$200,000 to keep the Storm Water Fund afloat, and the General Fund transferred \$100,000.

**CAPITAL ASSETS**

GASB Statement 34 requires the City to add infrastructure to its reportable capital assets. Infrastructure includes streets, drainage systems, and traffic control and safety devices. Previously, governments excluded the value of such property from their reports of capital assets. The City has now successfully reported on the depreciated value of all such assets acquired or built since 1980. The City reports the depreciated book value of other types of capital assets such as buildings, land, equipment and furniture, on a City-wide Statement of Net Assets. Such information is summarized below and is more completely detailed in Note 3 to the Basic Financial Statements. The City depreciates all its capital assets, except land and construction in progress.

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

At June 30, 2009, the City had \$411 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 8 below:

**Table 8**  
**Capital Assets**  
**(in Millions) at June 30**

	<u>2009</u>	<u>2008</u>
<b><i>Governmental Activities:</i></b>		
Land	\$76.5	\$76.5
Buildings and improvements	72.6	70.2
Equipment and vehicles	14.9	14.1
Furniture and fixtures	1.3	1.3
Infrastructure—streets*	167.5	167.5
Infrastructure—traffic control devices*	4.8	4.8
Infrastructure—stormdrains*	8.0	4.5
Construction in progress	25.6	26.7
Less accumulated depreciation	<u>(86.4)</u>	<u>(78.9)</u>
Totals	<u>\$284.8</u>	<u>\$286.7</u>
* Additions during the fiscal year only		
<b><i>Business-type Activities</i></b>		
Land	\$1.3	\$1.3
Clean water facilities and transmission lin	69.7	69.7
Buildings and improvements	20.0	13.8
Equipment and vehicles	9.4	9.3
Infrastructure—streets	1.4	1.4
Construction in progress	53.2	52.0
Less accumulated depreciation	<u>(28.9)</u>	<u>(26.5)</u>
Totals	<u>\$126.1</u>	<u>\$121.0</u>

The largest changes were due in buildings and improvements and for construction in progress in the Sewer Fund, as it neared completion of the Wet Weather improvements. Also notable was the completion of the Orange Park Recreation Building in the General Fund.

**DEBT ADMINISTRATION**

Each of the City's debt issues is discussed in detail in Note 5 to the Basic Financial Statements. A summary of the City's outstanding debt for the past two fiscal years is as follows:

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Required Supplementary Information (Continued)

**Table 9**  
**Outstanding Debt**  
**(in Millions) at June 30**

<i>Governmental activities</i>	2009	2008
Tax allocation, revenue bonds, and loans		
(issued and incurred by the Redevelopment Agency)	\$71.0	\$72.7
Certificates of participation	4.9	5.0
Notes payable	2.3	2.3
Capital leases	1.2	0.5
	\$79.4	\$80.5
<i>Business-type Activities</i>		
State Water Resources Board loans	\$69.0	\$70.4
2005 Sewer Bonds	5.6	5.8
	\$74.6	\$76.2

There was no significant change to the City's debt obligations compared to the prior year. The two largest debt obligations are:

- four loan packages to the City's Sewer Rental Enterprise Fund from the State Water Resources Control Board to finance the expansion of the City's water quality control plant and pay for Wet Weather improvements which will improve environmental impacts on the Bay. Principal and interest repayments commence on the loans upon completion of the project related to each loan package. The three current loans outstanding have fixed interest of 3.0%, 2.6%, and 2.5% and are due in 2013, 2022 and 2026. Because of the regional benefits and equity interest in this project, the City of San Bruno shares in the loan repayments.
- During 2008-09, the Redevelopment Agency used proceeds of the 2006 bond sale to pay for preparatory work for the Miller Ave. Parking Garage and Caltrain Station constructions, as well as to fund an Emergency Operations Center at the Downtown Fire Station.

**Debt Without City Commitment**

At June 30, 2009, a total of \$1 million in special assessment district debt was outstanding, issued by one remaining special assessment district. There is one Special assessment districts in the Gateway area East of Highway 101 where the City assisted developers by issuing debt to finance street and sewer infrastructure construction that benefit those developers. They in turn pay for the annual debt service through an assessment on their property tax bills. Although the City bears no responsibility on the debt, it does act as the districts' agent in the collection and remittance of assessments. South San Francisco Magnolia Plaza Associates, a developer, is responsible for repaying a \$6.1 million Magnolia Plaza Senior Apartment note due in 2017 out of rent revenue

**CITY OF SOUTH SAN FRANCISCO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Required Supplementary Information (Continued)

received from the 1987 apartment development. Note 6 to the Basic Financial Statements provides further information on these debt issues outside of the City's liability to pay.

**ECONOMIC OUTLOOK AND MAJOR ACCOMPLISHMENTS**

The economic outlook and major accomplishments of the City are discussed in the accompanying Transmittal Letter.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide readers with a general overview of the City's finances. Questions about this report or requests for additional financial information should be directed to the City of South San Francisco Finance Department, P.O. Box 711, South San Francisco, CA 94083, phone (650) 877-8513. The City's website is at [www.ssf.net](http://www.ssf.net).

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**Basic Financial Statements**

**Fund Financial Statements**



**CITY OF SOUTH SAN FRANCISCO**

**STATEMENT OF NET ASSETS AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the City of South San Francisco Redevelopment Agency and the City of South San Francisco Capital Improvements Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities. Data for the South San Francisco Conference Center Authority is reflected as a discretely presented component unit of the City. This data is presented separately from other funds of the City to reflect operations under control of a governing body with a voting majority which is different from the City Council.

**CITY OF SOUTH SAN FRANCISCO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and investments	\$137,091,316	\$5,825,646	\$142,916,962	\$1,493,506
Receivables:				
Accounts	1,527,006	452,195	1,979,201	288,844
Accrued interest	823,875	37,320	861,195	
Due from other governments	3,924,124	2,274,056	6,198,180	
Due from Conference Center	118,572		118,572	
Loans	10,999,159		10,999,159	
Deposit	171,010		171,010	
Inventory	78,064		78,064	
Bond issuance costs		119,463	119,463	125,703
Restricted cash and investments	33,025,715	816,938	33,842,653	480,651
Internal balances	2,196,060	(2,196,060)		
Land held for redevelopment	1,900,000		1,900,000	
Capital assets:				
Nondepreciable	102,126,299	54,442,223	156,568,522	
Depreciable, net accumulated depreciation	182,652,437	71,689,116	254,341,553	5,782,390
<b>Total Assets</b>	<b>476,633,637</b>	<b>133,460,897</b>	<b>610,094,534</b>	<b>8,171,094</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	18,718,483	470,697	19,189,180	228,359
Accrued salaries and benefits	3,671,423		3,671,423	53,073
Accrued interest payable	8,411,565	1,188,153	9,599,718	43,271
Other payable	165,132	5,655	170,787	118,572
Deposits	1,597,846	50,000	1,647,846	245,027
Unearned revenue	3,975,167	2,791,868	6,767,035	
Long-term liabilities due within one year:				
Accrued insurance losses	712,000		712,000	
Compensated absences obligation	3,653,772	307,708	3,961,480	
Debt and capital lease obligations	2,077,767	4,221,911	6,299,678	345,000
Noncurrent liabilities:				
OPEB obligations	3,890,792		3,890,792	
Accrued insurance losses	4,626,000		4,626,000	
Compensated absences obligation	1,906,273	223,601	2,129,874	
Noncurrent portion of long-term debt	77,368,305	70,378,411	147,746,716	3,363,576
<b>Total Liabilities</b>	<b>130,774,525</b>	<b>79,638,004</b>	<b>210,412,529</b>	<b>4,396,878</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	237,441,155	52,347,955	289,789,110	2,073,814
Restricted for:				
Debt service	5,479,891	4,971,538	10,451,429	480,651
Special revenue projects	23,722,018		23,722,018	
Capital projects	57,760,981		57,760,981	
<b>Total Restricted Net Assets</b>	<b>86,962,890</b>	<b>4,971,538</b>	<b>91,934,428</b>	<b>480,651</b>
Unrestricted	21,455,067	(3,496,600)	17,958,467	1,219,751
<b>Total Net Assets</b>	<b>\$345,859,112</b>	<b>\$53,822,893</b>	<b>\$399,682,005</b>	<b>\$3,774,216</b>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$7,140,676	\$2,689,370	\$16,568	
Fire	19,047,877	2,415,617		
Police	21,051,263	1,650,620	420,402	
Public Works	20,924,132	2,462,538	7,330,852	\$182,462
Parks and Recreation	11,574,808	4,872,718	903,857	
Library	4,959,138	240,542	735,669	
Economic and Community Development	15,886,834	4,868,445	3,980,668	
Interest on Long-Term Debt	5,289,818			
Total Governmental Activities	<u>105,874,546</u>	<u>19,199,850</u>	<u>13,388,016</u>	<u>182,462</u>
Business-type Activities				
Sewer Rental	17,549,690	15,770,470	10,392,219	162,599
Parking District	341,100	606,847		
Storm Water	746,316	419,446		
Total Business-type Activities	<u>18,637,106</u>	<u>16,796,763</u>	<u>10,392,219</u>	<u>162,599</u>
Total Primary Government	<u>\$124,511,652</u>	<u>\$35,996,613</u>	<u>\$23,780,235</u>	<u>\$345,061</u>
<b>Component Unit</b>				
Conference Center	<u>\$3,311,626</u>	<u>\$1,460,834</u>		

**General revenues:**

Taxes:

    Property taxes

    Sales taxes

    Transient occupancy taxes

    Other taxes

    Motor vehicle in lieu, unrestricted

    Property taxes in lieu of vehicle license fees

    Investment earnings

    Miscellaneous

**Transfers**

    Total general revenues and transfers

    Change in Net Assets

    Net Assets - Beginning

    Net Assets - Ending

See accompanying notes to financial statements

**Net (Expenses) Revenues and Changes in Net Assets**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
(\$4,434,738)		(\$4,434,738)	
(16,632,260)		(16,632,260)	
(18,980,241)		(18,980,241)	
(10,948,280)		(10,948,280)	
(5,798,233)		(5,798,233)	
(3,982,927)		(3,982,927)	
(7,037,721)		(7,037,721)	
(5,289,818)		(5,289,818)	
<u>(73,104,218)</u>		<u>(73,104,218)</u>	
	\$8,775,598	8,775,598	
	265,747	265,747	
	<u>(326,870)</u>	<u>(326,870)</u>	
	8,714,475	8,714,475	
<u>(73,104,218)</u>	<u>8,714,475</u>	<u>(64,389,743)</u>	
			<u>(\$1,850,792)</u>
59,369,550		59,369,550	
11,752,776		11,752,776	
6,178,391		6,178,391	1,833,179
6,870,791		6,870,791	
183,193		183,193	
5,563,165		5,563,165	
4,760,345	244,887	5,005,232	24,119
1,925,666		1,925,666	
(423,012)	423,012		
<u>96,180,865</u>	<u>667,899</u>	<u>96,848,764</u>	<u>1,857,298</u>
23,076,647	9,382,374	32,459,021	6,506
<u>322,782,465</u>	<u>44,440,519</u>	<u>367,222,984</u>	<u>3,767,710</u>
<u>\$345,859,112</u>	<u>\$53,822,893</u>	<u>\$399,682,005</u>	<u>\$3,774,216</u>

<b>FUND FINANCIAL STATEMENTS</b>
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Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2009. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND**

This fund accounts for resources traditionally associated with government, such as administration, public safety, library, parks maintenance, and recreation, outside of those accounted for in other funds.

**FEDERAL AVIATION GRANT SPECIAL REVENUE FUND**

This fund accounts for federal monies received for insulating structures against airport noise.

**CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND**

To account for expenditures associated with the acquisition, construction, or improvement of City owned facilities and infrastructure. Funding comes from the general fund, special revenue funds, grants and fees.

**REDEVELOPMENT AGENCY FUNDS:**

**MERGED REDEVELOPMENT PROJECT AREA CAPITAL PROJECTS FUND** – This fund accounts for property tax increment revenues used for capital projects connected with the Gateway, Downtown, Shearwater and El Camino project areas.

**LOW AND MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** – This fund accounts for the 20% share of property tax increment revenue directed toward low and moderate income housing projects.

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**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2009**

	General Fund	Federal Aviation Grant Special Revenue Fund	Capital Projects Funds		
			Capital Improvement	Merged Redevelopment Project Area	Redevelopment Agency Low Mod Housing
<b>ASSETS</b>					
Cash and investments	\$18,723,093	\$3,391,994	\$1,464,458	\$54,440,108	\$18,318,771
Receivables:					
Accounts	1,391,713		10,735	23,807	
Accrued interest	160,553	26,581	33,421	261,072	136,512
Due from other governments	2,201,053		591,875		
Due from other funds	96,000				
Due from Conference Center	118,572				
Loans				487,155	9,089,257
Advance to other fund				14,717,778	
Inventory	78,064				
Restricted cash and investments			97,803	25,208,130	2,271,260
Land held for redevelopment					1,900,000
<b>Total Assets</b>	<b>\$22,769,048</b>	<b>\$3,418,575</b>	<b>\$2,198,292</b>	<b>\$95,138,050</b>	<b>\$31,715,800</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$500,699	\$87	\$168,643	\$7,920,221	\$17,528
Accrued salaries and benefits	3,671,423				
Other payable	46,079				
Deposits	1,600		211,283	500	27,055
Deferred revenue	484,732	\$3,462,650	66,888	500,000	50,000
Due to other funds					
Advance from other fund			12,521,718		346,748
<b>Total Liabilities</b>	<b>4,704,533</b>	<b>3,462,737</b>	<b>12,968,532</b>	<b>8,420,721</b>	<b>441,331</b>
Fund Balances:					
Reserved for:					
Encumbrances	476,628		582,384	1,194,658	89,377
Advances, inventory and prepaid	78,064			14,717,778	
Loans receivable				487,155	9,089,257
Future loan obligations					1,026,633
Debt service					
Restricted assets and programs			97,803	25,282,212	2,271,260
Land held for redevelopment					1,900,000
Unreserved, reported in:					
General fund	17,509,823				
Special revenue funds		(44,162)			
Debt service funds					
Capital projects funds			(11,450,427)	45,035,526	16,897,942
<b>Total Fund Balances (Deficits)</b>	<b>18,064,515</b>	<b>(44,162)</b>	<b>(10,770,240)</b>	<b>86,717,329</b>	<b>31,274,469</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$22,769,048</b>	<b>\$3,418,575</b>	<b>\$2,198,292</b>	<b>\$95,138,050</b>	<b>\$31,715,800</b>

See accompanying notes to basic financial statements

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$27,480,691	\$123,819,115
100,479	1,526,734
173,370	791,509
560,337	3,353,265
	96,000
	118,572
1,422,747	10,999,159
346,748	15,064,526
	78,064
5,448,522	33,025,715
	1,900,000
<b>\$35,532,894</b>	<b>\$190,772,659</b>

\$250,528	\$8,857,706
	3,671,423
	46,079
1,357,408	1,597,846
60,897	4,625,167
386,000	386,000
	12,868,466
2,054,833	32,052,687

727,035	3,070,082
346,748	15,142,590
1,422,746	10,999,158
	1,026,633
5,479,891	5,479,891
403,034	28,054,309
	1,900,000
	17,509,823
21,134,904	21,090,742
2,857,206	2,857,206
1,106,497	51,589,538
33,478,061	158,719,972
<b>\$35,532,894</b>	<b>\$190,772,659</b>



**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL  
FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
June 30, 2009**

Total fund balances reported on the governmental funds balance sheet	\$158,719,972
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Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	281,163,420
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Internal service funds are used by management to charge the cost of management of communication, telephone, building, fleet maintenance, equipment replacement, worker's compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Assets.	5,446,241
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Tax refund payable - Property tax refund	(8,540,400)
--	-------------

Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.	(8,411,565)
--	-------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(78,230,434)
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Non-current portion of compensated absences	<u>(4,288,122)</u>
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Net assets of governmental activities	<u><u>\$345,859,112</u></u>
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See accompanying notes to financial statements

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**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Federal Aviation Grant Special Revenue Fund	Capital Projects Funds		
			Capital Improvement	Merged Redevelopment Project Area	Redevelopment Agency Low Mod Housing
<b>REVENUES</b>					
Property taxes	\$17,200,990			\$40,714,049	
Sales taxes	11,808,435				
Transient occupancy taxes	6,178,391				
Other taxes	3,668,265				
Intergovernmental	7,967,955	\$141,264	\$3,728,405		
Interest and rentals	3,160,873	99,885	122,343	2,578,968	\$719,137
Licenses and permits	5,957,815				
Charges for services	9,135,551		1,493,773	165	
Fines and forfeitures	1,013,434				
Other	323,023			25,000	1,900,200
<b>Total Revenues</b>	<b>66,414,732</b>	<b>241,149</b>	<b>5,344,521</b>	<b>43,318,182</b>	<b>2,619,337</b>
<b>EXPENDITURES</b>					
Current:					
City council	123,046				
City clerk	337,177				
City treasurer	44,451				
City attorney	634,237				
City manager	737,231				
Finance	1,500,934				
Non-departmental	719,657			101,608	
Human Resources	1,036,632				
Fire	17,724,990				
Police	19,878,218				
Public works	4,071,597		6,759,818		
Parks and Recreation	10,700,332				
Library	4,679,270				
Economic and community development	3,288,548	241,148	5,046	13,397,454	982,305
Information Systems			474,805		
Capital outlay	270,740		111,386	3,851,268	
Debt service:					
Principal repayments					
Interest and fiscal charges	17,522		811,991	23,913	
<b>Total Expenditures</b>	<b>65,764,582</b>	<b>241,148</b>	<b>8,163,046</b>	<b>17,374,243</b>	<b>982,305</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>650,150</b>	<b>1</b>	<b>(2,818,525)</b>	<b>25,943,939</b>	<b>1,637,032</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets			13,784		
Transfers in	1,125,106		3,977,448	1,314	8,214,710
Transfers out	(1,650,277)			(13,881,761)	(279,723)
<b>Total Other Financing Sources (Uses)</b>	<b>(525,171)</b>		<b>3,991,232</b>	<b>(13,880,447)</b>	<b>7,934,987</b>
<b>Net Change in Fund Balances (Deficits)</b>	<b>124,979</b>	<b>1</b>	<b>1,172,707</b>	<b>12,063,492</b>	<b>9,572,019</b>
Fund balances (deficits), July 1	17,939,536	(44,163)	(11,942,947)	74,653,837	21,702,450
Fund balances (deficits), June 30	\$18,064,515	(\$44,162)	(\$10,770,240)	\$86,717,329	\$31,274,469

See accompanying notes to financial statements

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$1,454,511	\$59,369,550
	11,808,435
	6,178,391
1,100,470	4,768,735
3,250,547	15,088,171
944,222	7,625,428
	5,957,815
3,014,825	13,644,314
	1,013,434
1,474,756	3,722,979
<u>11,239,331</u>	<u>129,177,252</u>
	123,046
	337,177
	44,451
	634,237
	737,231
	1,500,934
517,975	1,339,240
	1,036,632
	17,724,990
110,918	19,989,136
1,529,574	12,360,989
	10,700,332
	4,679,270
1,640,279	19,554,780
	474,805
13,627	4,247,021
1,755,426	1,755,426
3,717,724	4,571,150
<u>9,285,523</u>	<u>101,810,847</u>
<u>1,953,808</u>	<u>27,366,405</u>
	13,784
5,435,636	18,754,214
(3,519,173)	(19,330,934)
<u>1,916,463</u>	<u>(562,936)</u>
<u>3,870,271</u>	<u>26,803,469</u>
<u>29,607,790</u>	<u>131,916,503</u>
<u>\$33,478,061</u>	<u>\$158,719,972</u>

**CITY OF SOUTH SAN FRANCISCO**  
**Reconciliation of the**  
**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**  
**with the**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$26,803,469

Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

**Capital Assets Transactions**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	8,207,056
Current year depreciation	(7,808,713)
Retirement of capital assets	(2,088,430)

**Long Term Debt Proceeds and Payments**

Repayment of debt principal is added back to fund balance	1,755,426
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**Accrual of Non-Current Items**

The amount below included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change):

Interest expenses	(718,668)
Compensated absences	(216,436)

**Allocation of Internal Service Fund Activity**

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.

(2,857,057)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$23,076,647

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Resources (inflows):</b>				
Property taxes	\$15,170,507	\$16,790,106	\$17,200,990	\$410,884
Sales taxes	12,509,229	11,158,667	11,808,435	649,768
Transient occupancy taxes	6,450,000	5,847,091	6,178,391	331,300
Other taxes	3,994,000	3,749,120	3,668,265	(80,855)
Intergovernmental	6,014,920	7,159,696	7,967,955	808,259
Interest and rentals	3,336,281	3,225,281	3,160,873	(64,408)
Licenses and permits	6,878,637	5,590,471	5,957,815	367,344
Charges for services	8,136,910	8,941,768	9,135,551	193,783
Fines and forfeitures	1,140,000	1,140,000	1,013,434	(126,566)
Other	50,000	209,000	323,023	114,023
	<u>63,680,484</u>	<u>63,811,200</u>	<u>66,414,732</u>	<u>2,603,532</u>
Amounts available for appropriation				
<b>Charges to appropriations (outflows)</b>				
City Council	201,992	144,410	142,546	1,864
City Clerk	403,163	338,349	337,177	1,172
City Treasurer	42,472	78,387	76,147	2,240
City Attorney	788,023	635,597	634,237	1,360
City Manager	745,172	755,520	754,320	1,200
Finance	1,782,414	1,575,872	1,571,968	3,904
Non-Departmental	859,873	801,374	799,157	2,217
Human Resources	1,019,500	1,039,043	1,036,632	2,411
Fire	16,490,136	17,725,901	17,724,990	911
Police	19,428,219	19,878,784	19,878,224	560
Public Works	3,722,621	4,148,235	4,146,327	1,908
Parks and Recreation	10,711,990	10,700,678	10,700,332	346
Library	4,538,421	4,746,587	4,679,270	67,317
Economic and Community Development	3,060,610	3,472,092	3,471,621	471
Other	4,501			
Capital Outlay		273,240	270,740	2,500
Interest and fiscal charges	150,785	18,835	17,522	1,313
	<u>63,799,107</u>	<u>66,314,069</u>	<u>66,241,210</u>	<u>72,859</u>
Total charges to appropriations				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	815,749	907,968	1,125,106	217,138
Transfers out	<u>(3,452,000)</u>	<u>(6,139,411)</u>	<u>(1,650,277)</u>	<u>4,489,134</u>
	<u>(2,636,251)</u>	<u>(5,231,443)</u>	<u>(525,171)</u>	<u>4,706,272</u>
Total Other Financing Sources (Uses)				
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>(\$2,754,874)</u></u>	<u><u>(\$7,734,312)</u></u>	<u><u>(351,649)</u></u>	<u><u>\$7,382,663</u></u>
<b>Fund Balance, July 1</b>			17,939,536	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>476,628</u>	
<b>Fund Balance, June 30</b>			<u><u>\$18,064,515</u></u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
FEDERAL AVIATION GRANT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$1,000,000		\$141,264	\$141,264
Interest and rental			99,885	99,885
Total Revenues	<u>1,000,000</u>		<u>241,149</u>	<u>241,149</u>
EXPENDITURES:				
Current:				
Economic and Community Development	1,019,171	\$2,055,239	241,148	1,814,091
Total Expenditures	<u>1,019,171</u>	<u>2,055,239</u>	<u>241,148</u>	<u>1,814,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,171)</u>	<u>(2,055,239)</u>	<u>1</u>	<u>2,055,240</u>
NET CHANGE IN FUND BALANCES	<u>(\$19,171)</u>	<u>(\$2,055,239)</u>	<u>1</u>	<u>\$2,055,240</u>
Fund balance, July 1			(44,163)	
Adjustment to budgetary basis: Encumbrance adjustments				
Fund balance (deficit), June 30			<u>(\$44,162)</u>	

See accompanying notes to financial statements

## **MAJOR PROPRIETARY FUNDS**

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of *major funds* established by GASB Statement 34 extends to Proprietary Funds. The City reported all enterprise funds as major proprietary funds.

GASB 34 does not provide for the disclosure of budget versus actual comparisons regarding proprietary funds that are major funds.

### **SEWER RENTAL FUND**

This fund accounts for user charges and debt proceeds supporting the operation, maintenance, and capital expansion of the wastewater collection and treatment system.

### **PARKING DISTRICT FUND**

This fund accounts for meter and parking permit fees used to maintain parking facilities.

### **STORM WATER FUND**

This fund accounts for user charges sustaining the Storm Water Management Program mandated by state and federal authorities.



**CITY OF SOUTH SAN FRANCISCO  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Sewer Rental</b>	<b>Parking District</b>	<b>Storm Water</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$5,137,853	\$652,377	\$35,416	\$5,825,646	\$13,272,201
Receivables:					
Accounts	452,195			452,195	272
Accrued interest	33,814	3,178	328	37,320	32,366
Due from other governments	2,274,056			2,274,056	570,859
Due from other funds					290,000
Deposit					171,010
Total current assets	<u>7,897,918</u>	<u>655,555</u>	<u>35,744</u>	<u>8,589,217</u>	<u>14,336,708</u>
Noncurrent assets:					
Restricted cash and investments	816,938			816,938	
Cost of issuance	119,463			119,463	
Capital assets:					
Nondepreciable	52,131,752	2,310,471		54,442,223	1,050
Depreciable, net accumulated depreciation	<u>71,500,179</u>	<u>181,716</u>	<u>7,221</u>	<u>71,689,116</u>	<u>3,614,266</u>
Total non-current assets	<u>124,568,332</u>	<u>2,492,187</u>	<u>7,221</u>	<u>127,067,740</u>	<u>3,615,316</u>
Total Assets	<u>132,466,250</u>	<u>3,147,742</u>	<u>42,965</u>	<u>135,656,957</u>	<u>17,952,024</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	465,330	1,617	3,750	470,697	670,377
Accrued interest payable	1,188,153			1,188,153	
Other payable	5,655			5,655	119,053
Deposits	50,000			50,000	
Deferred revenue	2,791,868			2,791,868	
Accrued insurance loss					712,000
Compensated absences obligation	268,431	10,397	28,880	307,708	591,574
Current portion of long-term debt	<u>4,221,911</u>			<u>4,221,911</u>	<u>253,969</u>
Total current liabilities	<u>8,991,348</u>	<u>12,014</u>	<u>32,630</u>	<u>9,035,992</u>	<u>2,346,973</u>
Noncurrent liabilities:					
Accrued insurance losses					4,626,000
Advances from other funds	1,705,616	490,444		2,196,060	
Compensated absences obligation	181,362	26,488	15,751	223,601	680,349
Net OPEB obligation					3,890,792
Noncurrent portion of long-term debt	<u>70,378,411</u>			<u>70,378,411</u>	<u>961,669</u>
Total noncurrent liabilities	<u>72,265,389</u>	<u>516,932</u>	<u>15,751</u>	<u>72,798,072</u>	<u>10,158,810</u>
Total Liabilities	<u>81,256,737</u>	<u>528,946</u>	<u>48,381</u>	<u>81,834,064</u>	<u>12,505,783</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	49,848,547	2,492,187	7,221	52,347,955	2,398,628
Restricted for:					
Debt service	4,971,538			4,971,538	
Unrestricted	<u>(3,610,572)</u>	<u>126,609</u>	<u>(12,637)</u>	<u>(3,496,600)</u>	<u>3,047,613</u>
Total Net Assets	<u>\$51,209,513</u>	<u>\$2,618,796</u>	<u>(\$5,416)</u>	<u>\$53,822,893</u>	<u>\$5,446,241</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>	
	<b>Sewer Rental</b>	<b>Parking District</b>	<b>Storm Water</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$15,770,470		\$419,246	\$16,189,716	\$10,494,833
Other cities' participation	4,602,746			4,602,746	
Connection and other fees	162,599			162,599	
Parking fees		\$606,847		606,847	
<b>Total Operating Revenues</b>	<b>20,535,815</b>	<b>606,847</b>	<b>419,246</b>	<b>21,561,908</b>	<b>10,494,833</b>
<b>OPERATING EXPENSES</b>					
Personnel expenses	5,574,470	249,390	548,294	6,372,154	4,688,500
Professional services	1,592,028		50,230	1,642,258	436,843
OPEB expenses					3,890,792
Program supplies	1,075,279	10,583	29,637	1,115,499	765,445
Insurance	254,000	2,200	4,500	260,700	1,047,629
Self-insurance and claims					2,328,830
Repair and maintenance	749,910		31,198	781,108	404,724
Rents and leases	1,471,381			1,471,381	
Utilities	1,307,200	5,874	13,275	1,326,349	29,050
Administration	1,164,556	56,504	65,347	1,286,407	
Depreciation	2,372,625	16,549	3,051	2,392,225	706,560
Other	84,527		784	85,311	39,684
<b>Total Operating Expenses</b>	<b>15,645,976</b>	<b>341,100</b>	<b>746,316</b>	<b>16,733,392</b>	<b>14,338,057</b>
<b>Operating Income (Loss)</b>	<b>4,889,839</b>	<b>265,747</b>	<b>(327,070)</b>	<b>4,828,516</b>	<b>(3,843,224)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	231,431	12,431	1,025	244,887	121,509
(Gain) on dispositions of capital assets	(3,198)			(3,198)	61,660
Interest expense	(1,900,516)			(1,900,516)	
Other	5,789,473		200	5,789,673	649,290
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,117,190</b>	<b>12,431</b>	<b>1,225</b>	<b>4,130,846</b>	<b>832,459</b>
<b>Income (loss) before transfers</b>	<b>9,007,029</b>	<b>278,178</b>	<b>(325,845)</b>	<b>8,959,362</b>	<b>(3,010,765)</b>
<b>TRANSFERS</b>					
Transfers in	215,131		250,000	465,131	501,050
Transfers out	(42,119)			(42,119)	(347,342)
<b>Change in Net Assets</b>	<b>9,180,041</b>	<b>278,178</b>	<b>(75,845)</b>	<b>9,382,374</b>	<b>(2,857,057)</b>
<b>Net Assets - July 1</b>	<b>42,029,472</b>	<b>2,340,618</b>	<b>70,429</b>	<b>44,440,519</b>	<b>8,303,298</b>
<b>Net Assets - June 30</b>	<b>\$51,209,513</b>	<b>\$2,618,796</b>	<b>(\$5,416)</b>	<b>\$53,822,893</b>	<b>\$5,446,241</b>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Rental</b>	<b>Parking District</b>	<b>Storm Water</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$20,291,684	\$606,847	\$419,446	\$21,317,977	
Cash payment to suppliers for goods and services	(8,493,526)	(260,385)	(215,248)	(8,969,159)	(\$2,118,322)
Cash payment to employees for services	(5,580,521)	(241,453)	(563,467)	(6,385,441)	(4,529,750)
Cash received from interfund service provided					10,944,589
Cash payment for judgments and claims					(1,103,173)
Net Cash Provided by (Used in) Operating Activities	<u>6,217,637</u>	<u>105,009</u>	<u>(359,269)</u>	<u>5,963,377</u>	<u>3,193,344</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Receipt from other funds	5,616	490,444		496,060	
Cash payments from(to) other governments	234,873			234,873	(570,859)
Advances to other funds					(4,265)
Transfers in	215,131		250,000	465,131	501,050
Transfers out	(42,119)			(42,119)	(347,342)
Net Cash Provided by Noncapital Financing Activities	<u>413,501</u>	<u>490,444</u>	<u>250,000</u>	<u>1,153,945</u>	<u>(421,416)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on long-term debt	(3,842,457)			(3,842,457)	(246,241)
Proceeds from long-term debt	2,265,656			2,265,656	902,500
Interest paid on long-term debt	(1,876,564)			(1,876,564)	
Acquisition of capital assets	(7,036,387)	(490,444)	1	(7,526,830)	(403,901)
Net Cash Used in Capital and Related Financing Activities	<u>(10,489,752)</u>	<u>(490,444)</u>	<u>1</u>	<u>(10,980,195)</u>	<u>252,358</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	269,992	15,716	2,162	287,870	125,478
Net Cash Provided by Investing Activities	<u>269,992</u>	<u>15,716</u>	<u>2,162</u>	<u>287,870</u>	<u>125,478</u>
Net Increase (Decrease) in cash and cash equivalents	(3,588,622)	120,725	(107,106)	(3,575,003)	3,149,764
Cash and cash equivalents, beginning	9,543,413	531,652	142,522	10,217,587	10,122,437
Cash and cash equivalents, ending	<u>\$5,954,791</u>	<u>\$652,377</u>	<u>\$35,416</u>	<u>\$6,642,584</u>	<u>\$13,272,201</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$4,889,839	\$265,747	(\$327,070)	\$4,828,516	(\$3,843,224)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,372,625	16,549	3,051	2,392,225	706,560
Other non-operating revenue (expenses)	5,789,473		200	5,789,673	649,290
Net change in assets and liabilities:					
Accounts and lease receivables	(360,135)			(360,135)	449,756
Prepaid items					11,728
Accounts payable	(726,379)	(185,224)	(20,118)	(931,721)	115,756
Other payable	(18,266)		(159)	(18,425)	(49,221)
Deposits	(50,000)			(50,000)	
Deferred revenue	(5,673,469)			(5,673,469)	
Accrued insurance losses					1,225,657
OPEB obligations					3,890,792
Compensated absence obligations	(6,051)	7,937	(15,173)	(13,287)	36,250
Net Cash Provided by (Used in) Operating Activities	<u>\$6,217,637</u>	<u>\$105,009</u>	<u>(\$359,269)</u>	<u>\$5,963,377</u>	<u>\$3,193,344</u>
Non-cash transaction:					
Issuance cost amortization	\$7,277			7,277	

See accompanying notes to basic financial statements

<b>FIDUCIARY FUND</b>
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An agency fund is used to account for assets held by the City acting as an agent for another government entity. The financial activity of this fund, excluded from the Entity-wide financial statements, is presented in a separate Fiduciary Fund financial statement.

**NON-OBLIGATED ASSESSMENT DISTRICTS AGENCY FUND**

This fund accounts for the collection of assessments and related repayments of special assessment bonds.

**CITY OF SOUTH SAN FRANCISCO  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2009**

	<u><b>Agency Fund Non- Obligated Assessment Districts</b></u>
ASSETS	
Accrued interest receivable	\$8,984
Restricted cash and investments	<u>1,143,293</u>
Total Assets	<u><u>\$1,152,277</u></u>
LIABILITIES	
Accounts payable	\$2,060
Deferred contributions from property owners	<u>1,150,217</u>
Total Liabilities	<u><u>\$1,152,277</u></u>

See accompanying notes to financial statements

**Basic Financial Statements**  
**Notes to Financial Statements**

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**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>
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**A. *Description of the Financial Reporting Entity***

As required by generally accepted accounting principles, the financial statements present the City of South San Francisco (the City) as the Primary Government, with its component units for which the City is considered financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

**B. *Description of Blended Component Units***

The accompanying basic financial statements include all funds and boards and commissions that are controlled by the City Council. The basic financial statements include the City's blended component units, entities for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the City's operations and so data from this unit is combined with the City. The City's following blended component units are described below.

The **City of South San Francisco Redevelopment Agency** (the Agency) was established in 1981 to develop certain portions of the City's older industrial areas. The Agency is governed by the City Council in a separate capacity as members of the Redevelopment Agency Board. The City of South San Francisco Redevelopment Agency's component unit financial statements may be obtained from the City's Finance Department at 400 Grand Avenue, South San Francisco, CA 94080.

The **City of South San Francisco Capital Improvements Financing Authority** is a joint exercise of powers authority created in 1991 between the City and the City of South San Francisco Redevelopment Agency. The Financing Authority is authorized to borrow money through the purchase or issuance of bonds, notes, or other obligations for the purpose of making loans to the City and other public entities to finance capital improvements. The City Council members serve as the Board of Directors.

**C. *Description of Discrete Component Unit***

The **City of South San Francisco Conference Center Authority** was established in 1992 to manage and operate the South San Francisco Conference Center. The Authority is governed by a Board of nine commissioners consisting of two Council members and seven representatives from various businesses appointed by City Council.

The Authority does not meet the criteria of a blended component unit, since the City Council is not the component unit's governing body and the Authority does not provide services entirely to the City. However the City is financially accountable and is able to impose its will on the Authority. The Authority is therefore considered a discrete component unit with its financial data reported separately from the financial data of the City.

The City of South San Francisco Conference Center Authority financial statements may be obtained from the Authority at 255 South Airport Boulevard, South San Francisco, CA 94080.



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**D. Basis of Presentation**

**Government-wide Statements** - The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund transfers and amounts owed between funds within the primary government have been eliminated from the statements. Amounts representing interfund services and uses remain in the statements. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**E. Major Funds**

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**General Fund** – Accounts for resources traditionally associated with government, such as administration, public safety, library, parks, maintenance, and recreation, outside of those accounted for in other funds.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Federal Aviation Grant Special Revenue Fund** - Accounts for Federal monies received for insulating structures against airport noise.

**Capital Improvement Capital Projects Fund** - Accounts for expenditures associated with the acquisition, construction, or improvement of City-owned facilities and infrastructure. Funding comes from the General Fund, Special Revenue funds, grants and fees.

**Redevelopment Agency Funds:**

**Merged Redevelopment Project Area Capital Projects Fund** – Accounts for property tax increment revenues used for capital projects connected with the Gateway, Downtown, Shearwater and El Camino project areas.

**Low and Moderate Income Housing Capital Project Fund** – Accounts for the 20% share of property tax increment revenue directed toward low and moderate income housing projects.

The City reported all enterprise funds as major funds in the accompanying financial statements. The enterprise funds are:

**Sewer Rental Fund** - Accounts for user charges and debt proceeds supporting the operation, maintenance, and capital expansion of the wastewater collection and treatment system.

**Parking District Fund** - Accounts for meter and parking permit fees used to maintain parking facilities.

**Storm Water Fund** - Accounts for user charges sustaining the Storm Water Management Program mandated by state and federal authorities.

The City also reports the following fund types:

**Internal Service Funds** - These funds account for self insurance, health and retirement benefits, City services and equipment replacement; all of which are provided to other departments on a cost-reimbursement basis.

**Fiduciary Fund** - An agency fund is used to account for assets held by the City as an agent for special assessment districts that service debt for which the City is not obligated for repayment. The City is an agent for the 1989 El Camino Plaza Assessment Districts Series 89A and B, 1990 Pointe Grand Business Park Assessment District Series 90A, and 1987 Magnolia Plaza Senior Apartments as disclosed in Note 6 below. The financial activities of this fund, excluded from the Government-wide financial statement, are presented in a separate Fiduciary Fund financial statement.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**F. Basis of Accounting**

The government-wide, proprietary, discretely presented component unit financial statements are reported using the *economic resources measurement focus* and the full *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.

The fiduciary funds are agency funds which only report assets and liabilities and do not have a measurement focus

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, interest revenue, licenses and permits, charges for services, fines and forfeitures. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes are recognized as revenue when the cash is received.

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenue. Thus, both restricted and unrestricted net assets may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City considers restricted shared state revenues such as gasoline taxes and public safety sales taxes, restricted locally imposed transportation sales taxes, fines, forfeitures, licenses, permits, charges for services, and program grants as program revenues.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***G. Budgets, Budgetary Accounting, and Encumbrances***

The City is not legally required to budget any of its funds, but does so to enhance City management's effectiveness in their financial planning efforts and to enhance control over the City's operations. Budgets are adopted on a modified accrual basis, except for encumbrances and for the Capital Improvement Fund. Encumbrances are considered expenditures in the year of the purchase order issuance. The Capital Improvement Fund is adopted on a multi-year project basis with unexpended and unencumbered budgets reappropriated in the following year. The City operates under the general laws of the State of California (the State) and annually adopts a budget effective July 1 for the ensuing fiscal year for the General fund; Special Revenue funds except for the City Programs fund; Debt Service funds; Capital Projects funds except for the Inactive Bonds fund; and Enterprise funds.

The budget is adopted by the City Council and controlled at the department level for the General fund and at the fund level or lower for all other funds with adopted budgets. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The department heads may authorize transfers within one object category within the same department within a fund. The City Manager may authorize transfers between object categories and departments within a fund.

All appropriations lapse at year-end, except for capital projects and encumbrances. Original adopted budgets and final amended budgets are presented in the basic financial statements. Supplementary budget appropriations were necessary during the year ended June 30, 2009.

Encumbrance accounting, under which, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances are reappropriated in the following year.

The budgetary comparison statements present comparisons of the legally adopted budget with actual charges to appropriations on a budgetary basis. In order to provide a meaningful comparison, the actual charges on a budgetary basis include encumbrances, which is a basis that differs significantly from those used to present financial statements in conformity with generally accepted accounting principles.

- H. Cash Equivalents*** - For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with maturity of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool that is available for use by all funds. As the proprietary funds' share of this pool is readily available when needed, such share is also considered to be cash equivalent. Deposit assets in the proprietary funds are related to insurance and benefits and are not considered cash equivalents for purposes of the statement of cash flows.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. *Inventory and Prepaid Items*** consist of consumable supplies. Inventory is stated at cost (first-in, first-out method). The costs are recorded as expenditures at the time the individual inventory or prepaid item is consumed. Reported inventory and prepaid items are equally offset by a fund balance reservation, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**J. *Capital Assets***

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	50 years
Clean water facilities and transmission lines	40 years
Improvements	30 years
Machinery and equipment	5-20 years
Furniture and fixtures	12 years
Infrastructure	20-40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets, excluding infrastructure, are recorded if acquisition or construction costs exceeds \$5,000. The similar threshold for infrastructure is \$100,000.

**K. *Vacation and sick pay*** are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. After five to twenty years of employment, one half of accumulated sick leave becomes vested, up to a maximum amount as specified under labor contract provisions. The vested portion is available for current use or, if unused, is payable at termination or retirement.

The long-term portion of the liability for compensated absences for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated is recorded in the Health and Retirement Benefits Internal Service Fund. Proprietary fund liabilities are recorded within their respective funds.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The changes of the compensated absences were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$5,307,359	\$544,596	\$5,851,955
Additions	3,879,203	336,162	4,215,365
Payments	<u>(3,626,517)</u>	<u>(349,449)</u>	<u>(3,975,966)</u>
Ending Balance	<u>\$5,560,045</u>	<u>\$531,309</u>	<u>\$6,091,354</u>
Current Portion	<u>\$3,653,772</u>	<u>\$307,708</u>	<u>\$3,961,480</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the Health and Retirement Benefits Internal Service Fund.

- L. *Property Tax Levy, Collection and Maximum Rates*** - State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts. The County of San Mateo assesses properties, bills for and collects property taxes on the schedule that follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables when they are collected during the fiscal year of levy or within 60 days of year-end.

- M. *Land held for development*** is stated at the lower of historical cost or net realizable value (equal to agreed upon sales price if a disposition and development agreement has been reached with a developer).

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- N. Pension Costs* are funded currently as determined each July 1 by an actuary.
- O. Unbilled Services* - for the Sewer Rental Enterprise Fund are accrued at year-end.
- P. Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

The City's goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time.

*A. Policies*

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

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**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**B. Classification**

Cash and investments as of June 30, 2009 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

**Financial Statement Presentation:**

Statement of net assets:	
City of South San Francisco:	
Cash and investments available for operations	\$ 142,916,962
Restricted cash and investments	<u>33,842,653</u>
Total Primary Government cash and investments	<u>176,759,615</u>
Conference Center:	
Cash and investments available for operations	1,493,506
Restricted cash and investments	<u>480,651</u>
Total South San Francisco Conference Center cash and investments	<u>1,974,157</u>
Restricted Cash and investments in Fiduciary Funds (separate statement)	<u>1,143,293</u>
Total cash and investments	<u><u>\$179,877,065</u></u>

The City does not allocate investments by fund. Each proprietary fund's portion of Cash and Investments Available for Operations is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.

**C. Investments Authorized by the California Government Code and the City's Investment Policy**

The City's investment policy and the California Government Code allow the City to invest in the following provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where it is more restrictive:

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Minimum Credit Quality</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities	5 years	N/A	No Limit	No Limit
Banker's Acceptances	180 days	N/A	20%	\$5 million
Commercial Paper	270 days	A1,P1	15%	\$3 million
Negotiable Certificates of Deposit	1 year	N/A	20%	\$5 million
Repurchase Agreements	90 days	N/A	No Limit	No Limit
Local Agency Investment Fund (LAI)	Upon Demand	N/A	\$40 million	No Limit
The San Mateo County Investment Fund	Upon Demand	N/A	No Limit	No Limit
		Highest Rating		
Mutual Funds	N/A	Category	20%	10%
Medium-Term Notes	5 years	A	10%	\$2 million

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

The City of South San Francisco Conference Center Authority maintains its cash and investments separately from the City. It follows the California Government code which allows the Authority to invest in their own bonds, certain time deposits, obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances with maturities not to exceed 270 days, and medium-term notes issued by corporations operating within the U.S., commercial paper rated P-1 or higher by Moody's or A-1 by Standard & Poor's commercial paper record, repurchase agreements of obligations of the U.S. Government or its agencies for a term of one year or less and the Local Agency Investment Fund.

**D. Investments Authorized by Debt Agreements**

The City must maintain required amounts o/f cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>
U.S. Treasury Obligations	N/A	N/A	No Limit
U.S. Agency Securities	N/A	N/A	No Limit
Banker's Acceptances	360 days	Highest Rating Category	No Limit
Commercial Paper	270 days	Highest Rating Category	No Limit
State and Local Investment Pool	N/A	Highest Rating Category	No Limit
Guaranteed Investment Contracts (fully collateralized) (A)	N/A	AAA	No Limit
Municipal Obligations	N/A	Highest Rating Category	No Limit
State Obligations	N/A	Two Highest Rating Categories	No Limit

(A) Guaranteed Investment Contracts must be fully collateralized with U.S. Treasury Obligations or U.S. Agency Obligations.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

***D. Investments Authorized by Debt Agreements (Continued)***

The City of South San Francisco Conference Center Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with the Authority’s ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>
U.S. Treasury Obligations	N/A	N/A	No Limit
U.S. Agency Securities	N/A	N/A	10%
Negotiable Certificates of Deposit	N/A	A	No Limit
Commercial Paper	N/A	Aaa	No Limit
Corporate Notes	N/A	A	No Limit
Money Market	N/A	N/A	No Limit
Guaranteed Investment Contracts (fully collateralized) (A)	N/A	AAA	No Limit

(A) Guaranteed Investment Contracts must be fully collateralized with U.S. Treasury Obligations or U.S. Agency Obligations.

***E. Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk is by holding most investments to maturity, thus reversing unrealized market gains and losses.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

	Remaining maturity			Total
	Less than 1 year	One to Five Years	More than Five Years	
<i>City:</i>				
U.S. Agency Securities				
Callable	\$2,997,528	\$8,925,907		\$11,923,435
Non-callable	4,086,875	27,161,595		31,248,470
Corporate Notes		5,299,570		5,299,570
U.S. Treasury Notes		7,788,343		7,788,343
California Asset Management Pool	27,595,997			27,595,997
Local Agency Investment Fund	73,646,511			73,646,511
San Mateo County Investment Fund	6,225,178			6,225,178
Money Market Funds	4,427,169			4,427,169
Collateralized Investment Agreements			\$4,258,550	4,258,550
Cash in Banks	5,480,865			5,480,865
Cash on Hand	8,820			8,820
<i>South San Francisco Conference Center:</i>				
Local Agency Investment Fund	1,285,809			1,285,809
Restricted Investments	480,651			480,651
Cash in Banks	207,597			207,597
Cash on Hand	100			100
Total Cash and Investments	\$126,443,100	\$49,175,415	\$4,258,550	\$179,877,065

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

The City is a participant in the San Mateo County Investment Fund (SMCIF) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of San Mateo. The City reports its investment in SMCIF at the fair value amount provided by SMCIF. The balance is available for withdrawal on demand, and is based on the accounting records maintained by SMCIF, which are recorded on an amortized cost basis. Included in SMCIF's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**F. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2009, for each of the Primary Government's investment types as provided by Standard and Poor's or Fitch investment rating systems, except as noted:

Investment Type	AAA	Total
<i>City:</i>		
U.S. Government-Sponsored Enterprise Agencies		
Non-callable	\$31,248,470	\$31,248,470
Callable	11,923,435	11,923,435
Corporate Notes	5,299,570	5,299,570
U.S. Treasury Notes	7,788,343	7,788,343
San Mateo County Investment Fund	6,225,178	6,225,178
Money Market Funds	4,427,169	4,427,169
Totals	66,912,165	66,912,165
<i>Not rated:</i>		
Collateralized Investment Agreements		4,258,550
California Asset Management Pool		27,595,997
Local Agency Investment Fund		73,646,511
Cash in Banks		5,480,865
Cash on Hand		8,820
<i>South San Francisco Conference Center:</i>		
<i>Not rated:</i>		
Restricted Investments		480,651
California Local Agency Investment Fund		1,285,809
Cash in Banks		207,597
Cash on Hand		100
Total Cash and Investments	\$66,912,165	\$179,877,065

**G. Concentration of Credit Risk**

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U. S. Treasury securities, mutual funds, and external investment pools, that represent 5% or more of total Entity-wide investments are as follows at June 30, 2009:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal agency securities	\$17,203,252
Federal Home Loan Mortgage Corporation	Federal agency securities	9,078,496

Investments in any one issuer that represent 5% or more of total investments by major fund are as follows at June 30, 2009:

Fund	Issuer	Investment Type	Amount
<b>Non-Major Funds</b>			
Merged Redevelopment Project Area	Federal Home Loan Bank	Federal agency securities	\$17,203,252
Merged Redevelopment Project Area	Federal Home Loan Mortgage Corporation	Federal agency securities	9,078,496

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS**

**A. Capital Asset Changes** – Changes in capital assets during the fiscal year consist of:

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$76,469,221			\$53,276	\$76,522,497
Construction in Progress	26,661,293	\$7,209,639	(\$2,087,868)	(6,180,312)	25,602,752
Total capital assets not being depreciated	103,130,514	7,209,639	(2,087,868)	(6,127,036)	102,125,249
Capital assets being depreciated:					
Buildings and Improvements	70,188,901			2,406,065	72,594,966
Infrastructure - Streets	167,518,861				167,518,861
Infrastructure - Storm Drains	4,499,437			3,534,313	8,033,750
Infrastructure - Traffic Control Devices	4,789,725				4,789,725
Infrastructure - Parks					
Equipment & Vehicle	4,876,980	988,839	(367,793)	168,658	5,666,684
Furniture and Fixtures	1,292,899	8,760		18,000	1,319,659
Total capital assets being depreciated	253,166,803	997,599	(367,793)	6,127,036	259,923,645
Less accumulated depreciation for:					
Buildings and Improvements	(16,926,012)	(1,707,562)			(18,633,574)
Infrastructure - Streets	(49,124,873)	(4,931,184)			(54,056,057)
Infrastructure - Storm Drains	(1,407,007)	(141,209)			(1,548,216)
Infrastructure - Traffic Control Devices	(1,162,446)	(167,682)			(1,330,128)
Infrastructure - Parks					
Equipment & Vehicle	(3,978,668)	(777,106)	367,049		(4,388,725)
Furniture and Fixtures	(844,804)	(83,970)			(928,774)
Total accumulated depreciation	(73,443,810)	(7,808,713)	367,049		(80,885,474)
Net Governmental Fund Program Capital Assets Being Depreciated	179,722,993	(6,811,114)	(744)	6,127,036	179,038,171
<b>Internal Service Fund Capital Assets</b>					
Capital assets not being depreciated:					
Construction in Progress		1,050			1,050
Total capital assets not being depreciated		1,050			1,050
Capital assets being depreciated:					
Equipment & Vehicle	9,264,544	465,561	(484,427)		9,245,678
Accumulated depreciation	(5,409,279)	(706,560)	484,427		(5,631,412)
Net Internal Service Capital Assets Being Depreciated	3,855,265	(240,999)			3,614,266
Governmental activity capital assets, net	\$286,708,772	\$158,576	(\$2,088,612)		\$284,778,736

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS (Continued)**

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$1,252,141				\$1,252,141
Construction in Progress	52,026,506	\$7,446,726		(\$6,283,150)	53,190,082
Total capital assets not being depreciated	53,278,647	7,446,726		(6,283,150)	54,442,223
Capital assets, being depreciated:					
Buildings and Improvements	13,780,258			6,283,150	20,063,408
Clean Water Facilities & Lines	69,690,715				69,690,715
Infrastructure - Streets	1,385,399				1,385,399
Equipment & Vehicle	9,361,983	80,104	(\$35,398)		9,406,689
Furniture and Fixtures	31,154				31,154
Total capital assets being depreciated	94,249,509	80,104	(35,398)	6,283,150	100,577,365
Less accumulated depreciation for:					
Buildings and Improvements	(4,193,812)	(376,154)			(4,569,966)
Clean Water Facilities & Lines	(13,485,346)	(1,742,266)			(15,227,612)
Infrastructure - Streets	(207,810)	(46,180)			(253,990)
Equipment & Vehicle	(8,617,960)	(225,028)	32,200		(8,810,788)
Furniture and Fixtures	(23,296)	(2,597)			(25,893)
Total accumulated depreciation	(26,528,224)	(2,392,225)	32,200		(28,888,249)
Net capital assets being depreciated	67,721,285	(2,312,121)	(3,198)	6,283,150	71,689,116
Business-type activity capital assets, net	\$120,999,932	\$5,134,605	(\$3,198)		\$126,131,339

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
<b>Component Unit:</b>				
South San Francisco Conference Center				
Buildings and Improvements	\$10,297,907	\$67,912		\$10,365,819
Furniture and Fixtures	793,332	25,917		819,249
Machinery and equipment	344,851			344,851
Total:	11,436,090	93,829		11,529,919
Less accumulated depreciation	5,242,394	505,135		5,747,529
Component unit, net	\$6,193,696	(\$411,306)		\$5,782,390



**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS (Continued)**

- B. Capital Asset Contributions** - Some capital assets may have been acquired using federal and State grant funds, or were contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.
- C. Depreciation Allocation** - Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

	2009
<b>Governmental Activities</b>	
Governmental Fund Programs	
General government	\$408,915
Economic & Community Development	90,042
Police	79,788
Fire	387,702
Library	118,280
Maintenance	6,407,766
Recreation	316,220
Internal Service Funds	706,560
<b>Total Governmental Activities</b>	<b>\$8,515,273</b>
 <b>Business-Type Activities</b>	
Sewer Rental	\$2,372,625
Parking	16,549
Storm Water	3,051
<b>Total Business-Type Activities</b>	<b>\$2,392,225</b>

**NOTE 4 - INTER-FUND TRANSACTIONS**

**A. Inter-fund Receivables and Payables**

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year.

Due From Fund	Due to Fund	Amount
General Fund	Supplemental Law Enforcement Services	
	Special Revenue Fund	\$96,000
Equipment Replacement Internal Service Fund	Community Development Block Grant	290,000
		<b>\$386,000</b>

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 - INTER-FUND TRANSACTIONS (Continued)**

As of June 30, 2009, the South San Francisco Conference Center owed the City General Fund \$118,572 which will be repaid in the next fiscal year.

**B. *Inter-fund Advance***

Advances due to or due from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

As of June 30, 2009, the Redevelopment Agency Low/Mod Income Housing Capital Projects Fund owed the Community Development Block Grant Special Revenue Fund in the amount of \$346,748 for the rehabilitation of the rental apartment complex on 339-341 Commercial Avenue. The advance bears no interest and the outstanding balances will be paid off from the low and moderate income rental revenues generated from the apartment complex.

As of June 30, 2009, the Capital Improvement Capital Projects Fund owed the Merged Redevelopment Project Area Capital Project Fund for developer fees in the amount of \$12,521,718 for the Flyover and Hookramps Projects that were completed in prior years. The advance bears 4.585% interest annually and the outstanding balance will be paid off from the future developer fees.

The Sewer Rental Enterprise Fund owed the Merged Redevelopment Project Area Capital Projects Fund for development of sewer infrastructures in the amount of \$1,705,616. The advance bears no interest and the outstanding balance will be paid off from future sewer fees.

The Parking District Enterprise Fund owed the Merged Redevelopment Project Area Capital Project Fund for Miller Parking structure in the amount of \$490,444. The advance bears 4.585% interest annually and the outstanding balance will be paid off from parking fees.

**C. *Internal Balances***

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**D. *Transfers***

Resources may be transferred from one City fund to another. Transfers routinely fund capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4 - INTER-FUND TRANSACTIONS (Continued)**

Transfers between funds during the fiscal year ended June 30, 2009 were as follows:

FROM FUND	TO FUND	AMOUNT	
<b>General Fund</b>	Capital Improvement Capital Project Fund	\$1,048,963	(A)
	RDA Merged Capital Project Fund	1,314	(D)
	Sewer Rental Enterprise Fund	100,000	(D)
	Health and Retirement Benefits Internal Service Fund	500,000	(E)
<b>Capital Project Funds:</b>			
RDA Merged Capital Project Fund	Capital Improvement Capital Project Fund	219,607	(A)
	RDA Low/Mod Housing Capital Project Fund	8,214,710	(C)
	Non-Major Governmental Funds	5,115,751	(B)
	General Fund	331,693	(D)
RDA Low Mod Housing	Non-Major Governmental Funds	279,723	(E)
<b>Non-major Governmental Funds</b>			
	General Fund	793,413	(D)
	Capital Improvement Capital Project Fund	2,320,467	(A)
	Non-major Governmental Funds	40,162	(E)
	Sewer Rental Enterprise Fund	115,131	(D)
	Storm Water Enterprise Fund	250,000	(D)
<b>Sewer Rental Enterprise Fund</b>			
	Capital Improvement Capital Project Fund	41,069	(A)
	City Service Internal Service Fund	1,050	(E)
<b>Internal Service Funds</b>			
City Service	Capital Improvement Capital Project Fund	222,357	(A)
Equipment Replacement	Capital Improvement Capital Project Fund	124,985	(D)
	Total	\$19,720,395	

The reasons for these transfers are set forth below:

- (A) For capital projects
- (B) For debt service
- (C) Set aside 20% of property tax increment for low and moderate housing
- (D) For maintenance and operating expenses
- (E) For contribution to post employment benefits

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS**

**A. Current Year Transactions and Balances**

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2009, follows:

	Authorized and Issued	Balance at June 30, 2008	Additions	Retirement	Balance at June 30, 2009	Current Portion
<b>Governmental Activities:</b>						
Redevelopment Agency (1):						
2006 Revenue Bonds, 3.75 to 5.13%, due 9/1/35 (2)	\$70,675,000	\$68,515,000		\$1,275,000	\$67,240,000	\$1,330,000
2000 HUD Section 108, 4.4 to 6.6%, due 8/1/23 (3)	1,750,000	1,502,000		112,000	1,390,000	112,000
1999 Revenue Bonds, 3.3 to 5.0%, due 9/1/18 (4)	31,720,000	2,485,000		180,000	2,305,000	185,000
1999 Certificates of Participation, 3.2 to 5.0%, due 4/1/29 (5)	6,145,000	5,060,000		145,000	4,915,000	150,000
1989 California Health Facilities Financing Authority (CHFFA) Revenue Bonds, 7.2%, due 9/23/11 (6)	563,000	153,860		43,426	110,434	46,798
<b>Total Redevelopment Agency</b>	<b>110,853,000</b>	<b>77,715,860</b>		<b>1,755,426</b>	<b>75,960,434</b>	<b>1,823,798</b>
1988 Costco (Price Club) Notes, 8.5%, due 12/6/13 (7)	2,270,000	2,270,000			2,270,000	
<b>Total Other Bonds and Notes</b>	<b>2,270,000</b>	<b>2,270,000</b>			<b>2,270,000</b>	
<b>Total Governmental Activities Debt</b>	<b>113,123,000</b>	<b>79,985,860</b>		<b>1,755,426</b>	<b>78,230,434</b>	<b>1,823,798</b>
Capital Leases (8):						
1998 Quint, 4.57 to 5.0%, due 12/23/08		39,828		39,828		
2000 Fire Truck, 5.72%, due 7/14/10		93,962		36,004	57,958	38,093
2005 Ambulance & Fire truck		52,740		25,783	26,957	26,957
2005 ALS Ambulance & Fire truck		100,430		20,816	79,614	21,646
2006 Ambulance & Sweeper		188,262		59,892	128,370	62,710
2006 EMS Computer System		84,157		26,774	57,383	28,032
2008 Two Fire Trucks			\$902,500	37,144	865,356	76,531
<b>Total Capital Leases</b>		<b>559,379</b>	<b>902,500</b>	<b>246,241</b>	<b>1,215,638</b>	<b>253,969</b>
<b>Compensated Absences</b>		<b>5,307,359</b>	<b>3,879,203</b>	<b>3,626,517</b>	<b>5,560,045</b>	<b>3,653,772</b>
<b>Net Governmental Long-Term Obligations</b>		<b>\$85,852,598</b>	<b>\$4,781,703</b>	<b>\$5,628,184</b>	<b>\$85,006,117</b>	<b>\$5,731,539</b>
<b>Business-Type Activities:</b>						
1993 State Water Resources Loan, 3.0%, due 10/8/13 (9)	\$7,899,017	\$3,241,610		\$501,145	\$2,740,465	\$516,179
1999 State Water Resources Loan, 2.6%, due 8/1/22 (9)	47,721,252	40,232,906		2,227,364	38,005,542	2,285,276
2004 State Water Resources Loan, 2.5%, due 1/1/27 (9)	21,258,529	20,124,157		898,948	19,225,209	921,421
2008 State Water Resources Loan, 2.4%, (10)	9,164,505	6,788,450	\$2,265,656		9,054,106	274,035
2005 Sewer Revenue Bonds, 2.75 to 5.0%, due 04/30/26 (11)	6,000,000	5,790,000		215,000	5,575,000	225,000
<b>Total Long-Term Debt</b>	<b>92,043,303</b>	<b>76,177,123</b>	<b>2,265,656</b>	<b>3,842,457</b>	<b>74,600,322</b>	<b>4,221,911</b>
<b>Compensated Absences</b>		<b>544,596</b>	<b>336,162</b>	<b>349,449</b>	<b>531,309</b>	<b>307,708</b>
<b>Total Enterprise Fund Long-Term Obligations</b>	<b>92,043,303</b>	<b>\$76,721,719</b>	<b>\$2,601,818</b>	<b>\$4,191,906</b>	<b>\$75,131,631</b>	<b>\$4,529,619</b>
<b>Component Unit - Conference Center:</b>						
2003 Revenue Bonds, 2.25% to 4.0%, due 9/1/18 (12)	\$5,865,000	\$4,280,000		\$335,000	\$3,945,000	\$345,000
Unamortized refunding loss on 2003 bonds		(262,939)		(26,515)	(236,424)	
<b>Total Conference Center</b>		<b>\$4,017,061</b>		<b>\$308,485</b>	<b>\$3,708,576</b>	<b>\$345,000</b>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

(1) The City has pledged incremental property taxes (related to the specific properties) of the Redevelopment Agency.

(2) On April 19, 2006, the Agency issued \$70,675,000 of **Tax Allocation Revenue Bonds, Series 2006A** to advance refund and defease \$9,920,000 of the 1997 Downtown Tax Allocation Bonds and \$23,860,000 of the 1999 Revenue Bonds, and to finance various redevelopment projects. Net proceeds of \$9,364,974 and \$3,753,130 plus an additional \$801,925 and \$20,039,830 from the 1997 and 1999 bonds were used to purchase U.S. government securities for the 1997 Downtown Tax Allocation Bonds and 1999 Revenue Bonds, respectively. Those securities were deposited in irrevocable trust with an escrow agent to provide for all future debt service payments. The 1997 and 1999 bonds are considered to be defeased and the liabilities for those bonds have been removed. As of June 30, 2009, \$9,130,000 and \$20,060,000 of principal remained outstanding on the defeased 1997 and 1999 bonds, respectively.

The 2006 Bonds are special obligation of the Redevelopment Agency payable solely from and secured by a pledge of tax revenues generated within the project area. Interest on the 2006A Bonds is payable on each March 1 and September 1. Principal payments are due each September 1. The pledge of future tax revenue ends upon repayment of the \$121,192,542 in remaining debt service on the bonds which is scheduled to occur in 2036. As disclosed in the originating offering documents, projected net revenues are expected to provide coverage over debt service of 3.41 over the life of the bonds. For fiscal year 2009, the Merged Redevelopment Project Area Capital Project Fund's net tax revenue, including all revenues and expenditures, but excluding debt service amounted to \$12.1 million which represented coverage of 2.7 over the \$4.5 million in debt service.

(3) In May 2000, the City and Redevelopment Agency secured a "Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, in the aggregate principal amount of \$1,750,000 (the **2000 HUD Section 108 Loan**). The proceeds of the HUD Section 108 Loan were used to finance the acquisition of real property (and related relocation), the rehabilitation of rental housing, and the rehabilitation of a public facility, pursuant to 24 CFR Statute 570.703(a), (d), (h) and (l).

Under the Contract, the City and the Redevelopment Agency pledge: (a) all allocations or grants under Section 106 of Title I, or Section 108 (q) of Title I; (b) program income, as defined at 24 CFR Section 570.500 (a); (c) tax increment revenues and receipts available to the Redevelopment Agency; (d) all proceeds from foregoing; and (e) all funds or investments in accounts established by the Contract.

(4) On February 1, 1999, the City of South San Francisco Capital Improvements Financing Authority (CIFA) issued \$31,720,000 of **1999 Revenue Bonds** to provide funds to pay loans (Homart Development), to finance redevelopment and housing activities and to refund the 1993 Gateway tax allocation bonds, which were due in 2018. The 1999 revenue bonds are obligations of the CIFA although the Redevelopment Agency is required to make bond principal and interest payments from the Gateway increment tax and housing set-aside revenues. The 1999 Revenue Bonds are, in substance, obligations of the Redevelopment Agency, and have therefore been recorded as such in these financial statements. On April 16, 2006, the Gateway principal portion of the \$23,860,000 was refunded as discussed in (2) above. As of June 30, 2009, the Housing Set-Aside's portion of the bonds outstanding was \$2,305,000.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

The 1999 Revenue Bonds were issued and net proceeds of \$9,614,978 plus an additional \$956,470 of 1993 bond reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 bonds. As a result, the 1993 bonds are considered to be defeased and the liability for those bonds has been removed. As of June 30, 2009, \$6,515,000 of principal remained outstanding on the defeased 1993 bonds.

(5) On February 1, 1999, the City issued \$6,145,000 of **1999 Certificates of Participation (COPs)** to finance the acquisition of the land and improvements used and operated as the City of South San Francisco Conference Center. During fiscal 2003/04, pursuant to a resolution of the Redevelopment Agency Board, tax increment revenues were pledged to pay debt service on the 1999 COPs. The pledge of future tax increment revenue ends upon repayment of the \$7,887,776 in remaining debt service on the bonds which is scheduled to occur in 2029. For fiscal year 2009, the merged Redevelopment Project Area Capital Project Fund net tax revenue, including all revenues and expenditures, but excluding debt service amounted to \$12.1 million which represented coverage of 2.7 over the \$4.5 million in debt service.

(6) **1989 California Health Facilities Financing Authority Revenue Bonds** - In April 6, 1989 the City received \$563,000 from the California Health Facilities Financial Authority for construction of the adult day care facility in the Magnolia Senior Center. Debt service payments are made from low and moderate tax increment revenues from the Redevelopment Agency Low/Moderate Income Housing Debt Service Fund.

(7) **1988 Costco (Price Club) Notes** - In 1988 the City borrowed money from a retail company then known as Price Club to purchase land from a third party adjacent to their store located on South Airport Boulevard in the City, which now operates as a Costco Wholesale store (Costco). The City leases the land back to the company for lease payments equaling a percentage of Costco's gross annual sales at the location. The note bears interest at 8.5%. In fiscal year 2007, Costco exercised the option to extend the lease through December 6, 2013. In the event that the notes have not been paid in full at the end of the ground lease term, any unpaid balance of principal and accrued interest will be forgiven. The lease payments made to the City by Costco are offset against the City's obligation to Costco, first for interest, then for principal.

(8) The City has entered into long-term **capital leases** with various financing agencies. Under these capital leases, all leased assets shall be distributed to the City at the end of the lease terms and shall thereafter remain the sole property of the City. Therefore, these capital leases have been recorded at the present value of the future minimum lease payments at the date of inception of the lease, and the corresponding assets have been included in the Statement of Net Assets as appropriate. Capital lease payments are made from revenues of the Equipment Replacement Internal Service Fund, Redevelopment Agency and General Fund.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

(9) The three loans were authorized by the **State Water Resources Control Board** to improve and expand the City's wastewater treatment plant. Loan proceeds were issued as the projects progressed and debt service payments commenced one year after project completion. Sewage treatment user fees support the debt service payments. One third of the annual debt service payment on the 1993 loan is reimbursable from the City of San Bruno through a joint construction and ownership agreement of the wastewater treatment plant.

(10) **State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Wet Weather Program project. Under the terms of the contract, the City has agreed to repay \$11.8 million to the State in exchange for receiving \$9.2 million in proceeds to be used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$2.6 million and represents in-substance interest on the outstanding balance. Loan proceeds are drawn down as the project progresses and debt service payments commence on August 15, 2009. As of June 30, 2009, the City received a total loan amount of \$9,054,106.

(11) On October 25, 2005, the California Statewide Communities Development Authority issued **2005D Water and Wastewater Revenue Bonds**. The City participated in the pooled bond sale and the City's portion of debt is \$6,000,000. Proceeds were used to finance sewer system capital improvement. The principal payment on the debt commenced in October 2006 and is due each October 1. Final principal payment is due on October 1, 2026. Interest payment at the rate of 4.457% is payable semi-annually each April 1 and October 1.

The 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Enterprise system. The pledge of all future Enterprise Funds net revenue ends upon repayment of the \$8,118,956 in remaining debt service on the bonds which is scheduled to occur in 2026. For fiscal year 2009, Sewer Rental Enterprise Fund revenues including operating revenues, non-operating interest earnings, and transfers in amounted to \$26.7 million. Operating costs included operating expenses, but not interest, depreciation or amortizations and amounted to \$13.3 million. Net Revenues available for debt service amounted to \$13.4 million which represented coverage of 30.0 over the \$452,434 in debt service.

(12) On June 1, 2003, the City of South San Francisco Capital Improvement Financing Authority (CIFA) issued \$5,865,000 of **2003 Revenue Bonds**. The CIFA was created through a joint exercise of powers agreement between the City and the City of South San Francisco Financing Authority for the purpose of obtaining financing for capital improvements. The 2003 revenue bonds are obligations of the CIFA although the Authority is required to make the bond principal and interest payments in return for the use and ownership of the improvements to the leased buildings that comprise the Conference Center's facilities. The Authority has pledged the \$2.50 tax imposed on the City's hotel occupants on a per day per room basis as the sole source of repayment of these obligations. The 2003 revenue bonds are, in substance, obligations of the Authority and have therefore been recorded as such in these discretely presented component unit financial statements.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

The 2003 revenue bonds were issued for the purpose of refunding prior 1993 revenue bonds, which were due in 2018. The refunding reduced required interest payments and did not extend the maturities on the bonds. The proceeds from these bonds are transferred to a trustee to be placed in an irrevocable trust to redeem the 1993 revenue bonds. The funds were invested in U.S. Treasury Notes with a cost of \$5,082,742, which represents the amount necessary to pay the redemption price and interest through the call date. Accordingly, the 1993 revenue bonds were removed from the balance sheet at June 1, 2003. As of June 30, 2009, approximately \$4,280,000 principal remained outstanding on the 1993 revenue bonds. The advance refunding reduced the Authority's total debt service payments over the next 15 years by \$846,859 and resulted in an accounting loss of \$401,345, which has been deferred in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*.

This loss is being amortized over the remaining life of the old debt. The 2003 revenue bonds bear interest rates ranging from 2.25% to 4.00% and mature on September 1, 2018.

**B. Debt Service Requirements**

Future debt service requirements, including interest and capital leases, at June 30, 2009, were as follows:

For the Year Ended June 30	Governmental Activities		Business-Type Activities		Component Unit Conference Center Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$2,077,766	\$3,681,161	\$4,221,911	\$2,055,964	\$345,000	\$129,813
2011	2,109,439	3,592,678	4,427,374	2,053,581	350,000	122,050
2012	2,036,454	3,504,170	4,535,091	1,947,781	360,000	113,300
2013	4,350,238	3,418,746	4,657,359	1,845,651	370,000	103,400
2014	2,146,669	3,330,865	4,782,568	1,450,197	385,000	92,300
2015-2019	12,110,506	15,093,772	22,712,552	5,507,971	2,135,000	327,394
2020-2024	12,600,000	12,134,183	22,611,726	2,433,551		
2025-2029	15,700,000	8,675,172	6,651,741	312,516		
2030-2034	17,860,000	4,433,500				
2035-2036	8,455,000	427,875				
Totals	\$79,446,072	\$58,292,122	\$74,600,322	\$17,607,212	\$3,945,000	\$888,257



**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (Continued)**

Certificates of Participation and Capital Leases are issued for the purpose of financing the construction or acquisition of projects defined in each leasing arrangement. Projects are leased to the City for lease payments which, together with unspent proceeds of the leasing arrangement, will be sufficient to meet the debt service obligations of the leasing arrangement. At the termination of the leasing arrangement title to the project will pass to the City.

Leasing arrangements are similar to debt; they allow investors to participate in a share of guaranteed payments which are made by the City. Because they are similar to debt, the present value of the total of the payments to be made by the City is recorded as long-term debt. The City's leasing arrangements are included in long term obligations discussed above.

A summary of capital assets leased through the issuance of leasing arrangements follows:

Leasing Arrangement	Fund/Activity	Cost
Capital Leases	Governmental Activity	\$2,209,175

**NOTE 6 - DEBT WITHOUT CITY COMMITMENT**

The City has sponsored the issuance of the following debt, for which the City is not liable for repayment but is only acting as agent for the property owners and bondholders:

	Balance at June 30, 2008	Repayments	Balance at June 30, 2009	Current Portion
1989 El Camino Plaza Assessment District Series 89A, 6.5 to 7.2%, due 9/2/09	\$95,000	\$45,000	\$50,000	\$50,000
1989 El Camino Plaza Assessment District Series 89B, 9.5 to 9.75%, due 9/2/09	65,000	30,000	35,000	35,000
1990 Pointe Grand Business Park Assessment District Series 90A, 7.0 to 7.75%, due 9/2/11	850,000	190,000	660,000	205,000
1987 Magnolia Plaza Senior Apartments variable interest rates, due 5/1/17	6,100,000		6,100,000	
Total	\$7,110,000	\$265,000	\$6,845,000	\$290,000

For all debt issues above, bond principal and interest payments will be made from installment payments on unpaid assessments on properties within the assessment districts.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7 - NET ASSETS AND FUND BALANCES**

**A. Net Assets**

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include assets restricted due to Redevelopment Agency bond covenants or low and moderate income housing loan agreements.

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

**B. Fund Balance**

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

**C. Reservations**

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these restrictions or reserves.

Reserved for **encumbrances** represents the portion of fund balance set aside for open purchase orders.

Reserved for **advances, inventory and prepaid** are the portions of fund balance that are not available for appropriation due to funds being advanced to other City funds, assets held in inventory and assets committed for future expenses.

Reserved for **loans receivable** represents fund balances that cannot be appropriated because the assets have been loaned out in various City improvement programs.

Reserved for **future loan obligations** represents fund balances set aside strictly for potential future loans, as required by the various loan programs.

Reserved for **debt service** represents fund balances set aside for cash reserve accounts held by fiscal agents for debt service.

Reserved for **restricted assets and programs** is the portion of fund balance legally restricted for the payment of principal and interest on long-term obligations.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7 - NET ASSETS AND FUND BALANCES (Continued)**

***D. Designations***

The unreserved-designated fund balances include amounts which have been internally designated to be set aside and are not considered to be available for immediate appropriation. The components of the unreserved fund balance for the Governmental Funds at June 30, 2009 are as follows:

	General Fund	Federal Aviation	Capital Improvement	Redevelopment Agency Capital Project		Other Governmental Funds	Total
				Merged Project Area	Low Mod Housing		
Unreserved, designated for:							
Economic contingencies	\$4,739,000						\$4,739,000
Potential catastrophic events	1,354,000						1,354,000
Property tax appeal				\$8,416,485			8,416,485
Capital projects and maintenance	824,580			1,435,265	\$6,983,801	\$557,513	9,801,159
Future economic development and future capital projects	4,200,642						4,200,642
City programs						18,065,486	18,065,486
<b>Total unreserved, designated</b>	<b>11,118,222</b>			<b>9,851,750</b>	<b>6,983,801</b>	<b>18,622,999</b>	<b>46,576,772</b>
<b>Total unreserved, undesignated</b>	<b>6,391,601</b>	<b>(\$44,162)</b>	<b>(11,450,427)</b>	<b>35,183,776</b>	<b>9,914,141</b>	<b>6,475,608</b>	<b>46,470,537</b>
<b>Total unreserved fund balances</b>	<b>\$17,509,823</b>	<b>(\$44,162)</b>	<b>(\$11,450,427)</b>	<b>\$45,035,526</b>	<b>\$16,897,942</b>	<b>\$25,098,607</b>	<b>\$93,047,309</b>

***E. Net Deficit***

The Capital Improvement Capital Project Fund had a net deficit in the amount of \$10,770,240 at June 30, 2009. Capital Projects are often funded from grant sources that reimburse the City after the dollars are expended. In addition, the Redevelopment Agency advanced funds to the Capital Projects Fund. The City has an AB 1600 developer impact fee that charges developers in the Oyster Point area for the Oyster Point freeway improvements to repay the advance from the Redevelopment Agency. In fiscal 2009, the Redevelopment Agency had advanced funds to the Capital Improvement Capital Projects Fund to pay off the outstanding loan from San Mateo County Transportation Authority. The developer impact fee will remain on the books until the advance is paid off.

The Self Insurance Internal Service Fund had a net deficit in the amount of \$2,071,785 at June 30, 2009. The City Council adopted a reserve policy to target 50% of its potential future liabilities in the Self Insurance Fund. Cash in the Fund is sufficient so that the above deficit results in a 49% funding level at June 30, 2009. City management believes that this is a prudent funding level considering the anticipated cash flow requirements and the probability of the liabilities.

The Federal Aviation Grant Special Revenue Fund had a fund deficit in the amount of \$44,162 at June 30, 2009.

The Storm Water Enterprise Fund had a fund deficit in the amount of \$5,416 at June 30, 2009.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT BENEFITS**

**A. CALPERS Safety and Miscellaneous Employees Plans**

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2009, are summarized as follows:

	<b>Safety (Police &amp; Fire)</b>	<b>Miscellaneous</b>
Benefit vesting schedule	5 Years of service	5 Years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 years	50 years
Monthly benefits, as a % of annual salary	3.000%	1.426 – 2.7%
Required employee contribution rates	9%	7%
Required employer contribution rates	29.7%	17 %

All qualified permanent and probationary employees are eligible to participate in PERS. A credited service year is one year of full time employment. The City's labor contracts require it to pay the employees contributions as well as its own. These benefit provisions and all other requirements are established by state statute and City ordinance. Contributions necessary to fund PERS on an actuarial basis are determined by PERS and its Board of Administration.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

CALPERS uses the 3-year smoothed market method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over 20 years. Investment gains and losses are accumulated as they are realized and 10 percent of the net balance is amortized annually.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT BENEFITS (Continued)**

Actuarially required contributions for fiscal years 2009, 2008 and 2007 were \$8,312,615, \$8,111,984 and \$7,724,510, respectively. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

The Plans' actuarial value (which differs from market value) and funding progress over the most recent three years available is set forth below at their actuarial valuation date of June 30:

*Miscellaneous Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2006	\$112,083,357	\$90,724,014	\$21,359,343	80.9%	\$17,717,314	120.6%
2007	121,314,261	99,425,920	21,888,341	82.0%	18,091,423	121.0%
2008	131,136,048	107,792,726	23,343,322	82.2%	20,018,033	116.6%

*Safety:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2006	\$174,244,412	\$140,481,955	\$33,762,457	80.6%	\$14,810,713	228.0%
2007	183,900,944	151,407,610	32,493,334	82.3%	15,674,127	207.3%
2008	194,481,726	160,497,621	33,984,105	82.5%	15,324,630	221.8%

Audited annual financial statements and ten year statistical comparison are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**B. *Deferred Compensation Plan***

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9 – POST-EMPLOYMENT BENEFITS**

The City provides certain health care benefits for all employees who retire after attaining age 50 with at least five years of service or disability at any age. Benefits are provided as authorized by various memorandums of understanding entered into by the City and its employees. As of June 30, 2009, approximately 42 disabled retirees and 208 service retirees were eligible to receive benefits. The City provides fully paid medical coverage under various health care plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

Eligibility	Age 50 and 5 years City service or disability at any age * Blue Shield HMO Single Premium + Medicare Part B
Medical Benefit	* Part-time employee benefits provided on a pro-rated basis as a percentage of premiums
Surviving Spouse Benefit	Participant -Surviving spouse covered 2 months following retiree death for AFSCME Local 1569, Mid-Management, IAFF
Dental, Vision, & Life	None

During fiscal year 2009, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior years financial statements. Required disclosures are presented below. The City's Health and Retirement Benefits Fund hold assets designated for the payment of City's OPEB obligations. The City has not yet participated in the California Employers' Retiree Benefit Trust (CERBT) Fund – an irrevocable trust established by PERS to pre-fund OPEB. The City Council has elected to take the pay-as-you-go approach for the OPEB contribution for the next few years.

**A. *Funding Policy and Actuarial Assumptions***

The annual required contribution (ARC) was determined as part of a June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.5% investment rate of return if not pre-funded and assets remain in City's own investment portfolio; 7.0% if pre-funded with CERBT, (b) 3.25% projected annual salary increase, (c) 3.0% inflation rate.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

The actuarial assumptions also included the following health care cost trend:

Year	Non-Medicare		Medicare	
	HMO	PPO	HMO	PPO
2008	actual 2008/2009 premiums			
2009	9.70%	10.50%	10.10%	10.90%
2010	9.05%	9.75%	9.40%	10.10%
2011	8.40%	9.00%	8.70%	9.30%
↓	↓	↓	↓	↓
2017+	4.50%	4.50%	4.50%	4.50%

The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period.

**B. Funding Progress and Funded Status**

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. In fiscal year 2009, the City made contribution less than the ARC as presented below:

Annual required contribution (ARC) and Annual OPEB cost	\$ 5,790,000
Contributions made:	
Premium paid	1,899,208
Over (Under) contribution of ARC	<u>(3,890,792)</u>
Net OPEB Obligation at June 30, 2008	<u>0</u>
Net OPEB Asset (Obligation) at June 30, 2009	<u><u>\$(3,890,792)</u></u>

The Plan's annual required contributions and actual contributions for the year ended June 30, 2009 is set forth below (in thousands):

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Contributed	Net OPEB Obligation
6/30/2009	\$5,790,000	\$1,899,208	33%	\$3,890,792

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the June 30, 2008 actuarial study is presented below:

(in Thousands)		Entry Age	Overfunded (Underfunded)			Overfunded (Underfunded)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Actuarial Liability as Percentage of Covered Payroll
6/30/2008	\$0	\$59,485	(\$59,485)	0%	\$31,813	(187.0%)

The City Council has authorized, through the budget process, operating transfers of cash from the General Fund to the Health and Retirement Benefits Internal Service Fund for the purposes of offsetting the OPEB liability. While not recognized by government accounting standards, which require a formal trust be set to remove the OPEB liability, management believes this is a prudent course of action at this point. As of June 30, 2009, \$5.4 million of cash and investments in the Health and Benefits Internal Service Fund has been set-aside by the City Council for OPEB.

**NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS**

The City participates in the jointly governed organizations discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint organization is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint organization, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint organization are not the City's responsibility and the City does not have an equity interest in the assets of each joint organization except upon dissolution of the joint organization.

**A. *Oyster Point Marina***

(OPM) was established in 1977 by the City and the San Mateo County Harbor District (Harbor District) for the purpose of expanding, improving and operating the Oyster Point Marina and Park. The governing board consists of two of the City's council members and two Harbor District commissioners. The Harbor District operates OPM. Operation of the Marina provides revenues for the marina's operations. The City retains title to the land; however, the City is not liable for any obligations of the San Mateo County Harbor District. Condensed unaudited financial information may be obtained from San Mateo County Harbor District, #1 Johnson Pier, Half Moon Bay, CA 94019.



**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. *Peninsula Traffic Congestion Relief Alliance***

(PTCRA) was formed from the merger of The Inter City Transportation Systems Management Agency and Multi-City Transportation Systems Management Agency (MCTSMA) in 2000. The members are Cities of South San Francisco, Brisbane, Colma, Daly City, Half Moon Bay, Millbrae, Pacifica and San Bruno and seven other members for the purpose of mitigating traffic congestion. The governing board consists of one council member from each member city. The finance director of Daly City acts as the treasurer and controller of PTCRA. The individual cities are not liable for the debts, liabilities or obligations of PTCRA. Each member city has an equal interest in PTCRA. Condensed accrual basis unaudited financial information may be obtained from the City of Daly City Finance Department, 333 90<sup>th</sup> Street, Daly City, CA 94015.

**C. *Mobile Air Compressor Unit***

(MACU) was established in 1989 by the Cities of South San Francisco, Daly City, San Bruno, Pacifica, Brisbane and the Colma Fire Protection District for the purpose of purchasing and maintaining certain specialized fire equipment for the use of members. Purchase of equipment is funded by members in proportion to each member's share of interest. Routine maintenance is funded annually by a \$1,500 charge to each member. Unusual costs are shared by members according to each member's share of interest. The City's proportionate share of interest is 28.6%.

**D. *City/County Association of Governments***

(C/CAG) was established in 1990 by the County of San Mateo and the Cities of San Mateo County for preparation, adoption, monitoring and enforcing of Countywide state mandated plans. A Board of Directors consisting of one council member from each member city and one member from the County Board of Supervisors governs C/CAG. The city treasurer of San Carlos acts as the treasurer of C/CAG. The individual cities and the County are not liable for the debts, liabilities, or obligations of C/CAG. Condensed unaudited cash basis financial information may be obtained from the City of San Carlos Finance Department, 666 Elm Street, San Carlos, CA 94070.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 11 - RISK MANAGEMENT**

**A. Insurance Coverage**

The City participates in Association of Bay Area Governments (ABAG) Plan Corporation, a non profit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. ABAG Plan provides \$5,000,000 of general liability and automobile coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. As of July 1, 2008, the City's liability coverage through ABAG increased to a total of \$25 million, with the first \$5.0 million covered out of ABAG's financial reserves, and with the next \$20 million covered from two excess insurance policies acquired by ABAG. The Plan includes a property insurance program that covers various perils and risks up to \$1,000,000,000 per occurrence subject to lower categorical sub-limits and various deductibles. A boiler and machinery policy insures up to a combined limit of \$100,000,000 with various deductibles. For pollution, the City purchased separate insurance which insures up to \$2,000,000 for each condition and up to \$5,000,000 in the aggregate with a \$100,000 self-insured retention for sewer truck lines and \$50,000 for all other categories. For the year ended June 30, 2009, the City paid ABAG Plan \$845,727 in premiums and did not receive a refund of premiums paid in prior years. ABAG Plan has not determined the value of the City's interest in its net assets. Financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94694-2050.

The City has also purchased excess coverage insurance for worker's compensation claims from CSAC Excess Insurance Authority \$500,000 self-insured retention. For the past three fiscal years, general liability and worker compensation settlements did not exceed insurance coverage.

**B. Liability for Uninsured Claims**

The City provides for the uninsured portion of claims and judgments in the Self Insurance Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and was estimated by management based on prior year's claims experience as follows:

	June 30, 2009			Fiscal
	Workers' Compensation	General Liability	Total	2007-2008 Total
Balance, beginning of year	\$3,760,000	\$450,000	\$4,210,000	\$3,696,323
Current year claims and changes in estimates	3,116,295	340,533	3,456,828	1,442,449
Claims Paid	(2,094,295)	(234,533)	(2,328,828)	(928,772)
Balance, end of year	<u>\$4,782,000</u>	<u>\$556,000</u>	<u>\$5,338,000</u>	<u>\$4,210,000</u>
Current portion	<u>\$562,000</u>	<u>\$150,000</u>	<u>\$712,000</u>	<u>\$690,000</u>

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

<b>NOTE 12 - COMMITMENTS AND CONTINGENCIES</b>
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The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal and State grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the Federal Single Audit Act of 1984 including 1996 amendments and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**A. *Redevelopment Settlement***

In fiscal year 2005, the Agency approved a Settlement and Release Agreement with the County of San Mateo to mitigate the County's financial losses due to the proposed plan amendments and the fiscal merger of the four redevelopment project areas. The agreement calls for the Agency to fund the cost of certain County public improvements or rent waivers up to \$5,000,000, with payments not to exceed \$2,000,000 during fiscal years 2006 and 2007 and \$3,000,000 during the period commencing with fiscal year 2008. During fiscal year 2009 the Agency paid off the balance of the settlement agreement in the amount of \$1,027,594. The payoff was requested by the County to fund the projects listed under the agreement.

**B. *Redevelopment Pass-Throughs***

Pursuant to California Redevelopment Law (Health and Safety Code Section 33607.5), the Agency is obligated to pass-through a portion of the gross tax increment received on the Project Area to jurisdictions within the project area. In fiscal 2008-2009, the Agency calculated and remitted \$8,336,351 in pass-through payments to the affected jurisdictions.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13 - RENTAL REVENUES FROM USE OF CITY PROPERTY**

The Conference Center Authority, a discrete component unit, leases land from the City under an operating lease commencing on January 1, 1999, with a 30-year term from February 1, 1999, to January 31, 2029. The rent amount is subject to re-negotiation at the option of either party between January 1 and February 28, 2009 and 2019. These leases are considered for accounting purposes to be operating leases. Property lease revenue from the Conference Center Authority during the year fiscal year ended June 30, 2009, was \$420,000. The cost and carrying amount of leased land under this lease receivable is \$5,325,000. Future minimum lease payments from the Conference Center Authority land leases are as follows:

Year ending June 30	Component Unit Conference Center
2010	\$420,000
2011	420,000
2012	420,000
2013	420,000
2014	420,000
2015-2019	2,100,000
2020-2024	2,100,000
2025-2029	2,100,000
Total	\$8,400,000

Related to a long-term obligation mentioned in Note 5 to the Basic Financial Statements, Price Club Associates leases the land for the Costco store on South Airport Boulevard from the City. Lease payments are based on a percentage of Costco's gross annual sales, with minimum annual rent set at \$400,000, payable in monthly installments of \$33,333. In fiscal 2007, Costco exercised the option to extend the lease through December 6, 2013. In fiscal 2009 lease payments were \$400,000.

The City Redevelopment Agency leases land to South San Francisco Magnolia Plaza Associates (Magnolia Plaza), upon which Magnolia Plaza has constructed a multifamily rental housing development. The period of the lease is 75 years beginning May 1, 1987. At expiration or termination of the lease, title to all improvements on the land shall vest in the Agency. In fiscal 2009, total lease payments were \$51,800.

The City leases land to Sitike Counseling Center for general office use. The period of the lease is 10 years beginning December 2, 1996. In fiscal 2007, Sitike exercised the option to extend the lease through February 2012. At expiration or termination of the lease, title to all improvements on the land shall vest in the Agency. In fiscal 2009 lease receipts were \$82,593.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13 - RENTAL REVENUES FROM USE OF CITY PROPERTY (Continued)**

Future minimum lease revenues for the Costco, Magnolia Plaza, and Sitike leases are as follows:

Year ending June 30:	Costco	Magnolia Plaza	Sitike	Total
2010	\$400,000	\$51,800	\$88,168	\$539,968
2011	400,000	51,800	92,576	\$544,376
2012	400,000	51,800	63,741	\$515,541
2013	400,000	51,800		\$451,800
2014	202,740	51,800		\$254,540
2015-2017		155,400		\$155,400
2018-2022		259,000		\$259,000
2023-2027		259,000		\$259,000
2028-2032		259,000		\$259,000
2033-2037		259,000		\$259,000
2038-2042		259,000		\$259,000
2043-2047		259,000		\$259,000
2048-2052		259,000		\$259,000
2053-2057		259,000		\$259,000
2058-2061		207,200		\$207,200
	<u>\$1,802,740</u>	<u>\$2,693,600</u>	<u>\$244,485</u>	<u>\$4,740,825</u>

**NOTE 14 – UPDATE IN PROPERTY TAX SETTLEMENT**

On April 1, 2008, the San Mateo County Superior Court ruled that in a prior decision going back several years for several parcels in South San Francisco, the San Mateo County Assessment Appeals Board (AAB) “did not hear (the applicant’s appeals case) within the time frame specified in California Revenue and Taxation Code Section 1604(c)”. As a result of the untimely hearing, the court ruled that the applicant “is entitled to have enrolled its opinion of value (for affected parcels)” rather than the County’s opinion of value for the parcels and years in question. The applicant was a large biotechnology company based in South San Francisco.

The difference between the applicant’s opinion of value and the County’s opinion of value totaled \$18.1 million for all affected prior tax years, including interest due the applicant. That amount must be refunded to the large biotechnology firm, with the money for that refund to come from two sources. About half of the refund will come from the South San Francisco Redevelopment Agency, and the remainder will come from all taxing entities in San Mateo County.

Two of the parcels impacted by the April 1 ruling are in the Downtown Redevelopment Project Area, and the County will be deducting that refund amount directly from the Redevelopment Agency’s December 2008 property tax payment. The County applies all supplemental roll adjustments for Redevelopment area parcels directly back to those areas. The County has indicated that that refund amount, including interest, totals \$8.9 million. The Agency has already identified sufficient funds in fiscal 2008-09 to cover this refund, with no resulting impact on the Agency’s debt service payments or other legal obligations.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 14 – UPDATE IN PROPERTY TAX SETTLEMENT (Continued)**

The remaining parcels are in non-Redevelopment areas, that is, City areas, and those refunds will be deducted from all the taxing entities in the County, as is the County's practice for all supplemental adjustments to the property tax rolls for non-Redevelopment parcels. The City's (General Fund) share of this refund is \$124,000.

It is important to note that the April Superior Court ruling covered numerous prior tax years, and the ruling further stated that it would remain in effect "until the fiscal year in which the AAB holds a hearing and makes a final determination on the" application. Because the AAB subsequently held a hearing and made a determination prior to June 30, 2008 for the 2008 roll year, the County's assessment of value for the impacted parcels, and not the applicant's, will be in effect for on an ongoing basis for tax years 2008 and beyond, absent any future successful challenges. Therefore, the ruling on the untimely hearing by the County is a one-time event.

As of June 30, 2009, the Agency has designated \$8.4 million of fund balance in the Merged Redevelopment Project Area Capital Projects Fund as designated for pending property tax refund. To reflect the financial statements on a full accrual basis, the agency has recorded \$9.0 million of tax refund payable on the Statement of Net Assets as of June 30, 2009.

**NOTE 15 – SUBSEQUENT EVENT**

- A.** In September 2009, the City declared its intention to issue debt obligations up to a maximum amount of \$35 million. Proceeds from the debt will be used for sewer improvements project. A portion of the proceeds from the debt will be used to reimburse sewer improvement capital expenses that were paid prior to the issuance of the debt.
- B.** *ABX426 – Supplemental Education Revenue Augmentation Fund (SERAF)*

The State of California adopted ABX426 in July 2009 which directs a portion of the incremental property taxes received by redevelopment agencies be paid to the County Supplemental Educational Revenue Augmentation Fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance will determine each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. Based on the calculations in ABX426, the Agency's payments are estimated to be \$8,519,894 in fiscal year 2009-10 and \$1,754,096 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payments. The payment due in fiscal year 2009-10 represents 12% of the Agency's cash and investments available for operations at June 30, 2009. The obligation to make the SERAF payment is subordinate to obligations to repay bonds. However, if the Agency fails to make a SERAF payment the Agency may not encumber or expend future funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF payments are paid in full. The Agency has budgeted for the SERAF payment in fiscal year 2009-10. That payment will come from reserves set aside for future capital projects, and will not impact debt service obligations.

## **Supplementary Information**

<b>MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b>
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**CAPITAL IMPROVEMENT FUND**

To account for expenditures associated with the acquisition, construction, or improvement of City owned facilities and infrastructure. Funding comes from the general fund, special revenue funds, grants and fees.

**REDEVELOPMENT AGENCY FUNDS:**

**MERGED REDEVELOPMENT PROJECT AREA CAPITAL PROJECTS FUND** – This fund accounts for property tax increment revenues used for capital projects connected with the Gateway, Downtown, Shearwater and El Camino project areas.

**LOW AND MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** – This fund accounts for the 20% share of property tax increment revenue directed toward low and moderate income housing projects.



**CITY OF SOUTH SAN FRANCISCO  
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$4,553,925	\$3,728,405	(\$825,520)
Interest and rentals		122,343	122,343
Charges for service	2,538,749	1,493,773	(1,044,976)
Other	<u>105,000</u>		<u>(105,000)</u>
Total Revenues	<u>7,197,674</u>	<u>5,344,521</u>	<u>(1,853,153)</u>
EXPENDITURES:			
Current:			
Public works	18,297,178	7,347,248	10,949,930
Information systems	1,256,120	474,805	781,315
Capital outlay	(16,429)	111,386	(127,815)
Debt service:			
Interest and fiscal charges		<u>811,991</u>	<u>(811,991)</u>
Total Expenditures	<u>19,536,869</u>	<u>8,745,430</u>	<u>10,791,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,339,195)</u>	<u>(3,400,909)</u>	<u>8,938,286</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets		13,784	13,784
Transfers in	<u>14,091,570</u>	<u>3,977,448</u>	<u>(10,114,122)</u>
Total other financing sources (uses)	<u>14,091,570</u>	<u>3,991,232</u>	<u>(10,100,338)</u>
NET CHANGE IN FUND BALANCE	<u>\$1,752,375</u>	590,323	<u>(\$1,162,052)</u>
Adjustment to budgetary basis:			
Encumbrance adjustments		582,384	
Fund balance (deficit), July 1		<u>(11,942,947)</u>	
Fund balance (deficit), June 30		<u>(\$10,770,240)</u>	

**CITY OF SOUTH SAN FRANCISCO**  
**MERGED REDEVELOPMENT PROJECT AREA CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$25,046,883	\$40,714,049	\$15,667,166
Interest and rental	2,955,843	2,578,968	(376,875)
Charges for services	29,588	165	(29,423)
Other		25,000	25,000
	<u>28,032,314</u>	<u>43,318,182</u>	<u>15,285,868</u>
EXPENDITURES:			
Current:			
Economic and community development	15,391,891	14,592,112	799,779
Non-departmental	119,305	101,608	17,697
Capital outlay	13,731,907	3,851,268	9,880,639
Debt services:			
Interest and fiscal charges		23,913	(23,913)
	<u>29,243,103</u>	<u>18,568,901</u>	<u>10,674,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,210,789)</u>	<u>24,749,281</u>	<u>25,960,070</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	8,835,517	1,314	(8,834,203)
Transfers (out)	<u>(34,388,249)</u>	<u>(13,881,761)</u>	<u>20,506,488</u>
	<u>(25,552,732)</u>	<u>(13,880,447)</u>	<u>11,672,285</u>
NET CHANGE IN FUND BALANCE	<u>(\$26,763,521)</u>	<u>10,868,834</u>	<u>\$37,632,355</u>
Adjustment to budgetary basis:			
Encumbrance adjustments		1,194,658	
Fund balance, July 1		<u>74,653,837</u>	
Fund balance, June 30		<u>\$86,717,329</u>	

**CITY OF SOUTH SAN FRANCISCO**  
**LOW/MOD HOUSING CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental	\$544,190	\$719,137	\$174,947
Other		<u>1,900,200</u>	<u>1,900,200</u>
Total Revenues	<u>544,190</u>	<u>2,619,337</u>	<u>2,075,147</u>
EXPENDITURES:			
Current:			
Economic and community development	8,999,109	1,071,682	7,927,427
Capital outlay	<u>5,131,224</u>		<u>5,131,224</u>
Total Expenditures	<u>14,130,333</u>	<u>1,071,682</u>	<u>13,058,651</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,586,143)</u>	<u>1,547,655</u>	<u>15,133,798</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	8,197,404	8,214,710	17,306
Transfers (out)	<u>(345,591)</u>	<u>(279,723)</u>	<u>65,868</u>
Total other financing sources (uses)	<u>7,851,813</u>	<u>7,934,987</u>	<u>83,174</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$5,734,330)</u></u>	9,482,642	<u><u>\$15,216,972</u></u>
Adjustment to budgetary basis:			
Encumbrance adjustments		89,377	
Fund balance, July 1		<u>21,702,450</u>	
Fund balance, June 30		<u><u>\$31,274,469</u></u>	

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## NON-MAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for revenue sources that are restricted by law or administrative action to expenditures for specified purposes. Special revenue funds used by the City of South San Francisco include:

**Gas Tax** - Accounts for State monies received and expended for street improvements, repairs, engineering, and administration under Streets and Highway Code Sections 2105, 2106, 2107, and 2107.5. Includes sales taxes on gasoline received from the State's Traffic Congestion Relief Fund.

**Inter-Agency** - Accounts for joint programs, managed by the City, that are co-sponsored by other government agencies or by community organizations.

**Developer Impact** - Accounts for fees deposited for planning and engineering reviews or for future development that will increase childcare facilities throughout the City and improve transportation capacity in areas east of U.S. Highway 101.

**Community Development Block Grant** - Accounts for Federal monies received to be expended for development of jobs and suitable housing for low-income residents.

**Miscellaneous Grants** - Accounts for federal monies received for miscellaneous projects.

**Maintenance District** - Accounts for a property tax imposed on residents to provide funds for the maintenance of landscaped areas within housing developments.

**Transportation Sales Tax** - Accounts for the sales tax that provides resources for street improvements and repairs.

**Solid Waste Reduction** - Accounts for revenues and expenditures associated with the waste reduction, recycling, composting and household hazardous waste programs for residents and businesses.

**Supplemental Law Enforcement Services** - Accounts for State monies provided for designated Police department services.

**City Programs** - Organizations and individuals provide revenues that fund certain programs and services.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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Debt service funds account for the accumulation of governmental resources used to pay general long-term debt principal and interest, excluding those involving proprietary funds. Debt service funds used at the City of South San Francisco include:

**Other City Obligations** – Accounts for principal and interest on City obligated debt other than those supported by special assessments or the Redevelopment Agency.

**Merged Redevelopment Project Area** - Principal and interest associated with the Redevelopment Agency Bonds, supported by property tax increment in the redevelopment project areas.

**Redevelopment Agency Low Mod Housing** - Principal and interest associated with the 1999 Revenue Bonds and the 2000 Housing and Urban Development Section 108 loans, supported by the Agency's property tax increment allocated for low and moderate income housing purposes.

Capital projects funds are used to account for resources used for the acquisition and construction of capital facilities or major capital equipment, except for capital improvements financed by proprietary funds. Capital projects funds used at the City of South San Francisco include:

**Non-obligated Capital Projects** - Accounts for the construction of assets financed by non-obligated debt.

**Inactive Bonds** – Accounts for bond proceeds remaining from matured assessment debt issues kept in reserves until disposition is determined.

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

**SPECIAL REVENUE FUNDS**

	<b>Gas Tax</b>	<b>Inter-Agency</b>	<b>Developer Impact</b>	<b>Community Development Block Grant</b>	<b>Miscellaneous Grants</b>
<b>ASSETS</b>					
Cash and investments	\$2,656,381	\$150,469	\$16,523,724		\$106,454
Receivables:					
Accounts			70,251	\$15,784	
Accrued interest	14,734		135,059		
Due from other governments	131,028			\$323,946	10,127
Loans				1,347,747	
Advance to other fund				346,748	
Restricted cash and investments				6,266	
<b>Total Assets</b>	<b>\$2,802,143</b>	<b>\$150,469</b>	<b>\$16,729,034</b>	<b>\$2,040,491</b>	<b>\$116,581</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable		\$720	\$163,851	\$64,329	
Deposits			1,036,326		
Deferred revenue				26,515	\$34,382
Due to other funds				290,000	
<b>Total Liabilities</b>		<b>720</b>	<b>1,200,177</b>	<b>380,844</b>	<b>34,382</b>
Fund Balances:					
Reserved for:					
Encumbrances			\$643,386	\$19,158	
Loans receivable				1,347,746	
Advances to other funds				346,748	
Debt service					
Restricted assets				397,701	
Unreserved:					
Designated for:					
City program	\$1,348,306	\$148,649	11,740,027		
Capital projects and maintenance					
Undesignated	1,453,837	1,100	3,145,444	(451,706)	82,199
<b>Total Fund Balances</b>	<b>2,802,143</b>	<b>149,749</b>	<b>15,528,857</b>	<b>1,659,647</b>	<b>82,199</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,802,143</b>	<b>\$150,469</b>	<b>\$16,729,034</b>	<b>\$2,040,491</b>	<b>\$116,581</b>

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS	
Maintenance District	Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforcement Services	City Programs	Other City Obligations	Merged Redevelopment Project Area
\$1,877,558	\$1,105,543	\$736,495	\$932	\$3,063,630	\$121,764	\$37,635
		14,444				
	7,281			9,905		
			95,236			
				75,000		
						4,916,047
<u>\$1,877,558</u>	<u>\$1,112,824</u>	<u>\$750,939</u>	<u>\$96,168</u>	<u>\$3,148,535</u>	<u>\$121,764</u>	<u>\$4,953,682</u>
\$36		\$9,914		\$11,678		
				321,082		
			\$96,000			
36		9,914	96,000	332,760		
		64,491				
				75,000		
						\$4,953,682
\$928,362	\$1,112,824	51,876		2,735,442		
949,160		624,658	168		\$121,764	
<u>1,877,522</u>	<u>1,112,824</u>	<u>741,025</u>	<u>168</u>	<u>2,815,775</u>	<u>121,764</u>	<u>4,953,682</u>
<u>\$1,877,558</u>	<u>\$1,112,824</u>	<u>\$750,939</u>	<u>\$96,168</u>	<u>\$3,148,535</u>	<u>\$121,764</u>	<u>\$4,953,682</u>

(Continued)



**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

	<b>DEBT SERVICE FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Redevelopment Agency Low Mod Housing</b>	<b>Non-obligated Capital Projects</b>	<b>Inactive Bonds</b>	
<b>ASSETS</b>				
Cash and investments		\$627,686	\$472,420	\$27,480,691
Receivables:				
Accounts				100,479
Accrued interest		4,805	1,586	173,370
Due from other governments				560,337
Loans				1,422,747
Advance to other fund				346,748
Restricted cash and investments	\$526,209			5,448,522
Total Assets	<u>\$526,209</u>	<u>\$632,491</u>	<u>\$474,006</u>	<u>\$35,532,894</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable				\$250,528
Deposits				1,357,408
Deferred revenue				60,897
Due to other funds				386,000
Total Liabilities				<u>2,054,833</u>
Fund Balances:				
Reserved for:				
Encumbrances				727,035
Loans receivable				1,422,746
Advances to other funds				346,748
Debt service	\$526,209			5,479,891
Restricted assets				403,034
Unreserved:				
Designated for:				
City program				18,065,486
Capital projects and maintenance		\$83,507	\$474,006	557,513
Undesignated		548,984		6,475,608
Total Fund Balances	<u>526,209</u>	<u>632,491</u>	<u>474,006</u>	<u>33,478,061</u>
Total Liabilities and Fund Balances	<u>\$526,209</u>	<u>\$632,491</u>	<u>\$474,006</u>	<u>\$35,532,894</u>

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**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

**SPECIAL REVENUE FUNDS**

	<u>Gas Tax</u>	<u>Inter-Agency</u>	<u>Developer Impact</u>	<u>Community Development Block Grant</u>	<u>Miscellaneous Grants</u>
<b>REVENUES</b>					
Property taxes					
Other taxes					
Intergovernmental	\$2,551,562			\$600,963	\$98,022
Interest and rentals	54,455	\$2,503	\$512,592	15,005	
Charges for services			2,841,500		
Other		168,526		10	
	<u>2,606,017</u>	<u>171,029</u>	<u>3,354,092</u>	<u>615,978</u>	<u>98,022</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current:					
Economic and community development			1,025,742	547,963	
Public works			22,247		
Non-departmental		147,131			
Police			15,089		
Capital outlay					
Debt service:					
Principal repayments					
Interest and fiscal charges					
		<u>147,131</u>	<u>1,063,078</u>	<u>547,963</u>	
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,606,017</u>	<u>23,898</u>	<u>2,291,014</u>	<u>68,015</u>	<u>98,022</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers out	(1,989,135)	(40,162)	(620,200)	(33,249)	(74,164)
	<u>(1,989,135)</u>	<u>(40,162)</u>	<u>(620,200)</u>	<u>(33,249)</u>	<u>(74,164)</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	616,882	(16,264)	1,670,814	34,766	23,858
Fund balance, July 1	<u>2,185,261</u>	<u>166,013</u>	<u>13,858,043</u>	<u>1,624,881</u>	<u>58,341</u>
Fund balance, June 30	<u>\$2,802,143</u>	<u>\$149,749</u>	<u>\$15,528,857</u>	<u>\$1,659,647</u>	<u>\$82,199</u>

					<b>DEBT SERVICE FUNDS</b>	
<b>Maintenance District</b>	<b>Transportation Sales Tax</b>	<b>Solid Waste Reduction</b>	<b>Supplemental Law Enforcement Services</b>	<b>City Programs</b>	<b>Other City Obligations</b>	<b>Merged Redevelopment Project Area</b>
\$1,454,511	\$1,005,404		\$95,066			
	27,579		(1,389)	\$46,550		\$27,406
		\$173,325		1,294,747		
<u>1,454,511</u>	<u>1,032,983</u>	<u>173,325</u>	<u>93,677</u>	<u>1,341,297</u>		<u>27,406</u>
		66,574				
1,507,327				360,755		10,089
			95,829			
13,627						1,575,426
						<u>3,602,579</u>
<u>1,520,954</u>		<u>66,574</u>	<u>95,829</u>	<u>360,755</u>		<u>5,188,094</u>
(66,443)	1,032,983	106,751	(2,152)	980,542		(5,160,688)
				40,162		5,115,751
(127,705)	(575,527)	(45,138)				
(127,705)	(575,527)	(45,138)		40,162		5,115,751
(194,148)	457,456	61,613	(2,152)	1,020,704		(44,937)
<u>2,071,670</u>	<u>655,368</u>	<u>679,412</u>	<u>2,320</u>	<u>1,795,071</u>	<u>121,764</u>	<u>4,998,619</u>
<u>\$1,877,522</u>	<u>\$1,112,824</u>	<u>\$741,025</u>	<u>\$168</u>	<u>\$2,815,775</u>	<u>\$121,764</u>	<u>\$4,953,682</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>DEBT SERVICE FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>		<b>Total</b>
	<b>Redevelopment Agency Low Mod Housing</b>	<b>Non-obligated Capital Projects</b>	<b>Inactive Bonds</b>	<b>Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Property taxes				\$1,454,511
Other taxes				1,100,470
Intergovernmental				3,250,547
Interest and rentals	\$234,383	\$18,086	\$7,052	944,222
Charges for services				3,014,825
Other		5,063	6,410	1,474,756
	<u>234,383</u>	<u>23,149</u>	<u>13,462</u>	<u>11,239,331</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
Economic and community development				1,640,279
Public works				1,529,574
Non-departmental				517,975
Police				110,918
Capital outlay				13,627
Debt service:				
Principal repayments	180,000			1,755,426
Interest and fiscal charges	115,145			3,717,724
	<u>295,145</u>	<u></u>	<u></u>	<u>9,285,523</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(60,762)</u>	<u>23,149</u>	<u>13,462</u>	<u>1,953,808</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	279,723			5,435,636
Transfers out		(13,893)		(3,519,173)
	<u>279,723</u>	<u>(13,893)</u>	<u></u>	<u>1,916,463</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	218,961	9,256	13,462	3,870,271
Fund balance, July 1	<u>307,248</u>	<u>623,235</u>	<u>460,544</u>	<u>29,607,790</u>
Fund balance, June 30	<u>\$526,209</u>	<u>\$632,491</u>	<u>\$474,006</u>	<u>\$33,478,061</u>

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**CITY OF SOUTH SAN FRANCISCO  
BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	GAS TAX			INTER-AGENCY		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental	\$1,359,800	\$2,551,562	\$1,191,762	\$29,000		(\$29,000)
Interest and rentals	35,000	54,455	19,455		\$2,503	2,503
Charges for services						
Other				116,500	168,526	52,026
<b>Total Revenues</b>	<u>1,394,800</u>	<u>2,606,017</u>	<u>1,211,217</u>	<u>145,500</u>	<u>171,029</u>	<u>25,529</u>
<b>EXPENDITURES</b>						
Current:						
Economic and community development						
Public works						
Human resources				29,000		29,000
Non-departmental				157,954	147,131	10,823
Police						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
<b>Total Expenditures</b>				<u>186,954</u>	<u>147,131</u>	<u>39,823</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,394,800</u>	<u>2,606,017</u>	<u>1,211,217</u>	<u>(41,454)</u>	<u>23,898</u>	<u>65,352</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out	<u>(3,337,442)</u>	<u>(1,512,507)</u>	<u>1,824,935</u>	<u>(40,162)</u>	<u>(40,162)</u>	
<b>Total Other Financing Sources (Uses)</b>	<u>(3,337,442)</u>	<u>(1,512,507)</u>	<u>1,824,935</u>	<u>(40,162)</u>	<u>(40,162)</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$1,942,642)</u>	<u>1,093,510</u>	<u>\$3,036,152</u>	<u>(\$81,616)</u>	<u>(16,264)</u>	<u>\$65,352</u>
Adjustment to budgetary basis:						
Encumbrance adjustments		(476,628)				
Fund balance, (deficit) July 1		<u>2,185,261</u>			<u>166,013</u>	
Fund balance, June 30		<u>\$2,802,143</u>			<u>\$149,749</u>	

DEVELOPER IMPACT			COMMUNITY DEVELOPMENT BLOCK GRANT			MISCELLANEOUS GRANTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$512,592	\$512,592	\$610,941	\$600,963	(\$9,978)	\$33,600	\$98,022	\$64,422
892,000	2,841,500	1,949,500	52,800	15,005	(37,795)			
				10	10			
892,000	3,354,092	2,462,092	663,741	615,978	(47,763)	33,600	98,022	64,422
1,646,758	1,669,128	(22,370)	862,766	567,121	295,645			
2,500	22,247	(19,747)						
64,355	15,089	49,266						
1,713,613	1,706,464	7,149	862,766	567,121	295,645			
(821,613)	1,647,628	2,469,241	(199,025)	48,857	247,882	33,600	98,022	64,422
(5,390,030)	(620,200)	4,769,830	(33,249)	(33,249)		(26,500)	(74,164)	(47,664)
(5,390,030)	(620,200)	4,769,830	(33,249)	(33,249)		(26,500)	(74,164)	(47,664)
<u>(\$6,211,643)</u>	1,027,428	<u>\$7,239,071</u>	<u>(\$232,274)</u>	15,608	<u>\$247,882</u>	<u>\$7,100</u>	23,858	<u>\$16,758</u>
	643,386			19,158				
	<u>13,858,043</u>			<u>1,624,881</u>			<u>58,341</u>	
	<u>\$15,528,857</u>			<u>\$1,659,647</u>			<u>\$82,199</u>	

(Continued)



**CITY OF SOUTH SAN FRANCISCO  
BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>MAINTENANCE DISTRICT</u>			<u>TRANSPORTATION SALES TAX</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>						
Property taxes	\$1,278,000	\$1,454,511	\$176,511			
Other taxes				\$1,075,000	\$1,005,404	(\$69,596)
Intergovernmental						
Interest and rentals	5,000		(5,000)	50,000	27,579	(22,421)
Charges for services						
Other						
<b>Total Revenues</b>	<u>1,283,000</u>	<u>1,454,511</u>	<u>171,511</u>	<u>1,125,000</u>	<u>1,032,983</u>	<u>(92,017)</u>
<b>EXPENDITURES</b>						
Current:						
Economic and community development						
Public works	1,510,036	1,507,327	2,709			
Human resources						
Non-departmental						
Police						
Capital outlay	13,700	13,627	73			
Debt service:						
Principal repayments						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>1,523,736</u>	<u>1,520,954</u>	<u>2,782</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(240,736)</u>	<u>(66,443)</u>	<u>174,293</u>	<u>1,125,000</u>	<u>1,032,983</u>	<u>(92,017)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,000,643		(1,000,643)			
Transfers out	(2,056,710)	(127,705)	1,929,005	(1,703,939)	(575,527)	1,128,412
<b>Total Other Financing Sources (Uses)</b>	<u>(1,056,067)</u>	<u>(127,705)</u>	<u>928,362</u>	<u>(1,703,939)</u>	<u>(575,527)</u>	<u>1,128,412</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$1,296,803)</u>	<u>(194,148)</u>	<u>\$1,102,655</u>	<u>(\$578,939)</u>	<u>457,456</u>	<u>\$1,036,395</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance, (deficit) July 1		<u>2,071,670</u>			<u>655,368</u>	
Fund balance, June 30		<u>\$1,877,522</u>			<u>\$1,112,824</u>	

<b>SOLID WASTE REDUCTION</b>			<b>SUPPLEMENTAL LAW ENFORCEMENT</b>			<b>OBLIGATED ASSESSMENT DISTRICTS</b>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			\$120,000	\$95,066	(\$24,934)			
				(1,389)	-1,389			
\$177,000	\$173,325	(\$3,675)						
<u>177,000</u>	<u>173,325</u>	<u>(3,675)</u>	<u>120,000</u>	<u>93,677</u>	<u>(26,323)</u>			
184,104	131,065	53,039						
			120,000	95,829	24,171	2,500		2,500
<u>184,104</u>	<u>131,065</u>	<u>53,039</u>	<u>120,000</u>	<u>95,829</u>	<u>24,171</u>	<u>2,500</u>		<u>2,500</u>
<u>(7,104)</u>	<u>42,260</u>	<u>49,364</u>		<u>(2,152)</u>	<u>(2,152)</u>	<u>(2,500)</u>		<u>2,500</u>
<u>(96,014)</u>	<u>(45,138)</u>	<u>50,876</u>						
<u>(96,014)</u>	<u>(45,138)</u>	<u>50,876</u>						
<u>(\$103,118)</u>	<u>(2,878)</u>	<u>\$100,240</u>		<u>(2,152)</u>	<u>(\$2,152)</u>	<u>(\$2,500)</u>		<u>\$2,500</u>
	64,491							
	<u>679,412</u>			<u>2,320</u>				
	<u>\$741,025</u>			<u>\$168</u>				

(Continued)

**CITY OF SOUTH SAN FRANCISCO  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>OTHER CITY OBLIGATIONS</u>			<u>MERGED REDEVELOPMENT PROJECT AREA DEBT SERVICE</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental						
Interest and rentals					\$27,406	\$27,406
Charges for services						
Other						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues					27,406	27,406
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>						
Current:						
Economic and community development						
Public works						
Human resources						
Non-departmental	\$10,400		\$10,400	\$5,400	10,089	(4,689)
Police						
Capital outlay						
Debt service:						
Principal repayments				1,752,819	1,575,426	177,393
Interest and fiscal charges				3,865,617	3,602,579	263,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	10,400		10,400	5,623,836	5,188,094	435,742
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,400)		10,400	(5,623,836)	(5,160,688)	463,148
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				\$5,184,263	5,115,751	(68,512)
Transfers out						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)				5,184,263	5,115,751	(68,512)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	<u>(\$10,400)</u>		<u>\$10,400</u>	<u>(\$439,573)</u>	<u>(44,937)</u>	<u>\$394,636</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Adjustment to budgetary basis:						
Encumbrance adjustments						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, (deficit) July 1		121,764			4,998,619	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30		<u>\$121,764</u>			<u>\$4,953,682</u>	

REDEVELOPMENT AGENCY LOW MOD HOUSING DEBT SERVICE			NONOBLIGATED CAPITAL PROJECTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$234,383	\$234,383		\$18,086	\$18,086
				5,063	5,063
	234,383	234,383		23,149	23,149
\$180,000	180,000				
115,145	115,145				
295,145	295,145				
(295,145)	(60,762)	234,383		23,149	23,149
279,723	279,723		(\$97,400)	(13,893)	83,507
279,723	279,723		(97,400)	(13,893)	83,507
(\$15,422)	218,961	\$234,383	(\$97,400)	9,256	\$106,656
	307,248			623,235	
	\$526,209			\$632,491	

<b>INTERNAL SERVICE FUNDS</b>
-------------------------------

Internal service funds account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service. Internal service funds used at the City of South San Francisco include:

**City Service** – Accounts for vehicle maintenance and information technology services provided to City departments.

**Self Insurance** – Accounts for workers' compensation, general liability and property damage claim activity and financing is represented in this fund.

**Health and Retirement Benefits** - Accounts for health and retirement benefits paid on the behalf of eligible City employees.

**Equipment Replacement** – Accounts for resources set-aside for the future replacement of City vehicles and equipment.

**CITY OF SOUTH SAN FRANCISCO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$1,508,612	\$2,617,868	\$6,923,012	\$2,222,709	\$13,272,201
Receivables:					
Accounts	272				272
Accrued interest	(583)	15,993		16,956	32,366
Due from other governments		570,859			570,859
Due from other funds				290,000	290,000
Deposit		125,000	46,010		171,010
Total current assets	<u>1,508,301</u>	<u>3,329,720</u>	<u>6,969,022</u>	<u>2,529,665</u>	<u>14,336,708</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable	1,050				1,050
Depreciable, net accumulated depreciation	8,052			3,606,214	3,614,266
Total Assets	<u>1,517,403</u>	<u>3,329,720</u>	<u>6,969,022</u>	<u>6,135,879</u>	<u>17,952,024</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	505,645	63,505	100,603	624	670,377
Other payable			119,053		119,053
Current portion of accrued insurance loss		712,000			712,000
Current portion of compensated absences	61,114		530,460		591,574
Net OPEB obligation			3,890,792		3,890,792
Current portion of long-term debt				253,969	253,969
Total current liabilities	<u>566,759</u>	<u>775,505</u>	<u>4,640,908</u>	<u>254,593</u>	<u>6,237,765</u>
Noncurrent liabilities:					
Accrued insurance loss		4,626,000			4,626,000
Compensated absences obligation	76,172		604,177		680,349
Noncurrent portion of long-term debt				961,669	961,669
Total noncurrent liabilities	<u>76,172</u>	<u>4,626,000</u>	<u>604,177</u>	<u>961,669</u>	<u>6,268,018</u>
Total Liabilities	<u>642,931</u>	<u>5,401,505</u>	<u>5,245,085</u>	<u>1,216,262</u>	<u>12,505,783</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	9,102			2,390,576	2,399,678
Unrestricted	865,370	(2,071,785)	1,723,937	2,529,041	3,046,563
Total Net Assets (Deficits)	<u>\$874,472</u>	<u>(\$2,071,785)</u>	<u>\$1,723,937</u>	<u>\$4,919,617</u>	<u>\$5,446,241</u>

**CITY OF SOUTH SAN FRANCISCO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$2,829,519	\$2,767,028	\$3,818,902	\$1,079,384	\$10,494,833
Total Operating Revenues	<u>2,829,519</u>	<u>2,767,028</u>	<u>3,818,902</u>	<u>1,079,384</u>	<u>10,494,833</u>
<b>OPERATING EXPENSES</b>					
Personnel expenses	1,394,080	368,753	2,925,667		4,688,500
OPEB expenses			3,890,792		3,890,792
Professional services	177,646	244,775	14,422		436,843
Program supplies	689,743		400	75,302	765,445
Insurance	7,200	1,040,429			1,047,629
Self-insurance and claims		2,328,830			2,328,830
Repair and maintenance	394,595			10,129	404,724
Utilities	29,050				29,050
Depreciation	4,293			702,267	706,560
Other	16,555			23,129	39,684
Total Operating Expenses	<u>2,713,162</u>	<u>3,982,787</u>	<u>6,831,281</u>	<u>810,827</u>	<u>14,338,057</u>
Operating Income (Loss)	<u>116,357</u>	<u>(1,215,759)</u>	<u>(3,012,379)</u>	<u>268,557</u>	<u>(3,843,224)</u>
<b>NONOPERATING</b>					
<b>REVENUES (EXPENSES)</b>					
Interest income	(2,842)	60,446		63,905	121,509
Gain from disposal of capital assets				61,660	61,660
Other	35,293	613,997			649,290
Total Nonoperating Revenues (Expenses)	<u>32,451</u>	<u>674,443</u>		<u>125,565</u>	<u>832,459</u>
Net income (loss) before transfers	148,808	(541,316)	(3,012,379)	394,122	(3,010,765)
<b>TRANSFERS</b>					
Transfers in	1,050		500,000		501,050
Transfers out	(222,357)			(124,985)	(347,342)
Change in Net Assets	(72,499)	(541,316)	(2,512,379)	269,137	(2,857,057)
Net Assets - (deficits) July 1	<u>946,971</u>	<u>(1,530,469)</u>	<u>4,236,316</u>	<u>4,650,480</u>	<u>8,303,298</u>
Net Assets - (deficits) June 30	<u>\$874,472</u>	<u>(\$2,071,785)</u>	<u>\$1,723,937</u>	<u>\$4,919,617</u>	<u>\$5,446,241</u>

**CITY OF SOUTH SAN FRANCISCO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from interfund service provided	\$2,851,779	\$3,194,524	\$3,818,902	\$1,079,384	\$10,944,589
Cash payment to suppliers for goods and services	(1,267,909)	(720,147)	(14,962)	(115,304)	(2,118,322)
Cash payment to employees for services	(1,365,374)	(305,248)	(2,859,128)		(4,529,750)
Cash payment for judgments and claims		(1,103,173)			(1,103,173)
Net Cash Provided by Operating Activities	<u>218,496</u>	<u>1,065,956</u>	<u>944,812</u>	<u>964,080</u>	<u>3,193,344</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayments to other funds				(4,265)	(4,265)
Cash payment from(to) other governments		(570,859)			(570,859)
Transfers in	1,050		500,000		501,050
Transfers out	(222,357)			(124,985)	(347,342)
Net Cash Provided by Noncapital Financing Activities	<u>(221,307)</u>	<u>(570,859)</u>	<u>500,000</u>	<u>(129,250)</u>	<u>(421,416)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on capital lease				(246,241)	(246,241)
Proceeds from new capital lease debt				902,500	902,500
Capital assets acquisitions				(403,901)	(403,901)
Net Cash Used in Capital and Related Financing Activities				<u>252,358</u>	<u>252,358</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	(2,259)	66,599		61,138	125,478
Net Cash Provided by Investing Activities	<u>(2,259)</u>	<u>66,599</u>		<u>61,138</u>	<u>125,478</u>
Net Increase (Decrease) in cash and cash equivalents	(5,070)	561,696	1,444,812	1,148,326	3,149,764
Cash and cash equivalents, beginning	1,513,682	2,056,172	5,478,200	1,074,383	10,122,437
Cash and cash equivalents, ending	<u>\$1,508,612</u>	<u>\$2,617,868</u>	<u>\$6,923,012</u>	<u>\$2,222,709</u>	<u>\$13,272,201</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$116,357	(\$1,215,759)	(\$3,012,379)	\$268,557	(\$3,843,224)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	4,293			702,267	706,560
Other non-operating revenue	35,293	613,997			649,290
Net change in assets and liabilities:					
Accounts and lease receivables	22,260	427,496			449,756
Prepaid items	11,728				11,728
Accounts payable	49,726	63,505	9,269	(6,744)	115,756
Other payable	(141)	(48,940)	(140)		(49,221)
Accrued insurance losses		1,225,657			1,225,657
OPEB obligations			3,890,792		3,890,792
Compensated absence obligations	(21,020)		57,270		36,250
Net Cash Provided by (Used in) Operating Activities	<u>\$218,496</u>	<u>\$1,065,956</u>	<u>\$944,812</u>	<u>\$964,080</u>	<u>\$3,193,344</u>



<b>AGENCY FUND</b>
--------------------

An agency fund is used to account for monies where the City is acting as an agent for another government entity. The agency fund used at the City of South San Francisco consisted of:

**Non-obligated Assessment Districts** – To account for the collection of assessments and related repayments of special assessment bonds: the 1989 El Camino Plaza Assessment District Series 89A & 89B and the 1990 Pointe Grand Business Park Assessment District Series 90A.

**CITY OF SOUTH SAN FRANCISCO  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Nonobligated Assessment Districts</b>			
	Balance June 30, 2008	Additions	Deductions	
<b>ASSETS</b>				
Accrued interest	\$11,540	\$8,984	\$11,540	\$8,984
Restricted cash and investments	1,155,881		(12,588)	1,143,293
Total Assets	\$1,167,421	\$8,984	(\$1,048)	\$1,152,277
<b>LIABILITIES</b>				
Accounts payable	\$229	\$2,060	\$229	\$2,060
Deferred contributions from property owners	\$1,167,192	1,150,217	\$1,167,192	1,150,217
Total Liabilities	\$1,167,192	\$1,150,217	\$1,167,192	\$1,152,277

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## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### **Financial Trends**

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

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value and Estimated Market Value of Taxable Property
2. All Overlapping Property Tax Rates
3. Principal Property Tax Payers
4. Twenty Largest Taxable Property Owners for Merged RDA Project Area
5. Property Tax Levies and Collections

### **Debt Capacity**

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

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Continuing Disclosure Requirements:
  - a. Revenue Bond Coverage
  - b. Sewer Debt Service Coverage
  - c. Bonded Debt Pledge Revenue Coverage

### **Demographic and Economic Information**

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

1. Demographic and Economic Statistics
2. Principal Employers

<b>STATISTICAL SECTION - (Continued)</b>
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**Operating Information**

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

1. Full-Time City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

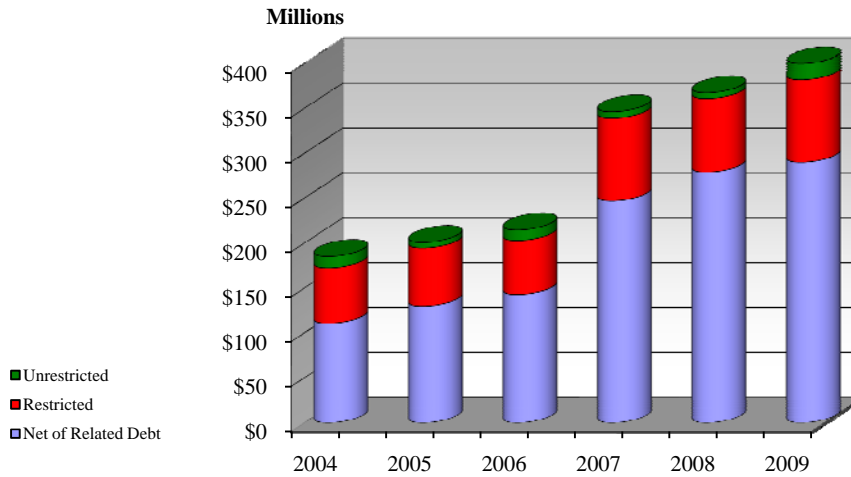
**Miscellaneous Information**

1. Collection and Use of 1% Special Transient Occupancy Tax

**Sources**

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF SOUTH SAN FRANCISCO**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**



	<b>Fiscal Year Ended June 30, 2009</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b><i>Governmental activities</i></b>						
Invested in capital assets, net of related debt	\$88,960,212	\$100,135,849	\$110,328,726	\$212,273,574	\$233,230,681	\$237,441,155
Restricted	59,937,123	63,029,154	58,015,343	89,194,344	80,346,634	86,962,890
Unrestricted	8,873,832	9,528,256	11,886,141	3,306,910	9,205,150	21,455,067
<b>Total governmental activities net assets</b>	<b>\$157,771,167</b>	<b>\$172,693,259</b>	<b>\$180,230,210</b>	<b>\$304,774,828</b>	<b>\$322,782,465</b>	<b>\$345,859,112</b>
<b><i>Business-type activities</i></b>						
Invested in capital assets, net of related debt	\$21,541,521	\$29,419,584	\$32,352,591	\$34,640,593	\$45,635,119	\$52,347,955
Restricted	1,935,907	1,935,907	2,059,070	2,806,562	1,480,000	4,971,538
Unrestricted	3,805,406	(3,294,378)	(44,279)	3,951,703	(2,674,600)	(3,496,600)
<b>Total business-type activities net assets</b>	<b>\$27,282,834</b>	<b>\$28,061,113</b>	<b>\$34,367,382</b>	<b>\$41,398,858</b>	<b>\$44,440,519</b>	<b>\$53,822,893</b>
<b><i>Primary government</i></b>						
Invested in capital assets, net of related debt	\$110,501,733	\$129,555,433	\$142,681,317	\$246,914,167	\$278,865,800	\$289,789,110
Restricted	61,873,030	64,965,061	60,074,413	92,000,906	81,826,634	91,934,428
Unrestricted	12,679,238	6,233,878	11,841,862	7,258,613	6,530,550	17,958,467
<b>Total primary government net assets</b>	<b>\$185,054,001</b>	<b>\$200,754,372</b>	<b>\$214,597,592</b>	<b>\$346,173,686</b>	<b>\$367,222,984</b>	<b>\$399,682,005</b>

Source: City of South San Francisco, Department of Finance

**CITY OF SOUTH SAN FRANCISCO**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
**(Accrual Basis of Accounting)**

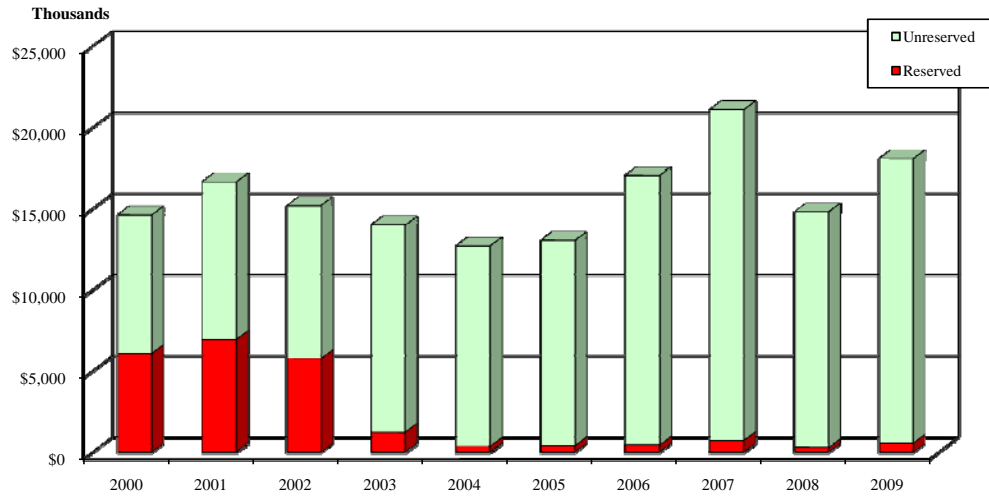
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Expenses</b>						
Governmental Activities:						
General Government	\$6,992,700	\$6,157,772	\$5,825,030	\$6,278,669	\$7,435,350	\$7,140,676
Fire Department	13,722,509	14,285,287	14,891,017	14,960,270	17,147,670	19,047,877
Police Department	13,944,144	15,543,813	16,582,172	17,951,508	18,959,373	21,051,263
Public Works	2,392,790	7,925,565	10,595,999	13,472,084	16,286,592	20,924,132
Park, Recreation and Maintenance Services	12,159,195	5,744,073	5,163,333	4,989,601	11,233,170	11,574,808
Library	4,662,937	4,628,578	4,104,854	4,432,731	4,719,233	4,959,138
Economic and Community Development	7,515,708	8,451,212	18,431,929	16,158,998	4,712,239	15,886,834
Interest on Long -Term Debt	3,235,435	3,284,503	2,171,325	4,883,053	5,694,097	5,289,818
Total Governmental Activities Expenses	<u>64,625,418</u>	<u>66,020,803</u>	<u>77,765,659</u>	<u>83,126,914</u>	<u>86,187,723</u>	<u>105,874,546</u>
Business-Type Activities:						
Sewer Rental	13,807,258	14,479,633	14,880,113	14,705,709	16,340,344	17,549,690
Parking District	290,314	229,087	303,712	352,629	363,878	341,100
Storm Water	401,315	565,827	675,773	683,458	705,099	746,316
Total Business-Type Activities Expenses	<u>14,498,887</u>	<u>15,274,547</u>	<u>15,859,598</u>	<u>15,741,796</u>	<u>17,409,321</u>	<u>18,637,106</u>
Total Primary Government Expenses	<u>\$79,124,305</u>	<u>\$81,295,350</u>	<u>\$93,625,257</u>	<u>\$98,868,710</u>	<u>103,597,044</u>	<u>\$124,511,652</u>
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services:						
General Government	\$2,140,949	\$2,159,550	\$2,093,574	\$2,403,697	\$2,578,384	\$2,689,370
Fire Department	1,562,388	1,634,048	2,339,139	2,699,426	2,425,673	2,415,617
Police Department	1,861,660	1,613,103	1,539,685	1,765,507	1,685,514	1,650,620
Public Works	175,712	192,960	460,184	164,846	2,973,297	2,462,538
Park, Recreation and Maintenance Services	3,209,976	2,554,380	2,738,378	2,757,513	3,755,368	4,872,718
Library	154,795	172,309	240,238	192,445	233,753	240,542
Economic and Community Development	4,225,062	3,406,430	6,039,752	10,041,002	4,483,292	4,868,445
Operating Grants and Contributions	4,818,988	4,139,354	4,789,269	5,719,440	6,840,628	13,388,016
Capital Grants and Contributions	11,628,116	5,914,588	5,468,406	8,433,785	3,113,674	182,462
Total Government Activities Program Revenues	<u>29,777,646</u>	<u>21,786,722</u>	<u>25,708,625</u>	<u>34,177,661</u>	<u>28,089,583</u>	<u>32,770,328</u>
Business-Type Activities:						
Charges for Services:						
Sewer Rental	8,820,583	10,784,174	12,116,388	12,568,533	14,112,051	15,770,470
Parking District	312,875	401,131	447,431	449,945	553,317	606,847
Storm Water	405,578	401,484	410,175	413,087	421,727	419,446
Operating Grants and Contributions	3,524,006	3,606,243	7,185,612	5,709,258	4,951,013	10,392,219
Capital Grants and Contributions	1,581,840	893,318	1,452,115	3,096,728	173,767	162,599
Total Business-Type Activities Program Revenue	<u>14,644,882</u>	<u>16,086,350</u>	<u>21,611,721</u>	<u>22,237,551</u>	<u>20,211,875</u>	<u>27,351,581</u>
Total Primary Government Program Revenues	<u>\$44,422,528</u>	<u>\$37,873,072</u>	<u>\$47,320,346</u>	<u>\$56,415,212</u>	<u>48,301,458</u>	<u>\$60,121,909</u>
<b>Net (Expense)/Revenue</b>						
Governmental Activities	(\$34,847,772)	(\$44,234,081)	(\$52,057,034)	(\$48,949,253)	(\$58,098,140)	(\$73,104,218)
Business-Type Activities	145,995	811,803	5,752,123	6,495,755	2,802,554	8,714,475
Total Primary Government Net Expense	<u>(\$34,701,777)</u>	<u>(\$43,422,278)</u>	<u>(\$46,304,911)</u>	<u>(\$42,453,498)</u>	<u>(\$55,295,586)</u>	<u>(\$64,389,743)</u>

**CITY OF SOUTH SAN FRANCISCO**  
**Changes in Net Assets**  
**(continued)**  
**Last Six Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
Taxes:						
Property Taxes	\$28,798,270	\$30,669,363	\$33,504,624	\$41,469,349	\$44,165,490	\$59,369,550
Sales Taxes	10,990,867	10,676,202	11,944,496	12,446,921	12,180,885	11,752,776
Transient Occupancy Tax	3,945,974	4,518,293	5,469,708	5,959,034	7,098,284	6,178,391
Other Taxes	4,664,923	5,057,871	5,076,182	5,369,868	6,083,162	6,870,791
Motor Vehicle In-Lieu	2,782,118	2,979,413	4,463,069	411,098	267,061	183,193
Property taxes in lieu of vehicle license fees				4,206,799	4,608,649	5,563,165
Interest Earnings	660,704	1,855,742	3,627,834	6,924,292	8,994,203	4,760,345
Other	3,771,293	3,332,974	3,170,305	4,551,050	1,417,773	1,925,666
Transfers	6,938	66,315	(474,027)	(176,680)	(169,330)	(423,012)
Special item - Property taxes refund					(8,540,400)	
Cumulative effect from change in accounting method			(7,188,206)			
<b>Total Government Activities</b>	<u>55,621,087</u>	<u>59,156,173</u>	<u>59,593,985</u>	<u>81,161,731</u>	<u>76,105,777</u>	<u>96,180,865</u>
Business-Type Activities:						
Interest Earnings	55,196	32,791	80,119	359,041	69,777	244,887
Transfers	(6,938)	(66,315)	474,027	176,680	169,330	423,012
<b>Total Business-Type Activities</b>	<u>48,258</u>	<u>(33,524)</u>	<u>554,146</u>	<u>535,721</u>	<u>239,107</u>	<u>667,899</u>
<b>Total Primary Government</b>	<u>\$55,669,345</u>	<u>\$59,122,649</u>	<u>\$60,148,131</u>	<u>\$81,697,452</u>	<u>\$76,344,884</u>	<u>\$96,848,764</u>
<b>Change in Net Assets</b>						
Governmental Activities	\$20,773,315	\$14,922,092	\$7,536,951	\$32,212,478	\$18,007,637	\$23,076,647
Business-Type Activities	194,253	778,279	6,306,269	7,031,476	3,041,661	9,382,374
<b>Total Primary Government</b>	<u>\$20,967,568</u>	<u>\$15,700,371</u>	<u>\$13,843,220</u>	<u>\$39,243,954</u>	<u>\$21,049,298</u>	<u>\$32,459,021</u>



**CITY OF SOUTH SAN FRANCISCO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



**Fiscal Year Ended June 30, 2009**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved	\$6,088,118	\$6,943,337	\$5,789,525	\$1,234,937	\$364,447	\$421,700	\$453,567	\$732,903	\$283,435	\$554,692
Unreserved	8,519,234	9,697,808	9,372,791	12,758,028	12,341,191	12,612,724	16,586,724	20,359,471	14,503,263	17,509,823
<b>Total General Fund</b>	<b>\$14,607,352</b>	<b>\$16,641,145</b>	<b>\$15,162,316</b>	<b>\$13,992,965</b>	<b>\$12,705,638</b>	<b>\$13,034,424</b>	<b>\$17,040,291</b>	<b>\$21,092,374</b>	<b>\$14,786,698</b>	<b>\$18,064,515</b>
<b>All Other Governmental Funds</b>										
Reserved	\$40,639,672	\$42,258,973	\$66,992,594	\$62,742,223	\$54,265,765	\$46,097,870	\$79,859,526	\$84,748,754	\$70,194,663	\$65,117,971
Unreserved, reported in:										
Special revenue funds	4,587,748	7,585,790	7,730,590	4,375,178	9,114,088	10,906,232	13,559,250	17,973,390	21,286,431	23,826,184
Debt service funds					9,186	121,702	126,691	124,003	119,525	121,764
Capital project funds	(1,141,614)	(6,002,159)	(14,377,889)	3,678,565	7,660,327	25,305,608	21,945,889	29,928,573	3,578,595	51,589,538
<b>Total all other governmental funds</b>	<b>\$44,085,806</b>	<b>\$43,842,604</b>	<b>\$60,345,295</b>	<b>\$70,795,966</b>	<b>\$71,049,366</b>	<b>\$82,431,412</b>	<b>\$115,491,356</b>	<b>\$132,774,720</b>	<b>\$95,179,214</b>	<b>\$140,655,457</b>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

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**CITY OF SOUTH SAN FRANCISCO**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30, 2009				
	2000	2001	2002	2003	2004
<b>Revenues</b>					
Property Taxes	\$14,798,094	\$15,153,405	\$27,006,989	\$26,924,977	\$28,798,270
Other Taxes	22,460,802	24,844,805	21,523,851	19,291,374	19,227,646
Intergovernmental revenues	12,178,691	8,468,984	13,779,307	16,529,017	17,187,983
Special Assessments	119,984	66,528	161,471	43,214	472
Interest and Rents	4,503,502	8,111,976	5,000,690	6,294,552	3,330,413
Licenses and permits	3,526,152	4,151,300	4,177,528	3,933,562	4,039,527
Charges for services	4,723,218	7,791,794	11,590,371	11,091,039	10,186,710
Fines and forfeitures	883,277	932,545	915,270	907,768	1,061,231
Other	3,395,952	3,022,679	6,182,454	1,474,351	1,537,775
<b>Total Revenues</b>	<b>66,589,672</b>	<b>72,544,016</b>	<b>90,337,931</b>	<b>86,489,854</b>	<b>85,370,027</b>
<b>Expenditures</b>					
Current:					
General government	4,535,663	5,812,209	6,595,273	5,789,321	4,282,592
Fire Department	10,433,628	11,610,379	12,338,436	11,398,309	13,427,723
Police Department	11,481,302	11,937,095	12,246,038	12,604,652	13,864,371
Public works	998,651	10,174,412	19,692,262	23,148,810	20,978,181
Recreation and Community Services	9,764,334	10,841,193	11,166,142	11,242,386	11,594,180
Library	2,824,162	3,371,278	3,828,969	4,151,880	4,469,947
Economic and Community Development	4,405,241	4,553,763	5,005,099	7,185,798	6,816,036
Other	546,807	664,360	629,612	1,517,998	2,132,294
Capital outlay	25,375,041	9,501,839	903,766	755,651	5,724,786
Debt service:					
Principal repayment	481,080	752,386	1,055,439	1,157,612	1,557,174
Interest and fiscal charges	2,572,611	2,963,348	2,725,146	2,682,359	2,629,544
<b>Total Expenditures</b>	<b>73,418,520</b>	<b>72,182,262</b>	<b>76,186,182</b>	<b>81,634,776</b>	<b>87,476,828</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(6,828,848)</b>	<b>361,754</b>	<b>14,151,749</b>	<b>4,855,078</b>	<b>(2,106,801)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	16,324,123	32,950,911	16,815,948	16,886,496	22,927,167
Transfers (out)	(16,032,838)	(32,272,073)	(16,228,024)	(17,057,396)	(23,160,229)
Refunding tax allocation bonds					
Tax allocation bonds issued					
Premium on bonds					
Payments to refunded bond escrow					
Other debt proceeds	500,000	750,000	284,188	2,001,962	1,100,926
Sale of capital assets					205,482
<b>Total other financing sources (uses)</b>	<b>791,285</b>	<b>1,428,838</b>	<b>872,112</b>	<b>1,831,062</b>	<b>1,073,346</b>
<b>Net Change in fund balances</b>	<b>(\$6,037,563)</b>	<b>\$1,790,592</b>	<b>\$15,023,861</b>	<b>\$6,686,140</b>	<b>(\$1,033,455)</b>
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	5.0%

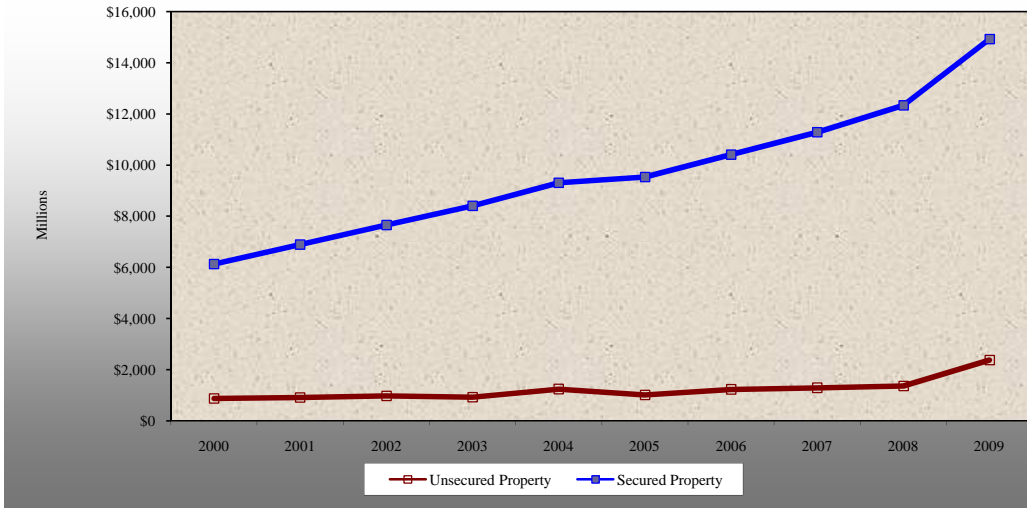
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

**Fiscal Year Ended June 30, 2009**

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$30,669,363	\$33,504,626	\$41,469,349	\$44,165,490	\$59,369,550
19,804,438	22,157,878	23,505,138	24,313,543	22,755,561
8,067,360	11,495,084	9,103,859	13,219,053	15,088,171
4,882,565	6,807,538	10,691,238	12,318,594	7,625,428
4,286,728	5,342,009	6,729,772	5,716,017	5,957,815
10,340,529	10,533,289	17,083,402	10,792,043	13,644,314
971,050	889,085	1,043,528	1,073,603	1,013,434
1,609,388	2,065,054	5,557,296	1,091,514	3,722,979
<b>80,631,421</b>	<b>92,794,563</b>	<b>115,183,582</b>	<b>112,689,857</b>	<b>129,177,252</b>
4,428,283	4,211,157	4,451,564	5,897,066	5,752,948
13,867,143	14,713,658	14,972,467	16,875,311	17,724,990
15,238,191	16,425,238	18,040,508	18,757,394	19,989,136
16,493,303	16,722,028	15,038,206	14,910,401	12,360,989
5,076,651	4,631,328	4,927,687	10,826,041	10,700,332
4,413,828	4,064,649	4,399,017	4,766,821	4,679,270
8,323,198	18,344,116	15,675,694	13,848,049	19,554,780
1,115,641	1,169,699	633,060	1,023,435	474,805
1,688,984	2,429,448	844,744	36,544,741	4,247,021
1,559,200	23,094,686	8,610,556	1,692,296	1,755,426
2,438,467	2,393,177	5,500,469	5,441,036	4,571,150
<b>74,642,889</b>	<b>108,199,184</b>	<b>93,093,972</b>	<b>130,582,591</b>	<b>101,810,847</b>
<b>5,988,532</b>	<b>(15,404,621)</b>	<b>22,089,610</b>	<b>(17,892,734)</b>	<b>27,366,405</b>
21,080,897	20,973,246	14,505,346	20,182,014	18,754,214
(19,833,372)	(20,890,788)	(14,351,319)	(24,253,621)	(19,330,934)
	70,675,000			
	2,005,535			
	(13,118,105)			
4,378,275				
<b>96,500</b>	<b>13,750</b>	<b>13,750</b>	<b>13,750</b>	<b>13,784</b>
<b>5,722,300</b>	<b>59,658,638</b>	<b>167,777</b>	<b>(4,057,857)</b>	<b>(562,936)</b>
<b>\$11,710,832</b>	<b>\$44,254,017</b>	<b>\$22,257,387</b>	<b>(\$21,950,591)</b>	<b>\$26,803,469</b>
5.7%	35.6%	20.4%	6.2%	7.2%

**CITY OF SOUTH SAN FRANCISCO  
 ASSESSED AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2000	2,630,167,079	524,260,421	1,746,240,172	350,676,140	5,251,343,812	877,173,032	6,128,516,844	6,128,516,844	0.21679%
2001	2,915,748,893	750,165,108	1,846,168,942	472,449,902	5,984,532,845	910,307,591	6,894,840,436	6,894,840,436	0.24074%
2002	3,257,637,619	629,404,257	1,940,005,169	853,973,220	6,681,020,265	972,206,231	7,653,226,496	7,653,226,496	0.27525%
2003	3,467,880,775	623,496,816	2,070,006,204	1,319,909,273	7,481,293,068	925,633,109	8,406,926,177	8,406,926,177	0.30254%
2004	3,720,977,032	630,629,338	2,319,546,992	1,388,466,651	8,059,620,013	1,244,331,375	9,303,951,388	9,303,951,388	0.29935%
2005	4,180,939,020	759,135,638	2,605,709,981	968,695,644	8,514,480,283	1,015,822,692	9,530,302,975	9,530,302,975	0.30211%
2006	4,695,615,723	1,015,770,532	3,104,488,020	363,794,750	9,179,669,025	1,232,399,424	10,412,068,449	10,412,068,449	0.30509%
2007	5,088,269,711	1,166,696,622	3,456,741,386	280,811,705	9,992,519,424	1,294,249,195	11,286,768,619	11,286,768,619	0.30977%
2008	5,484,465,766	1,227,775,836	3,934,414,550	324,421,836	10,971,077,988	1,365,179,480	12,336,257,468	12,336,257,468	0.31878%
2009	5,790,070,116	1,368,274,141	4,871,255,093	523,110,471	12,552,709,821	2,373,808,053	14,926,517,874	14,926,517,874	0.34939%

Source: HdL Coren & Cone, San Mateo County Assessor 2008/09 Combined Tax Rolls (NC609051509) & San Mateo County Auditor

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

**CITY OF SOUTH SAN FRANCISCO  
PROPERTY TAX RATES  
ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>City</u>	<u>Total Direct Rate</u>	<u>County (1)</u>	<u>School Districts</u>	<u>Misc. Special Districts</u>	<u>Total</u>	
2000	0.000	0.002	1.000	0.0250	0.0000	1.0245	(1,6)
2001	0.000	0.002	1.000	0.0241	0.0000	1.0248	(1,7)
2002	0.000	0.003	1.000	0.0223	0.0000	1.0224	(1,8)
2003	0.000	0.003	1.000	0.0278	0.0000	1.0282	(1,9)
2004	0.000	0.003	1.000	0.0262	0.0000	1.0265	(1,10)
2005	0.000	0.003	1.000	0.0271	0.0000	1.0291	(1,11)
2006	0.000	0.003	1.000	-1.0000	0.0000	1.0267	(1,12)
2007	0.000	0.003	1.000	0.0379	0.0000	1.0396	(1,13)
2008	0.000	0.003	1.000	0.0360	0.0000	1.0386	(1,14)
2009	0.000	0.003	1.000	0.0327	0.0000	1.0355	(1,15)

**Notes:**

- (1) Like other cities, South San Francisco includes several property tax rate areas with different rates. A mean average is indicated.
- (6) Of the 60 tax rate areas in the City, 55 have a tax rate of 1.025 percent, which includes South San Francisco Unified School District bonds, 3 have a rate of 1.0193, which includes Jefferson Union High School bonds, one has a rate of 1.0325, which include
- (7) Of the 60 tax rate areas in the City, 55 have a tax rate of 1.0241 percent, which includes South San Francisco Unified School District bonds, 3 have a rate of 1.037, which includes Jefferson Union High School bonds, one has a rate of 1.0353, which include
- (8) Of the 62 tax rate areas in the City, 57 have a tax rate of 1.0223 percent, which includes South San Francisco Unified School District bonds, 3 have a rate of 1.0181, which includes Jefferson Union High School bonds, one has a rate of 1.0434, which include
- (9) Of the 62 tax rate areas in the City, 57 have a tax rate of 1.0278 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0194, which includes Jefferson Union High School bonds, one has
- (10) Of the 63 tax rate areas in the City, 57 have a tax rate of 1.0262 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 4 have a rate of 1.0187, which includes Jefferson Union High School bonds, one has
- (11) Of the 63 tax rate areas in the City, 57 have a tax rate of 1.0271 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0524, which includes Jefferson Union High School bonds, one has
- (12) Of the 63 tax rate areas in the City, 58 have a tax rate of 1.0247 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0485, which includes Jefferson Union High School bonds, one has
- (13) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0379 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0612, which includes Jefferson Union School bonds, one has a rate
- (14) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0360 percent which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have the rate of 1.0756, which includes Jefferson Union School bonds, one has a rate of 1.0716, and Jefferson Union High School bonds.
- (15) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0327 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 2 have the rate of 1.0719 and one has a rate of 1.0689, which includes Jefferson Union School bonds and Brisbane ESD bonds, and one has a rate of 1.0710 which includes San Bruno Park Elementary.

Source: San Mateo County Controllers Office, Schedule of Tax and Valuation of Taxable Property.

**CITY OF SOUTH SAN FRANCISCO**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	2008-09			1999-00		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$3,165,511,632	1	21.2%	\$631,126,658	1	10.5%
Slough BTC LLC	501,775,000	2	3.4%	--	--	--
Slough SSF LLC De	371,550,000	3	2.5%	--	--	--
United Airlines Inc	282,114,325	4	1.9%	287,797,135	2	4.8%
Britannia Pointe Grand LP	268,200,000	5	1.8%	66,372,528	4	1.1%
ARE San Francisco	226,469,225	6	1.5%	--	--	--
ASN Solaire LLC	140,794,921	7	0.9%	--	--	--
Gateway Center LLC	129,358,020	8	0.9%	--	--	--
Britannia Biotech Gateway LP	73,700,000	9	0.5%	--	--	--
Costco Wholesale Corporation	68,361,743	10	0.5%	--	--	--
BNP Leasing Corporation	--	--	--	82,558,375	3	1.4%
HD Delaware Properties Inc	--	--	--	50,932,100	5	0.8%
Costco SSF LLC	--	--	--	47,257,685	6	0.8%
HMS Gateway Office Limited Partnership	--	--	--	46,009,140	7	0.8%
Kashiwa Fudosan America Inc	--	--	--	40,123,844	8	0.7%
Federal Express Corporation	--	--	--	38,837,079	9	0.6%
Shelton Properties	--	--	--	31,777,307	10	0.5%
<b>Subtotal</b>	<b>\$5,227,834,866</b>		<b>35.0%</b>	<b>\$1,322,791,851</b>		<b>21.9%</b>

Total Net Assessed Valuation:

Fiscal Year 2008-2009                   \$14,926,517,874  
Fiscal Year 1999-2000                   \$6,029,003,906

Source: HdL Coren & Cone, San Mateo County Assessor 1999/00 & 2008/09 Net Taxable Value History

**CITY OF SOUTH SAN FRANCISCO**  
**Twenty Largest Taxable Property Owners for Merged RDA Project Area**  
**JUNE 30, 2009**

<b>Property Tax Payer</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total Assessed Value</b>	<b>% of Total AV in Project Area</b>	<b>Land Use</b>
Slough	\$807,275,000		\$807,275,000	20.1%	Industrial
Genentech	334,679,804	311,914,999	\$646,594,803	16.1%	Industrial, Office, R&D
Britannia Pointe Grand LP	394,900,000		\$394,900,000	9.8%	Industrial
ARE San Francisco	159,699,017		\$159,699,017	4.0%	Industrial, Commercial
ASN Solaire LLC	140,794,921		\$140,794,921	3.5%	Residential
Gateway Center LLC DE	129,358,020		\$129,358,020	3.2%	Commercial
Broadway 701 Gateway Fee LLC	67,320,000		\$67,320,000	1.7%	Commercial
Broadway 801 Gateway Fee LLC	56,181,600		\$56,181,600	1.4%	Commercial
Gateway Boulevard LLC	55,109,995		\$55,109,995	1.4%	Industrial
BP Gateway Center LLC	53,408,661		\$53,408,661	1.3%	Commercial
Exelixis Inc.		49,200,044	\$49,200,044	1.2%	Industrial
Theravance Inc.		47,809,759	\$47,809,759	1.2%	Industrial, Office, R&D
Amgen SF LLC		42,897,151	\$42,897,151	1.1%	Industrial
Felcor CSS Holdings LP	39,675,959		\$39,675,959	1.0%	Residential
Oik Sierra Point LLC	39,525,000		\$39,525,000	1.0%	Commercial
Costco Wholesale Corp	37,625,131		\$37,625,131	0.9%	Commercial
Blue Line Transfer Inc.	34,629,063		\$34,629,063	0.9%	Industrial
Elan Pharmaceuticals Inc.	\$0	34,442,991	\$34,442,991	0.9%	Industrial
CPRE 1 SSF LLC	29,740,351		\$29,740,351	0.7%	Office, R&D
Rouse Assoc	29,144,801		\$29,144,801	0.7%	Industrial
<b>Total Top Twenty</b>	<b>2,409,067,323</b>	<b>486,264,944</b>	<b>2,895,332,267</b>	<b>71.9%</b>	
<b>Percent of AV</b>	<b>83.2%</b>	<b>16.8%</b>		<b>71.9%</b>	

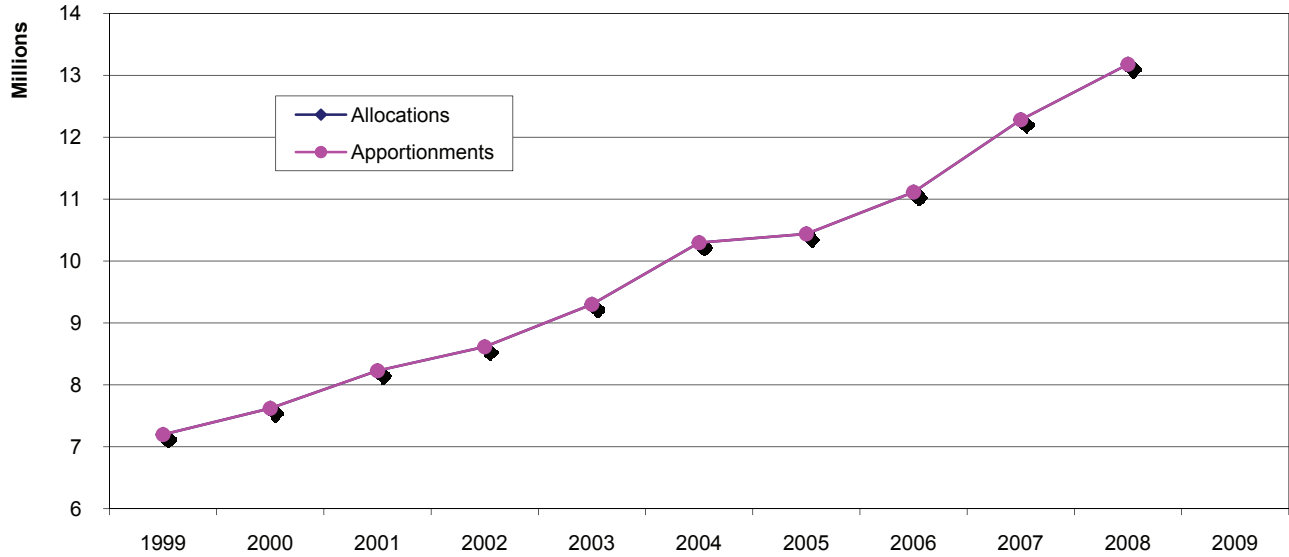
(1) Given the nature of the research performed at Genentech, a significant portion of the total assessed value of the Genentech Property is likely equipment. It would appear on the secured roll as that contains the value of personal property/improvements

Source: San Mateo County Assessor, RDA Secured & Unsecured SSF 2009 Tax Rolls

Source: Muni Services



**CITY OF SOUTH SAN FRANCISCO  
PROPERTY TAX LEVIES AND COLLECTIONS (1)  
LAST TEN FISCAL YEARS**



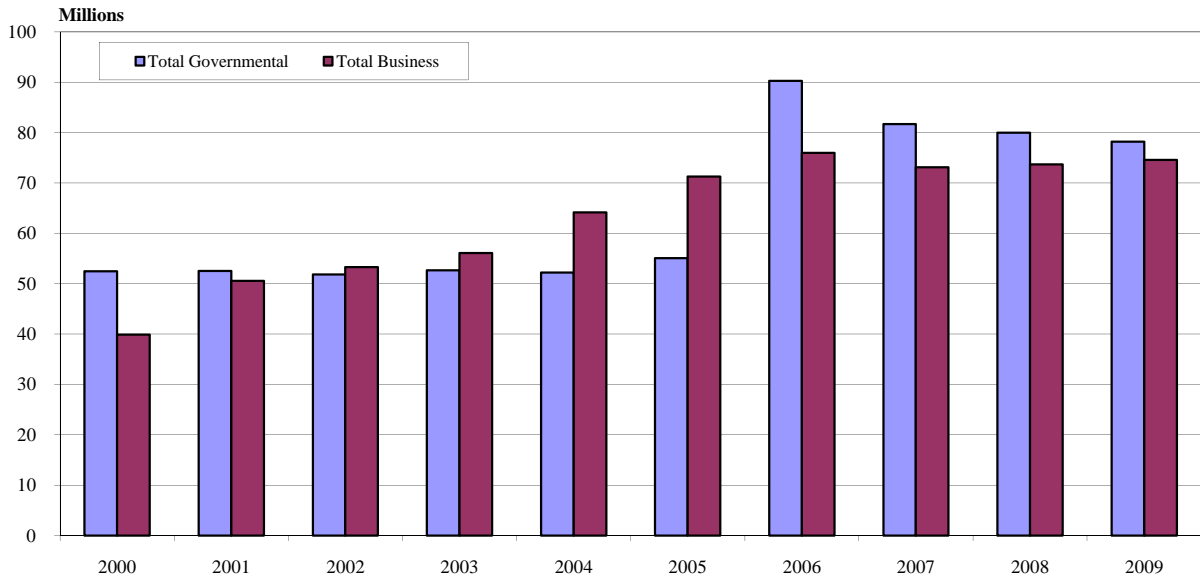
Fiscal Year	Rate (2)	Levies (3)	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
1999	1.00	(4)	7,197,865	(4)	7,197,865	(4)	0.0%
2000	1.00	(4)	7,621,354	(4)	7,621,354	(4)	0.0%
2001	1.00	(4)	8,228,319	(4)	8,228,319	(4)	0.0%
2002	1.00	(4)	8,614,725	(4)	8,614,725	(4)	0.0%
2003	1.00	(4)	9,300,314	(4)	9,300,314	(4)	0.0%
2004	1.00	(4)	10,296,831	(4)	10,296,831	(4)	0.0%
2005	1.00	(4)	10,438,333	(4)	10,438,333	(4)	0.0%
2006	1.00	(4)	11,112,993	(4)	11,112,993	(4)	0.0%
2007	1.00	(4)	12,281,105	(4)	12,281,105	(4)	0.0%
2008	1.00	(4)	13,177,156	(4)	13,177,156	(4)	0.0%
2009	(5)						

Notes:

- (1) Excludes State Reimbursed Exemptions and deductions for County property tax administration.
- (2) County adopted full cash value method of valuation rather than assessed valuation.
- (3) Levies include real and personal property.
- (4) Information not applicable. All general purpose property taxes are levied by the county and allocated to other governmental entities.
- (5) No Information available for FY08-09. Per San Mateo County Controllers Office, this is not going to be updated due to other higher priorities this year.

Source: San Mateo County Auditor -- Controller's Office; Finance Department Revenue Reports

**CITY OF SOUTH SAN FRANCISCO**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**



<b>Governmental Activities</b>						
Fiscal Year	RDA Tax	Lease	Certificates	Special	Loans	Total
	Allocation	Revenue	of	Assessment		
	Bonds	Bonds	Participation	Debt		
2000	42,940,000	405,664	6,040,000	334,000	2,770,000	52,489,664
2001	42,480,000	381,787	5,935,000	231,000	3,523,144	52,550,931
2002	41,700,000	356,057	5,825,000	160,000	3,771,269	51,812,326
2003	40,785,000	328,330	5,710,000	85,000	5,771,962	52,680,292
2004	39,475,000	298,449	5,590,000		6,872,888	52,236,337
2005	38,085,000	266,249	5,465,000		11,239,163	55,055,412
2006	73,495,000	231,549	5,335,000		11,227,163	90,288,712
2007	72,400,000	194,156	5,200,000		3,884,000	81,678,156
2008	71,000,000	153,860	5,060,000		3,772,000	79,985,860
2009	69,545,000	110,434	4,915,000		3,660,000	78,230,434

<b>Business-Type Activities</b>							
Fiscal Year	Sewer	Certificates	State Water	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Revenue	of	Resources				
	Bonds	Participation	Loans				
2000			39,913,088	39,913,088	92,402,752	3.01%	1,516.34
2001			50,540,198	50,540,198	103,091,129	2.80%	1,648.11
2002			53,314,447	53,314,447	105,126,773	3.12%	1,727.98
2003			56,090,490	56,090,490	108,770,782	3.36%	1,791.41
2004			64,195,566	64,195,566	116,431,903	3.62%	1,916.26
2005			71,251,939	71,251,939	126,307,351	NA	2,072.28
2006	\$6,000,000		69,978,799	75,978,799	166,267,511	NA	2,696.48
2007	6,000,000		67,133,165	73,133,165	154,811,321	NA	2,504.07
2008	\$5,790,000		67,878,194	73,668,194	153,654,054	NA	2,453.99
2009	5,575,000		69,025,322	74,600,322	152,830,756	NA	2,397.57

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of South San Francisco

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF SOUTH SAN FRANCISCO  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2009**

2008-09 Assessed Valuation:	\$14,926,517,874
Redevelopment Incremental Valuation:	<u>(3,693,235,461)</u>
Adjusted Assessed Valuation:	\$11,233,282,413

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2009	% Applicable (1)	City's Share of Debt 6/30/09
San Mateo Community College District	\$634,554,994	8.738%	\$55,447,415
Jefferson Union High School District	72,820,000	1.538	1,119,972
South San Francisco Unified School District	35,777,393	86.948	31,107,728
Brisbane School District	7,650,437	11.636	890,205
City of Brisbane Marina Boulevard and Lagoon Road Reassessment District	6,355,000	95.186	6,049,070
City of South San Francisco 1915 Act Bonds	745,000	100.000	745,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$95,359,390</b>

DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Mateo County General Fund Obligations	\$370,964,816	8.738%	\$32,414,906
San Mateo County Board of Education Certificates of Participation	13,350,000	8.738	1,166,523
San Mateo County Flood Control District Certificates of Participation	23,695,000	55.695	13,196,930
City of South San Francisco Certificates of Participation	1,860,000	86.948	1,617,233
South San Francisco Unified School District Certificates of Participation	4,915,000	100.000	4,915,000
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$53,310,592</b>

COMBINED TOTAL DEBT \$148,669,982 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

<u>Ratios to 2008-09 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	0.64%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$4,915,000)	0.04%
Combined Total Debt	1.32%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.  
510-658-2640

**CITY OF SOUTH SAN FRANCISCO  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2009**

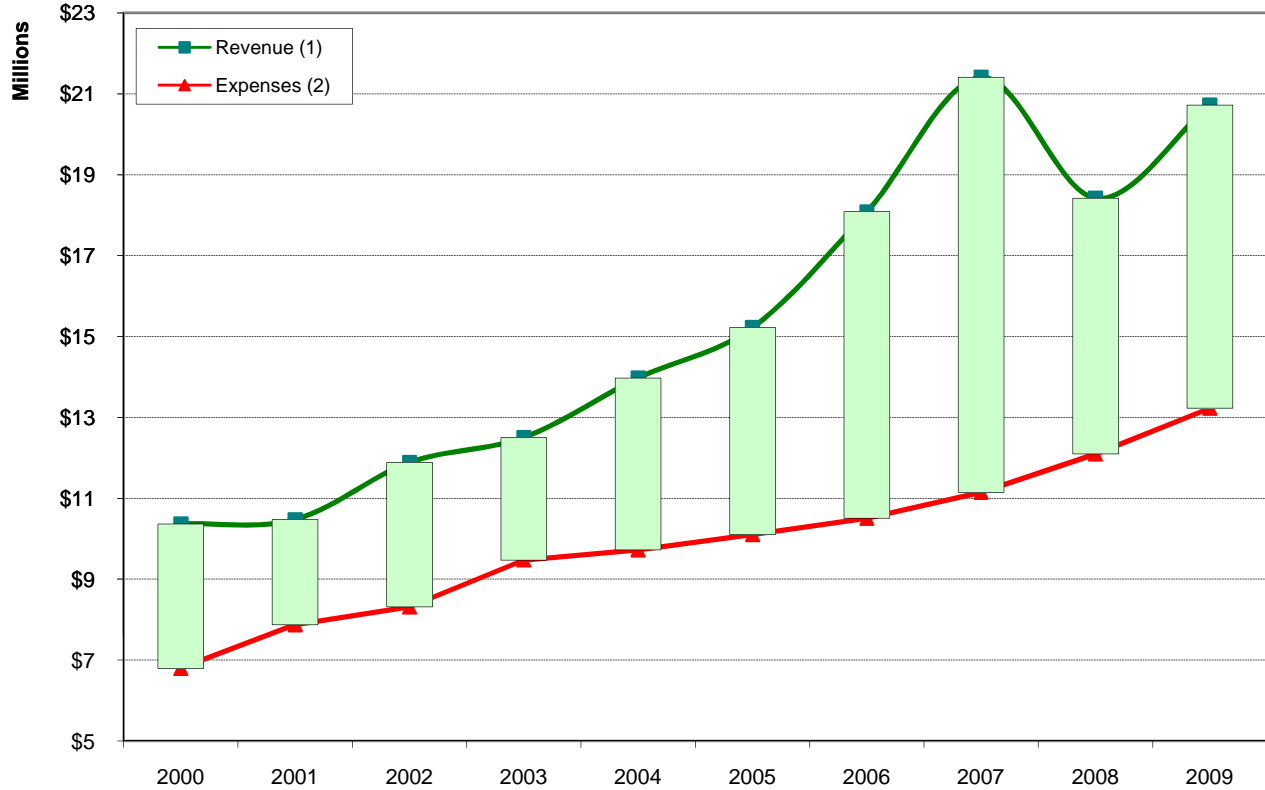
ASSESSED VALUATION:	\$14,926,517,874
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	559,744,420
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$559,744,420

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2000	229,819,382	0	229,819,382	0.00%
2001	258,556,516	0	258,556,516	0.00%
2002	286,995,994	0	286,995,994	0.00%
2003	315,259,732	0	315,259,732	0.00%
2004	348,898,177	0	348,898,177	0.00%
2005	357,386,362	0	357,386,362	0.00%
2006	390,455,531	0	390,455,531	0.00%
2007	423,253,823	0	423,253,823	0.00%
2008	469,575,123	0	469,575,123	0.00%
2009	559,744,420	0	559,744,420	0.00%

NOTE: (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth

Source: HDL Coren & Cone, San Mateo County Assessor - 2008/09 Combined Tax Rolls

**CITY OF SOUTH SAN FRANCISCO  
REVENUE BOND COVERAGE  
SEWER RENTAL ENTERPRISE FUND  
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
				Principal	Interest	Total	
2000	10,366,881	6,795,700	3,571,181				N/A
2001	10,475,263	7,875,181	2,600,082				N/A
2002	11,886,357	8,314,101	3,572,256				N/A
2003	12,504,872	9,473,780	3,031,092				N/A
2004	13,974,242	9,725,289	4,248,953				N/A
2005	15,222,308	10,101,969	5,120,339				N/A
2006	18,081,987	10,506,394	7,575,593	(3)	156,165	156,165	48.51
2007	21,409,055	11,146,870	10,262,185	(3)	248,914	248,914	41.23
2008	18,418,866	12,096,256	6,322,610	(3)	241,846	241,846	26.14
2009	20,722,778	13,228,883	7,493,895	215,000	235,897	450,897	16.62

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Gross revenue includes operating revenue and non-operating revenue.

(2) Direct operating expenses include operating expenses (except depreciation) and non-operating expenses (except interest expense).

(3) Retirement of principal for 2005 Sewer Revenue Bonds begins in fiscal year 2008.

(4) The requirement does not include loan payments on State Water Resources Board loans. See schedule of Sewer Debt service coverage for details.

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**CITY OF SOUTH SAN FRANCISCO  
SEWER DEBT SERVICE COVERAGE  
SEWER RENTAL ENTERPRISE FUND  
LAST SIX FISCAL YEARS**

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Service Charges	\$8,820,583	\$10,784,174	\$12,116,388 (4)	\$12,568,533 (4)	\$13,455,322 (4)
Connection and Other Fees	1,415,813	558,411	603,814	1,664,813	340,945
Interest Income	47,812		46,225	307,051	20,977
Developer Fees	166,027	334,907	848,301	1,431,915	4,027,128
Other Cities' Participation (1)	3,523,976	3,544,816	4,513,484	5,436,743	4,777,947
Total Revenues	<u>\$13,974,211</u>	<u>\$15,222,308</u>	<u>\$18,128,212</u>	<u>\$21,409,055</u>	<u>\$22,622,319</u>
Operating Expenses (2)	<u>\$9,732,225</u>	<u>\$10,154,711</u>	<u>\$10,012,867</u>	<u>\$11,170,190</u>	<u>\$12,219,926</u>
Wastewater System Net Revenues	<u>\$4,241,986</u>	<u>\$5,067,597</u>	<u>\$8,115,345</u>	<u>\$10,238,865</u>	<u>\$10,402,393</u>
Parity Debt Service (3)					
State Water Resources Control Board Loans	\$3,871,841	\$4,192,156	\$4,319,226	\$4,486,205	\$5,421,540
CSCDA Series 2005D Revenue Bonds			156,165	248,914	241,846
Total Parity Debt	<u>\$3,871,841</u>	<u>\$4,192,156</u>	<u>\$4,475,391</u>	<u>\$4,735,119</u>	<u>\$5,663,386</u>
Total Parity Debt Service Coverage	<u>1.10</u>	<u>1.21</u>	<u>1.81</u>	<u>2.16</u>	<u>1.84</u>

(1) Primarily consists of payments from the City of San Bruno. The City of San Bruno is a co-owner of the Plant and pays the City in advance on a quarterly basis for the City of San Bruno's share of costs. See "Wastewater System" herein.

(2) Excludes depreciation, capital expenditures and debt service.

(3) Includes Sewer Revenue Bonds and State Water Loan payments

(4) Reflects an adopted increase in rates for Fiscal Year 2004-05 of 25% per Resolution No. 68-2004, adopted by the City Council on July 14, 2004 and effective on and after July 1, 2004 and an increase in rates for Fiscal Year 2005-06 of 9% per Resolution No. 68-2005, adopted by the City Council on July 14, 2005 and effective on and after July 1, 2005.

2009

\$15,770,470  
162,599  
231,431  
(44,468)  
4,602,746  
\$20,722,778

\$13,228,883

\$7,493,895

\$5,507,077  
235,897  
\$5,742,974

1.30

re of operating

1 adopted increase



**CITY OF SOUTH SAN FRANCISCO  
REDEVELOPMENT PLEDGED REVENUE COVERAGE  
LAST SIX FISCAL YEARS**

**2006 RDA Revenue Bonds**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004					
2005					
2006	\$14,482,352	(1)	(1)	0	NA
2007	21,181,402	930,000	2,760,969	3,690,969	5.74
2008	\$21,801,839	1,230,000	3,296,069	4,526,069	4.82
2009	32,246,342	1,275,000	3,245,969	4,520,969	7.13

(1) New issuance. Retirement of principal and interest begins in fiscal year 2007.

**1999 RDA Revenue Bonds (Housing)**

Funding Source: RDA Gateway and Low Moderate Income Housing tax increment Gateway bonds defeased in FY 05-06.

Fiscal Year	Available Revenue	Debt Service Requirements		
		Principal	Interest	Total
2004	\$8,229,145	\$1,090,000	\$1,384,418	\$2,474,418
2005	8,066,130	1,160,000	1,339,418	2,499,418
2006	7,959,687	1,245,000	1,290,695	2,535,695
2007	3,164,321	165,000	133,170	298,170
2008	3,881,026	170,000	124,328	294,328
2009	6,353,579	180,000	115,145	295,145

**1999 Certificates of Participation**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$13,054,933	\$120,000	\$276,918	\$396,918	32.89
2005	13,290,014	125,000	272,358	397,358	33.45
2006	14,482,352	130,000	267,483	397,483	36.44
2007	21,181,402	135,000	262,283	397,283	53.32
2008	21,801,839	140,000	256,748	396,748	54.95
2009	32,246,342	145,000	250,938	395,938	81.44

**1989 Cal Health Facilities Financing Authority Revenue Bonds**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements		
		Principal	Interest	Total
2004	\$13,054,933	\$29,881	\$20,490	\$50,371
2005	13,290,014	32,200	18,434	50,634
2006	14,482,352	34,700	18,040	52,740
2007	21,181,402	37,393	15,454	52,847
2008	21,801,839	40,296	10,681	50,977
2009	32,246,342	43,426	9,664	53,090

**RDA All Non-housing (A)**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2004	\$13,054,933	\$1,094,881	\$1,533,407	\$2,628,288	4.97
2005	13,290,014	1,167,200	1,487,792	2,654,992	5.01
2006	14,482,352	1,254,699	1,439,522	2,694,221	5.38
2007	21,181,402	1,102,393	3,038,706	4,141,099	5.11
2008	21,801,839	1,410,296	3,563,498	4,973,794	4.38
2009	32,246,342	1,463,426	3,506,570	4,969,996	6.49

(A) Shows coverage of all non-housing bonds pledged to tax increment.

Source: City of South San Francisco, Department of Finance

**it revenues.**

**Coverage**

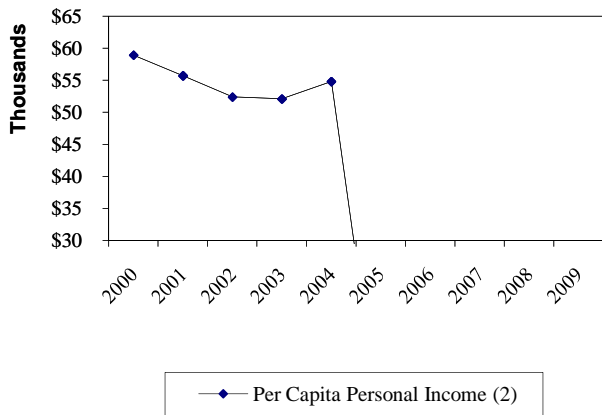
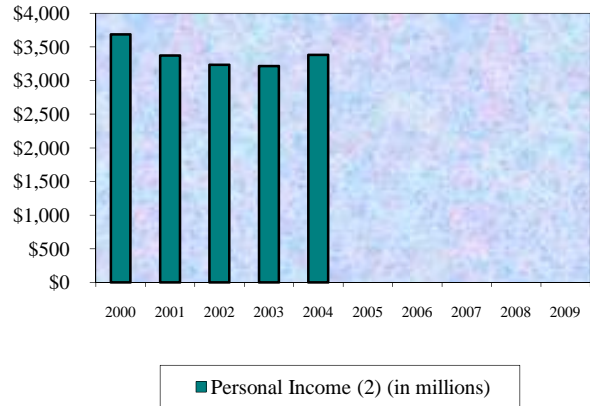
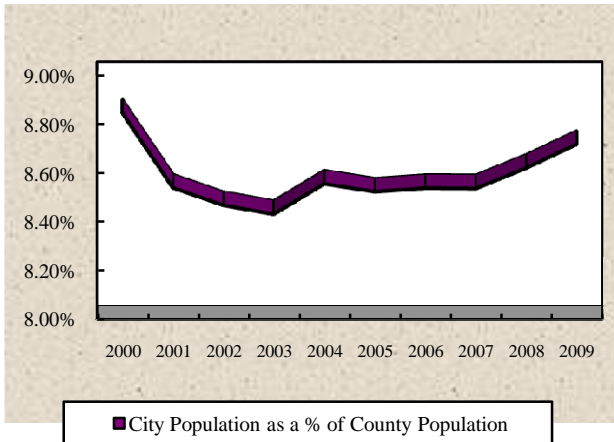
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3.23
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**nds**

**Coverage**

259.18
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427.68
607.39

**CITY OF SOUTH SAN FRANCISCO  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**



Fiscal Year	City Population (1)	Personal Income (2) (in millions)	Per Capita Personal Income (2)	Average Unemployment Rate (3)	San Mateo County Population	City Population % of County
2000	62,551	3,684	58,900	2.41%	707,161	8.85%
2001	60,838	3,373	55,700	2.98%	712,400	8.54%
2002	60,718	3,234	52,390	5.06%	717,000	8.47%
2003	60,760	3,216	52,100	5.98%	720,630	8.43%
2004	60,951	3,383	54,800	5.53%	712,400	8.56%
2005	61,661	NA	NA	4.55%	723,453	8.52%
2006	61,824	NA	NA	4.02%	724,104	8.54%
2007	62,614	NA	NA	3.63%	733,496	8.54%
2008	63,744	NA	NA	4.24%	739,469	8.62%
2009	65,020	NA	NA	7.06%	745,858	8.72%

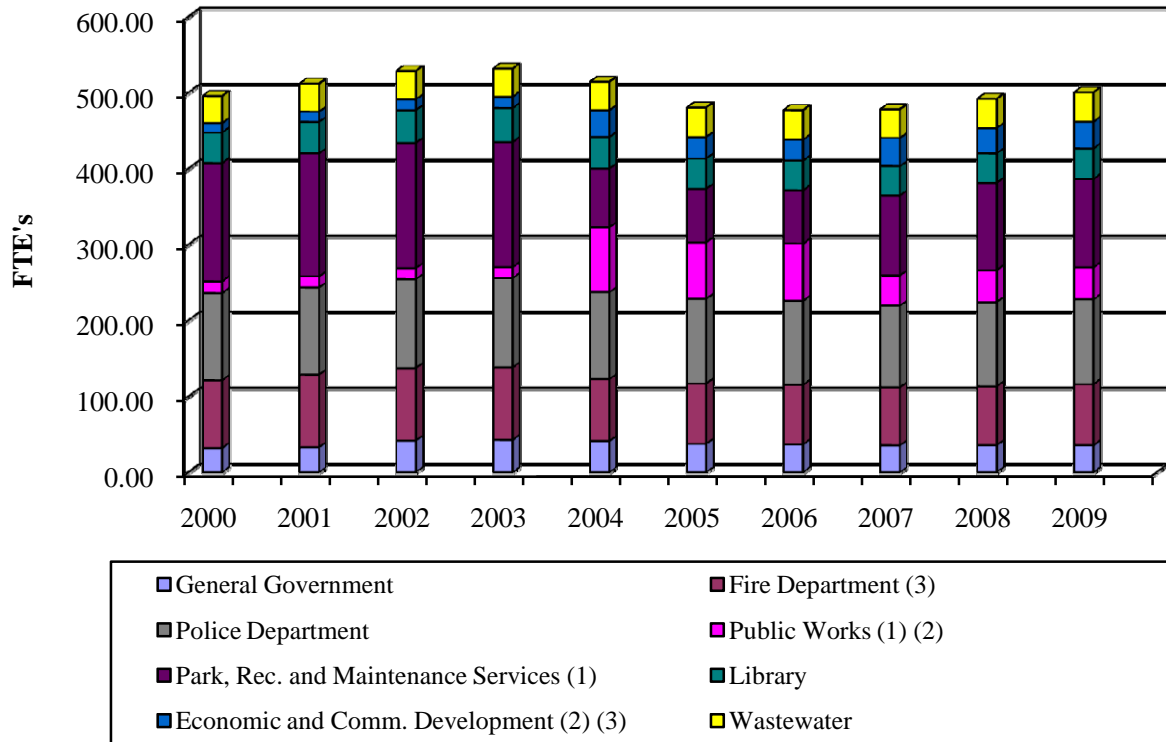
- Source: (1) State of California, Department of Finance - Demographic Research Unit. The data represents the City's population as of January 1, of each year.  
 (2) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce Current information not available yet.  
 (3) Employment Development Department, Labor Market Information Division. Data represents San Mateo county-wide rate only and is not seasonally adjusted. Current information not available yet.

**CITY OF SOUTH SAN FRANCISCO**  
**Principal Employers**  
**Current Year and Eleven Years Ago**

<u>Employer</u>	<u>2008-09</u>			<u>1997-98</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Genentech	8,289	1	13.3%	3,200	1	5.3%
Kaiser	2,125	2	3.4%			
SSF School District	930	3	1.5%			
Exelixis	610	4	1.0%			
Costco (2 stores)	565	5	0.9%			
Astound Broadband, LLC	560	6	0.9%			
Amgen	472	7	0.8%			
Tularik Inc.	426	8	0.7%	170	8	0.3%
American /Royal Laundry	307	9	0.5%			
Sugen, Inc.	300	10	0.5%	201	5	0.3%
Aesculap, Inc.				250	2	0.4%
Elan Pharmaceuticals				225	3	0.4%
AXYS Pharmaceuticals				210	4	0.3%
Cor Therapeutics				186	6	0.3%
Imatron, Inc.				175	7	0.3%
Fibrogen, Inc.				111	9	0.2%
Coulter Pharmaceutical				70	10	0.1%
Subtotal	<u>14,584</u>		<u>23.3%</u>	<u>4,798</u>		<u>7.9%</u>
Total City Day Population	<u>62,502</u>			<u>60,938</u>		

Source: South San Francisco fast facts (2008-09). 1998-1999, 1999-2000 information not available.  
Business Licenses Database

**CITY OF SOUTH SAN FRANCISCO**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**



Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	31.96	33.20	41.70	42.70	41.30	37.50	36.88	35.48	35.67	35.60
Fire Department (3)	89.23	95.48	95.48	95.48	81.48	79.48	78.48	76.48	77.48	80.48
Police Department	114.74	114.74	116.99	117.45	114.45	111.45	110.45	107.45	110.85	111.65
Public Works (1) (2)	15.48	14.48	14.48	14.48	85.37	74.37	75.37	39.76	42.00	42.10
Park, Rec. and Maintenance Services (1)	155.93	162.08	165.15	164.77	77.47	70.42	70.23	105.49	115.15	116.37
Library	40.20	41.55	43.05	44.89	41.69	40.09	39.15	38.54	38.68	40.21
Economic and Comm. Development (2) (3)	12.40	13.55	14.05	14.75	35.23	28.25	27.75	37.21	33.35	35.35
Wastewater	35.63	36.67	37.67	37.19	37.19	38.75	38.74	37.59	38.59	38.59
<b>Total</b>	<b>495.57</b>	<b>511.75</b>	<b>528.57</b>	<b>531.71</b>	<b>514.18</b>	<b>480.31</b>	<b>477.05</b>	<b>478.00</b>	<b>491.77</b>	<b>500.35</b>

Notes:

1. Over the years, oversight of the Park Maintenance Division has changed between Parks and Recreation, where the responsibility lies now and the Public Works Department.
2. Over the years, oversight of the Engineering Division has changed between Public Works, where the responsibility lies now and the Economic and Community Development Department.
3. Over the years, oversight of the Building Inspection Division has changed between the Economic and Community Development, where the responsibility lies now, and the Fire Department.

Source: City of South San Francisco Adopted Operating Budget FY08-09

**Operating Indicators by Function/Program  
Last Six Fiscal Years**

	2004	2005	2006	2007	2008	2009
<b>Function/Program</b>						
Public safety:						
Fire:						
Inspection permit issued	2,191	2,219	1,599	1,185	1,278	2,012
Police:						
Police calls for service	29,293	32,659	36,353	30,626	32,100	33,749
Law violations:						
Part I crimes	1,997	2,105	NA	1,948	2,165	2,206
Physical arrests (adult and juvenile)	1,851	1,910	NA	1,983	1,969	1,795
Traffic violations	4,919	4,317	NA	4,597	4,863	5,271
Parking violations	8,357	7,659	NA (1)	25,062	22,787	23,038
Public works						
Street resurfacing (miles) (Eng Div)	2.32	1.24	2.01	NA	8.50	0.80
Potholes repaired (square miles)	NA	NA	NA	NA	0.25	0.25
Asphalt used for street repairs (tons)	566	701	NA	NA	463	463
Culture and recreation:						
Recreation class participants	22,341	23,299	25,675	23,567	24,011	24,976
Library:						
Total items borrowed	491,749	475,259	503,000	503,000	686,733	759,925
Items in collection	210,187	187,079	212,349	195,820	197,817	194,098
Wastewater						
Residential connections	16,940	17,000	16,268	16,274	16,274	16,637
Commercial connections	1,419	1,400	1,557	1,405	1,481	1,582
Other connections	211	214	168	133	133	136
Average daily sewage treatment (millions of gallons)	9.55	9.95	10.04	9.00	9.40	9.2

Note: N/A denotes information not available.

(1) Total Parking Citations reported is comprised of both handwritten and automated parking citations.

Prior to 2007, the handwritten citations were only reported.

(2) Street resurfacing (.8 miles) numbers includes pavement surface repaired through cape seal (7.70 miles).

Note: Full 10 years of statistical data not available.

**CITY OF SOUTH SAN FRANCISCO**  
**Capital Asset Statistics by Function/Program**  
**Last Six Fiscal Years**

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Public safety:</b>						
Fire stations	5	5	5	5	5	5
Police stations	1	1	1	1	1	1
Police Fleet	39	40	41	41	45	(3) 48
<b>Public works</b>						
Miles of streets	127	127	127	127	127	127
Street lights	3,603	3,603	3,603	3,738	3,779	3,779
Parking District lights	20	20	20	20	20	20
Traffic Signals	67	69	70	70	70	70
<b>Culture and recreation:</b>						
<b>Community services:</b>						
City parks	30	30	30	25	28	28
City parks acreage	172	172	172	189	190	190
Playgrounds	19	19	19	24	24	24
City trails			8	6	6	6
Community gardens	1	1	1	1	1	1
Community centers			3	4	4	4
Senior centers	2	2	2	2	2	2
Sports centers						
Performing arts centers						
Swimming pools	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7
Basketball Courts	15	15	15	12	12	12
Baseball/softball diamonds	8	8	8	11	11	11
Soccer/football fields	2	2	2	5	5	5
<b>Library:</b>						
City Libraries	2	2	2	2	2	2
<b>Wastewater</b>						
Miles of sanitary sewers	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1

(1) Source: [ssf.net/depts/rcs](http://ssf.net/depts/rcs); Director of Rec & Comm Services; Superintendent of parks & Maintenance (M.Bates)

(2) Police patrol units consists of 35 marked/unmarked cars, 6 motorcycles, 1 SWAT and 3 cushman.

(3) Year 2009, the 3 units added are not new. These are units that was not included on the previous Fleet count.

Note: Full 10 years of statistical data not available.

**CITY OF SOUTH SAN FRANCISCO**  
**Miscellaneous Information**  
**Last Three Fiscal Years**

**Collection and Use of 1% Special Transient Occupancy Tax (TOT) Approved by Voters as Measure I \***

	<b>2007</b>	<b>2008</b>	<b>2009</b>
Transient Occupancy Tax Detail			
8% TOT collected	\$ 5,296,919	\$ 6,309,586	\$ 5,491,903
1% Measure I Special Tax	662,115	788,698	686,488
<b>Total TOT Collection</b>	<b>\$5,959,034</b>	<b>7,098,285</b>	<b>6,178,391</b>
1% Measure I Special Tax Use			
Police	\$132,423	157,740	137,298
Fire	132,423	157,740	137,298
Library	132,423	157,740	137,298
Parks	132,423	157,740	137,298
Recreation	132,423	157,740	137,298
<b>Total 1% Measure I Special Tax</b>	<b>\$662,115</b>	<b>788,698</b>	<b>686,488</b>

\* Note: Measure I, a one percent supplemental special tax to the already existing 8% general transient occupancy tax (TOT) was approved on Nov. 2, 2004 and took effect January 1, 2005. Special tax was earmarked for use to supplement Police, Fire, Library



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