

**City Hall
Centennial Anniversary
1920-2020**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF
SOUTH SAN FRANCISCO
CALIFORNIA**

YEAR ENDED JUNE 30, 2020



**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

Prepared by:

Department of Finance

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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CITY COUNCIL 2021

MARK ADDIEGO, MAYOR
MARK NAGALES (DISTRICT 2), VICE MAYOR
JAMES COLEMAN (DISTRICT 4), MEMBER
FLOR NICOLAS (AT LARGE), MEMBER

MIKE FUTRELL, CITY MANAGER

FINANCE DEPARTMENT
650-877-8507

January 21, 2021

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, 2020, 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. The Successor Agency that was created due to the Redevelopment Agency dissolution is also included in this report.

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 67,585. It employs approximately 500 full-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 solid waste 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. Each Councilmember 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.

On July 11, 2018, the City Council adopted Ordinance No. 1558-2018 to change from at-large to by-district elections, establishing boundaries, and sequencing of elections within the districts. The Councilmembers in office will continue to represent the City at-large until the expiration of their full term to which they were elected and until their successor is qualified. Under this new structure, two district Council seats are up for election in 2020 and three in 2022.

On November 3, 2020, residents of the City of South San Francisco elected Mark Nagales as councilmember for District 2 and James Coleman as councilmember for District 4. Both councilmembers will serve a term of four years. The remaining three at-large City Council seats are up for election in 2022. Councilmember Karyl Matsumoto announced her retirement effective December 2020; leaving her seat vacant with two years remaining. On December 9, 2020, the new City Council voted to appoint the vacant councilmember seat instead of conducting a special election.

The offices of City Clerk and City Treasurer are elected and will remain at-large. 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 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 re-appropriated as a part of the following year's budget.

In November 2015, voters in the City passed Measure W, which increased the sales tax rate within the City by 0.50%. The tax is deposited into the City's general fund and will be used to pay for City services. Tax revenue could also be used to pay the debt on bonds or other financing to accelerate projects. In February 2020, the City issued \$43.9 million of lease revenue bonds to finance the costs of the acquisition, construction, and installation of certain capital improvements for a new police facility. The construction of the police facility is expected to be completed in the third quarter of 2021. The police facility is the first phase of the City's plan to construct a new civic center campus. The second phase of the civic center campus is planned to include a new civic center building to house a community library, the City's Department of Parks and Recreation, the City Council chambers, and an approximately 1.3 acre community park. The City plans to issue approximately \$90 million in bonds in the first half of 2021 to finance the second phase project and/or other capital improvements. The City estimates the design and construction costs of the civic center campus to be approximately \$191.8 million.

In February 2020, S&P Global Ratings assigned an issuer credit rating of triple A ("AAA") to the City. AAA is the highest rating possible and is important as higher ratings generally results in lower borrowing costs. The AAA rating is a good indicator of the City's strong financial position, solid executive management, fiscally sound policies and practices, and responsible budgetary performance.

The City's Reserve Policy is aligned with the Government Finance Officers Association (GFOA) best practices recommendation for reserves, setting aside 15-20 percent of operating revenues.

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 Fiscal Year 2019-20 is in the Financial Section of this report.

Award

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019, 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,



Janet Salisbury
Director of Finance



Mike Futrell
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

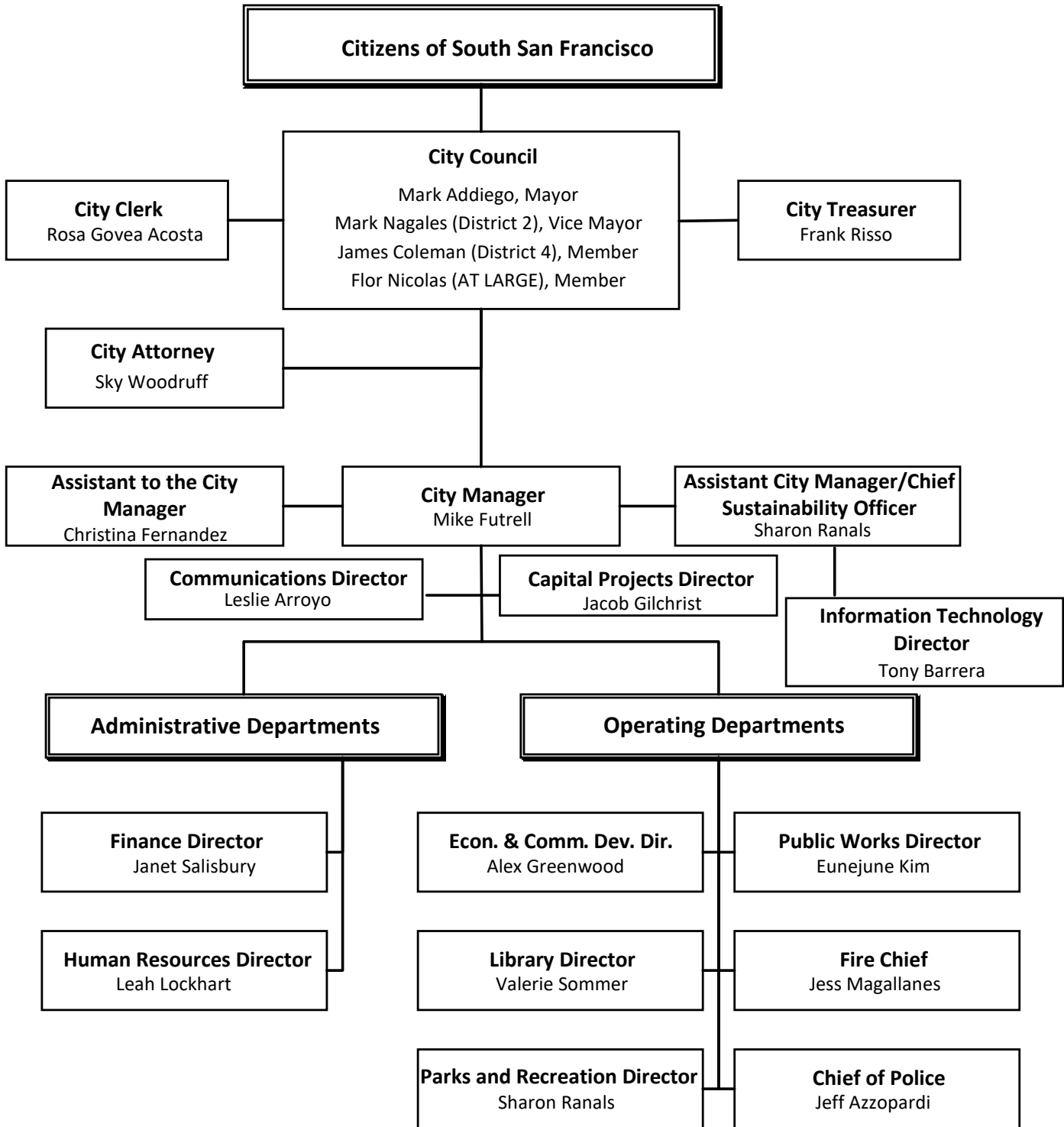
**City of South San Francisco
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



City Council & Directory of Officials*

City Council

Mark Addiego	Mayor
Mark Nagales (District 2)	Vice Mayor
James Coleman (District 4)	Councilmember
Buenaflor Nicolas (AT LARGE)	Councilmember

Elected Officials

Rosa Govea Acosta	City Clerk
Frank Risso	City Treasurer

Appointed Officials

Mike Futrell	City Manager
Sharon Ranals	Assistant City Manager / Parks & Recreation Director
Janet Salisbury	Finance Director
Leslie Arroyo	Communications Director
Jeff Azzopardi	Chief of Police
Tony Barrera	Information Technology Director
Jacob Gilchrist	Capital Projects Director
Alex Greenwood	Economic & Community Development Director
Leah Lockhart	Human Resources Director
Jess Magallanes	Fire Chief
Eunejune Kim	Public Works Director
Valerie Sommer	Library Director

Budget Subcommittee

Mark Addiego
Buenaflor Nicolas

*As of December 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Members of the City Council
City of South San Francisco, California

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements of the South San Francisco Conference Center Authority (Authority), which represents 0.91%, 1.62%, and 1.58%, respectively, of the assets, net position, and revenue of the primary government. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
January 20, 2021

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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 an overview of its financial activities for the fiscal year. Please read this in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL YEAR (FY) 2019-20 FINANCIAL HIGHLIGHTS

Summary:

The City of South San Francisco started Fiscal Year 2019-20 with a strong economy throughout the region fueled by development growth from the biotechnology and housing sectors. In February 2020, S&P Global Ratings (“S&P”) assigned an issuer rating of triple A (“AAA”) to the City. AAA is the highest rating possible and is important as higher ratings generally result in lower borrowing costs. In a release announcing the rating, S&P noted the City's strong financial position, bolstered by the local economic growth and development momentum. The solid executive management, fiscally sound policies and practices, and sound budgetary performance were also recognized.

From March 2020 to June 2020, the City was significantly impacted – both financially and operationally – as a result of the global COVID-19 pandemic. In reaction to the COVID-19 pandemic, six Bay Area counties including San Mateo County, issued a Shelter-in-Place order effective March 17, 2020, followed by the State of California’s similar Stay-at-Home order a few days later. All non-essential businesses were ordered to close. The hospitality industry, restaurants, city services and retail businesses were hit extremely hard. The San Francisco-Oakland-Hayward Metropolitan Statistical Area unemployment rate increased from 2.8% in June 2019 to 12.6% in June 2020, according to the U.S. Bureau of Labor Statistics.

The economic impacts of the global pandemic is the main driver for the \$2.0 million decrease in General Fund revenues (excluding operating transfers in) versus the prior year; this represents a relatively modest decrease of 1.5%. The expected revenue decline as a result COVID-19 related contractions, especially in sales taxes, transient occupancy taxes, intergovernmental, and charges for services, were offset by the healthy growth in property taxes and licenses and permits revenues, reflective of the strong fundamentals of the local economy.

As in years past, the General Fund reserves were fully funded in accordance with the City’s Reserves Policy, which follows best practices as recommended by the Government Finance Officers’ Association (GFOA).

City-wide financial highlights of the year include the following:

- Total Net Position for Governmental Activities in FY 2019-20 increased by \$29.6 million in comparison to prior year (from \$275 million to \$305 million). The increase in assets is a result of the continued growth in the local economy. Total liabilities increased by \$73.9 million from the issuance of bonds related to the police facility, OPEB liability, and other liabilities.

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

- Net pension liability to CalPERS for fiscal year ending June 30, 2020 increased by \$10.4 million (5.69% increase) to \$193.1 million. The City's net pension liability for the prior fiscal year was \$182.7 million. The liability increase was driven by revised actuarial valuations from CalPERS taking into account member contributions and investment earnings.
- Cash and investments and Net Expenses from Governmental Activities increased compared to the prior year, reflecting the ongoing strong development environment in South San Francisco. Cash and investments increased \$24.2 million or 12.3% from \$195.4 million to \$219.6 million, while Net Expenses increased \$22.1 million or 39.6% from \$55.8 million to \$77.9 million.
- Sales tax revenues for Governmental Funds remained relatively flat to FY 2018-19 at \$32.3 million. The COVID-19 pandemic driven declines in the latter half of the year erased much of the gains from the near record-breaking pace in sales tax collections from July 2019 through January 2020. This flat growth in FY 2019-20 is in stark contrast to the healthy 12.3% increase the City saw in FY 2018-19.
- Transient Occupancy Tax ("TOT") collections were the most dramatically impacted by the Shelter-in-Place orders. TOT revenues declined by 19.1% to \$13.8 million, representing a \$3.3 million decrease, versus the prior year. Much like sales tax, the City saw a dramatic increase in TOT collections from July 2019 through January 2020, reflective of the strong tourism and business economy in the region prior to the COVID-19. However, with leisure and business travel dramatically falling with the onset of the COVID-19 pandemic, TOT collections dropped precipitously from March 2020 through June 2020.
- Revenue from licenses and permits for Governmental Funds increased \$0.5 million or 3.2% from \$15.4 million to \$15.9 million, reflecting the City's diverse investments to broaden development throughout the City. South San Francisco continues to see remarkable levels of new construction, especially in the East of 101 area driven by non-residential and biotechnology companies along with high density residential in the downtown area.
- Intergovernmental revenues for Governmental Funds increased \$5.1 million or 38.6% from \$13.2 million to \$18.3 million, primarily due to the contribution of \$6.1 million from the Successor Agency for the Oyster Point Development Project and in addition, the prior year included a one-time transfer of funds from San Mateo County for \$0.7 million to purchase open space on Sign Hill. The South San Francisco Fire Department responded to fewer mutual aid events throughout the State of California due to the fire season. As such, the California Office of Emergency Services (CalOES) reimbursed the City \$0.4 million less for employee and equipment costs compared to FY 2018-19.

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

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 are comprised of 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 consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position 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 the basis 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 provides a detailed explanation of the change in net position for the year.

All the amounts in the Statement of Net Position and the Statement of 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, 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.

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

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 Position 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, public works, parks and recreation, 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 also include the City of South San Francisco Capital Improvements Financing Authority and South San Francisco Public Facilities Financing Authority, as the City Council also governs these entities.

- ***Business-type activities*** - All the City's enterprise activities are reported here, including wastewater treatment, parking, and storm water management. Unlike governmental services, user fees fully support most of 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.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. 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.

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

Governmental Fund Financial Statements are prepared on the modified accrual basis, which mean 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 and include all their assets, liabilities and deferred outflows/inflows of resources, 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 position 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 Position and the Statement of Changes in Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

The following analyses focus on the net position and changes in the City's Governmental Activities (Tables 1 through 3 and Chart 1) and Business-type Activities (Tables 4 and 5), which are presented in the City-wide Statement of Net Position and Statement of Activities. The comparative results for FY 2019-20 are presented against FY 2018-19.

Governmental Activities

Net position may serve over time as a useful indicator of the City's financial condition. Table 1 below shows that total assets deferred outflows of resources exceed the total liabilities and deferred inflows of resources as of June 30, 2020 for governmental activities:

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

Governmental Net Position

Table 1
Governmental Net Position at June 30
(In Millions)

			Increase / (Decrease)	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>%</u>
Cash and investments	\$ 219.6	\$ 195.4	\$ 24.2	12.4%
Other assets	90.5	36.6	53.9	147.3%
Capital assets	301.5	272.1	29.4	10.8%
Total assets	<u>611.6</u>	<u>504.1</u>	<u>107.5</u>	<u>21.3%</u>
Total outflows of resources	<u>29.4</u>	<u>32.4</u>	<u>(3.0)</u>	<u>(9.3%)</u>
Total outflow of resources	<u>29.4</u>	<u>32.4</u>	<u>(3.0)</u>	<u>(9.3%)</u>
Long-term debt outstanding	56.8	5.3	51.5	971.7%
Other liabilities	<u>276.3</u>	<u>253.9</u>	<u>22.4</u>	<u>8.8%</u>
Total liabilities	<u>333.1</u>	<u>259.2</u>	<u>73.9</u>	<u>28.5%</u>
Deferred inflows of resources	<u>3.2</u>	<u>2.2</u>	<u>1.0</u>	<u>45.5%</u>
Total deferred inflow of resources	<u>3.2</u>	<u>2.2</u>	<u>1.0</u>	<u>45.5%</u>
Net position:				
Net investment in capital assets	296.2	271.3	24.9	9.2%
Restricted	138.7	117.8	20.9	17.7%
Unrestricted	<u>(130.2)</u>	<u>(114.0)</u>	<u>(16.2)</u>	<u>14.2%</u>
Total net position	<u>\$ 304.7</u>	<u>\$ 275.1</u>	<u>\$ 29.6</u>	<u>10.8%</u>

The total net position for Governmental Activities increased by \$29.6 million in FY 2019-20 compared to the prior year, reflecting significant increases in assets, primarily in other assets. The increase in other assets is due to bond proceeds from the sale of bonds for the police facility. Pursuant to GASB 75 requirements, the City, as in prior years, recognized the full OPEB liability of \$64.4 million. The City's net pension liability increased \$10.4 million to \$193.1 million from prior year's liability of \$182.7 million.

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The following table shows the changes in net position for governmental activities:

Table 2
Expense and Program Revenue Comparison in Governmental Activities
(In Millions)

			<u>Increase / (Decrease)</u>	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>%</u>
Revenues				
Program revenues:				
Charges for services	\$ 48.8	\$ 62.7	\$ (13.9)	(22.2%)
Operating grants and contributions	8.8	12.1	(3.3)	(27.3%)
Capital grants and contributions	4.9	1.6	3.3	206.3%
Total program revenues	<u>\$ 62.5</u>	<u>\$ 76.4</u>	<u>\$ (13.9)</u>	<u>(18.2%)</u>
General revenues:				
Taxes:				
Property taxes	\$ 37.4	\$ 33.5	\$ 3.9	11.6%
Sales taxes	31.8	31.8	0.0	0.0%
Transient occupancy taxes	13.8	17.1	(3.3)	(19.3%)
Other taxes	9.1	9.5	(0.4)	(4.2%)
Property taxes in lieu	7.5	7.2	0.3	4.2%
Investment earnings	6.4	4.8	1.6	33.3%
Miscellaneous	9.2	8.6	0.6	7.0%
Special Item	0.3	(0.5)	0.8	(154.0%)
Total general revenues	<u>\$ 115.5</u>	<u>\$ 112.0</u>	<u>\$ 3.5</u>	<u>3.1%</u>
Total revenues	<u>\$ 178.0</u>	<u>\$ 188.4</u>	<u>\$ (10.4)</u>	<u>(5.5%)</u>
Expenses				
General government	\$ 15.4	\$ 12.1	\$ 3.3	27.3%
Fire department	34.5	32.0	2.5	7.8%
Police department	36.1	33.0	3.1	9.4%
Public works department	17.7	20.4	(2.7)	(13.2%)
Recreation and community development	19.6	18.0	1.6	8.9%
Library	6.7	6.2	0.5	8.1%
Economic and community development	9.8	10.6	(0.8)	(7.5%)
Interest on long-term debt	0.5	0.0	0.5	
Total expenses	<u>\$ 140.3</u>	<u>\$ 132.3</u>	<u>\$ 8.0</u>	<u>6.0%</u>
Excess (deficiency) before transfers	<u>\$ 37.7</u>	<u>\$ 56.1</u>	<u>\$ (18.4)</u>	<u>(32.9%)</u>
Transfers	(8.1)	(2.1)	(6.0)	285.7%
Change in net position	29.6	54.0	(24.4)	(45.2%)
Net position - beginning	275.1	221.1	54.0	24.4%
Net position - ending	<u>\$ 304.7</u>	<u>\$ 275.1</u>	<u>\$ 29.6</u>	<u>10.7%</u>

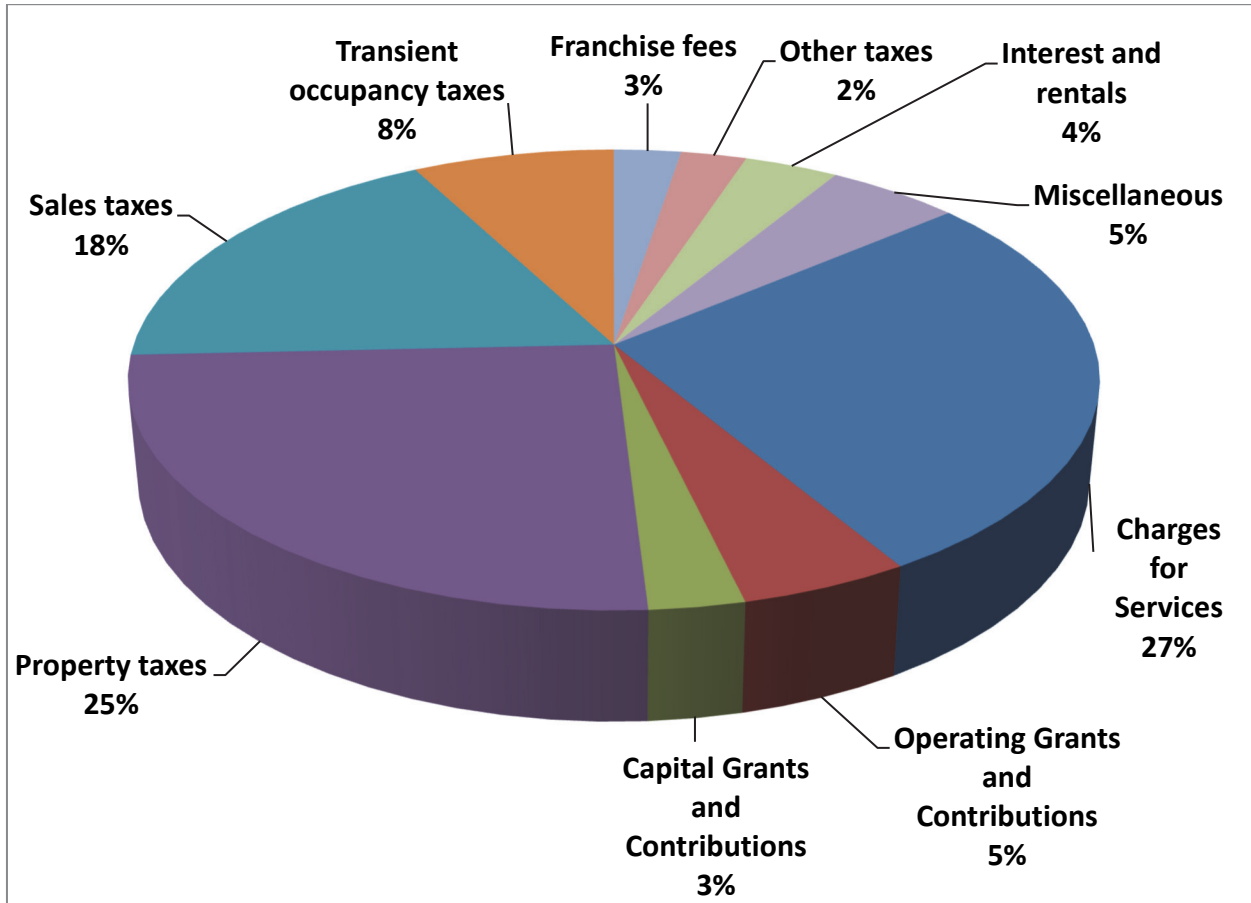
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Governmental program expenses increased by \$8.0 million in comparison to the prior year due to increase funding of the capital improvement programs such as the police facility, costs associated with the COVID-19 health crisis, normal salary increases along with additional expenditures related to professional services and enhanced collections by the Public Works department.

Total revenues decreased by \$10.4 million compared to FY 2018-19 reflecting the impact of COVID-19 on city services, grants and contributions, and the hospitality industry.

For FY 2019-20, revenues for the City's Governmental Activities Funds are distributed as follows:

Chart 1
Revenues by Source - Governmental Activities FY 2019-20



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The revenue distribution in the above chart changed slightly from the prior year. Most categories did not have a variance of 3% versus the prior year except for charges for services (decreased by 6%) and property taxes (increased by 4%).

Similar to Table 2 above, Table 3 below illustrates 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 taxes, transient occupancy taxes, licenses and permits, and investment earnings, cover the shortfall between program revenues and program expenses.

Table 3

Net (Expense) Revenue from Services
Governmental Activities
(In Millions)

			Increase / (Decrease)	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>%</u>
General government	\$ (9.2)	\$ (2.8)	\$ (6.4)	228.6%
Fire department	(28.4)	(25.9)	(2.5)	9.7%
Police department	(33.3)	(30.0)	(3.3)	11.0%
Public works department	15.7	17.3	(1.6)	(9.2%)
Recreation and community services	(16.0)	(12.8)	(3.2)	25.0%
Library	(5.9)	(5.7)	(0.2)	3.5%
Economic and community development	(0.3)	4.1	(4.4)	(107.3%)
Interest on long-term debt	(0.5)	0.0	(0.5)	
Total	<u>\$ (77.9)</u>	<u>\$ (55.8)</u>	<u>\$ (22.1)</u>	<u>39.6%</u>

In FY 2019-20, the net expense for governmental activities increased by \$22.1 million from \$55.8 million to \$77.9 million, due to significant increases in expenditures from general government, police department, and recreation and community services. Public Works department continues to generate revenues driven by enhanced collections.

Business Type Activities

Table 4 below shows that total assets deferred outflows of resources exceed the total liabilities and deferred inflow of resources as of June 30, 2020 for business-type activities:

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Table 4
Business-type Net Position at June 30 (in Millions)

			Increase / (Decrease)	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>%</u>
Cash and Investments	\$ 27.3	\$ 26.1	\$ 1.2	4.6%
Other assets	3.6	0.5	3.1	620.0%
Capital assets	<u>164.8</u>	<u>138.6</u>	<u>26.2</u>	<u>18.9%</u>
Total assets	<u>195.7</u>	<u>165.2</u>	<u>30.5</u>	<u>18.5%</u>
Deferred outflows related to pension	<u>3.3</u>	<u>3.6</u>	<u>(0.3)</u>	<u>(8.3%)</u>
Total Deferred outflow of resources	<u>3.3</u>	<u>3.6</u>	<u>(0.3)</u>	<u>(8.3%)</u>
Long-term liabilities outstanding	47.8	33.2	14.6	44.0%
Other liabilities	<u>36.8</u>	<u>34.9</u>	<u>1.9</u>	<u>5.4%</u>
Total liabilities	<u>84.6</u>	<u>68.1</u>	<u>16.5</u>	<u>24.2%</u>
Deferred inflows related to pension	<u>0.4</u>	<u>0.2</u>	<u>0.2</u>	<u>100.0%</u>
Total deferred inflow of resources	<u>0.4</u>	<u>0.2</u>	<u>0.2</u>	<u>100.0%</u>
Net position:				
Net investment in capital assets	112.0	100.5	11.5	11.4%
Restricted	0.0	0.0	0.0	
Unrestricted	<u>2.0</u>	<u>0.0</u>	<u>2.0</u>	<u>100.0%</u>
Total net position	<u>\$ 114.0</u>	<u>\$ 100.5</u>	<u>\$ 13.5</u>	<u>13.4%</u>

The total net position for business-type activities increased by \$13.5 million compared to the prior year. Total assets increased by \$30.5 million, or 18.5%, reflecting increases of capital assets related to construction in the WQCP Wet Weather and Digester Improvements Project and other projects. However, total liabilities increased by \$16.5 million due to drawdowns of \$19.6 million on the 2018 Clean Water State Revolving Fund and offset by debt service payments on the other loans.

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Table 5 below shows the changes in net position for business-type activities:

Table 5
Change in Business-type Net Position
(In Millions)

			Increase / (Decrease)	
	2020	2019	Amount	%
Expenses				
Sewer Enterprise	\$ 26.2	\$ 25.7	\$ 0.5	1.9%
Parking District	1.1	0.9	0.2	22.2%
Storm Water	1.2	1.2	0.0	0.0%
Total expenses	<u>28.5</u>	<u>27.8</u>	<u>0.7</u>	<u>2.5%</u>
Revenues				
Program Revenues				
Charges for Services	25.7	25.8	(0.1)	(0.4%)
Operating grants and contributions	7.4	6.5	0.9	13.8%
Total program revenues	<u>33.1</u>	<u>32.3</u>	<u>0.8</u>	<u>2.5%</u>
General revenues				
Investment earnings	0.8	0.6	0.2	33.3%
Total general revenues	<u>0.8</u>	<u>0.6</u>	<u>0.2</u>	<u>33.3%</u>
Excess (deficiency) before transfers	5.4	5.1	0.3	5.9%
Transfers	8.1	2.1	6.0	285.7%
Change in net position	13.5	7.2	6.3	87.5%
Net position - beginning (as adjusted)	<u>100.5</u>	<u>93.3</u>	<u>7.2</u>	<u>7.7%</u>
Net position - ending	<u>\$ 114.0</u>	<u>\$ 100.5</u>	<u>\$ 13.5</u>	<u>13.4%</u>

Business-type activities ended the fiscal year with a positive change in its net position by \$13.5 million compared to \$7.2 million the previous fiscal year. This positive \$13.5 million change was partially attributable to revenues from sanitary sewer service fee rate increases, operating grants and contributions, and transfers.

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. *Unrestricted fund balance* is a major indicator of designated and uncommitted resources available for spending in future fiscal years.

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At June 30, 2020, the City's governmental funds reported combined fund balances of \$254.9 million, an increase of \$69.7 million, or 37.7%, compared to the prior year. The General Fund ending fund balance was \$85.1 million, reflecting a slight increase of \$0.2 million, or 0.2%.

Total governmental fund revenues decreased by \$10.6 million or 5.7%, from \$187.1 million to \$176.5 million, with significant decreases in charges for services, transient occupancy taxes and other revenues as a result of the COVID-19 pandemic.

Total governmental fund expenditures increased by \$12.9 million or 9.2%, from \$139.8 million to \$152.7 million, largely stemming from increased Capital Improvement project expenditures for the police facility and costs associated with the COVID-19 health crisis. In addition, the City's personnel costs for salaries and pensions increased in accordance with negotiated Memorandums of Understanding and increases in the cost for various benefits, primarily pensions and healthcare.

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:

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Table 6
Comparison of Final Budgets to Original Adopted Budget (in Thousands)

Revenues	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
Property taxes	\$ 36,659	\$ 36,659	\$ -		
Sales taxes	31,133	31,133	-		
Transient occupancy taxes	16,855	16,855	-		
Other taxes	6,058	6,058	-		
Franchise Fee	4,000	4,000	-		
Intergovernmental	1,627	2,663	1,036	63.7%	Reflects various grants to Fire Department for fire suppression, Public Works Department for street cleaning and traffic signal maintenance, Police Department, and Library Department.
Interest and rentals	3,059	3,059	-		
Licenses and permits	12,131	12,131	-		
Charges for services	10,418	10,418	-		
Fines and forfeitures	619	619	-		
Other	182	182	-		
Total	\$ 122,741	\$ 123,777	\$ 1,036	0.8%	

Expenditures	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
City Council	\$ 290	\$ 290	\$ -		
City Clerk	1,057	1,091	34	3.2%	
City Treasurer	143	143	-		
City Attorney	1,116	1,116	-		
City Manager	2,543	6,001	3,458	136.0%	Accounts for updating the General Plan
Finance	3,294	3,852	558	16.9%	Accounts for carryover purchase orders and the transfer of staff from City Manager's Office to Finance Department
Non-Departmental	998	1,453	455	45.6%	Accounts for Citywide Clean Team
Human Resources	1,795	2,019	224	12.5%	Accounts for carryover purchase orders from prior year and Summer Youth Program
Fire	29,609	30,984	1,375	4.6%	
Police	30,927	31,072	145	0.5%	
Public Works	5,018	5,755	737	14.7%	Accounts for carryover purchase orders from prior year for operation of Street, Inventory and Assessment and various capital improvement programs.
Parks and Recreation	17,763	17,894	131	0.7%	
Library	6,132	6,675	543	8.9%	Accounts for various local and State grants
Economic and Community Development	9,926	13,935	4,009	40.4%	Accounts for carryover purchase orders from prior year for plan review and building inspection professional services.
Total	\$ 110,611	\$ 122,280	\$ 11,669	10.5%	

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Analysis of Major Governmental Funds

General Fund

Revenues. In FY 2019-20, total General Fund revenues, excluding transfers in, were \$130.9 million, which was \$4.9 million, or 3.9% over the final amended budget. Total General Fund expenditures, excluding transfers out, ended FY 2019-20 at \$107.7 million. Overall, including transfers, the General Fund ended FY 2019-20 with a surplus of \$0.2 million, predominantly due to the items discussed below.

Property tax collections in FY 2019-20 was \$42.8 million, which was \$6.2 million or 16.9% over budget. This was mainly due to higher than expected increases in assessed values and new properties added to the tax roll.

Sales tax revenues, including Measure W, was \$31.6 million, which was \$0.4 million or 1.4% over budget. Last year, sales tax receipts were 9.9% over budget.

Transient occupancy taxes came in at \$13.8 million, which was \$3.0 million or 18.0% below budget. Demand for travel and lodging throughout the area fell significantly after March 2020 due to the COVID-19 pandemic.

Licenses and permits revenues were \$15.9 million, which was \$3.8 million or 31.1% over budget, setting an all-time record for a fiscal year. The strong demand for licenses and permits were primarily attributable to non-residential and bio-tech development in the East of 101 area and high density residential development in the downtown area.

Charges for services was \$10.0 million, which was \$0.4 million or 4.2% below budget, due to the reduction in city services resulting from the Shelter-in-Place order.

Expenditures. General Fund expenditures, excluding transfers out, were \$8.9 million, or 7.3% under the final amended budget. Higher than expected expenditures for the City Manager's Office is due to professional services related to updating the City's General Plan and the Public Works Department as a result of additional capital improvement projects. Compared to the prior year, General Fund expenditures decreased from \$114.4 million to \$113.4 million, driven by expenditure "savings" as a result of staff vacancies in multiple departments, available state and local grants, and reduced city services due to the COVID-19 pandemic.

As of June 30, 2020, the General Fund total fund balance was \$85.1 million, which included \$17.7 million in committed reserves, \$18.4 million in restricted reserves, and \$43.3 million in unassigned reserves. The unassigned reserves are designated by the City Council based on the City's Reserves Policy, which follows best practices from the Government Finance Officers' Association (GFOA) of between 15-20 percent of General Fund operating revenue. Within the City's unassigned reserves, the City Council designated funds for economic contingencies, potential catastrophe and budget contingencies.

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City Housing Fund

Up until Redevelopment Agencies were abolished in FY 2011-12 by the State of California under ABX1 26, the City set aside 20% of Redevelopment property taxes to fund the provision of new affordable housing units, as well as the operation and maintenance of housing stock that the Redevelopment Agency had already funded. That fund was formerly called the Low/Moderate Income Housing Fund. With its source of funding (20% of Redevelopment property tax dollars) abolished, the City Council voted to take on the operations of the former housing units by becoming the Housing Successor Agency, with activities funded primarily from the rental revenues received by the City for those City-owned occupied housing units. Any shortfall between the rents received and the operations and maintenance costs of those housing units are funded by either one time grants or by the General Fund. Any fund balances will be held for future housing property maintenance needs.

As of June 30, 2020, the fund balance was \$6 million. In FY 2019-20, the City Housing Fund received for \$0.3 million in revenues. The fund had \$0.3 million in expenses, the majority of which was for administrative staff costs to support the City's Housing Division.

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 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 developers. Entire capital projects are appropriated in one-year, but expended over multiple years, with unspent appropriations carried forward year-to-year until completion.

Developer Impact Fees

To ensure developers pay their fair share of the impact on the City's capital and infrastructure, the City imposes impact fees on new developments. In FY 2019-20, South San Francisco experienced a robust development environment that accounted for significant collection of developer impact fees and interest earned including \$1.5 million in East of 101 Sewer Impact Fees for upgrades at Pump Station #2 and #14, \$5.1 million in East of 101 Traffic Impact Fees for Adaptive Traffic Control System, South Airport Bridge Replacement, Traffic Improvements, and other various projects, \$0.7 million in Child Care Impact Fees for the construction of a new preschool facility, and \$1.2 million in Oyster Point Improvement Impact Fees to repay a loan from the South San Francisco Successor Agency.

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Other Governmental Funds

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

Enterprise Funds

Sewer Enterprise Fund

The Sewer Enterprise fund reported operating income (before non-operating revenues and operating transfers) of \$5.6 million in FY 2019-20. Operating revenues increased \$1.3 million or 4.3% from \$29.9 million to \$31.2 million. Operating expenses increased \$0.6 million or 2.8% from \$24.9 million to \$25.5 million, reflecting the impact of increases in employee compensation along with slight increases in normal expenditures like professional services and supplies.

Parking District Fund

In FY 2019-20, the Parking District fund reported an operating loss (before non-operating revenues and operating transfers) of \$0.2 million compared to an operating income of \$0.3 million last year. Operating revenues decreased by \$0.2 million or 19.0% from \$1.2 million to \$1.0 million, primarily due to loss revenues from parking meters as a result of the Shelter-in-Place order. Operating expenses increased by \$0.2 million or 24.9% from \$0.9 million to \$1.1 million due to higher personnel cost and professional services expenditures.

Storm Water Fund

The Storm Water Fund is used to account for resources needed to fund storm drain and storm infrastructure operations, maintenance, capital replacement, and compliance with various federal and state regulations regarding storm water runoff. Revenues totaled \$0.4 million, primarily from a levy on property owners. Transfers in totaled \$1.1 million, primarily comprised of \$0.3 million from the General Fund and \$0.8 million from non-major governmental funds. Expenses totaled \$1.2 million, which was flat from prior year. Net position increased \$0.9 million or 20% from \$4.5 million to \$5.4 million.

CAPITAL ASSETS

Generally accepted accounting principles require the City to add infrastructure to its reportable capital assets. Infrastructure includes streets, drainage systems, and traffic control and safety devices. The City has 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 the City-wide Statement of Net Position. 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.

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At June 30, 2020, the City had \$466.3 million in capital assets, net of depreciation, representing a substantial increase of \$55.6 million from the prior year, driven primarily by in progress construction projects.

The City's various capital asset types used in governmental and business-type activities, are illustrated in Table 7 below:

Table 7
Capital Assets (in Millions) at June 30

			Increase / (Decrease)	
	<u>2020</u>	<u>2019</u>	<u>Amount</u>	<u>%</u>
Governmental Activities:				
Land	\$ 66.7	\$ 67.9	\$ (1.2)	(1.8%)
Buildings and improvements	96.3	96.2	0.1	0.1%
Equipment and vehicles	24.4	22.8	1.6	7.0%
Furniture and fixtures	2.6	2.6	0.0	0.0%
Infrastructure - streets	200.1	199.7	0.4	0.2%
Infrastructure - traffic control devices	12.6	10.8	1.8	16.7%
Infrastructure - storm drains	8.9	8.9	0.0	0.0%
Construction in progress	71.4	35.3	36.1	102.3%
Less accumulated depreciation	<u>(181.5)</u>	<u>(172.1)</u>	<u>(9.4)</u>	<u>5.5%</u>
Totals	<u>\$ 301.5</u>	<u>\$ 272.1</u>	<u>\$ 29.4</u>	<u>10.8%</u>
Business-type Activities				
Land	\$ 0.8	\$ 0.8	\$ -	0.0%
Buildings and improvements	67.1	67.1	0.0	0.0%
Clean water facilities and transmission line	79.9	79.9	0.0	0.0%
Infrastructure - storm drains	6.2	5.6	0.6	10.7%
Infrastructure - streets	7.3	7.3	0.0	0.0%
Equipment and vehicles	18.5	18.5	0.0	0.0%
Construction in progress	55.4	25.1	30.3	120.7%
Less accumulated depreciation	<u>(70.4)</u>	<u>(65.7)</u>	<u>(4.7)</u>	<u>7.2%</u>
Totals	<u>\$ 164.8</u>	<u>\$ 138.6</u>	<u>\$ 26.2</u>	<u>18.9%</u>
Total City	\$ 466.3	\$ 410.7	\$ 55.6	13.5%

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DEBT ADMINISTRATION

Each of the City's debt issuances 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 (excluding unamortized bond premiums):

Table 8
Outstanding Debt
(In Millions) at June 30

Governmental Activities			Increase / (Decrease)	
	2020	2019	Amount	%
Lease Revenue Bonds	\$ 43.9	\$ -	\$ 43.9	100.0%
Plus: Unamortized Bond Premium	9.9		9.9	100.0%
Loan payable to Successor Agency	3.6	4.8	(1.2)	(25.0%)
Capital leases	0.5	0.8	(0.3)	(37.5%)
Total Governmental Activities Outstanding Debt	\$ 57.9	\$ 5.6	\$ 52.3	933.9%
Business-type Activities				
State Water Resources Board loans	\$ 50.1	\$ 35.1	\$ 15.0	42.7%
2005 Sewer Bonds	2.7	3.0	(0.3)	(10.0%)
Total Business-type Activities Outstanding Debt	\$ 52.8	\$ 38.1	\$ 14.7	38.6%

In February 2020, the City of South San Francisco Public Facilities Financing Authority issued \$43,905,000 lease revenue bonds, Series 2020A for the acquisition, construction, and installation of certain capital improvements for the police facility.

The increase of \$15.0 million in Business-type Activities outstanding debt stems from the drawdown of additional \$19.6 million State Water Resources Board loan and the retirement of \$4.6 million during the fiscal year 2020.

The largest remaining debt obligations are the following:

- Four loans to the City's Sewer 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 four current loans outstanding have fixed interest of 2.6%, 2.5%, 2.4% and 1.8% are due in 2022, 2026 and 2028. Because of the regional benefits and equity interest in these projects, the City of San Bruno shares in the loan repayments for the first two of the four current loans.

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

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, and phone (650) 877-8512. The City's website is at www.ssf.net.

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CITY OF SOUTH SAN FRANCISCO

**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

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

The Statement of Net Position reports the excess of the City's total assets and deferred outflows of resources over the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position 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 position. 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 follow 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 Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the City of South San Francisco Capital Improvements Financing Authority, the Parking Authority of the City of South San Francisco and the City of South San Francisco Public Facilities Financing Authority that are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the 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.

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CITY OF SOUTH SAN FRANCISCO
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit South San Francisco Conference Center
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments (Note 2)	\$219,566,116	\$27,325,296	\$246,891,412	\$4,167,754
Receivables:				
Accounts	16,767,546	1,945,842	18,713,388	132,024
Accrued interest	933,169	106,435	1,039,604	
Loans	1,568,273		1,568,273	
Due from Conference Center	60,650		60,650	
Deposit	289,790		289,790	30,589
Inventory	574		574	
Prepaid items	1,074,537		1,074,537	
Restricted cash and investments (Note 2)	49,539,457	1,544,799	51,084,256	
Properties held for redevelopment (Note 1N)	20,272,633		20,272,633	
Capital assets (Note 3):				
Nondepreciable	138,045,760	56,196,895	194,242,655	77,670
Depreciable, net accumulated depreciation	163,437,708	108,577,040	272,014,748	3,033,599
Total Assets	<u>611,556,213</u>	<u>195,696,307</u>	<u>807,252,520</u>	<u>7,441,636</u>
DEFERRED OUTFLOW OF RESOURCES				
Related to pension (Note 7)	23,107,237	2,567,470	25,674,707	
Related to OPEB (Note 9)	6,291,000	699,000	6,990,000	
Total Deferred Outflow of Resources	<u>29,398,237</u>	<u>3,266,470</u>	<u>32,664,707</u>	
LIABILITIES				
Accounts payable	8,480,313	2,921,965	11,402,278	121,235
Accrued salaries and benefits	3,416,228		3,416,228	74,698
Accrued interest payable	152,583	397,273	549,856	
Other payables	2,747,749	1,730,714	4,478,463	
Deposits	4,190,223	7,500	4,197,723	348,385
Unearned revenue	1,186,224	238,330	1,424,554	
Accrued insurance losses (Note 11):				
Due within one year	643,224		643,224	
Due in more than one year	14,322,000		14,322,000	
Compensated absences obligation (Note 1L):				
Due within one year	4,445,590	492,267	4,937,857	
Due in more than one year	3,892,630	256,939	4,149,569	
Debt and capital lease obligations (Note 5):				
Due within one year	1,139,252	5,038,675	6,177,927	
Due in more than one year	56,753,858	47,766,932	104,520,790	
Net OPEB Liability - due in more than one year (Note 9)	57,920,400	6,435,600	64,356,000	
Net pension liability - due in more than one year (Note 7)	173,773,619	19,308,180	193,081,799	
Total Liabilities	<u>333,063,893</u>	<u>84,594,375</u>	<u>417,658,268</u>	<u>544,318</u>
DEFERRED INFLOW OF RESOURCES				
Related to pension (Note 7)	2,531,087	281,232	2,812,319	
Related to OPEB (Note 9)	702,000	78,000	780,000	
Total Deferred Inflow of Resources	<u>3,233,087</u>	<u>359,232</u>	<u>3,592,319</u>	
NET POSITION (Note 6)				
Net investment in capital assets	296,243,640	111,968,328	408,211,968	3,111,269
Restricted for:				
Debt service				
Special revenue projects	39,038,800		39,038,800	
Capital projects	81,290,558		81,290,558	
Redevelopment and community development activities	18,372,633		18,372,633	
Total Restricted Net Position	<u>138,701,991</u>		<u>138,701,991</u>	
Unrestricted	(130,288,161)	2,040,842	(128,247,319)	3,786,049
Total Net Position	<u>\$304,657,470</u>	<u>\$114,009,170</u>	<u>\$418,666,640</u>	<u>\$6,897,318</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$15,378,452	\$5,217,199	\$990,684	
Fire	34,442,874	6,073,247	5,074	
Police	36,095,698	2,092,791	729,756	
Public Works	17,737,243	23,355,636	5,132,245	\$4,930,640
Parks and Recreation	19,620,848	2,872,786	778,448	
Library	6,728,102	97,603	674,866	
Economic and Community Development	9,837,938	9,067,781	446,481	
Interest on long term debt	512,376			
Total Governmental Activities	<u>140,353,531</u>	<u>48,777,043</u>	<u>8,757,554</u>	<u>4,930,640</u>
Business-type Activities				
Sewer	26,213,885	24,296,811	6,887,043	
Parking District	1,116,840	1,003,222		
Storm Water	1,206,694	412,707	552,998	
Total Business-type Activities	<u>28,537,419</u>	<u>25,712,740</u>	<u>7,440,041</u>	
Total Primary Government	<u><u>\$168,890,950</u></u>	<u><u>\$74,489,783</u></u>	<u><u>\$16,197,595</u></u>	<u><u>\$4,930,640</u></u>
Component Unit				
Conference Center	<u><u>\$3,757,978</u></u>	<u><u>\$1,413,138</u></u>		

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Transient occupancy taxes
- Franchise Fees
- Other taxes
- Motor vehicle in lieu, unrestricted
- Property taxes in lieu of vehicle license fees
- Investment earnings
- Gain from sale of property
- Miscellaneous

Special Item:

- Proceeds from sale of common interest (Note 12D)
- Remittance of land sale proceeds to taxing entities

Transfers (Note 4)

Total general revenues, special item and transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
(\$9,170,569)		(\$9,170,569)	
(28,364,553)		(28,364,553)	
(33,273,151)		(33,273,151)	
15,681,278		15,681,278	
(15,969,614)		(15,969,614)	
(5,955,633)		(5,955,633)	
(323,676)		(323,676)	
(512,376)		(512,376)	
<u>(77,888,294)</u>		<u>(77,888,294)</u>	
	\$4,969,969	4,969,969	
	(113,618)	(113,618)	
	(240,989)	(240,989)	
	<u>4,615,362</u>	<u>4,615,362</u>	
<u>(77,888,294)</u>	<u>4,615,362</u>	<u>(73,272,932)</u>	
			<u>(\$2,344,840)</u>
37,415,367		37,415,367	
31,855,027		31,855,027	
13,829,025		13,829,025	1,794,405
4,594,577		4,594,577	
4,515,376		4,515,376	
53,089		53,089	
7,457,005		7,457,005	
6,384,253	824,916	7,209,169	132,580
9,152,218		9,152,218	10,570
1,247,950		1,247,950	
(971,011)		(971,011)	
(8,060,646)	8,060,646		
<u>107,472,230</u>	<u>8,885,562</u>	<u>116,357,792</u>	<u>1,937,555</u>
29,583,936	13,500,924	43,084,860	(407,285)
<u>275,073,534</u>	<u>100,508,246</u>	<u>375,581,780</u>	<u>7,304,603</u>
<u>\$304,657,470</u>	<u>\$114,009,170</u>	<u>\$418,666,640</u>	<u>\$6,897,318</u>

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FUND FINANCIAL STATEMENTS

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 2020. 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.

LOW AND MODERATE INCOME HOUSING ASSETS SPECIAL REVENUE FUND

To account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City of South San Francisco. The main source of revenue for this fund is the repayment of loans restricted for housing activities.

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.

EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND

These fees provide new development's share of new and rehabilitated sewer collection and treatment facilities to serve the East of Highway 101 area.

EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

These fees are to provide new development's share of new and expanded roadway and intersection improvements to serve the East of Highway 101 area.

CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND

These citywide fees provide new development's share of new and expanded childcare facilities to serve the childcare needs of working parents.

DEVELOPER DEPOSIT FUND

To account for a deposit by a large corporation for various capital projects the developer agreed to fund.

CAPITAL INFRASTRUCTURE RESERVE FUND

Replacement, upgrade, and maintenance of the City's infrastructure are backlogged, constituting a significant liability. Funds are set aside in this fund as part of the budget process and as part of the City's reserve policy to address the replacement and/or upgrade of the city infrastructure (such as parks, buildings, facilities, streets, sidewalks, and storm water facilities).

CAPITAL IMPROVEMENT POLICE STATION CAPITAL PROJECTS FUND

To account for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting to new City police station located within the City's new Civic Center Campus, and related improvements, facilities and equipment's, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds.

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
ASSETS				
Cash and investments (Note 2)	\$61,426,353	\$5,126,649	\$775,253	\$5,385,188
Receivables:				
Accounts	7,813,980	39,303	8,129,238	
Accrued interest	243,824	24,294		22,652
Due from Conference Center	60,650			
Loans		837,839		
Due from other funds (Note 4B)	4,400,000			
Inventory	574			
Restricted cash and investments (Note 2)	352,797			
Properties held for redevelopment (Note 1N)	18,372,633			
	<u>\$92,670,811</u>	<u>\$6,028,085</u>	<u>\$8,904,491</u>	<u>\$5,407,840</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$2,018,069	\$18,021	\$2,230,534	
Accrued salaries and benefits	3,416,228			
Other payable	186,956		1,636,896	
Deposits	1,935,463			
Unearned revenue			401,412	
Due to other funds (Note 4B)			4,400,000	
	<u>7,556,716</u>	<u>18,021</u>	<u>8,668,842</u>	
FUND BALANCE				
Fund Balances (Note 6):				
Nonspendable	574			
Restricted	18,372,633	6,010,064		\$5,407,840
Committed	17,723,338			
Assigned	5,720,788			
Unassigned	43,296,762		235,649	
	<u>85,114,095</u>	<u>6,010,064</u>	<u>235,649</u>	<u>5,407,840</u>
Total Fund Balances (Deficits)	<u>\$92,670,811</u>	<u>\$6,028,085</u>	<u>\$8,904,491</u>	<u>\$5,407,840</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$92,670,811</u>	<u>\$6,028,085</u>	<u>\$8,904,491</u>	<u>\$5,407,840</u>

See accompanying notes to basic financial statements

Capital Projects Funds

East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve Fund	Capital Improvement Police Station	Other Governmental Funds	Total Governmental Funds
\$24,909,470	\$6,157,689	\$18,140	\$29,224,045		\$51,128,905	\$184,151,692
106,276	27,519	943	139,879		767,348	16,749,869
					207,923	773,310
						60,650
					730,434	1,568,273
						4,400,000
						574
				\$49,099,081	87,579	49,539,457
					1,900,000	20,272,633
<u>\$25,015,746</u>	<u>\$6,185,208</u>	<u>\$19,083</u>	<u>\$29,363,924</u>	<u>\$49,099,081</u>	<u>\$54,822,189</u>	<u>\$277,516,458</u>
				\$2,246,031	\$372,258	\$6,884,913
				248,541	509,660	3,416,228
		\$2,295			2,252,465	2,582,053
					784,812	4,190,223
						1,186,224
						4,400,000
		2,295		2,494,572	3,919,195	22,659,641
\$25,015,746	\$6,185,208	16,788		46,604,509	50,902,994	574
			\$29,363,924			158,515,782
						17,723,338
						35,084,712
						43,532,411
<u>25,015,746</u>	<u>6,185,208</u>	<u>16,788</u>	<u>29,363,924</u>	<u>46,604,509</u>	<u>50,902,994</u>	<u>254,856,817</u>
<u>\$25,015,746</u>	<u>\$6,185,208</u>	<u>\$19,083</u>	<u>\$29,363,924</u>	<u>\$49,099,081</u>	<u>\$54,822,189</u>	<u>\$277,516,458</u>

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020**

Total fund balances reported on the governmental funds balance sheet \$254,856,817

Amounts reported for Governmental Activities in the Statement of Net Position 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. 295,786,759

Internal service funds are used by management to charge the cost of management of communication, telephone, building, fleet maintenance, equipment replacement, workers' 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 Position. 23,517,899

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Long-term debt	(57,403,329)
Interest payable	(152,583)
Deferred outflows related pension	23,107,237
Deferred outflows related to OPEB	6,291,000
Net OPEB liability	(57,920,400)
Net pension liability	(173,773,619)
Deferred inflows related to OPEB	(702,000)
Deferred inflows related to pension	(2,531,087)
Non-current portion of compensated absences	(6,419,224)
	(6,419,224)

Net position of governmental activities \$304,657,470

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, 2020**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
REVENUES				
Property taxes	\$42,847,443			
Sales taxes	31,563,148			
Transient occupancy taxes	13,829,025			
Franchise Fees	4,594,577			
Other taxes	4,515,376			
Intergovernmental	1,626,529		\$6,974,570	
Interest and rentals	4,845,966	\$310,801		\$174,089
Licenses and permits	15,900,500			
Charges for services	9,978,678		2,207,462	1,317,358
Fines and forfeitures	814,354			
Other	390,733			
Total Revenues	130,906,329	310,801	9,182,032	1,491,447
EXPENDITURES				
Current:				
City Council	258,413			
City Clerk	978,451			
City Treasurer	151,726			
City Attorney	1,009,372			
City Manager	4,139,612			
Finance	3,222,657			
Non-departmental	1,014,840			2,745
Human Resources	1,672,701			
Fire	28,138,053			
Police	30,190,060			
Public Works	6,156,203		25,831,965	
Parks and Recreation	17,130,302			
Library	5,940,870			
Economic and Community Development	7,669,329	287,975		
Other				
Debt service:				
Principal repayments				
Interest and fiscal charges				
Total Expenditures	107,672,589	287,975	25,831,965	2,745
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23,233,740	22,826	(16,649,933)	1,488,702
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property				
Issuance of debt				
Bond premium				
Transfers in (Note 4C)	1,302,435		19,817,722	
Transfers out (Note 4C)	(24,642,202)			(516,996)
Total Other Financing Sources (Uses)	(23,339,767)		19,817,722	(516,996)
Net Change in Fund Balances before special items	(106,027)	22,826	3,167,789	971,706
SPECIAL ITEMS				
Proceeds from sale of common interest (Note 12D)	1,247,950			
Remittance of land sale proceeds	(971,011)			
Net Change in Fund Balances	170,912	22,826	3,167,789	971,706
Fund balances (deficits) - July 1	84,943,183	5,987,238	(2,932,140)	4,436,134
Fund balances (deficits) - June 30	\$85,114,095	\$6,010,064	\$235,649	\$5,407,840

See accompanying notes to financial statements

Capital Projects Funds

<u>East of 101 Traffic Impact Fees</u>	<u>Child Care Impact Fees</u>	<u>Developer Deposit</u>	<u>Capital Infrastructure Reserve Fund</u>	<u>Capital Improvements Police Station</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
					\$2,024,929	\$44,872,372
					709,951	32,273,099
						13,829,025
						4,594,577
					2,002,706	6,518,082
\$814,074	\$209,913	\$7,172	\$1,061,572	\$7,002	9,715,961	18,317,060
					1,434,409	8,864,998
4,244,426	455,544					15,900,500
					9,238,537	27,442,005
						814,354
					2,676,958	3,067,691
<u>5,058,500</u>	<u>665,457</u>	<u>7,172</u>	<u>1,061,572</u>	<u>7,002</u>	<u>27,803,451</u>	<u>176,493,763</u>
						258,413
						978,451
						151,726
						1,009,372
						4,139,612
						3,222,657
	2,745					1,020,330
						1,672,701
					23,406	28,161,459
				7,218,033	60,337	37,468,430
2,745			7,000		8,072,417	40,070,330
						17,130,302
						5,940,870
					823,599	8,780,903
					723,901	723,901
					1,210,000	1,210,000
				331,990	407,156	739,146
<u>2,745</u>	<u>2,745</u>		<u>7,000</u>	<u>7,550,023</u>	<u>11,320,816</u>	<u>152,678,603</u>
<u>5,055,755</u>	<u>662,712</u>	<u>7,172</u>	<u>1,054,572</u>	<u>(7,543,021)</u>	<u>16,482,635</u>	<u>23,815,160</u>
						43,905,000
						10,242,530
			10,900,000			38,117,966
(633,466)	(14,232)		(1,698,620)		6,097,809	(46,647,023)
(633,466)	(14,232)		9,201,380	54,147,530	(19,141,507)	45,618,473
4,422,289	648,480	7,172	10,255,952	46,604,509	(13,043,698)	69,433,633
					3,438,937	
						1,247,950
						(971,011)
4,422,289	648,480	7,172	10,255,952	46,604,509	3,438,937	69,710,572
20,593,457	5,536,728	9,616	19,107,972		47,464,057	185,146,245
<u>\$25,015,746</u>	<u>\$6,185,208</u>	<u>\$16,788</u>	<u>\$29,363,924</u>	<u>\$46,604,509</u>	<u>\$50,902,994</u>	<u>\$254,856,817</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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$69,710,572

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.

Capital assets additions	39,197,210
Retirement and adjustment of capital assets	(2,055,012)
Current year depreciation	(8,546,864)

Long-Term Debt Payments

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Proceeds from issuance of bonds	(43,905,000)
Bond premium	(10,242,530)
Repayment of principal is added back to fund balance	1,210,000
Amortization of premium is added back to fund balance	379,353

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 payable	(152,583)
Compensated absences	(997,100)
Net pension liability, deferred outflows and inflows of resources	(15,622,490)
Net OPEB liability, deferred outflows and inflows of resources	(1,139,400)

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.

1,747,780

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$29,583,936

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Resources (inflows):				
Property taxes	\$36,659,133	\$36,659,133	\$42,847,443	\$6,188,310
Sales taxes	31,133,000	31,133,000	31,563,148	430,148
Transient occupancy taxes	16,855,297	16,855,297	13,829,025	(3,026,272)
Franchise fees	4,000,000	4,000,000	4,594,577	594,577
Other taxes	6,058,132	6,058,132	4,515,376	(1,542,756)
Intergovernmental	1,626,854	2,662,818	1,626,529	(1,036,289)
Interest and rentals	3,059,459	3,059,459	4,845,966	1,786,507
Licenses and permits	12,131,018	12,131,018	15,900,500	3,769,482
Charges for services	10,417,837	10,417,839	9,978,678	(439,161)
Fines and forfeitures	618,500	618,500	814,354	195,854
Other	181,994	181,994	390,733	208,739
	<u>122,741,224</u>	<u>123,777,190</u>	<u>130,906,329</u>	<u>7,129,139</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
City Council	290,291	290,291	258,413	31,878
City Clerk	1,056,761	1,091,062	978,451	112,611
City Treasurer	143,137	143,138	151,726	(8,588)
City Attorney	1,115,935	1,115,935	1,009,372	106,563
City Manager	2,542,579	6,001,363	6,496,800	(495,437)
Finance	3,294,240	3,851,736	3,397,916	453,820
Non-departmental	997,844	1,452,844	1,081,965	370,879
Human Resources	1,794,862	2,019,064	1,781,034	238,030
Fire	29,608,967	30,983,929	28,434,808	2,549,121
Police	30,926,920	31,071,930	30,190,060	881,870
Public Works	5,018,087	5,755,272	6,487,502	(732,230)
Parks and Recreation	17,762,501	17,893,967	17,253,040	640,927
Library	6,132,137	6,674,593	5,952,038	722,555
Economic and Community Development	9,925,951	13,935,395	9,920,252	4,015,143
	<u>110,610,212</u>	<u>122,280,519</u>	<u>113,393,377</u>	<u>8,887,142</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,250,000	2,250,000		(2,250,000)
Transfers in (Note 4C)	1,261,591	1,539,100	1,302,435	(236,665)
Transfers out (Note 4C)	(18,020,454)	(42,438,974)	(24,642,202)	17,796,772
	<u>(14,508,863)</u>	<u>(38,649,874)</u>	<u>(23,339,767)</u>	<u>15,310,107</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	(2,377,851)	(37,153,203)	(5,826,815)	31,326,388
SPECIAL ITEMS				
Proceeds from sale of common interest (Note 12D)			1,247,950	1,247,950
Remittance of land sale proceeds			(971,011)	(971,011)
			<u>(971,011)</u>	<u>(971,011)</u>
NET CHANGE IN FUND BALANCE	<u>(\$2,377,851)</u>	<u>(\$37,153,203)</u>	<u>(5,549,876)</u>	<u>\$31,603,327</u>
Fund Balance - July 1				
			84,943,183	
Adjustment to budgetary basis:				
Encumbrance adjustments			5,720,788	
			<u>5,720,788</u>	
Fund Balance - June 30				
			<u>\$85,114,095</u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
LOW AND MODERATE INCOME HOUSING ASSETS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rental	\$167,000	\$167,000	\$310,801	\$143,801
Other	140,000	140,000		(140,000)
Total Revenues	307,000	307,000	310,801	3,801
EXPENDITURES:				
Current:				
Economic and Community Development	543,291	3,241,558	2,790,088	451,470
Total Expenditures	543,291	3,241,558	2,790,088	451,470
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(236,291)	(2,934,558)	(2,479,287)	455,271
NET CHANGE IN FUND BALANCE	(\$236,291)	(\$2,934,558)	(2,479,287)	\$455,271
Fund balance - July 1			5,987,238	
Adjustment to budgetary basis:				
Encumbrance adjustments			2,502,113	
Fund balance - June 30			\$6,010,064	

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.

SEWER ENTERPRISE 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 acquire and 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 POSITION
JUNE 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments (Note 2)	\$21,442,247	\$3,760,097	\$2,122,952	\$27,325,296	\$35,414,424
Receivables:					
Accounts	1,932,217		13,625	1,945,842	17,677
Accrued interest	79,962	17,404	9,069	106,435	159,859
Deposits					289,790
Restricted cash and investments (Note 2)	1,544,799			1,544,799	
Prepaid Items					1,074,537
Total current assets	24,999,225	3,777,501	2,145,646	30,922,372	36,956,287
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	53,862,650	421,149	1,913,096	56,196,895	80,951
Depreciable, net accumulated depreciation	96,900,238	10,017,847	1,658,955	108,577,040	5,615,758
Total non-current assets	150,762,888	10,438,996	3,572,051	164,773,935	5,696,709
Total Assets	175,762,113	14,216,497	5,717,697	195,696,307	42,652,996
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7)	2,567,470			2,567,470	
Related to OPEB (Note 9)	699,000			699,000	
Total Deferred Outflows of Resources	3,266,470			3,266,470	
LIABILITIES					
Current liabilities:					
Accounts payable	2,785,108	15,980	120,877	2,921,965	1,595,400
Other payable	1,730,645	66	3	1,730,714	165,696
Accrued interest payable	397,273			397,273	
Deposits payable	7,500			7,500	
Unearned revenue	33,027		205,303	238,330	
Accrued insurance loss (Note 11)					643,224
Compensated absences obligation (Note 1L)	471,053	5,776	15,438	492,267	800,379
Current portion of long-term debt (Note 5)	5,038,675			5,038,675	204,252
Total current liabilities	10,463,281	21,822	341,621	10,826,724	3,408,951
Noncurrent liabilities:					
Accrued insurance losses (Note 11)					14,322,000
Compensated absences obligation (Note 1L)	240,280	15,762	897	256,939	1,118,617
Noncurrent portion of long-term debt (Note 5)	47,766,932			47,766,932	285,529
Net OPEB liability (Note 9)	6,435,600			6,435,600	
Net pension liability (Note 7)	19,308,180			19,308,180	
Total noncurrent liabilities	73,750,992	15,762	897	73,767,651	15,726,146
Total Liabilities	84,214,273	37,584	342,518	84,594,375	19,135,097
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7)	281,232			281,232	
Related to OPEB (Note 9)	78,000			78,000	
Total Deferred Inflows of resources	359,232			359,232	
NET POSITION:					
Net investment in capital assets	97,957,281	10,438,996	3,572,051	111,968,328	5,125,977
Unrestricted (deficit)	(3,502,203)	3,739,917	1,803,128	2,040,842	18,391,922
Total Net Position	\$94,455,078	\$14,178,913	\$5,375,179	\$114,009,170	\$23,517,899

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$24,150,139		\$410,307	\$24,560,446	\$26,479,155
Other cities' participation	6,887,043			6,887,043	
Permit fees	141,672			141,672	
Parking fees		\$956,222		956,222	
Total Operating Revenues	31,178,854	956,222	410,307	32,545,383	26,479,155
OPERATING EXPENSES					
Personnel expenses	10,989,086	306,107	751,328	12,046,521	18,314,774
Professional services	1,731,481	365,961	76,612	2,174,054	792,792
OPEB Expenses	535,039	68		535,107	
Program supplies	1,626,257	14,694	175,058	1,816,009	1,303,705
Insurance	210,870		3,698	214,568	1,671,479
Self-insurance and claims					2,358,458
Repair and maintenance	1,297,592		23,503	1,321,095	489,972
Rents and leases	1,689,059			1,689,059	
Utilities	1,559,918	67,361	12,048	1,639,327	189,819
Administration	1,378,429	110,792	47,584	1,536,805	
Depreciation	4,485,233	253,825	39,456	4,778,514	857,836
Other	46,434		84,766	131,200	446,605
Total Operating Expenses	25,549,398	1,118,808	1,214,053	27,882,259	26,425,440
Operating Income (Loss)	5,629,456	(162,586)	(803,746)	4,663,124	53,715
NONOPERATING REVENUES (EXPENSES)					
Interest income	623,256	132,556	69,104	824,916	1,218,689
Gain on dispositions of capital assets					8,722
Interest expense	(710,007)			(710,007)	(20,329)
Subventions and grants			552,998	552,998	
Other	5,000	47,000	2,400	54,400	73,419
Total Nonoperating Revenues (Expenses)	(81,751)	179,556	624,502	722,307	1,280,501
Income (loss) before transfers	5,547,705	16,970	(179,244)	5,385,431	1,334,216
TRANSFERS					
Transfers in (Note 4C)	6,985,456		1,097,756	8,083,212	500,000
Transfers (out) (Note 4C)		(22,566)		(22,566)	(31,589)
Change in Net Position	12,533,161	(5,596)	918,512	13,446,077	1,802,627
Net Position (Deficits) - July 1	81,921,917	14,184,509	4,456,667	100,563,093	21,715,272
Net Position (Deficits) - June 30	\$94,455,078	\$14,178,913	\$5,375,179	114,009,170	\$23,517,899
			Change in Net Position	13,446,077	
			Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities	54,847	
			Change in Net Position of Business-Type Activities	<u>\$13,500,924</u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Enterprise	Parking District	Storm Water	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$29,726,826	\$1,006,222	\$404,749	\$31,137,797	
Cash payments to suppliers for goods and services	(9,807,847)	(543,030)	(457,655)	(10,808,532)	(\$5,024,543)
Cash payments to employees for services	(8,919,957)	(305,248)	(754,625)	(9,979,830)	(17,279,625)
Cash received from interfund service provided					26,409,725
Cash payments for judgments and claims					(1,844,487)
Net Cash Provided by (Used in) Operating Activities	<u>10,999,022</u>	<u>157,944</u>	<u>(807,531)</u>	<u>10,349,435</u>	<u>2,261,070</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subventions and grants			552,998	552,998	
Transfers in	6,985,456		1,097,756	8,083,212	500,000
Transfers in		(22,566)		(22,566)	(31,589)
Net Cash Provided by Noncapital Financing Activities	<u>6,985,456</u>	<u>(22,566)</u>	<u>1,650,754</u>	<u>8,613,644</u>	<u>468,411</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	19,593,797			19,593,797	
Principal paid on long-term debt	(4,906,394)			(4,906,394)	(263,838)
Interest paid on long-term debt	(798,534)			(798,534)	(20,329)
Acquisition of capital assets, net	(30,163,306)		(807,659)	(30,970,965)	(1,232,218)
Proceeds from the sale of capital assets					8,722
Net Cash Used in Capital and Related Financing Activities	<u>(16,274,437)</u>		<u>(807,659)</u>	<u>(17,082,096)</u>	<u>(1,507,663)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	340,355	71,018	34,077	445,450	657,484
Changes in fair value of investments	294,209	64,035	33,367	391,611	588,182
Net Cash Provided by Investing Activities	<u>634,564</u>	<u>135,053</u>	<u>67,444</u>	<u>837,061</u>	<u>1,245,666</u>
Net Increase (Decrease) in cash and cash equivalents	2,344,605	270,431	103,008	2,718,044	2,467,484
Cash and cash equivalents, beginning	20,642,441	3,489,666	2,019,944	26,152,051	32,946,940
Cash and cash equivalents, ending	<u>\$22,987,046</u>	<u>\$3,760,097</u>	<u>\$2,122,952</u>	<u>\$28,870,095</u>	<u>\$35,414,424</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$5,629,456	(\$162,586)	(\$803,746)	\$4,663,124	\$53,715
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	4,485,233	253,825	39,456	4,778,514	857,836
Other non-operating revenue (expenses)	5,000	47,000	2,400	54,400	73,419
Net change in assets and liabilities:					
Accounts and lease receivables	(1,490,055)	3,000	(13,625)	(1,500,680)	17,840
Deposit					(160,689)
Prepaid items					(243,797)
Accounts payable	(1,235,073)	15,780	93,835	(1,125,458)	834,149
Other payable	1,502,305	66	(128,221)	1,374,150	6,559
Unearned revenue	33,027		5,667	38,694	
Accrued insurance losses					513,971
(Decrease) increase due to OPEB	126,600			126,600	
Compensated absence obligations	206,696	859	(3,297)	204,258	308,067
(Decrease) increase due to retirement system	1,735,833			1,735,833	
Net Cash Provided by (Used in) Operating Activities	<u>\$10,999,022</u>	<u>\$157,944</u>	<u>(\$807,531)</u>	<u>\$10,349,435</u>	<u>\$2,261,070</u>

See accompanying notes to basic financial statements

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

The Fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of South San Francisco.

SSF EMPLOYEE DEFERRED COMP TRUST OVERSIGHT AGENCY FUND

This fund is used to pay for the administrative costs of monitoring the Deferred Compensation Funds on behalf of City employees.

**CITY OF SOUTH SAN FRANCISCO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Successor Agency Private Purpose Trust Fund	Agency Fund SSF Employee Deferred Comp Trust Oversight
ASSETS		
Cash and investments (Note 2)	\$2,660,472	\$105,236
Accounts receivable	8,883	
Interest receivable	46,442	514
Advances to the City (Note 5)	3,635,152	
Loans receivable (Note 13B)	128,426	
Restricted cash and investments (Note 2)	41,532,619	
Capital assets (Note 13C):		
Nondepreciable	111,219	
Depreciable, net accumulated depreciation	251,311	
Total Assets	48,374,524	\$105,750
LIABILITIES		
Accounts payable	\$2,141,346	
Other accrued liabilities		\$105,750
Noncurrent portion of pollution remediation (Note 13D)	537,000	
Total Liabilities	2,678,346	\$105,750
NET POSITION		
Held in trust for other purposes	\$45,696,178	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Intergovernmental	\$401,789
Interest and rentals	895,695
Total Additions	1,297,484
 DEDUCTIONS	
Economic and Community Development	8,883,608
Depreciation	6,593
Total Deductions	8,890,201
Change in net position	(7,592,717)
 NET POSITION HELD IN TRUST FOR OTHER PURPOSES	
Beginning of the year	53,288,895
End of the year	\$45,696,178

See accompanying notes to financial statements

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CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Capital Improvements Financing Authority** is a joint exercise of powers authority created in 1991 between the City and the City of South San Francisco former Redevelopment Agency. The Capital Improvements 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. The financial activities of the Capital Improvements Financing Authority are included in the Capital Improvement Police Station Capital Projects Fund. Separate financial statements are not issued for the Capital Improvements Financing Authority.

The **Parking Authority of the City of South San Francisco** was formed in October 2019 pursuant to the California Parking Law of 1949, Streets and Highways Code Section 32500, *et seq.* The City Council members serve as the Board of Directors. The financial activities of the Parking Authority are included in the Capital Improvements Police Station Capital Projects Fund. Separate financial statements are not issued for the Parking Authority.

The **City of South San Francisco Public Facilities Financing Authority** is a joint exercise of powers authority created in December 2019 between the City and the Parking Authority. The Public Facilities 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 or the Parking Authority and other public or private entities to finance capital improvements. The City Council members serve as the Board of Directors. The financial activities of the Public Facilities Financing Authority are included in the Capital Improvements Police Station Capital Projects Fund. Separate financial statements are not issued for the Public Facilities Financing Authority.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Authority'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.

D. Basis of Presentation

Government-wide Statements - The Statement of Net Position 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Low and Moderate Income Housing Assets Special Revenue Fund – This fund was established to account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City. The main source of revenue for this fund is the repayment of loans restricted for housing activities.

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.

East of 101 Sewer Impact Fees Capital Projects Fund – These fees provide new development's share of new and rehabilitated sewer collection and treatment facilities to serve the East of Highway 101 area.

East of 101 Traffic Impact Fees Capital Projects Fund – These fees are to provide new developments share of new and expanded roadway and intersection improvements to serve the East of Highway 101 area.

Child Care Impact Fees Capital Projects Fund – These citywide fees provide new development's share of new and expanded childcare facilities to serve the City.

Developer Deposit Capital Projects Fund – Accounts for a deposit by a large corporation for various capital projects the developer agreed to fund.

Capital Infrastructure Reserve Fund – Replacement, upgrade, and maintenance of the City's infrastructure are backlogged, constituting a significant liability. Funds are set aside in this fund as part of the budget process and as part of the City's reserve policy to address the replacement and/or upgrade of the city infrastructure (such as parks, buildings, facilities, streets, sidewalks, and storm water facilities).

Capital Improvement Police Station – Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting to new City police station located within the City's new Civic Center Campus, and related improvements, facilities and equipment's, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Sewer Enterprise 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 acquire and 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 City services, self insurance, health and retirement benefits, and equipment replacement; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds – An agency fund is used to account for assets held by the City as an agent for SSF Employee Deferred Comp Trust Oversight Fund. The Successor Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The financial activities of the funds are excluded from the government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

F. Basis of Accounting

The government-wide, proprietary, private-purpose trust fund, and 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 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position 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.

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; Capital Projects funds except for the Developer Deposit Capital Projects Fund, Non-obligated Capital Projects Fund, Oyster Point Improvement Impact Fees Capital Projects Fund, Oyster Point Development Impact Fees Capital Projects Fund, Park Land Acquisition Capital Projects Fund, Bicycle and Pedestrian Impact Fee Capital Projects Fund, Commercial Linkage Impact Fee Capital Projects Fund and 2020A Police Station Debt Service 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, 2020.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

H. Expenditures in Excess of Appropriations – The City’s General Fund had the following departmental expenditures in excess of appropriations and other funds had expenditures in excess of appropriations for the year ended June 30, 2020:

	Expenditures in Excess of Budget (Non GAAP Legal Basis)
General Fund:	
City Treasurer	\$8,588
City Manager	495,437
Public Works	732,230
Developer Contributions Special Revenue Fund	321,134
Federal Aviation Special Revenue Fund	28,257
Supplemental Law Enforcement Services Special Revenue Fund	60,337
City Programs Special Revenue Fund	223,901

Sufficient resources were available within each fund to finance these excesses.

I. 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.

J. 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets – Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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. The capitalization level is \$20,000 for vehicles, and \$100,000 for all else, including all other equipment that is not a vehicle.

L. 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.

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$7,033,053	\$544,948	\$7,578,001
Additions	5,499,889	676,711	6,176,600
Payments	(4,194,722)	(472,453)	(4,667,175)
Ending Balance	\$8,338,220	\$749,206	\$9,087,426
Current Portion	\$4,445,590	\$492,267	\$4,937,857

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

M. *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.

N. *Properties held for redevelopment* – 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).

O. *Unbilled Services* – for the Sewer Rental Enterprise Fund are accrued at year-end.

P. *Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

R. 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.

S. New Funds

In fiscal year 2019-2020, the City established the following funds:

The Capital Improvements Police Station Capital Projects Fund is used to account for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting to new City police station located within the City's new Civic Center Campus, and related improvements, facilities and equipment's, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds.

The San Mateo County (SMC) Measure W ½ Sales Tax Special Revenue Fund is used to account for the City's portion of the special half cent sales tax receipts restricted for congestion relief and transit improvements.

The Commercial Linkage Impact Fee Capital Projects Fund is used to account for affordable housing funding created by new commercial development.

2020A Police Station Debt Service Fund is used to account for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the new City police station located within the City's new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 fair value of 110% of the City’s cash on deposit, or first trust deed mortgage notes with a fair 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.

B. Classification

Cash and investments as of June 30, 2020 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 Position:	
City of South San Francisco:	
Cash and investments available for operations	\$246,891,412
Restricted cash and investments	51,084,256
Total Primary Government cash and investments	297,975,668
Statement of Fiduciary Assets:	
Cash and investments available for operations	2,765,708
Restricted cash and investments	41,532,619
Total Fiduciary cash and investments	44,298,327
Conference Center:	
Cash and investments available for operations	4,167,754
Total South San Francisco Conference Center cash and investments	4,167,754
Total cash and investments	\$346,441,749

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality (A)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Securities	5 years	N/A	No Limit	No Limit
Federal Agency or U.S. Government Sponsored Enterprise Obligations	5 years	N/A	No Limit	25%
Supranational Obligations	5 years	AA	30%	10%
Corporate Medium-Term Notes	5 years	A	30%	5%
Asset-Backed Securities	5 years	AA	20%	5%
Commercial Paper	270 days	A1,P1	25%	5%
Negotiable Certificates of Deposit	5 years	A-1 or A	30%	5%
Repurchase Agreements	90 days	AA	No Limit	No Limit
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$75 million	No Limit
Money Market Mutual Funds	N/A	AAAm	20%	10%

(A) The City's Investment Policy includes credit ratings provided by Standard and Poor's Investment Rating System, or its equivalent.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City and the Successor Agency to the former Redevelopment Agency 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 City or Successor Agency fail 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
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	No Limit

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

E. Investments Authorized by the Authority

The City of South San Francisco Conference Center Authority follows the California Government Code which authorizes an agency 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. 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 by holding most investments to maturity, thus reversing unrealized market gains and losses.

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	
City and Fiduciary:			
U.S. Treasury Notes	\$7,790,695	\$41,959,411	\$49,750,106
Federal Agency Securities	10,102,760	44,197,577	54,300,337
Local Agency Investment Fund	64,792,879		64,792,879
Money Market Funds	41,873,592		41,873,592
Corporate Medium Term Notes	15,131,560	26,968,244	42,099,804
Asset-Backed Securities	3,105,143	23,005,085	26,110,228
Supranational Obligations	1,868,485	3,611,375	5,479,860
South San Francisco Conference Center:			
Local Agency Investment Fund	3,840,774		3,840,774
Total Investments	\$148,505,888	\$139,741,692	288,247,580
Cash in Banks and on Hand - City of South San Francisco			57,867,189
Cash in Banks and on Hand - South San Francisco Conference Center			326,980
Total Cash and Investments			\$346,441,749

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. 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. At June 30, 2020, these investments have an average maturity of 191 days.

Money market funds are available for withdrawal on demand and as of June 30, 2020 have an average maturity of 41 days.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. 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, 2020, for each of the Primary Government's investment types as provided by Moody's investment rating system, except as noted:

Investment Type	Aaa	Aaa-mf	Aa1-Aa3	A1-A3	Total
City and Fiduciary:					
Federal Agency Securities	\$ 46,822,767				\$ 46,822,767
Money Market Funds		\$41,873,592			41,873,592
Corporate Medium Term Notes	724,788		\$7,608,739	\$33,766,277	42,099,804
Asset-Backed Securities	20,143,416				20,143,416
Supranational Obligations	5,479,860				5,479,860
Totals	<u>\$ 73,170,831</u>	<u>\$ 41,873,592</u>	<u>\$ 7,608,739</u>	<u>\$ 33,766,277</u>	156,419,439
City and Fiduciary:					
<i>Not rated:</i>					
Federal Agency Securities					7,477,570
Asset-Backed Securities					5,966,812
Local Agency Investment Fund					64,792,879
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					49,750,106
South San Francisco Conference Center:					
<i>Not rated:</i>					
Local Agency Investment Fund					<u>3,840,774</u>
Total Investments					<u>\$ 288,247,580</u>

H. Concentration of Credit Risk

The City's investment policy contains 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, 2020:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$ 21,775,413
Federal Home Loan Bank	Federal Agency Securities	21,233,841
Federal Home Loan Mortgage Corporation	Federal Agency Securities	22,227,127

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

I. Fair Value Hierarchy

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2020:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
City and Fiduciary:		
U.S. Treasury Notes	\$49,750,106	\$49,750,106
Federal Agency Securities	54,300,337	54,300,337
Corporate Medium Term Notes	42,099,804	42,099,804
Asset Backed Securities	26,110,228	26,110,228
Supranational Obligations	5,479,860	5,479,860
Totals	\$177,740,335	177,740,335
<i>Investments Measured at Amortized Cost:</i>		
City and Fiduciary:		
Money Market Mutual Funds		41,873,592
<i>Investments Exempt from Fair Value Hierarchy:</i>		
City and Fiduciary:		
Local Agency Investment Fund		64,792,879
South San Francisco Conference Center:		
Local Agency Investment Fund		3,840,774
Total Investments		\$288,247,580

All Investments classified in Level 2 of the fair value hierarchy are valued using various pricing techniques maintained by Interactive Data Pricing, including benchmark curves, sector groupings and matrix pricing. These prices are obtained from various pricing sources by the City's investment manager. Money market funds were reported at amortized cost.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 3 - CAPITAL ASSETS

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

	Balance 6/30/2019	Additions and Adjustments	Retirements and Adjustments	Transfers	Balance 6/30/2020
Governmental activities					
Capital assets not being depreciated:					
Land	\$67,922,399		(\$1,848,307)	\$654,909	\$66,729,001
Construction in Progress	35,332,149	\$39,157,623	(104,552)	(3,149,412)	71,235,808
Total capital assets not being depreciated	103,254,548	39,157,623	(1,952,859)	(2,494,503)	137,964,809
Capital assets being depreciated:					
Buildings and Improvements	96,174,194		(136,204)	233,662	96,271,652
Infrastructure - Streets	199,703,412			435,530	200,138,942
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	10,766,059			1,825,311	12,591,370
Equipment and Vehicle	7,368,142	39,587			7,407,729
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	325,553,514	39,587	(136,204)	2,494,503	327,951,400
Less accumulated depreciation for:					
Buildings and Improvements	(39,836,602)	(2,518,171)	34,051		(42,320,722)
Infrastructure - Streets	(106,389,398)	(5,075,887)			(111,465,285)
Infrastructure - Storm Drains	(3,571,061)	(204,500)			(3,775,561)
Infrastructure - Traffic Control Devices	(3,733,097)	(483,693)			(4,216,790)
Equipment and Vehicle	(6,385,793)	(168,827)			(6,554,620)
Furniture and Fixtures	(1,700,686)	(95,786)			(1,796,472)
Total accumulated depreciation	(161,616,637)	(8,546,864)	34,051		(170,129,450)
Net Governmental Fund Capital Assets Being Depreciated	163,936,877	(8,507,277)	(102,153)	2,494,503	157,821,950
Internal Service Fund Capital Assets					
Capital assets not being depreciated:					
Construction in Progress		80,951			80,951
Total capital assets not being depreciated		80,951			80,951
Capital assets being depreciated:					
Equipment and Vehicle	15,476,897	1,562,036	(34,390)		17,004,543
Accumulated depreciation	(10,565,339)	(857,836)	34,390		(11,388,785)
Net Internal Service Fund Capital Assets Being Depreciated	4,911,558	704,200			5,615,758
Governmental activities capital assets, net	\$272,102,983	\$31,354,546	(\$2,055,012)		\$301,483,468

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Business-type activities					
Capital assets, not being depreciated:					
Land	\$794,587				\$794,587
Construction in Progress	25,088,578	\$30,970,965		(\$657,235)	55,402,308
Total capital assets not being depreciated	25,883,165	30,970,965		(657,235)	56,196,895
Capital assets being depreciated:					
Buildings and Improvements	67,075,858				67,075,858
Clean Water Facilities and Lines	79,862,094				79,862,094
Infrastructure - Storm Drains	5,559,130			657,235	6,216,365
Infrastructure - Streets	7,377,546				7,377,546
Equipment and Vehicle	18,505,506		(\$34,778)		18,470,728
Furniture and Fixtures	31,154				31,154
Total capital assets being depreciated	178,411,288		(34,778)	657,235	179,033,745
Less accumulated depreciation for:					
Buildings and Improvements	(19,371,793)	(1,610,124)			(20,981,917)
Clean Water Facilities and Lines	(31,103,969)	(1,987,964)			(33,091,933)
Infrastructure - Storm Drains	(1,201,342)	(181,408)			(1,382,750)
Infrastructure - Streets	(2,050,261)	(209,570)			(2,259,831)
Equipment and Vehicle	(11,954,450)	(789,448)	34,778		(12,709,120)
Furniture and Fixtures	(31,154)				(31,154)
Total accumulated depreciation	(65,712,969)	(4,778,514)	34,778		(70,456,705)
Net capital assets being depreciated	112,698,319	(4,778,514)		657,235	108,577,040
Business-type activities capital assets, net	\$138,581,484	\$26,192,451			\$164,773,935

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Component Unit:				
South San Francisco Conference Center				
Construction in Progress	\$17,500	\$77,670	(\$17,500)	\$77,670
Buildings and Improvements	10,824,976	84,312		10,909,288
Furniture and Fixtures	925,599	97,460	(72,245)	950,814
Machinery and Equipment	324,306	162,300	(6,908)	479,698
Total	12,092,381	421,742	(96,653)	12,417,470
Less accumulated depreciation	(8,810,877)	(574,477)	79,153	(9,306,201)
Component Unit Capital Assets, Net	\$3,281,504	(\$152,735)	(\$17,500)	\$3,111,269

- 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. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Generally accepted accounting principles require that these contributions be accounted for as revenues at the time the capital assets are contributed.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 3 - CAPITAL ASSETS (Continued)

- 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:

<i>Governmental Activities</i>	
Governmental functions	
General government	\$745,201
Fire	356,751
Police	97,718
Public works	6,712,210
Parks and recreation	504,624
Library	76,027
Economic and community development	54,333
Total Governmental Functions	8,546,864
Internal Service Funds	857,836
Total Governmental Activities	<u><u>\$9,404,700</u></u>
<i>Business-Type Activities</i>	
Sewer Enterprise	\$4,485,233
Parking District	253,825
Storm Water	39,456
Total Business-Type Activities	<u><u>\$4,778,514</u></u>

NOTE 4 - INTER-FUND TRANSACTIONS

A. **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.

B. **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 Other Fund	Due to Other Fund	Amount
General Fund	Capital Improvement Capital Projects Fund	\$4,400,000

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 4 - INTER-FUND TRANSACTIONS (Continued)

C. Transfers

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

<u>FROM FUND (OUT)</u>	<u>TO FUND (IN)</u>	<u>AMOUNT</u>
General Fund	Capital Improvement Capital Projects Fund	\$12,493,602
	Capital Infrastructure Reserve Capital Projects Fund	10,900,000
	Non-Major Governmental Funds	410,609
	Storm Water Enterprise Fund	337,991
	Internal Service Funds	500,000
East of 101 Sewer Impact Fees Capital Project Fund	Sewer Enterprise Fund	516,996
East of 101 Traffic Impact Fees Capital Project Fund	Capital Improvement Capital Projects Fund	633,466
Child Care Impact Fees Capital Projects Fund	General Fund	14,232
Capital Infrastructure Reserve Capital Projects Fund	Capital Improvement Capital Projects Fund	1,686,331
	Storm Water Enterprise Fund	12,289
Non-Major Governmental Funds	General Fund	1,288,203
	Capital Improvement Capital Projects Fund	4,950,168
	Non-Major Governmental Funds	5,687,200
	Sewer Enterprise Fund	6,468,460
	Storm Water Enterprise Fund	747,476
Parking District Enterprise Fund	Capital Improvement Capital Projects Fund	22,566
Internal Service Fund	Capital Improvement Capital Projects Fund	31,589
	Total	<u>\$46,701,178</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 5 - LONG-TERM DEBT

A. Current Year Transactions and Balances

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2020 follows:

	Authorized and Issued	Balance at June 30, 2019	Additions	Retirement	Balance at June 30, 2020	Current Portion
Governmental Activities						
Lease Revenue Bonds:						
2020A Police Station Project, 4.00 to 5.00% (1)	\$43,905,000		\$43,905,000		\$43,905,000	\$935,000
Plus: Unamortized bond premium			10,242,530	\$379,353	9,863,177	
Total Lease Revenue Bonds	43,905,000		54,147,530	379,353	53,768,177	935,000
Direct Borrowing:						
2007 Loans Payable to the Successor Agency (2)		\$4,845,152		1,210,000	3,635,152	
Capital Leases (3):						
2010 Two Fire Trucks		197,152		130,146	67,006	67,006
2013 Fire Truck		556,467		133,692	422,775	137,246
Total Capital Leases		753,619		263,838	489,781	204,252
Total Direct Borrowing		5,598,771		1,473,838	4,124,933	204,252
Net Governmental Long-Term Debt	\$43,905,000	\$5,598,771	\$54,147,530	\$1,853,191	\$57,893,110	\$1,139,252
Business-Type Activities						
Revenue Bonds:						
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (4)	\$6,000,000	\$2,970,000		\$315,000	\$2,655,000	\$330,000
Direct Borrowing:						
1999 State Water Resources Loan, 2.6%, due 8/1/22 (5)	47,721,252	12,284,916		2,954,013	9,330,903	3,030,817
2004 State Water Resources Loan, 2.5%, due 1/1/27 (5)	21,258,529	8,902,174		1,179,497	7,722,677	1,208,985
2008 State Water Resources Loan, 2.4%, (6)	9,164,505	5,106,376		457,884	4,648,492	468,873
2018 State Water Resources Loan, 1.8% (7)	53,403,000	8,854,738	\$19,593,797		28,448,535	
Total Direct Borrowing	131,547,286	35,148,204	19,593,797	4,591,394	50,150,607	4,708,675
Net Business-Type Long-Term Debt	\$137,547,286	\$38,118,204	\$19,593,797	\$4,906,394	\$52,805,607	\$5,038,675

(1) **2020A Lease Revenue Bonds** – In February 2020, the City of South San Francisco Public Facilities Financing Authority entered into a \$43.9 million lease agreement to finance costs of the acquisition, construction, and installation of certain capital improvements constituting the new City police station, located within the City’s new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds. The Series 2020A Bonds are equally and ratably payable from base rental payments to be made by the City for the right to use certain real property consisting of a City-owned parking garage and a City-owned park. The lease agreement contains provisions that in an event of default, the lessor may exercise any and all remedies available to it under the lease agreement, including the right to enforce the terms of the lease.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 5 - LONG-TERM DEBT (Continued)

(2) As of June 30, 2020, the Oyster Point Improvements Impact Fund owed the Successor Agency (formerly the Merged Redevelopment Project Area Capital Project Fund) for developer fees in the amount of \$3,635,152 for the Flyover and Hookramps Projects that were completed in prior years. The outstanding balance will be paid off from the future developer fees. With the dissolution of the Agency effective January 31, 2012, the Successor Agency assumed the asset which the City is to repay. This payable is recorded as a long-term obligation (see also Note 13). Prior to the dissolution of all Redevelopment Agencies in California by the State, the former Redevelopment Agency (Agency) advanced \$12,176,207 to the Oyster Point Improvement Impact Fee Capital Projects Fund (the Oyster Point Fund). The impact fees are collected according to a fee methodology adopted under the terms of AB 1600. The fees are assessed against commercial development in a specific geographic area that is primarily east of Highway 101 to repay the former Agency for the funds it advanced to the Oyster Point Fund to pay for freeway interchange improvements at Highway 101 and Oyster Point Blvd, and are assessed per an adopted Engineering report's formula that measures each new development's impact on the area's trip traffic. While the former Agency advanced the funds, the impact fee was put in place specifically to charge future developers for their share of traffic trips generated prior to the construction of the improvements. When the Agency was dissolved, the Successor Agency, and therefore, all local taxing entities, are entitled to receive future Oyster Point Impact fees collected by the City from developers. Future developers, not the City of South San Francisco, are legally obligated to pay the future fees until the liability owed to the Successor Agency is paid off as long as the fee continues to be levied and is in place. The repayment has significantly slowed since 2007, as development has subsided and fees assessed have therefore dropped. Management believes it may take 10-30 years or more before the Successor Agency is fully paid back.

(3) 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 Position as appropriate. Capital lease payments are made from revenues of the Equipment Replacement Internal Service Fund and the General Fund. The lease agreements contain provisions that in an event of default, the lessor may (a) seize the properties, (b) sell or lease the properties or (c) exercise any and all remedies available to it under applicable law, including the right to enforce the terms of the lease, recover damages from the breach of the lease, and rescind the lease as to any portion of or all of the properties.

(4) 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 the debt is \$6,000,000. Proceeds were used to finance sewer system capital improvement.

The principal payments on the debt commenced in October 2006 and principal is due each October 1. The final principal payment is due on October 1, 2026. Interest payments ranging from the rates of 2.75% to 4.75% are payable semi-annually each April 1 and October 1.

The 1999 and 2004 State Water Resources Loans and the 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Sewer Enterprise Fund. Net Revenues available for debt service amounted to \$18.5 million which represented coverage of 3.6 over the \$5,124,491 in total debt service.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 5 - LONG-TERM DEBT (Continued)

(5) The two loans were authorized by the **State Water Resources Control Board (SWRCB)** 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. The loan agreements include provisions that in an event of default, all principal payments shall be immediately due and payable, interests on all amounts owed shall be paid at the highest legal rate, any additional payments shall be made and SWRCB shall enforce its rights under the agreements by any judicial proceeding, whether in law or equity.

(6) **2008 State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with the 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 amounted to \$2.6 million and represents in-substance interest on the outstanding balance. Debt service payments commenced on August 15, 2009.

(7) **2018 State Water Resources Control Board Loan** – In September 2018, the City entered into a \$53.4 million loan agreement with the SWRCB to finance the South San Francisco/San Bruno's Water Quality Control Plant Wet Weather and Digester Project. A portion of this amount, \$4 million, is anticipated to be forgiven on the date of completion of construction. For the remaining \$49.4 million, under the terms of the loan agreement the City has agreed to repay \$59.2 million to the State. The difference between the repayment obligation and proceeds amounted to \$9.8 million and represents in-substance interest on the outstanding balance.

At June 30, 2019, the City had drawn down \$8.9 million from SWRCB and \$19.6 million was drawn in fiscal year 2020, with the remaining balance of \$24.9 million expected to be drawn down in fiscal year 2021. There was no debt service payment required in fiscal year 2020, with the first debt service payment due in fiscal year ending 2024. Future debt service is expected to average \$3 million per year through fiscal year 2043.

In the event default has occurred, the City shall, upon demand, immediately accelerate the payment of all principal owed under this loan agreement, if any, which shall be immediately due and payable; pay interest at the highest legal rate on all amounts owed; and pay any additional payments as defined in the loan agreement.

The 2008 and 2018 loans are secured by a pledge of sewer service charge revenues of the City's Sewer Enterprise Fund. Sewer service charge revenues available for debt service amounted to \$23.1 million which represented coverage of 43.6 over the \$529,373 in debt service.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 5 - LONG-TERM DEBT (Continued)

B. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

For the Year Ended June 30	Governmental Activities		Business-Type Activities	
	2020A Lease Revenue Bonds		2005 Water and Wastewater Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$935,000	\$1,832,200	\$330,000	\$134,019
2022	980,000	1,785,450	345,000	120,593
2023	1,030,000	1,736,450	360,000	106,331
2024	1,080,000	1,684,950	375,000	90,000
2025	1,135,000	1,630,950	395,000	71,625
2026-2030	6,535,000	7,286,100	850,000	43,000
2031-2035	7,990,000	5,827,800		
2036-2040	9,725,000	4,096,400		
2041-2045	11,835,000	1,989,400		
2046-2050	2,660,000	106,400		
	<u>43,905,000</u>	<u>\$27,976,100</u>	<u>\$2,655,000</u>	<u>\$565,568</u>
Plus: Unamortized bond premium	9,863,177			
	<u>\$53,768,177</u>			

Future debt service requirements, including interest and capital leases, but excluding the 2007 Loan payable to the Redevelopment Successor Agency and the 2018 State Water Resources Loan at June 30, 2020, were as follows:

For the Year Ended June 30	Direct Borrowings			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$204,252	\$11,950	\$4,708,675	\$500,750
2022	140,892	6,614	4,828,954	385,159
2023	144,637	2,870	4,952,309	266,607
2024			1,805,393	145,017
2025			1,850,025	105,421
2026-2030			3,556,716	111,716
Totals	<u>489,781</u>	<u>\$21,434</u>	<u>21,702,072</u>	<u>\$1,514,670</u>
2007 Loans Payable	3,635,152			
2018 State Water Resources Loan			28,448,535	
	<u>\$4,124,933</u>		<u>\$50,150,607</u>	

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 5 - LONG-TERM DEBT (Continued)

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	Original Cost
Capital Leases	Governmental Activity	\$5,842,799

C. Legal Debt Margin

The City is subject to a debt limit that is 3.75% of the total assessed value of property, net of exempt real property. At June 30, 2020, that amount was \$784,957,532. As of June 30, 2020, the City did not have any outstanding debt applicable to the limit.

NOTE 6 - NET POSITION AND FUND BALANCES

A. Net Position

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

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

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 6 - NET POSITION AND FUND BALANCE (Continued)

B. Fund Balance

The City's fund balances are classified in accordance with generally accepted accounting principles which require the City to classify its fund balances based on spending constraints imposed on the use of resources.

For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by Council Resolution of the City Council which may be altered only by Council Resolution of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City Council had delegated authority to the Finance Director to assign fund balances which are not otherwise restricted or committed. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Minimum Fund Balance Policies - The City's Reserve Policy is to have the General Fund Reserves equal to at least two months of operating revenues of 15% and up to 20%, which is in alignment with GFOA best practices. Included is an emergency reserve that reflects 2% of the general fund operating expenditures budget as well as an economic contingency which is 7% of general fund revenues. Funds in excess of these requirements will continue to be earmarked for paying down long-term liabilities, such as the Retiree Health/Other Post-Employment Benefits (OPEB) or for Infrastructure and Facilities Replacement needs.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 6 - NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Low and Moderate Income Housing Assets	Capital Project Funds		East of 101 Traffic Impact Fees
			Capital Improvement	East of 101 Sewer Impact Fees	
Nonspendables:					
Items not in spendable form:					
Inventory and prepaid items	\$574				
Total Nonspendable Fund Balances	574				
Restricted for:					
Sewer Impact Fees				\$5,407,840	
Traffic impact fees projects					\$25,015,746
Low and moderate housing projects		\$6,010,064			
Redevelopment and community development activities	18,372,633				
Total Restricted Fund Balances	18,372,633	6,010,064		5,407,840	25,015,746
Committed for:					
Capital projects	2,756,632				
Local services	14,966,706				
Total Committed Fund Balances	17,723,338				
Assigned to:					
Capital projects	5,720,788				
Total Assigned Fund Balances	5,720,788				
Unassigned:					
General fund	43,296,762				
Capital Improvement Fund			\$235,649		
Total Unassigned Fund Balances	43,296,762		235,649		
Total Fund Balances	\$85,114,095	\$6,010,064	\$235,649	\$5,407,840	\$25,015,746
			Capital Project Funds		
Fund Balance Classifications (continued)	Child Care Impact Fees	Developer Deposit	Capital	Capital	Other Governmental Funds
			Infrastructure Reserve Fund	Improvements Police Station	
Restricted for:					
Child Care impact fees projects	\$6,185,208				
Developer deposit fees projects		\$16,788			
Police station projects				\$46,604,509	
Gas Tax projects					\$439,759
Developer contributions projects					7,938,850
Community Development Block Grant projects					352,586
Maintenance districts projects					4,273,972
Transportation sales tax projects					2,799,809
City programs projects					6,546,780
Other Special Revenues projects					10,676,980
Capital projects activities					17,874,258
Total Restricted Fund Balances	6,185,208	16,788		46,604,509	50,902,994
Assigned to:					
Capital infrastructure projects			\$29,363,924		
Total Assigned Fund Balances			29,363,924		
Total Fund Balances	\$6,185,208	\$16,788	\$29,363,924	\$46,604,509	\$50,902,994

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 6 - NET POSITION AND FUND BALANCE (Continued)

C. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year. Encumbrances outstanding in governmental funds as of June 30, 2020, were as listed below:

Governmental funds:	Amount
General Fund	\$5,720,788
Low and Moderate Income Housing Assets	
Special Revenue Fund	2,502,113
Capital Improvement Capital Projects Fund	13,872,958
Child Care Impact Fees Capital Projects Fund	1,500
Capital Infrastructure Reserve Capital Projects Fund	933,000
Capital Improvements Police Station Capital Projects Fund	45,462,322
Other Governmental Funds	2,622,779
Total	\$71,115,460

NOTE 7 - PENSION PLANS

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

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution.

CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Classic Plan	Tier 2 Plan	PEPRA Plan
	Prior to	After	On or after
Hire date	April 25, 2010	April 25, 2010	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	9.91%	9.91%	9.91%
Required Unfunded Actuarial Liability Contribution	\$5,260,688		

	Safety		
	Classic Plan	Tier 2 Plan	PEPRA Plan
	Prior to	After	On or after
Hire date	April 25, 2010	April 25, 2010	January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	20.43%	20.43%	20.43%
Required Unfunded Actuarial Liability Contribution	\$7,014,353		

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City’s required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2020 were \$5,260,688 and \$7,014,353, respectively, which were made under the lump sum payment option.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - PENSION PLAN (Continued)

Employees Covered – As of the June 30, 2018 actuarial valuation date and the June 30, 2019 measurement date, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	458	288
Inactive employees entitled to but not yet receiving benefits	347	109
Active employees	284	151
Total	<u>1,089</u>	<u>548</u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

	Miscellaneous and Safety
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Net of pension plan investment and administrative expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - PENSION PLAN (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members for all plans in the PERF. Therefore, the long- term expected rate of return on plan investment was applied to all periods of projected benefit payment to determine the total pension liability for each Plan.

The long- term expected rate of return on pension plan investments was determined using a building- block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long- term expected rate of return, CalPERS took into account both short- term and long- term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the fund’s asset classes, expected compound (geometric) returns were calculated over the short- term (first 10 years) and the long -term (11+ years) using a building- block approach. Using the expected nominal returns for both short- term and long- term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short- term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted for assumed administrative expenses.

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

Asset Class(a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the System's CAFR, Fixed income is included in Global Debt Securities; Liquidity is included in short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan are as follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018 (Measurement Date)	\$233,975,819	\$157,470,642	\$76,505,177
Changes in the year:			
Service cost	4,118,735		4,118,735
Interest on the total pension liability	16,624,514		16,624,514
Changes of benefit terms			
Changes of assumptions			
Differences between actual and expected experience	2,853,948		2,853,948
Plan to plan resource movement		(20)	20
Contribution - employer		6,851,659	(6,851,659)
Contribution - employees		1,816,507	(1,816,507)
Net investment income		10,240,873	(10,240,873)
Benefit payments, including refunds of employee contributions	(12,756,888)	(12,756,888)	
Administrative expenses		(112,374)	112,374
Other Miscellaneous Income/(Expense)		365	(365)
Net changes	10,840,309	6,040,122	4,800,187
Balance at June 30, 2019 (Measurement Date)	\$244,816,128	\$163,510,764	\$81,305,364

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018 (Measurement Date)	\$327,073,740	\$220,879,754	\$106,193,986
Changes in the year:			
Service cost	6,379,124		6,379,124
Interest on the total pension liability	23,249,091		23,249,091
Changes of benefit terms			
Changes of assumptions			
Differences between actual and expected experience	2,853,684		2,853,684
Plan to plan resource movement		20	(20)
Contribution - employer		10,164,921	(10,164,921)
Contribution - employees		2,486,989	(2,486,989)
Net investment income		14,404,633	(14,404,633)
Benefit payments, including refunds of employee contributions	(15,909,734)	(15,909,734)	
Administrative expenses		(157,625)	157,625
Other Miscellaneous Income/(Expense)		512	(512)
Net changes	16,572,165	10,989,716	5,582,449
Balance at June 30, 2019 (Measurement Date)	\$343,645,905	\$231,869,470	\$111,776,435
Grand Total - Both Plans	\$588,462,033	\$395,380,234	\$193,081,799

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$112,753,994	\$158,826,992
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$81,305,364	\$111,776,435
1% Increase	8.15%	8.15%
Net Pension Liability	\$55,267,692	\$73,169,140

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$14,398,113 and \$22,193,591 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$36,591,704. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$7,831,598	
Changes of assumptions		(\$388,880)
Differences between actual and expected experience	1,888,207	
Net differences between projected and actual earnings on plan investments		(849,257)
Total	\$9,719,805	(\$1,238,137)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$11,401,783	
Changes of assumptions	1,637,329	(\$532,651)
Differences between actual and expected experience	2,915,790	
Net differences between projected and actual earnings on plan investments		(1,041,531)
Total	\$15,954,902	(\$1,574,182)
Grand Total	\$25,674,707	(\$2,812,319)

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - PENSION PLAN (Continued)

\$19,233,381 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Miscellaneous Plan:</i>		<i>Safety Plan:</i>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2021	\$1,286,763	2021	\$3,821,819
2022	(582,461)	2022	(990,329)
2023	(222,066)	2023	(102,128)
2024	167,834	2024	249,575

Subsequent Event - CalPERS Pension Contribution Rates - The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

NOTE 8 - 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.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans

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. The City provides certain health care benefits for those employees hired prior to April 25, 2010. In order to reduce the City's OPEB obligations over time, the City changed to a defined contribution post-retirement health plan for employees hired as of April 25, 2010 or after. For those new hires, the City is now providing a medical after retirement health plan (MARA), and contributes 1.5% of salary for those employees.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Defined Benefit Plan Description

The City’s Post Employment Benefit Plan for employees hired prior to April 25, 2010 is an agent multiple-employer defined benefit OPEB plan.

The City joined the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees’ Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Benefits provided – The following is a summary of Plan benefits by employee group as of June 30, 2020:

Eligibility	<ul style="list-style-type: none"> • Hired < 4/25/2010 • Retire directly from City and elect coverage: <ul style="list-style-type: none"> • Age 50 and 5 years City service or • Disability retirement with 5 years City service
Benefit	<ul style="list-style-type: none"> • City pays single premium up to largest HMO single premium <p>Cap for 2019/20:</p> <ul style="list-style-type: none"> - \$1,430.80/month pre-65 (Blue Shield) - \$785.04/month post-65 Medicare eligible (Blue Shield) - \$1,971.53/ month post-65 not Medicare eligible (Kaiser) <ul style="list-style-type: none"> • Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65
Surviving Spouse Benefit	<ul style="list-style-type: none"> • Participation with premium payment • AFSCME, Local 1569, Mid-Management, IAFF <ul style="list-style-type: none"> • surviving spouses covered 2 months following death of retiree
Other OPEB	<ul style="list-style-type: none"> • City also reimburses Medicare Part B • No City-paid contribution for dental, vision, or life

For the year ended June 30, 2020, the City’s contributions to the Plan were \$4,854,000.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	213
Inactive employees or beneficiaries currently receiving benefit payments	352
Total	565

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

C. OPEB Liabilities, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB

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

D. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumptions	
Valuation Date	• June 30, 2019
Measurement Date	• June 30, 2019
Contribution Policy	• City contributes \$802,000 per year into trust
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level dollar
Amortization Period	• Average of 23 years remaining for 2019/20
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.75% at June 30, 2019 • 6.75% at June 30, 2018 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.75% per annum
Salary Increases	• Aggregate - 3% annually • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality projected fully generational with Scale MP-2019
Healthcare participation for future retirees	• 100% if covered, 95% if waived

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	59.0%	4.82%
Fixed income	25.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

E. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2018 Measurement Date	\$82,625,000	\$22,041,000	\$60,584,000
Changes Recognized for the Measurement Period:			
Service Cost	1,558,000		1,558,000
Interest on the total OPEB liability	5,568,000		5,568,000
Changes in benefit terms			
Differences between expected and actual experience	2,895,000		2,895,000
Changes of assumptions	(672,000)		(672,000)
Contributions from the employer		4,180,000	(4,180,000)
Net investment income		1,402,000	(1,402,000)
Benefit payments	(3,378,000)	(3,378,000)	
Administrative expenses		(5,000)	5,000
Net changes	5,971,000	2,199,000	3,772,000
Balance at June 20, 2019 Measurement Date	\$88,596,000	\$24,240,000	\$64,356,000

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$76,503,000	\$64,356,000	\$54,367,000

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as discussed in the assumptions above:

Net OPEB Liability/(Asset)		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$53,551,000	\$64,356,000	\$77,596,000

G. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of \$6,119,997. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$4,854,000	
Differences between actual and expected experience	2,136,000	
Changes of assumptions		(\$485,000)
Net differences between projected and actual earnings on plan investments		(295,000)
Total	\$6,990,000	(\$780,000)

\$4,854,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	\$495,000
2022	493,000
2023	348,000
2024	20,000

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

H. *Defined Contribution Plan Description*

The City of South San Francisco funded HRA Plan is a defined contribution OPEB plan for employees hired on or after April 25, 2010. For those new hires, the City provides a medical after retirement health plan (MARA), and contributes 1.5% of salary for those employees. In addition, employees contribute to the MARA plan as directed by their respective bargaining unit's Memorandum of Understanding or compensation plan.

The plan is administered by Matrix Trust Company. Employee contributions for the fiscal year totaled \$200,361. Employer contributions of \$373,207 were paid into the Defined Contribution Plan. No liability for the defined contribution has been included in the report since the City fully paid the annual required contribution. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, the assets have been excluded from these financial statements.

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 FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. *Peninsula Traffic Congestion Relief Alliance (PTCRA)*

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 the 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 the City of San Carlos 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 San Carlos Finance Department, 666 Elm Street, San Carlos, CA 94070.

C. *City/County Association of Governments (C/CAG)*

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.

NOTE 11 - RISK MANAGEMENT

A. *Insurance Coverage*

The City participates in Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a nonprofit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN JPA provides \$2,500,000 of self-funded general liability and automobile coverage and \$27,500,000 excess liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. For the year ended June 30, 2020, the City paid PLAN JPA \$1,357,655 in premiums and did not receive a refund of premiums paid in prior years. Financial statements may be obtained from PLAN JPA 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City has also purchased excess coverage insurance for worker's compensation claims from CSAC Excess Insurance Authority (CSAC-EIA). CSAC-EIA provides coverage up to statutory limits in excess of the City's \$500,000 self-insured retention. For the past five fiscal years, general liability and worker compensation settlements did not exceed insurance coverage.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 11 - RISK MANAGEMENT (Continued)

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, 2020			Fiscal Year
	Workers' Compensation	General Liability	Total	2018-2019 Total
Balance, beginning of year	\$14,140,000	\$311,253	\$14,451,253	\$12,793,356
Current year claims and changes in estimates of prior years claims	3,082,487	(112,529)	2,969,958	5,033,357
Claims Paid	(2,338,487)	(117,500)	(2,455,987)	(3,375,460)
Balance, end of year	<u>\$14,884,000</u>	<u>\$81,224</u>	<u>\$14,965,224</u>	<u>\$14,451,253</u>
Current portion	<u>\$562,000</u>	<u>\$81,224</u>	<u>\$643,224</u>	<u>\$712,000</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. *Litigation*

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.

B. *Federal and State Grant Programs*

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 as amended 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

C. 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, 2020 was \$420,000. The cost and carrying amount of leased land under this lease receivable is \$5,040,000. Future minimum lease payments from the Conference Center Authority land leases are as follows:

Year ending June 30	Component Unit Conference Center
2021	\$420,000
2022	420,000
2023	420,000
2024	420,000
2025	420,000
2026-2029	1,410,000
Total	\$3,510,000

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 2014, Costco exercised the option to extend the lease through fiscal year 2029, with an option for a 6 year extension through fiscal year 2035. In fiscal 2020, lease payments were \$400,000.

Magnolia Housing leases the land for Magnolia Plaza Senior Apartments from the City. Minimum lease payments are set at \$51,800, and are payable through the fiscal year 2062. In fiscal year 2020, lease payments were \$51,800.

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

Year ending June 30:	Costco	Magnolia Plaza	Total
2021	\$400,000	\$51,800	\$451,800
2022	400,000	51,800	451,800
2023	400,000	51,800	451,800
2024	400,000	51,800	451,800
2025	400,000	51,800	451,800
2026-2030	2,000,000	259,000	2,259,000
2031-2035	1,600,000	259,000	1,859,000
2036-2040		259,000	259,000
2041-2045		259,000	259,000
2046-2050		259,000	259,000
2051-2055		259,000	259,000
2056-2060		259,000	259,000
2061-2062		103,600	103,600
	\$5,600,000	\$2,175,600	\$7,775,600

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

D. Miller Parking Garage

The Miller Parking Garage (“Parking Garage”), constructed in 2011, is located at 329 Miller Avenue in the City. The Parking Garage consists of a five-level open-air concrete structure building of approximately 100,000 square feet with 244 parking spaces. Approximately 14,350 square feet of commercial and office space (the “Commercial Space”) is located on the ground floor of the Parking Garage.

In February 2020, the City sold the Commercial Space for \$1,247,950, which has been reported as a Special Item. In connection with the sale of the Commercial Space, a condominium map was recorded with the County to create separate assessor parcel numbers for the Commercial Space and the balance of the property included within the Parking Garage. No rights to the parking spaces were granted to the owners of the Commercial Space in connection with its sale. However, the owners of the Commercial Space may use such spaces upon payment to the City of the applicable parking fees.

E. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Although many of the City's services are considered essential, City Hall was closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes, transient occupancy taxes and parking taxes, are directly impacted by these events, it is probable that this matter will negatively impact the City. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

The activities of the Successor Agency are reported in the Successor Agency to the former Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Information presented in the following footnotes represents assets and liabilities of the Successor Agency.

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2020 are discussed in Note 2 to the financial statements. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2020.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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B. *Loans Receivable*

The Successor Agency assumed the non-housing loans receivable of the former Redevelopment Agency as of February 1, 2012. The former Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided to homeowners or developers who agreed to expend these funds in accordance with the Agency’s terms.

C. *Capital Assets*

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 1, 2012. 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 acquisition value. The Successor Agency’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. 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 of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

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

Buildings	50 years
Improvements	30 years
Machinery and equipment	5-20 years
Furniture and fixtures	12 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. The capitalization level is \$20,000 for vehicles, and \$100,000 for all else, including all other equipment that is not a vehicle.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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Capital assets recorded at June 30 are comprised of:

	Balance June 30, 2019	Additions	Balance June 30, 2020
Fiduciary activities			
Capital assets not being depreciated:			
Land	\$111,219		\$111,219
Total capital assets not being depreciated	111,219		111,219
Capital assets being depreciated:			
Buildings and Improvements	329,671		329,671
Equipment and Vehicle	242,190		242,190
Furniture and Fixtures	21,506		21,506
Total capital assets being depreciated	593,367		593,367
Less accumulated depreciation for:			
Buildings and Improvements	(71,767)	(\$6,593)	(78,360)
Equipment and Vehicle	(242,190)		(242,190)
Furniture and Fixtures	(21,506)		(21,506)
Total accumulated depreciation	(335,463)	(6,593)	(342,056)
Net capital assets being depreciated	257,904	(6,593)	251,311
Fiduciary activity capital assets, net	\$369,123	(\$6,593)	\$362,530

D. POLLUTION REMEDIATION

In fiscal 2010, the former Redevelopment Agency purchased an unimproved parcel adjacent to the Caltrain Commuter Rail station from the State of California. The current rail station is among the oldest on the peninsula, is under the freeway, is small, has limited parking, and is not adjacent to the Downtown due to the freeway. The Successor Agency will contribute that site to the County Transportation Agency for the future reconfiguration of that rail station after the County secures necessary funding from other sources. The Successor Agency's contribution will include use of the purchased parcel in order to make the station safer, more visually pleasing, more usable to commuters and business shuttles, and to make the Downtown accessible to pedestrians to and from the train station. As part of that land purchase, the price paid by the former Agency to the State was discounted to give the former Agency credit in the amount of \$537,000 against known pollution remediation costs on the site. If the funding from the County for the station reconfiguration does not materialize, and if construction does not occur on that site, the pollution mitigation costs will be much less.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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E. *DEFEASED BONDS*

As of June 30, 2020, the outstanding balance of defeased debt was \$4,955,000 for the 1997 Downtown /Central Redevelopment Tax Allocation Bonds.

F. *COMMITMENTS AND CONTINGENCIES*

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency were also subject to further examination by the State of California. The State Controller's Office conducted a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011. The results of that review were issued in July 2015 and although the review did identify ineligible transfers of assets from the former Redevelopment Agency to the City, the report reflected the current year and prior year transfers and made no further demands for the return of assets to the Successor Agency.

San Mateo Countywide Oversight Board

On July 1, 2018, the duties of the South San Francisco Oversight Board transferred to a new San Mateo Countywide Oversight Board, which will now be responsible for overseeing the winddown affairs of all Successor Agencies in San Mateo County, including the Successor Agency to the South San Francisco Redevelopment Agency.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020**

**Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plans
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service cost	\$3,449,973	\$3,075,813	\$3,079,994	\$3,922,518	\$4,001,207	\$4,118,735
Interest on total pension liability	13,930,544	14,393,013	14,870,988	15,430,998	15,885,315	16,624,514
Changes of benefit terms						
Changes of assumptions		(3,374,655)		12,421,358	(1,361,078)	
Difference between expected and actual experience		(1,567,798)	(476,337)	1,958,164	187,342	2,853,948
Benefit payments, including refunds of employee contributions	(9,287,975)	(10,407,243)	(11,085,829)	(11,565,392)	(12,164,689)	(12,756,888)
Net change in total pension liability	8,092,542	2,119,130	6,388,816	22,167,646	6,548,097	10,840,309
Total pension liability - beginning	188,659,588	196,752,130	198,871,260	205,260,076	227,427,722	233,975,819
Total pension liability - ending (a)	\$196,752,130	\$198,871,260	\$205,260,076	\$227,427,722	\$233,975,819	\$244,816,128
Plan fiduciary net position						
Contributions - employer	\$4,235,454	\$4,546,984	\$5,726,981	\$5,228,454	\$6,165,764	\$6,851,659
Contributions - employee	1,466,176	1,411,273	1,622,453	1,720,600	1,727,041	1,816,507
Net investment income	21,712,340	3,221,551	687,860	15,616,363	12,458,090	10,240,873
Benefit payments, including refunds of employee contributions	(9,287,975)	(10,407,243)	(11,085,829)	(11,565,392)	(12,164,689)	(12,756,888)
Plan to plan resource movement		(50,555)	229		(365)	(20)
Administrative expense		(160,268)	(86,726)	(205,472)	(233,683)	(112,374)
Other miscellaneous income					(443,767)	365
Net change in plan fiduciary net position	18,125,995	(1,438,258)	(3,135,032)	10,794,553	7,508,391	6,040,122
Plan fiduciary net position - beginning	125,614,993	143,740,988	142,302,730	139,167,698	149,962,251	157,470,642
Plan fiduciary net position - ending (b)	\$143,740,988	\$142,302,730	\$139,167,698	\$149,962,251	\$157,470,642	\$163,510,764
Net pension liability - ending (a)-(b)	\$53,011,142	\$56,568,530	\$66,092,378	\$77,465,471	\$76,505,177	\$81,305,364
Plan fiduciary net position as a percentage of the total pension liability	73.06%	71.56%	67.80%	65.94%	67.30%	66.79%
Covered payroll	\$17,725,581	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270
Net pension liability as percentage of covered-employee payroll	299.07%	317.83%	308.71%	263.57%	323.76%	325.31%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018, there were no changes. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

*Fiscal year 2015 was the 1st year of implementation.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020**

**Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plans
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS**

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$4,210,973	\$5,399,856	\$5,228,454	\$6,166,024	\$6,851,659	\$7,831,598
Contributions in relation to the actuarially determined contributions	<u>4,210,973</u>	<u>5,399,856</u>	<u>5,228,454</u>	<u>6,166,024</u>	<u>6,851,659</u>	<u>7,831,598</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270	\$26,275,955
Contributions as a percentage of covered-employee payroll	23.66%	25.22%	17.79%	26.09%	27.41%	29.81%
Notes to Schedule						
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Asset valuation method	Fair value of assets
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by entry age and service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of administrative expenses, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020

Safety Agent Multiple-Employer Defined Benefit Pension Plans
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service cost	\$5,143,842	\$4,968,087	\$5,329,842	\$6,264,307	\$6,511,672	\$6,379,124
Interest on total pension liability	18,899,544	19,398,484	20,134,558	21,238,842	22,129,483	23,249,091
Changes of benefit terms						
Changes of assumptions		(4,789,129)		18,010,606	(1,293,579)	
Difference between expected and actual experience		(4,226,388)	(915,267)	4,520,149	1,318,613	2,853,684
Benefit payments, including refunds of employee contributions	(13,161,296)	(13,556,606)	(14,463,995)	(14,760,979)	(15,629,698)	(15,909,734)
Net change in total pension liability	10,882,090	1,794,448	10,085,138	35,272,925	13,036,491	16,572,165
Total pension liability - beginning	256,002,648	266,884,738	268,679,186	278,764,324	314,037,249	327,073,740
Total pension liability - ending (a)	\$266,884,738	\$268,679,186	\$278,764,324	\$314,037,249	\$327,073,740	\$343,645,905
Plan fiduciary net position						
Contributions - employer	\$6,535,399	\$7,191,715	\$8,535,737	\$8,071,060	\$9,323,936	\$10,164,921
Contributions - employee	2,151,163	1,714,039	1,961,907	1,980,507	2,134,552	2,486,989
Net investment income	29,348,051	4,264,997	950,612	21,553,126	17,363,158	14,404,633
Benefit payments, including refunds of employee contributions	(13,161,296)	(13,556,606)	(14,463,995)	(14,760,979)	(15,629,698)	(15,909,734)
Plan to plan resource movement			(229)		(512)	20
Administrative expense		(219,696)	(118,968)	(283,579)	(325,104)	(157,625)
Other miscellaneous income					(617,378)	512
Net change in plan fiduciary net position	24,873,317	(605,551)	(3,134,936)	16,560,135	12,248,954	10,989,716
Plan fiduciary net position - beginning	170,937,835	195,811,152	195,205,601	192,070,665	208,630,800	220,879,754
Plan fiduciary net position - ending (b)	\$195,811,152	\$195,205,601	\$192,070,665	\$208,630,800	\$220,879,754	\$231,869,470
Net pension liability - ending (a)-(b)	\$71,073,586	\$73,473,585	\$86,693,659	\$105,406,449	\$106,193,986	\$111,776,435
Plan fiduciary net position as a percentage of the total pension liability	73.37%	72.65%	68.90%	66.44%	67.53%	67.47%
Covered payroll	\$15,994,412	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254
Net pension liability as percentage of covered-employee payroll	444.37%	440.49%	456.60%	538.79%	484.19%	486.51%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018, there were no changes. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

*Fiscal year 2015 was the 1st year of implementation.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020**

**Safety Agent Multiple-Employer Defined Benefit Pension Plans
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS**

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$7,191,715	\$8,538,138	\$8,071,060	\$9,322,781	\$10,164,821	\$11,401,783
Contributions in relation to the actuarially determined contributions	<u>7,191,715</u>	<u>8,538,138</u>	<u>8,071,060</u>	<u>9,322,781</u>	<u>10,164,821</u>	<u>11,401,783</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254	\$24,264,339
Contributions as a percentage of covered-employee payroll	43.12%	44.97%	41.26%	42.51%	44.24%	46.99%
Notes to Schedule						
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Asset valuation method	Fair value of assets
Inflation	2.75% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by entry age and service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Retiree Healthcare OPEB Plan - Agent Multiple Employer

Last 10 fiscal years*

(Amounts in 000's)

Measurement Date	6/30/17	6/30/18	6/30/2019
Total OPEB Liability			
Service Cost	\$1,574	\$1,535	\$1,558
Interest	5,087	5,325	5,568
Changes in benefit terms			
Differences between expected and actual experience		91	2,895
Changes of assumptions			(672)
Benefit payments	(2,901)	(3,326)	(3,378)
Net change in total OPEB liability	3,760	3,625	5,971
Total OPEB liability - beginning	75,240	79,000	82,625
Total OPEB liability - ending (a)	\$79,000	\$82,625	\$88,596
Plan fiduciary net position			
Contributions - employer	\$3,703	\$4,128	\$4,180
Contributions - employee			
Net investment income	1,803	1,566	1,402
Administrative expense	(9)	(37)	(5)
Benefit payments	(2,901)	(3,326)	(3,378)
Net change in plan fiduciary net position	2,596	2,331	2,199
Plan fiduciary net position - beginning	17,114	19,710	22,041
Plan fiduciary net position - ending (b)	\$19,710	\$22,041	\$24,240
Net OPEB liability - ending (a)-(b)	\$59,290	\$60,584	\$64,356
Plan fiduciary net position as a percentage of the total OPEB liability	24.95%	26.68%	27.36%
Covered-employee payroll	\$26,539	\$26,986	\$27,662
Net OPEB liability as a percentage of covered-employee payroll	223.41%	224.50%	232.65%

* Fiscal year 2018 was the first year of implementation.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020**

**SCHEDULE OF CONTRIBUTIONS
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*
(Amounts in 000's)**

Fiscal Year Ended June 30,	2018	2019	2020
Actuarially determined contribution	\$6,279	\$6,839	\$6,995
Contributions in relation to the actuarially determined contribution	4,128	4,180	4,854
Contribution deficiency (excess)	\$2,151	\$2,659	\$2,141
Covered-employee payroll	\$26,986	\$27,662	\$28,215
Contributions as a percentage of covered-employee payroll	7.97%	9.61%	7.59%

* Fiscal year 2018 was the first year of implementation.

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTION
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Methods and Assumptions for Actuarially Determined Contribution**

Valuation Date	<ul style="list-style-type: none"> • June 30, 2019
Contribution Policy	<ul style="list-style-type: none"> • City contributes \$802,000 per year into trust
Actuarial Cost Method	<ul style="list-style-type: none"> • Entry Age Normal, Level Percentage of Payroll
Amortization Method	<ul style="list-style-type: none"> • Level dollar
Amortization Period	<ul style="list-style-type: none"> • Average of 23 years remaining for 2019/20
Discount Rate and Long-Term Expected Rate of Return on Assets	<ul style="list-style-type: none"> • 6.75% at June 30, 2019 • 6.75% at June 30, 2018 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	<ul style="list-style-type: none"> • 2.75% per annum
Salary Increases	<ul style="list-style-type: none"> • Aggregate - 3% annually • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	<ul style="list-style-type: none"> • Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	<ul style="list-style-type: none"> • CalPERS 1997-2015 Experience Study
Mortality Improvement	<ul style="list-style-type: none"> • Mortality projected fully generational with Scale MP-2019
Healthcare participation for future retirees	<ul style="list-style-type: none"> • 100% if covered, 95% if waived

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is comprised of the following:

GENERAL PURPOSE 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.

MEASURE W FUND

This fund accounts for revenue as the result of the voter-approved one-half percent sales and use tax that was passed on November 3, 2015. The tax went into effect April 1, 2016 and will last for 30 years until March 31, 2046. Revenues are committed for maintenance and enhancement of local services.

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2020**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
ASSETS			
Cash and investments	\$48,288,767	\$13,137,586	\$61,426,353
Receivables:			
Accounts	5,972,185	1,841,795	7,813,980
Accrued interest	243,824		243,824
Due from other funds	4,400,000		4,400,000
Due from Conference Center	60,650		60,650
Advances to other funds			
Inventory	574		574
Restricted cash and investments	352,797		352,797
Properties held for redevelopment	18,372,633		18,372,633
Total Assets	\$77,691,430	\$14,979,381	\$92,670,811
LIABILITIES			
Accounts payable	\$2,018,069		\$2,018,069
Accrued salaries and benefits	3,416,228		3,416,228
Other payable	186,956		186,956
Deposits	1,935,463		1,935,463
Unearned revenue			
Total Liabilities	7,556,716		7,556,716
FUND BALANCES			
Nonspendable	574		574
Restricted	18,372,633		18,372,633
Committed	2,756,632	\$14,966,706	17,723,338
Assigned	5,708,113	12,675	5,720,788
Unassigned	43,296,762		43,296,762
Total Fund Balances	70,134,714	14,979,381	85,114,095
Total Liabilities and Fund Balances	\$77,691,430	\$14,979,381	\$92,670,811

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	General Purpose	Measure W	Intra-Fund Transactions Elimination	Total
REVENUES				
Property taxes	\$42,847,443			\$42,847,443
Sales taxes	19,859,058	\$11,704,090		31,563,148
Transient occupancy taxes	13,829,025			13,829,025
Franchise Fees	4,594,577			4,594,577
Other taxes	4,515,376			4,515,376
Intergovernmental	1,626,529			1,626,529
Interest and rentals	4,845,966			4,845,966
Licenses and permits	15,900,500			15,900,500
Charges for services	9,978,678			9,978,678
Fines and forfeitures	814,354			814,354
Other	390,733			390,733
Total Revenues	<u>119,202,239</u>	<u>11,704,090</u>		<u>130,906,329</u>
EXPENDITURES				
Current:				
City Council	258,413			258,413
City Clerk	978,451			978,451
City Treasurer	151,726			151,726
City Attorney	1,009,372			1,009,372
City Manager	4,139,612			4,139,612
Finance	3,222,657			3,222,657
Non-departmental	1,014,840			1,014,840
Human Resources	1,672,701			1,672,701
Fire	28,138,053			28,138,053
Police	30,190,060			30,190,060
Public Works	6,156,203			6,156,203
Parks and Recreation	17,130,302			17,130,302
Library	5,940,870			5,940,870
Economic and Community Development	7,669,329			7,669,329
Total Expenditures	<u>107,672,589</u>			<u>107,672,589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,529,650</u>	<u>11,704,090</u>		<u>23,233,740</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in	5,979,520		(\$4,677,085)	1,302,435
Transfers out	(13,851,629)	(15,467,658)	4,677,085	(24,642,202)
Total Other Financing Sources (Uses)	<u>(7,872,109)</u>	<u>(15,467,658)</u>		<u>(23,339,767)</u>
Net Change in Fund Balances before special items	3,657,541	(3,763,568)		(106,027)
SPECIAL ITEMS				
Proceeds from sale of common interest	1,247,950			1,247,950
Remittance of land sale proceeds	(971,011)			(971,011)
Net Change in Fund Balances	3,934,480			170,912
Fund balance - July 1	<u>66,200,234</u>	<u>18,742,949</u>		<u>84,943,183</u>
Fund balance - June 30	<u>\$70,134,714</u>	<u>\$14,979,381</u>		<u>\$85,114,095</u>

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	General Purpose			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$36,659,133	\$36,659,133	\$42,847,443	\$6,188,310
Sales taxes	18,763,000	18,763,000	19,859,058	1,096,058
Transient occupancy taxes	16,855,297	16,855,297	13,829,025	(3,026,272)
Franchise fees	4,000,000	4,000,000	4,594,577	594,577
Other taxes	6,058,132	6,058,132	4,515,376	(1,542,756)
Intergovernmental	1,626,854	2,662,818	1,626,529	(1,036,289)
Interest and rentals	3,059,459	3,059,459	4,845,966	1,786,507
Licenses and permits	12,131,018	12,131,018	15,900,500	3,769,482
Charges for services	10,417,837	10,417,839	9,978,678	(439,161)
Fines and forfeitures	618,500	618,500	814,354	195,854
Other	181,994	181,994	390,733	208,739
Amounts available for appropriation	<u>110,371,224</u>	<u>111,407,190</u>	<u>119,202,239</u>	<u>7,795,049</u>
Charges to appropriations (outflows)				
City Council	290,291	290,291	258,413	31,878
City Clerk	1,056,761	1,091,062	978,451	112,611
City Treasurer	143,137	143,138	151,726	(8,588)
City Attorney	1,115,935	1,115,935	1,009,372	106,563
City Manager	2,542,579	5,988,688	6,484,125	(495,437)
Finance	3,294,240	3,851,736	3,397,916	453,820
Non-departmental	997,844	1,452,844	1,081,965	370,879
Human Resources	1,794,862	2,019,064	1,781,034	238,030
Fire	29,608,967	30,983,929	28,434,808	2,549,121
Police	30,926,920	31,071,930	30,190,060	881,870
Public Works	5,018,087	5,755,272	6,487,502	(732,230)
Parks and Recreation	17,762,501	17,893,967	17,253,040	640,927
Library	6,132,137	6,674,593	5,952,038	722,555
Economic and Community Development	9,925,951	13,935,395	9,920,252	4,015,143
Total charges to appropriations	<u>110,610,212</u>	<u>122,267,844</u>	<u>113,380,702</u>	<u>8,887,142</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,250,000	2,250,000		(2,250,000)
Transfers in	1,261,591	1,539,100	5,979,520	4,440,420
Transfers out	(953,454)	(16,902,319)	(13,851,629)	3,050,690
Total Other Financing Sources (Uses)	<u>2,558,137</u>	<u>(13,113,219)</u>	<u>(7,872,109)</u>	<u>5,241,110</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	<u>2,319,149</u>	<u>(23,973,873)</u>	<u>(2,050,572)</u>	<u>21,923,301</u>
SPECIAL ITEMS				
Proceeds from sale of common interest			1,247,950	1,247,950
Remittance of land sale proceeds			(971,011)	(971,011)
Net Change in Fund Balances	<u>\$2,319,149</u>	<u>(\$23,973,873)</u>	<u>(1,773,633)</u>	<u>\$22,200,240</u>
Fund Balance - July 1			66,200,234	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>5,708,113</u>	
Fund Balance - June 30			<u>\$70,134,714</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Measure W			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes				
Sales taxes	\$12,370,000	\$12,370,000	\$11,704,090	(\$665,910)
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
Amounts available for appropriation	<u>12,370,000</u>	<u>12,370,000</u>	<u>11,704,090</u>	<u>(665,910)</u>
Charges to appropriations (outflows)				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager		12,675	12,675	
Finance				
Non-departmental				
Human Resources				
Fire				
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
Total charges to appropriations		<u>12,675</u>	<u>12,675</u>	
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers out	(17,067,000)	(25,536,655)	(15,467,658)	10,068,997
Total Other Financing Sources (Uses)	<u>(17,067,000)</u>	<u>(25,536,655)</u>	<u>(15,467,658)</u>	<u>10,068,997</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	(4,697,000)	(13,179,330)	(3,776,243)	9,403,087
SPECIAL ITEMS				
Proceeds from sale of common interest				
Remittance of land sale proceeds				
Net Change in Fund Balances	<u>(\$4,697,000)</u>	<u>(\$13,179,330)</u>	(3,776,243)	<u>\$9,403,087</u>
Fund Balance - July 1			18,742,949	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>12,675</u>	
Fund Balance - June 30			<u>\$14,979,381</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Intrafund Eliminations	Total			Variance with Final Budget Positive (Negative)
	Actual Amount	Budgeted Amounts		Actual Amount	
		Original	Final		
Resources (inflows):					
Property taxes		\$36,659,133	\$36,659,133	\$42,847,443	\$6,188,310
Sales taxes		31,133,000	31,133,000	31,563,148	430,148
Transient occupancy taxes		16,855,297	16,855,297	13,829,025	(3,026,272)
Franchise fees		4,000,000	4,000,000	4,594,577	594,577
Other taxes		6,058,132	6,058,132	4,515,376	(1,542,756)
Intergovernmental		1,626,854	2,662,818	1,626,529	(1,036,289)
Interest and rentals		3,059,459	3,059,459	4,845,966	1,786,507
Licenses and permits		12,131,018	12,131,018	15,900,500	3,769,482
Charges for services		10,417,837	10,417,839	9,978,678	(439,161)
Fines and forfeitures		618,500	618,500	814,354	195,854
Other		181,994	181,994	390,733	208,739
		<u>122,741,224</u>	<u>123,777,190</u>	<u>130,906,329</u>	<u>7,129,139</u>
Amounts available for appropriation					
Charges to appropriations (outflows)					
City Council		290,291	290,291	258,413	31,878
City Clerk		1,056,761	1,091,062	978,451	112,611
City Treasurer		143,137	143,138	151,726	(8,588)
City Attorney		1,115,935	1,115,935	1,009,372	106,563
City Manager		2,542,579	6,001,363	6,496,800	(495,437)
Finance		3,294,240	3,851,736	3,397,916	453,820
Non-departmental		997,844	1,452,844	1,081,965	370,879
Human Resources		1,794,862	2,019,064	1,781,034	238,030
Fire		29,608,967	30,983,929	28,434,808	2,549,121
Police		30,926,920	31,071,930	30,190,060	881,870
Public Works		5,018,087	5,755,272	6,487,502	(732,230)
Parks and Recreation		17,762,501	17,893,967	17,253,040	640,927
Library		6,132,137	6,674,593	5,952,038	722,555
Economic and Community Development		9,925,951	13,935,395	9,920,252	4,015,143
		<u>110,610,212</u>	<u>122,280,519</u>	<u>113,393,377</u>	<u>8,887,142</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets		2,250,000	2,250,000		(2,250,000)
Transfers in	(\$4,677,085)	1,261,591	1,539,100	1,302,435	(236,665)
Transfers out	4,677,085	(18,020,454)	(42,438,974)	(24,642,202)	17,796,772
		<u>(14,508,863)</u>	<u>(38,649,874)</u>	<u>(23,339,767)</u>	<u>15,310,107</u>
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS		(2,377,851)	(37,153,203)	(5,826,815)	31,326,388
SPECIAL ITEMS					
Proceeds from sale of common interest				1,247,950	1,247,950
Remittance of land sale proceeds				(971,011)	(971,011)
Net Change in Fund Balances		<u>(\$2,377,851)</u>	<u>(\$37,153,203)</u>	<u>(5,549,876)</u>	<u>\$31,603,327</u>
Fund Balance - July 1				84,943,183	
Adjustment to budgetary basis:					
Encumbrance adjustments				<u>5,720,788</u>	
Fund Balance - June 30				<u>\$85,114,095</u>	

<p style="text-align: center;">MAJOR GOVERNMENTAL FUNDS OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</p>
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EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND

These fees provide new development's share of new and rehabilitated sewer collection and treatment facilities to serve the East of Highway 101 area.

EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

These fees are to provide new development's share of new and expanded roadway and intersection improvements to serve the East of Highway 101 area.

CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND

These citywide fees provide new development's share of new and expanded childcare facilities to serve the City.

DEVELOPER DEPOSIT CAPITAL PROJECTS FUND

These fees provide new development's share of funding for the Oyster Point at Highway 101 interchange improvements.

CAPITAL INFRASTRUCTURE RESERVE FUND

Replacement, upgrade, and maintenance of the City's infrastructure are backlogged, constituting a significant liability. Funds are set aside in this fund as part of the budget process and as part of the City's reserve policy to address the replacement and/or upgrade of the city infrastructure (such as parks, buildings, facilities, streets, sidewalks, and storm water facilities).

CAPITAL IMPROVEMENT POLICE STATION CAPITAL PROJECTS FUND

Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting to new City police station located within the City's new Civic Center Campus, and related improvements, facilities and equipment's, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds.

**CITY OF SOUTH SAN FRANCISCO
EAST OF 101 SEWER IMPACT FEES 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, 2020**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$174,089	\$174,089
Charges for services		1,317,358	1,317,358
Total Revenues		<u>1,491,447</u>	<u>1,491,447</u>
EXPENDITURES:			
Current:			
Non-departmental	\$2,745	2,745	
Total Expenditures	<u>2,745</u>	<u>2,745</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,745)</u>	<u>1,488,702</u>	<u>1,491,447</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,204,378)</u>	<u>(516,996)</u>	<u>2,687,382</u>
Total other financing sources (uses)	<u>(3,204,378)</u>	<u>(516,996)</u>	<u>2,687,382</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$3,207,123)</u></u>	971,706	<u><u>\$4,178,829</u></u>
Fund balance (deficit) - July 1		<u>4,436,134</u>	
Fund balance (deficit) - June 30		<u><u>\$5,407,840</u></u>	

**CITY OF SOUTH SAN FRANCISCO
EAST OF 101 TRAFFIC IMPACT FEES 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, 2020**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$814,074	\$814,074
Charges for services		4,244,426	4,244,426
Total Revenues		<u>5,058,500</u>	<u>5,058,500</u>
EXPENDITURES:			
Current:			
Public works	\$2,745	2,745	
Total Expenditures	<u>2,745</u>	<u>2,745</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,745)</u>	<u>5,055,755</u>	<u>5,058,500</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(8,934,061)</u>	<u>(633,466)</u>	<u>8,300,595</u>
Total other financing sources (uses)	<u>(8,934,061)</u>	<u>(633,466)</u>	<u>8,300,595</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$8,936,806)</u></u>	4,422,289	<u><u>\$13,359,095</u></u>
Fund balance - July 1		<u>20,593,457</u>	
Fund balance - June 30		<u><u>\$25,015,746</u></u>	

**CITY OF SOUTH SAN FRANCISCO
CHILD CARE IMPACT FEES 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, 2020**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$209,913	\$209,913
Charges for services	\$1,500	455,544	454,044
Total Revenues	1,500	665,457	663,957
EXPENDITURES:			
Current:			
Non-departmental	2,745	2,745	
Public Works	1,500	1,500	
Total Expenditures	4,245	4,245	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,745)	661,212	663,957
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(14,232)	(14,232)	
Total other financing sources (uses)	(14,232)	(14,232)	
NET CHANGE IN FUND BALANCE	(\$16,977)	646,980	\$663,957
Fund balance - July 1		5,536,728	
Adjustment to budgetary basis:			
Encumbrance adjustments		1,500	
Fund balance - June 30		\$6,185,208	

**CITY OF SOUTH SAN FRANCISCO
DEVELOPER DEPOSIT 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, 2020**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$7,172	\$7,172
Total Revenues		7,172	7,172
EXPENDITURES			
Current:			
Public works			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		7,172	7,172
OTHER FINANCING SOURCES (USES)			
Transfers (out)			
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE		7,172	\$7,172
Fund balance - July 1		9,616	
Fund balance - June 30		\$16,788	

**CITY OF SOUTH SAN FRANCISCO
CAPITAL INFRASTRUCTURE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$1,061,572	\$1,061,572
Total Revenues		1,061,572	1,061,572
EXPENDITURES			
Current:			
Public Works	\$1,000,000	1,000,000	
Total Expenditures	1,000,000	1,000,000	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,000,000)	61,572	1,061,572
OTHER FINANCING SOURCES (USES)			
Transfers in	10,900,000	10,900,000	
Transfers out	(7,001,279)	(1,698,620)	5,302,659
Total other financing sources (uses)	3,898,721	9,201,380	5,302,659
NET CHANGE IN FUND BALANCE	\$2,898,721	9,262,952	\$6,364,231
Fund balance - July 1		19,107,972	
Adjustment to budgetary basis:			
Encumbrance adjustments		993,000	
Fund balance - June 30		\$29,363,924	

CITY OF SOUTH SAN FRANCISCO
CAPITAL IMPROVEMENTS POLICE STATION 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, 2020

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$7,002	\$7,002
Total Revenues		<u>7,002</u>	<u>7,002</u>
EXPENDITURES			
Current:			
Police	\$53,800,000	52,680,355	1,119,645
Debt service:			
Interest and fiscal charges		<u>331,990</u>	<u>(331,990)</u>
Total Expenditures	<u>53,800,000</u>	<u>53,012,345</u>	<u>787,655</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(53,800,000)</u>	<u>(53,005,343)</u>	<u>794,657</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	43,905,000	43,905,000	
Bond premium	<u>9,895,000</u>	<u>10,242,530</u>	<u>347,530</u>
Total other financing sources (uses)	<u>53,800,000</u>	<u>54,147,530</u>	<u>347,530</u>
NET CHANGE IN FUND BALANCE		<u>1,142,187</u>	<u>\$1,142,187</u>
Fund balance - July 1			
Adjustment to budgetary basis:			
Encumbrance adjustments		<u>45,462,322</u>	
Fund balance - June 30		<u>\$46,604,509</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.

Developer Contributions – Accounts for fees deposited for planning and engineering reviews or for future project development.

Federal Aviation Grant – This fund accounts for federal monies received for insulating structures against airport noise.

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

Maintenance Districts – Accounts for a portion of property tax dedicated to provide 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.

Affordable Housing Trust – The inclusionary housing requirement in the City provides that 20% of new residential housing units (for projects of 4 or more units) be affordable. These in-lieu fees (in-lieu of production of affordable housing units by the developer) provide new residential development’s share of affordable housing units.

PEG Equipment and Access – Accounts for the one percent of money set-aside from cable franchise fees that are used to support public, educational and governmental (PEG) channels.

Transit Station Enhancement in-Lieu Fee – Accounts for revenues that are collected as a negotiated community benefit.

Road Maintenance and Rehabilitation – Accounts for State monies received and expended for road maintenance and rehabilitation pursuant to Senate Bill 1, approved in 2017.

San Mateo County (SMC) Measure W ½ Sales Tax – Accounts for the City’s portion of the special half cent sales tax receipts restricted for congestion relief and transit improvements.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

Public Safety Impact Fee – These fees are to provide new development’s share of funding for the replacement of public safety capital equipment, vehicles and facilities.

Oyster Point Improvements Impact Fees – These fees provide new development’s share of funding for the Oyster Point at Highway 101 interchange improvements.

Sewer Capacity Charges – Accounts for cost recovery charged to new development based on proportional benefit, associated with providing sewer collection and treatment capacity to new development, both through existing infrastructure provided, and through future capital projects not funded by other sources.

Oyster Point Development Impact Fees – Accounts for expenditures associated with the acquisition, construction, or improvement related to Oyster Point Development.

Park Land Acquisition Fee – Accounts for monies received and expended pursuant to SSFMC Chapter 8.67 and Mitigation Fee Act for park land acquisition.

Park Construction Fee – Accounts for monies received and expended pursuant to SSFMC Chapter 8.67 and Mitigation Fee Act for park construction.

Bicycle and Pedestrian Impact Fee – Accounts for monies received and expended pursuant to SSFMC Chapter 8.68 for mitigation of impacts of new development on bicycle and pedestrian improvements in the City.

Commercial Linkage Impact Fee – Accounts for affordable housing funding created by new commercial development.

Debt service funds are used to account for resources used for the payment of debt service on long-term debt. Debt service funds used at the City of South San Francisco include:

2020A Police Station - Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the new City police station located within the City’s new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds.

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**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

SPECIAL REVENUE FUNDS

	Gas Tax	Developer Contributions	Federal Aviation Grant	Community Development Block Grant	Maintenance Districts
ASSETS					
Cash and investments	\$308,680	\$10,161,677	\$781,095		\$4,245,957
Receivables:					
Accounts	128,978			\$263,878	73,164
Accrued interest	2,101	37,581	3,717		
Loans				713,261	
Restricted cash and investments				87,579	
Land held for resale					
	<u>\$439,759</u>	<u>\$10,199,258</u>	<u>\$784,812</u>	<u>\$1,064,718</u>	<u>\$4,319,121</u>
LIABILITIES					
Liabilities:					
Accounts payable		\$7,943		\$220,555	\$23,276
Other payable				491,577	21,873
Deposits		2,252,465			
Unearned revenue			\$784,812		
		<u>2,260,408</u>	<u>784,812</u>	<u>712,132</u>	<u>45,149</u>
Fund Balances:					
Restricted	<u>\$439,759</u>	<u>7,938,850</u>		<u>352,586</u>	<u>4,273,972</u>
Total Fund Balances	<u>439,759</u>	<u>7,938,850</u>		<u>352,586</u>	<u>4,273,972</u>
Total Liabilities and Fund Balances	<u>\$439,759</u>	<u>\$10,199,258</u>	<u>\$784,812</u>	<u>\$1,064,718</u>	<u>\$4,319,121</u>

SPECIAL REVENUE FUNDS

Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforce- ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee
\$2,782,260	\$675,921	\$893	\$6,540,343	\$2,031,902	\$1,432,846	\$2,239,041
17,549	17,191	206	25,168	332 9,284 17,173	39,891 6,292	9,484
				1,900,000		
<u>\$2,799,809</u>	<u>\$693,112</u>	<u>\$1,099</u>	<u>\$6,565,511</u>	<u>\$3,958,691</u>	<u>\$1,479,029</u>	<u>\$2,248,525</u>
	\$145		\$22,521 (3,790)			
	145		18,731			
<u>\$2,799,809</u>	<u>692,967</u>	<u>\$1,099</u>	<u>6,546,780</u>	<u>\$3,958,691</u>	<u>\$1,479,029</u>	<u>\$2,248,525</u>
<u>2,799,809</u>	<u>692,967</u>	<u>1,099</u>	<u>6,546,780</u>	<u>3,958,691</u>	<u>1,479,029</u>	<u>2,248,525</u>
<u>\$2,799,809</u>	<u>\$693,112</u>	<u>\$1,099</u>	<u>\$6,565,511</u>	<u>\$3,958,691</u>	<u>\$1,479,029</u>	<u>\$2,248,525</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			
	Road Maintenance and Rehabilitation	SMC Measure W 1/2 Cent Sales Tax	Non-obligated Capital Projects	Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges
ASSETS						
Cash and investments	\$1,610,274	\$485,207	\$41,857	\$1,413,576	\$76,147	\$8,115,564
Receivables:						
Accounts	83,649	108,443				
Accrued interest	7,823	1,273		6,502	2,487	34,183
Loans						
Restricted cash and investments						
Land held for resale						
Total Assets	\$1,701,746	\$594,923	\$41,857	\$1,420,078	\$78,634	\$8,149,747
LIABILITIES						
Liabilities:						
Accounts payable				\$23,406		
Other payable						
Deposits						
Unearned revenue						
Total Liabilities				23,406		
Fund Balances:						
Restricted	\$1,701,746	\$594,923	\$41,857	1,396,672	\$78,634	\$8,149,747
Total Fund Balances	1,701,746	594,923	41,857	1,396,672	78,634	8,149,747
Total Liabilities and Fund Balances	\$1,701,746	\$594,923	\$41,857	\$1,420,078	\$78,634	\$8,149,747

CAPITAL PROJECTS FUNDS					DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee	2020A Bonds	
\$62,767	\$865,680	\$2,257,026	\$65,624	\$4,934,568		\$51,128,905
51,822	3,052	18,039	288	22,894		767,348
						207,923
						730,434
						87,579
						1,900,000
<u>\$114,589</u>	<u>\$868,732</u>	<u>\$2,275,065</u>	<u>\$65,912</u>	<u>\$4,957,462</u>		<u>\$54,822,189</u>
\$74,412						\$372,258
						509,660
						2,252,465
						784,812
<u>74,412</u>						<u>3,919,195</u>
<u>40,177</u>	<u>\$868,732</u>	<u>\$2,275,065</u>	<u>\$65,912</u>	<u>\$4,957,462</u>		<u>50,902,994</u>
<u>40,177</u>	<u>868,732</u>	<u>2,275,065</u>	<u>65,912</u>	<u>4,957,462</u>		<u>50,902,994</u>
<u>\$114,589</u>	<u>\$868,732</u>	<u>\$2,275,065</u>	<u>\$65,912</u>	<u>\$4,957,462</u>		<u>\$54,822,189</u>

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Federal Aviation Grants	Community Development Block Grant	Maintenance Districts
REVENUES					
Property taxes					\$2,024,929
Sales taxes					
Other taxes					
Intergovernmental	\$1,832,110			\$446,481	
Interest and rentals	15,822	\$286,978	\$28,257	17,578	
Charges for services		2,924,736			
Other				16,171	
Total Revenues	<u>1,847,932</u>	<u>3,211,714</u>	<u>28,257</u>	<u>480,230</u>	<u>2,024,929</u>
EXPENDITURES					
Current:					
Economic and community development		326,206	28,257	424,780	
Public works					1,361,716
Non-departmental					
Fire					
Police					
Other		500,000			
Capital outlay					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures		<u>826,206</u>	<u>28,257</u>	<u>424,780</u>	<u>1,361,716</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,847,932</u>	<u>2,385,508</u>		<u>55,450</u>	<u>663,213</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		1,000,000		3,453	
Transfers out	(1,930,295)	(489,319)		(256,904)	
Total Other Financing Sources (Uses)	<u>(1,930,295)</u>	<u>510,681</u>		<u>(253,451)</u>	
Net Change in Fund Balances	(82,363)	2,896,189		(198,001)	663,213
Fund balance - July 1	<u>522,122</u>	<u>5,042,661</u>		<u>550,587</u>	<u>3,610,759</u>
Fund balance - June 30	<u>\$439,759</u>	<u>\$7,938,850</u>		<u>\$352,586</u>	<u>\$4,273,972</u>

SPECIAL REVENUE FUNDS

Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforce- ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee
\$1,844,007		\$158,699				
132,739	\$206,295	1,638	\$156,140	\$71,934 92,400	\$48,001	\$72,946 631,333
			2,067,407	1,500	161,932	
1,976,746	206,295	160,337	2,223,547	165,834	209,933	704,279
	44,356					
		60,337	223,901			
	44,356	60,337	223,901			
1,976,746	161,939	100,000	1,999,646	165,834	209,933	704,279
(2,585,598)	(21,006)	(100,000)		(4,687,200)		(259,315)
(2,585,598)	(21,006)	(100,000)		(4,687,200)		(259,315)
(608,852)	140,933		1,999,646	(4,521,366)	209,933	444,964
3,408,661	552,034	1,099	4,547,134	8,480,057	1,269,096	1,803,561
\$2,799,809	\$692,967	\$1,099	\$6,546,780	\$3,958,691	\$1,479,029	\$2,248,525

(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, 2020**

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			
	Road Maintenance and Rehabilitation	SMC Measure W 1/2 Cent Sales Tax	Non-obligated Capital Projects	Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges
REVENUES						
Property taxes						
Sales taxes		\$709,951				
Other taxes						
Intergovernmental	\$1,172,241					\$136,215
Interest and rentals	59,986	9,836		\$49,471	\$20,385	125,772
Charges for services					1,195,993	2,035,408
Other				429,948		
Total Revenues	1,232,227	719,787		479,419	1,216,378	2,297,395
EXPENDITURES						
Current:						
Economic and community development						
Public works						2,745
Non-departmental						
Fire				23,406		
Police						
Other						
Capital outlay						
Debt service:						
Principal repayments					1,210,000	
Interest and fiscal charges						
Total Expenditures				23,406	1,210,000	2,745
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,232,227	719,787		456,013	6,378	2,294,650
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(857,975)	(124,864)		(360,571)		(6,468,460)
Total Other Financing Sources (Uses)	(857,975)	(124,864)		(360,571)		(6,468,460)
Net Change in Fund Balances	374,252	594,923		95,442	6,378	(4,173,810)
Fund balance - July 1	1,327,494		\$41,857	1,301,230	72,256	12,323,557
Fund balance - June 30	\$1,701,746	\$594,923	\$41,857	\$1,396,672	\$78,634	\$8,149,747

CAPITAL PROJECTS FUNDS					DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee	2020A Bonds	
						\$2,024,929
						709,951
						2,002,706
\$6,128,914						9,715,961
166	\$23,972	\$136,558	\$2,201	\$174,029		1,434,409
542,883	478,826	1,021,992	12,438	96,233		9,238,537
						2,676,958
6,671,963	502,798	1,158,550	14,639	270,262		27,803,451
						823,599
6,707,956						8,072,417
						23,406
						60,337
						723,901
						1,210,000
					\$407,156	407,156
6,707,956					407,156	11,320,816
(35,993)	502,798	1,158,550	14,639	270,262	(407,156)	16,482,635
				4,687,200	407,156	6,097,809
		(1,000,000)				(19,141,507)
		(1,000,000)		4,687,200	407,156	(13,043,698)
(35,993)	502,798	158,550	14,639	4,957,462		3,438,937
76,170	365,934	2,116,515	51,273			47,464,057
\$40,177	\$868,732	\$2,275,065	\$65,912	\$4,957,462		\$50,902,994

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	GAS TAX			DEVELOPER CONTRIBUTIONS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental	\$1,955,116	\$1,832,110	(\$123,006)			
Interest and rentals	15,000	15,822	822		\$286,978	\$286,978
Charges for services					2,924,736	2,924,736
Other						
Total Revenues	1,970,116	1,847,932	(122,184)		3,211,714	3,211,714
EXPENDITURES						
Current:						
City Council						
Economic and community development				\$103,425	924,559	(821,134)
Public works						
Non-departmental						
Fire						
Police						
Other				1,000,000	500,000	500,000
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures				1,103,425	1,424,559	(321,134)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,970,116	1,847,932	(122,184)	(1,103,425)	1,787,155	2,890,580
OTHER FINANCING SOURCES (USES)						
Transfers in					1,000,000	1,000,000
Transfers out	(2,631,182)	(1,930,295)	700,887	(1,737,595)	(489,319)	1,248,276
Total Other Financing Sources (Uses)	(2,631,182)	(1,930,295)	700,887	(1,737,595)	510,681	2,248,276
NET CHANGE IN FUND BALANCES	(\$661,066)	(82,363)	\$578,703	(\$2,841,020)	2,297,836	\$5,138,856
Adjustment to budgetary basis:						
Encumbrance adjustments					598,353	
Fund balance - July 1		522,122			5,042,661	
Fund balance - June 30		\$439,759			\$7,938,850	

FEDERAL AVIATION GRANT			COMMUNITY DEVELOPMENT BLOCK GRANT			MAINTENANCE DISTRICTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$1,754,248	\$2,024,929	\$270,681
\$4,000	\$28,257	\$24,257	\$662,000	\$446,481	(\$215,519)			
			120,000	17,578	(102,422)			
			290,353		(290,353)			
				16,171	16,171			
4,000	28,257	24,257	1,072,353	480,230	(592,123)	1,754,248	2,024,929	270,681
	28,257	(28,257)	1,094,797	1,010,588	84,209	1,781,810	1,383,561	398,249
	28,257	(28,257)	1,094,797	1,010,588	84,209	1,781,810	1,383,561	398,249
4,000		(4,000)	(22,444)	(530,358)	(507,914)	(27,562)	641,368	668,930
			3,453	3,453				
			(300,000)	(256,904)	43,096			
			(296,547)	(253,451)	43,096			
\$4,000		(\$4,000)	(\$318,991)	(783,809)	(\$464,818)	(\$27,562)	641,368	\$668,930
				585,808			21,845	
				550,587			3,610,759	
				\$352,586			\$4,273,972	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	TRANSPORTATION SALES TAX			SOLID WASTE REDUCTION		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes	\$1,498,375	\$1,844,007	\$345,632			
Intergovernmental						
Interest and rentals	25,000	132,739	107,739			
Charges for services				\$180,000	\$206,295	\$26,295
Other						
Total Revenues	<u>1,523,375</u>	<u>1,976,746</u>	<u>453,371</u>	<u>180,000</u>	<u>206,295</u>	<u>26,295</u>
EXPENDITURES						
Current:						
City Council						
Economic and community development				511,645	158,008	353,637
Public works						
Non-departmental						
Fire						
Police						
Other						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures				<u>511,645</u>	<u>158,008</u>	<u>353,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,523,375</u>	<u>1,976,746</u>	<u>453,371</u>	<u>(331,645)</u>	<u>48,287</u>	<u>379,932</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	<u>(5,624,858)</u>	<u>(2,585,598)</u>	<u>3,039,260</u>	<u>(142,265)</u>	<u>(21,006)</u>	<u>121,259</u>
Total Other Financing Sources (Uses)	<u>(5,624,858)</u>	<u>(2,585,598)</u>	<u>3,039,260</u>	<u>(142,265)</u>	<u>(21,006)</u>	<u>121,259</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$4,101,483)</u></u>	<u><u>(608,852)</u></u>	<u><u>\$3,492,631</u></u>	<u><u>(\$473,910)</u></u>	<u><u>27,281</u></u>	<u><u>\$501,191</u></u>
Adjustment to budgetary basis:						
Encumbrance adjustments					113,652	
Fund balance - July 1		<u>3,408,661</u>			<u>552,034</u>	
Fund balance - June 30		<u><u>\$2,799,809</u></u>			<u><u>\$692,967</u></u>	

SUPPLEMENTAL LAW ENFORCEMENT SERVICES			CITY PROGRAMS			AFFORDABLE HOUSING TRUST		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$100,000	\$158,699	\$58,699						
	1,638	1,638		\$156,140	\$156,140		\$71,934	\$71,934
				2,067,407	2,067,407		92,400	92,400
							1,500	1,500
100,000	160,337	60,337		2,223,547	2,223,547		165,834	165,834
	60,337	(60,337)		223,901	(223,901)	\$1,142,100	1,050,000	92,100
						350,000		350,000
	60,337	(60,337)		223,901	(223,901)	1,492,100	1,050,000	442,100
100,000	100,000			1,999,646	1,999,646	(1,492,100)	(884,166)	607,934
(100,000)	(100,000)		(\$60,000)		60,000		(4,687,200)	(4,687,200)
(100,000)	(100,000)		(60,000)		60,000		(4,687,200)	(4,687,200)
			(\$60,000)	1,999,646	\$2,059,646	(\$1,492,100)	(5,571,366)	(\$4,079,266)
							1,050,000	
	1,099			4,547,134			8,480,057	
	\$1,099			\$6,546,780			\$3,958,691	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	PEG EQUIPMENT AND ACCESS			TRANSIT ENHANCEMENT IN-LIEU FEE		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental						
Interest and rentals	\$5,000	\$48,001	\$43,001		\$72,946	\$72,946
Charges for services					631,333	631,333
Other	125,000	161,932	36,932			
Total Revenues	<u>130,000</u>	<u>209,933</u>	<u>79,933</u>		<u>704,279</u>	<u>704,279</u>
EXPENDITURES						
Current:						
City Council						
Economic and community development						
Public works						
Non-departmental						
Fire						
Police						
Other						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>130,000</u>	<u>209,933</u>	<u>79,933</u>		<u>704,279</u>	<u>704,279</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(\$1,199,211)	(259,315)	939,896
Total Other Financing Sources (Uses)				<u>(1,199,211)</u>	<u>(259,315)</u>	<u>939,896</u>
NET CHANGE IN FUND BALANCES	<u>\$130,000</u>	<u>209,933</u>	<u>\$79,933</u>	<u>(\$1,199,211)</u>	<u>444,964</u>	<u>\$1,644,175</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>1,269,096</u>			<u>1,803,561</u>	
Fund balance - June 30		<u>\$1,479,029</u>			<u>\$2,248,525</u>	

ROAD MAINTENANCE AND REHABILITATION			SMC MEASURE W 1/2 CENT SALES TAX			PUBLIC SAFETY IMPACT FEE		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$300,000	\$709,951	\$409,951			
\$1,185,966	\$1,172,241 59,986	(\$13,725) 59,986		9,836	9,836		\$49,471	\$49,471
							429,948	429,948
<u>1,185,966</u>	<u>1,232,227</u>	<u>46,261</u>	<u>300,000</u>	<u>719,787</u>	<u>419,787</u>		<u>479,419</u>	<u>479,419</u>
						\$62,949	32,852	30,097
						62,949	32,852	30,097
<u>1,185,966</u>	<u>1,232,227</u>	<u>46,261</u>	<u>300,000</u>	<u>719,787</u>	<u>419,787</u>	<u>(62,949)</u>	<u>446,567</u>	<u>509,516</u>
<u>(\$2,773,228)</u>	<u>(857,975)</u>	<u>1,915,253</u>	<u>(\$300,000)</u>	<u>(124,864)</u>	<u>175,136</u>	<u>(392,476)</u>	<u>(360,571)</u>	<u>31,905</u>
<u>(2,773,228)</u>	<u>(857,975)</u>	<u>1,915,253</u>	<u>(300,000)</u>	<u>(124,864)</u>	<u>175,136</u>	<u>(392,476)</u>	<u>(360,571)</u>	<u>31,905</u>
<u>(\$1,587,262)</u>	<u>374,252</u>	<u>\$1,961,514</u>		<u>594,923</u>	<u>\$594,923</u>	<u>(\$455,425)</u>	<u>85,996</u>	<u>\$541,421</u>
							9,446	
	<u>1,327,494</u>						<u>1,301,230</u>	
	<u>\$1,701,746</u>			<u>\$594,923</u>			<u>\$1,396,672</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	SEWER CAPACITY CHARGES			PARK CONSTRUCTION FEE		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental		\$136,215	\$136,215			
Interest and rentals		125,772	125,772	\$136,558		\$136,558
Charges for services	\$200,000	2,035,408	1,835,408	1,021,992		1,021,992
Other						
Total Revenues	<u>200,000</u>	<u>2,297,395</u>	<u>2,097,395</u>	<u>1,158,550</u>		<u>1,158,550</u>
EXPENDITURES						
Current:						
City Council						
Economic and community development						
Public works	2,745	2,745				
Non-departmental						
Fire						
Police						
Other						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures	<u>2,745</u>	<u>2,745</u>				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>197,255</u>	<u>2,294,650</u>	<u>2,097,395</u>	<u>1,158,550</u>		<u>1,158,550</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	<u>(10,263,243)</u>	<u>(6,468,460)</u>	<u>3,794,783</u>	<u>(\$64,520)</u>	<u>(1,000,000)</u>	<u>(935,480)</u>
Total Other Financing Sources (Uses)	<u>(10,263,243)</u>	<u>(6,468,460)</u>	<u>3,794,783</u>	<u>(64,520)</u>	<u>(1,000,000)</u>	<u>(935,480)</u>
NET CHANGE IN FUND BALANCES	<u>(\$10,065,988)</u>	<u>(4,173,810)</u>	<u>\$5,892,178</u>	<u>(\$64,520)</u>	<u>158,550</u>	<u>\$223,070</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>12,323,557</u>			<u>2,116,515</u>	
Fund balance - June 30		<u>\$8,149,747</u>			<u>\$2,275,065</u>	

INTERNAL SERVICE FUNDS

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 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 POSITION
JUNE 30, 2020**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$2,322,308	\$16,071,715	\$11,657,066	\$5,363,335	\$35,414,424
Receivables:					
Accounts	17,677				17,677
Accrued interest	9,370	71,493	54,943	24,053	159,859
Deposit		216,000	73,790		289,790
Prepaid items			1,074,537		1,074,537
Total current assets	<u>2,349,355</u>	<u>16,359,208</u>	<u>12,860,336</u>	<u>5,387,388</u>	<u>36,956,287</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable				80,951	80,951
Depreciable, net of accumulated depreciation				5,615,758	5,615,758
Total non-current assets				<u>5,696,709</u>	<u>5,696,709</u>
Total Assets	<u>2,349,355</u>	<u>16,359,208</u>	<u>12,860,336</u>	<u>11,084,097</u>	<u>42,652,996</u>
 LIABILITIES					
Current liabilities:					
Accounts payable	167,558	149,984	867,089	410,769	1,595,400
Other payable	8,850	32,675	43,220	80,951	165,696
Current portion of accrued insurance loss		643,224			643,224
Current portion of compensated absences	78,137		722,242		800,379
Current portion of long-term debt				204,252	204,252
Total current liabilities	<u>254,545</u>	<u>825,883</u>	<u>1,632,551</u>	<u>695,972</u>	<u>3,408,951</u>
Noncurrent liabilities:					
Accrued insurance loss		14,322,000			14,322,000
Compensated absences obligation	142,331		976,286		1,118,617
Noncurrent portion of long-term debt				285,529	285,529
Total noncurrent liabilities	<u>142,331</u>	<u>14,322,000</u>	<u>976,286</u>	<u>285,529</u>	<u>15,726,146</u>
Total Liabilities	<u>396,876</u>	<u>15,147,883</u>	<u>2,608,837</u>	<u>981,501</u>	<u>19,135,097</u>
 NET POSITION:					
Net investment in capital assets					
Unrestricted	1,952,479	1,211,325	10,251,499	5,125,977	18,391,922
Total Net Position	<u>\$1,952,479</u>	<u>\$1,211,325</u>	<u>\$10,251,499</u>	<u>\$10,102,596</u>	<u>\$23,517,899</u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$5,033,642	\$4,593,099	\$15,345,511	\$1,506,903	\$26,479,155
Total Operating Revenues	<u>5,033,642</u>	<u>4,593,099</u>	<u>15,345,511</u>	<u>1,506,903</u>	<u>26,479,155</u>
OPERATING EXPENSES					
Personnel expenses	2,068,168	920,492	15,326,114		18,314,774
Professional services	643,895	119,750	29,147		792,792
Program supplies	1,269,914		1,000	32,791	1,303,705
Insurance	12,988	1,658,491			1,671,479
Self-insurance and claims		2,358,458			2,358,458
Repair and maintenance	433,341			56,631	489,972
Utilities	189,819				189,819
Depreciation				857,836	857,836
Other	12,782		433,823		446,605
Total Operating Expenses	<u>4,630,907</u>	<u>5,057,191</u>	<u>15,790,084</u>	<u>947,258</u>	<u>26,425,440</u>
Operating Income (Loss)	<u>402,735</u>	<u>(464,092)</u>	<u>(444,573)</u>	<u>559,645</u>	<u>53,715</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	71,902	544,451	419,183	183,153	1,218,689
Interest expense				(20,329)	(20,329)
Gain from disposal of capital assets				8,722	8,722
Other		73,419			73,419
Total Nonoperating Revenues (Expenses)	<u>71,902</u>	<u>617,870</u>	<u>419,183</u>	<u>171,546</u>	<u>1,280,501</u>
Net income (loss) before transfers	474,637	153,778	(25,390)	731,191	1,334,216
TRANSFERS					
Transfers in			250,000	250,000	500,000
Transfers (out)				(31,589)	(31,589)
Change in Net Position	474,637	153,778	224,610	949,602	1,802,627
Net Position - July 1	<u>1,477,842</u>	<u>1,057,547</u>	<u>10,026,889</u>	<u>9,152,994</u>	<u>21,715,272</u>
Net Position - June 30	<u>\$1,952,479</u>	<u>\$1,211,325</u>	<u>\$10,251,499</u>	<u>\$10,102,596</u>	<u>\$23,517,899</u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	\$5,051,482	\$4,533,609	\$15,317,731	\$1,506,903	\$26,409,725
Cash payments to suppliers for goods and services	(2,562,739)	(1,745,566)	(707,767)	(8,471)	(5,024,543)
Cash payments to employees for services	(2,081,706)	(830,040)	(14,367,879)		(17,279,625)
Cash payments for judgments and claims		(1,844,487)			(1,844,487)
	<u>407,037</u>	<u>113,516</u>	<u>242,085</u>	<u>1,498,432</u>	<u>2,261,070</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			250,000	250,000	500,000
Transfers (out)				(31,589)	(31,589)
			<u>250,000</u>	<u>218,411</u>	<u>468,411</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease				(263,838)	(263,838)
Interest payments				(20,329)	(20,329)
Acquisition of capital assets, net				(1,232,218)	(1,232,218)
Proceeds from the sale of capital assets				8,722	8,722
				<u>(1,507,663)</u>	<u>(1,507,663)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	39,425	289,008	231,558	97,493	657,484
Changes in fair values of investments	34,473	263,049	202,158	88,502	588,182
	<u>73,898</u>	<u>552,057</u>	<u>433,716</u>	<u>185,995</u>	<u>1,245,666</u>
Net Increase (Decrease) in cash and cash equivalents	480,935	665,573	925,801	395,175	2,467,484
Cash and cash equivalents, beginning	1,841,373	15,406,142	10,731,265	4,968,160	32,946,940
Cash and cash equivalents, ending	<u>\$2,322,308</u>	<u>\$16,071,715</u>	<u>\$11,657,066</u>	<u>\$5,363,335</u>	<u>\$35,414,424</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$402,735	(\$464,092)	(\$444,573)	\$559,645	\$53,715
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation				857,836	857,836
Other non-operating revenue (expenses)		73,419			73,419
Net change in assets and liabilities:					
Accounts and lease receivables	17,840				17,840
Deposit		(132,909)	(27,780)		(160,689)
Prepaid items			(243,797)		(243,797)
Accounts payable	(57,772)	90,452	801,469		834,149
Other payable		32,675	(107,067)	80,951	6,559
Accrued insurance losses		513,971			513,971
Compensated absence obligations	44,234		263,833		308,067
	<u>\$407,037</u>	<u>\$113,516</u>	<u>\$242,085</u>	<u>\$1,498,432</u>	<u>\$2,261,070</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$407,037</u>	<u>\$113,516</u>	<u>\$242,085</u>	<u>\$1,498,432</u>	<u>\$2,261,070</u>

AGENCY FUND

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:

SSF Employee Deferred Comp Trust Oversight – This fund is used to pay for the administrative costs of monitoring the Deferred Compensation Funds on behalf of City employees.

**CITY OF SOUTH SAN FRANCISCO
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020**

SSF Employee Deferred Comp Trust Oversight				
	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
ASSETS				
Cash and investments	\$105,115	\$36,271	\$36,150	\$105,236
Interest receivable	579	514	579	514
Total Assets	\$105,694	\$36,785	\$36,729	\$105,750
LIABILITIES				
Accounts payable	\$1,706		\$1,706	
Other accrued liabilities	103,988	\$36,785	35,023	\$105,750
Total Liabilities	\$105,694	\$36,785	\$36,729	\$105,750

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 Position by Component
2. Changes in Net Position
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. 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

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

STATISTICAL SECTION - (Continued)
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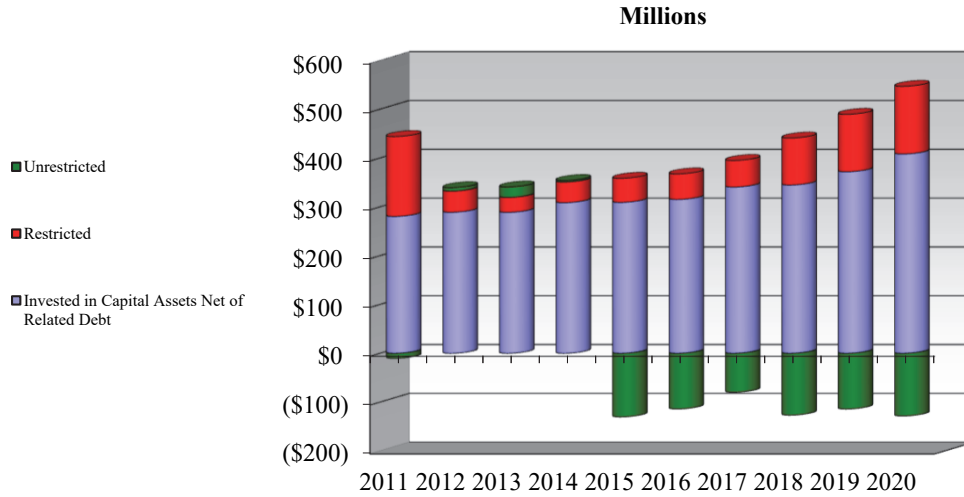
Miscellaneous Information

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.

CITY OF SOUTH SAN FRANCISCO
Net Position by Component
Last Ten Fiscal Years (a)
(accrual basis of accounting)



	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$214,246,561	\$218,218,696	\$216,508,668	\$230,440,390	\$230,517,037
Restricted	163,669,353	43,321,286	30,514,986	42,367,623	49,311,828
Unrestricted	(19,267,010)	(3,837,201)	8,021,490	(12,317,511)	(134,389,522)
Total governmental activities net position	<u>\$358,648,904</u>	<u>\$257,702,781</u>	<u>\$255,045,144</u>	<u>\$260,490,502</u>	<u>\$145,439,343</u>
Business-type activities					
Net investment in capital assets	\$66,113,596	\$70,653,841	\$72,217,660	\$78,045,318	\$78,598,277
Restricted					
Unrestricted	9,292,189	10,877,105	13,353,988	15,367,085	4,196,654
Total business-type activities net position	<u>\$75,405,785</u>	<u>\$81,530,946</u>	<u>\$85,571,648</u>	<u>\$93,412,403</u>	<u>\$82,794,931</u>
Primary government					
Net investment in capital assets	\$280,360,157	\$288,872,537	\$288,726,328	\$308,485,708	\$309,115,314
Restricted	163,669,353	43,321,286	30,514,986	42,367,623	49,311,828
Unrestricted	(9,974,821)	7,039,904	21,375,478	3,049,574	(130,192,868)
Total primary government net position	<u>\$434,054,689</u>	<u>\$339,233,727</u>	<u>\$340,616,792</u>	<u>\$353,902,905</u>	<u>\$228,234,274</u>
2016					
Governmental activities					
Net investment in capital assets	\$231,142,079	\$254,344,554	\$254,570,044	\$271,349,364	\$296,243,640
Restricted	52,406,602	54,478,093	96,316,988	117,752,590	138,701,991
Unrestricted	(120,119,617)	(86,808,434)	(129,833,581)	(114,028,420)	(130,288,161)
Total governmental activities net position	<u>\$163,429,064</u>	<u>\$222,014,213</u>	<u>\$221,053,451</u>	<u>\$275,073,534</u>	<u>\$304,657,470</u>
Business-type activities					
Net investment in capital assets	\$83,930,073	\$86,167,704	\$90,097,907	\$100,463,280	\$111,968,328
Restricted					
Unrestricted	6,243,225	7,199,925	3,227,395	44,966	2,040,842
Total business-type activities net position	<u>\$90,173,298</u>	<u>\$93,367,629</u>	<u>\$93,325,302</u>	<u>\$100,508,246</u>	<u>\$114,009,170</u>
Primary government					
Net investment in capital assets	\$315,072,152	\$340,512,258	\$344,667,951	\$371,812,644	\$408,211,968
Restricted	52,406,602	54,478,093	96,316,988	117,752,590	138,701,991
Unrestricted	(113,876,392)	(79,608,509)	(126,606,186)	(113,983,454)	(128,247,319)
Total primary government net position	<u>\$253,602,362</u>	<u>\$315,381,842</u>	<u>\$314,378,753</u>	<u>\$375,581,780</u>	<u>\$418,666,640</u>

Source: City of South San Francisco, Department of Finance

(a) The City adjusted certain beginning balances during fiscal years 2014-15 and 2017-18 due to the implementation of GASB Statements 68 and 75. Financial data shown for the preceding year were not adjusted for the presentation.

CITY OF SOUTH SAN FRANCISCO
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental Activities:				
General Government	\$7,711,156	\$7,801,328	\$8,360,945	\$7,155,035
Fire Department	20,032,141	20,749,323	22,746,291	21,200,903
Police Department	22,429,782	23,330,208	24,756,958	24,376,379
Public Works	17,127,086	21,269,281	15,773,710	14,980,417
Park, Recreation and Maintenance Services	10,866,568	11,641,892	12,570,236	12,658,309
Library	4,664,490	4,754,760	4,615,967	4,310,550
Economic and Community Development	15,018,495	8,702,949	16,126,427	5,525,541
Interest on Long -Term Debt	4,249,454	3,328,244	52,139	
Total Governmental Activities Expenses	<u>102,099,172</u>	<u>101,577,985</u>	<u>105,002,673</u>	<u>90,207,134</u>
Business-Type Activities:				
Sewer Rental	19,277,959	19,446,739	20,870,522	19,301,103
Parking District	571,261	769,117	792,609	943,859
Storm Water	710,903	1,010,093	1,655,950	1,078,868
Total Business-Type Activities Expenses	<u>20,560,123</u>	<u>21,225,949</u>	<u>23,319,081</u>	<u>21,323,830</u>
Total Primary Government Expenses	<u>\$122,659,295</u>	<u>\$122,803,934</u>	<u>\$128,321,754</u>	<u>\$111,530,964</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$2,688,990	\$2,032,292	\$1,951,016	\$5,785,598
Fire Department	3,221,837	3,697,665	2,987,956	3,304,952
Police Department	1,815,405	2,599,149	2,640,146	2,805,640
Public Works	3,805,824	3,607,224	2,926,227	4,734,813
Park, Recreation and Maintenance Services	3,004,435	3,178,276	3,433,567	3,571,947
Library	168,505	143,971	125,416	138,827
Economic and Community Development	4,944,328	4,968,383	3,457,020	5,800,849
Operating Grants and Contributions	5,549,711	5,650,685	5,455,010	5,601,916
Capital Grants and Contributions	2,728,543	1,471,416	4,036,786	1,538,225
Total Government Activities Program Revenues	<u>27,927,578</u>	<u>27,349,061</u>	<u>27,013,144</u>	<u>33,282,767</u>
Business-Type Activities:				
Charges for Services:				
Sewer Rental	18,087,695	19,310,286	19,338,107	19,155,467
Parking District	722,807	760,248	732,932	785,586
Storm Water	406,589	409,498	427,291	409,458
Operating Grants and Contributions	5,509,874	5,936,527	6,137,401	7,619,601
Capital Grants and Contributions	31,670			
Total Business-Type Activities Program Revenue	<u>24,758,635</u>	<u>26,416,559</u>	<u>26,635,731</u>	<u>27,970,112</u>
Total Primary Government Program Revenues	<u>\$52,686,213</u>	<u>\$53,765,620</u>	<u>\$53,648,875</u>	<u>\$61,252,879</u>
Net (Expense)/Revenue				
Governmental Activities	(\$74,171,594)	(\$74,228,924)	(\$77,989,529)	(\$56,924,367)
Business-Type Activities	4,198,512	5,190,610	3,316,650	6,646,282
Total Primary Government Net Expense	<u>(\$69,973,082)</u>	<u>(\$69,038,314)</u>	<u>(\$74,672,879)</u>	<u>(\$50,278,085)</u>

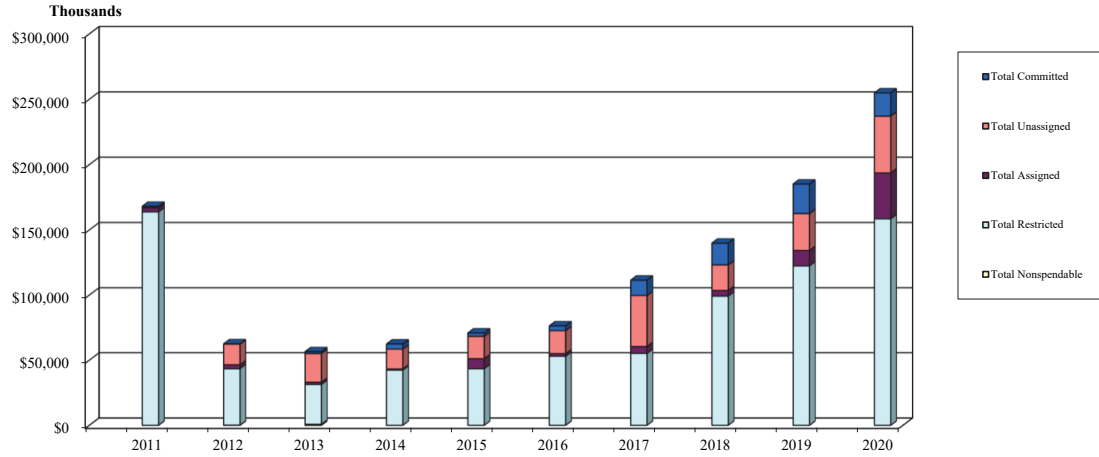
2015	2016	2017	2018	2019	2020
\$8,421,857	\$9,044,518	\$10,253,403	\$12,506,188	\$12,139,671	\$15,378,452
22,005,883	22,488,964	25,750,126	30,352,387	31,986,738	34,442,874
23,910,436	23,158,168	25,838,242	30,732,288	32,994,122	36,095,698
14,493,039	11,916,572	12,396,998	18,379,278	20,425,958	17,737,243
12,383,880	12,901,657	15,217,677	17,162,377	17,962,298	19,620,848
4,300,885	4,442,577	5,184,282	5,910,406	6,241,093	6,728,102
5,928,316	7,603,275	8,927,162	10,094,626	10,557,116	9,837,938
					512,376
<u>91,444,296</u>	<u>91,555,731</u>	<u>103,567,890</u>	<u>125,137,550</u>	<u>132,306,996</u>	<u>140,353,531</u>
23,969,579	18,273,580	22,661,768	24,397,607	25,719,049	26,213,885
503,014	894,769	940,181	1,202,319	896,994	1,116,840
1,234,616	1,289,465	1,333,409	1,026,948	1,188,182	1,206,694
<u>25,707,209</u>	<u>20,457,814</u>	<u>24,935,358</u>	<u>26,626,874</u>	<u>27,804,225</u>	<u>28,537,419</u>
<u>\$117,151,505</u>	<u>\$112,013,545</u>	<u>\$128,503,248</u>	<u>\$151,764,424</u>	<u>\$160,111,221</u>	<u>\$168,890,950</u>
\$3,946,302	\$4,194,563	\$2,225,049	\$1,966,755	\$7,930,983	\$5,217,199
3,520,275	3,450,524	4,242,940	6,327,921	6,052,804	6,073,247
2,370,736	2,076,837	2,146,909	2,230,824	2,351,491	2,092,791
5,071,729	10,361,525	10,869,608	24,727,897	27,811,701	23,355,636
3,708,272	3,744,137	3,756,369	4,489,665	4,293,474	2,872,786
120,850	164,271	96,987	102,124	105,466	97,603
5,337,177	6,131,463	3,911,597	13,052,441	14,214,991	9,067,781
5,753,845	5,581,492	4,533,539	5,827,149	12,091,079	8,757,554
632,735	1,147,337	577,995	2,515,868	1,629,730	4,930,640
<u>30,461,921</u>	<u>36,852,149</u>	<u>32,360,993</u>	<u>61,240,644</u>	<u>76,481,719</u>	<u>62,465,237</u>
19,798,033	19,569,341	19,897,769	22,417,156	24,078,076	24,296,811
819,051	843,199	916,687	1,084,472	1,180,538	1,003,222
407,640	412,105	418,840	656,315	540,679	412,707
6,242,687	5,802,788	5,763,645	5,834,455	6,452,950	7,440,041
<u>27,267,411</u>	<u>26,627,433</u>	<u>26,996,941</u>	<u>29,992,398</u>	<u>32,252,243</u>	<u>33,152,781</u>
<u>\$57,729,332</u>	<u>\$63,479,582</u>	<u>\$59,357,934</u>	<u>\$91,233,042</u>	<u>\$108,733,962</u>	<u>\$95,618,018</u>
(\$60,982,375)	(\$54,703,582)	(\$71,206,897)	(\$63,896,906)	(\$55,825,277)	(\$77,888,294)
1,560,202	6,169,619	2,061,583	3,365,524	4,448,018	4,615,362
<u>(\$59,422,173)</u>	<u>(\$48,533,963)</u>	<u>(\$69,145,314)</u>	<u>(\$60,531,382)</u>	<u>(\$51,377,259)</u>	<u>(\$73,272,932)</u>

CITY OF SOUTH SAN FRANCISCO
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$54,323,420	\$37,379,175	\$26,420,861	\$22,890,828
Sales Taxes	11,199,175	11,691,564	12,931,805	12,725,141
Transient Occupancy Tax	7,191,938	8,619,170	9,659,281	11,174,017
Franchise fees				
Other Taxes	7,071,446	7,089,687	7,588,471	8,141,010
Motor Vehicle In-Lieu	211,503	168,214	33,767	40,074
Property taxes in lieu of vehicle license fees	5,086,144	5,153,384	4,955,873	5,319,154
Interest Earnings	3,944,785	2,384,207	809,721	1,108,177
Gain from sale of property				
Other	1,891,421	9,300,137	1,965,744	2,012,444
Extraordinary Item		(107,717,428)		
Transfers	(11,769,393)	(785,309)	(906,857)	(1,041,120)
Special items			11,873,226	
Total Government Activities	<u>79,150,439</u>	<u>(26,717,199)</u>	<u>75,331,892</u>	<u>62,369,725</u>
Business-Type Activities:				
Interest Earnings	122,283	149,242	95,177	153,353
Transfers	11,769,393	785,309	906,857	1,041,120
Total Business-Type Activities	<u>11,891,676</u>	<u>934,551</u>	<u>1,002,034</u>	<u>1,194,473</u>
Total Primary Government	<u>\$91,042,115</u>	<u>(\$25,782,648)</u>	<u>\$76,333,926</u>	<u>\$63,564,198</u>
Change in Net Position				
Governmental Activities	\$4,978,845	(\$100,946,123)	(\$2,657,637)	\$5,445,358
Business-Type Activities	16,090,188	6,125,161	4,318,684	7,840,755
Total Primary Government	<u>\$21,069,033</u>	<u>(\$94,820,962)</u>	<u>\$1,661,047</u>	<u>\$13,286,113</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$24,650,648	\$26,438,620	\$29,023,618	\$29,551,445	\$33,446,750	\$37,415,367
13,932,125	15,188,686	24,087,776	28,340,393	31,843,568	31,855,027
12,947,473	13,393,437	13,631,507	13,978,533	17,091,222	13,829,025
	3,982,092	4,090,073	4,403,493	4,469,808	4,594,577
8,650,056	5,124,574	5,708,187	5,871,096	4,995,404	4,515,376
26,995	26,708	28,933	34,452	32,200	53,089
5,551,651	5,770,060	6,133,230	6,438,199	7,150,867	7,457,005
629,036	1,354,266	622,518	1,097,916	4,808,664	6,384,253
				840,298	
4,577,239	2,334,407	2,365,820	5,180,288	7,799,392	9,152,218
(1,429,308)	(919,547)	(1,105,038)	(1,997,377)	(2,101,222)	(8,060,646)
		45,205,422	(7,154,626)	(531,591)	276,939
<u>69,535,915</u>	<u>72,693,303</u>	<u>129,792,046</u>	<u>85,743,812</u>	<u>109,845,360</u>	<u>107,472,230</u>
126,874	289,201	27,710	37,072	633,704	824,916
<u>1,429,308</u>	<u>919,547</u>	<u>1,105,038</u>	<u>1,997,377</u>	<u>2,101,222</u>	<u>8,060,646</u>
<u>1,556,182</u>	<u>1,208,748</u>	<u>1,132,748</u>	<u>2,034,449</u>	<u>2,734,926</u>	<u>8,885,562</u>
<u>\$71,092,097</u>	<u>\$73,902,051</u>	<u>\$130,924,794</u>	<u>\$87,778,261</u>	<u>\$112,580,286</u>	<u>\$116,357,792</u>
\$8,553,540	\$17,989,721	\$58,585,149	\$21,846,906	\$54,020,083	\$29,583,936
<u>3,116,384</u>	<u>7,378,367</u>	<u>3,194,331</u>	<u>5,399,973</u>	<u>7,182,944</u>	<u>13,500,924</u>
<u>\$11,669,924</u>	<u>\$25,368,088</u>	<u>\$61,779,480</u>	<u>\$27,246,879</u>	<u>\$61,203,027</u>	<u>\$43,084,860</u>

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



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$67,129	\$90,167	\$805,677	\$14,163	\$1,134	\$33,580	\$474	\$106	\$372	\$574
Restricted								20,582,335	19,201,948	18,372,633
Committed	401,797	208,054	1,406,430	3,879,451	2,536,790	3,654,283	11,780,724	16,725,897	22,619,868	\$17,723,338
Assigned	771,849	840,365	566,104	743,746	1,458,029	1,578,153	5,244,279	4,334,322	11,881,363	5,720,788
Unassigned	15,049,168	17,347,445	23,498,194	15,891,899	17,285,422	17,751,169	39,278,746	19,644,232	31,239,632	43,296,762
Total General Fund	\$16,289,943	\$18,486,031	\$26,276,405	\$20,529,259	\$21,281,375	\$23,017,185	\$56,304,223	\$61,286,892	\$84,943,183	\$85,114,095 (a)
All Other Governmental Funds										
Nonspendable									\$39,205	
Restricted	\$163,727,096	\$43,364,540	\$30,539,396	\$42,392,238	\$43,437,361	\$52,938,897	\$55,195,500	\$78,603,366	103,135,202	\$140,143,149
Assigned	2,390,904	2,076,065	1,105,320		6,188,554	367,023				29,363,924
Unassigned	(14,353,252)	(1,388,956)	(1,379,895)	(521,604)	(40,459)		(88,331)	(11,073)	(2,971,345)	235,649
Total all other governmental funds	\$151,764,748	\$44,051,649	\$30,264,821	\$41,870,634	\$49,585,456	\$53,305,920	\$55,107,169	\$78,592,293	\$100,203,062	\$169,742,722

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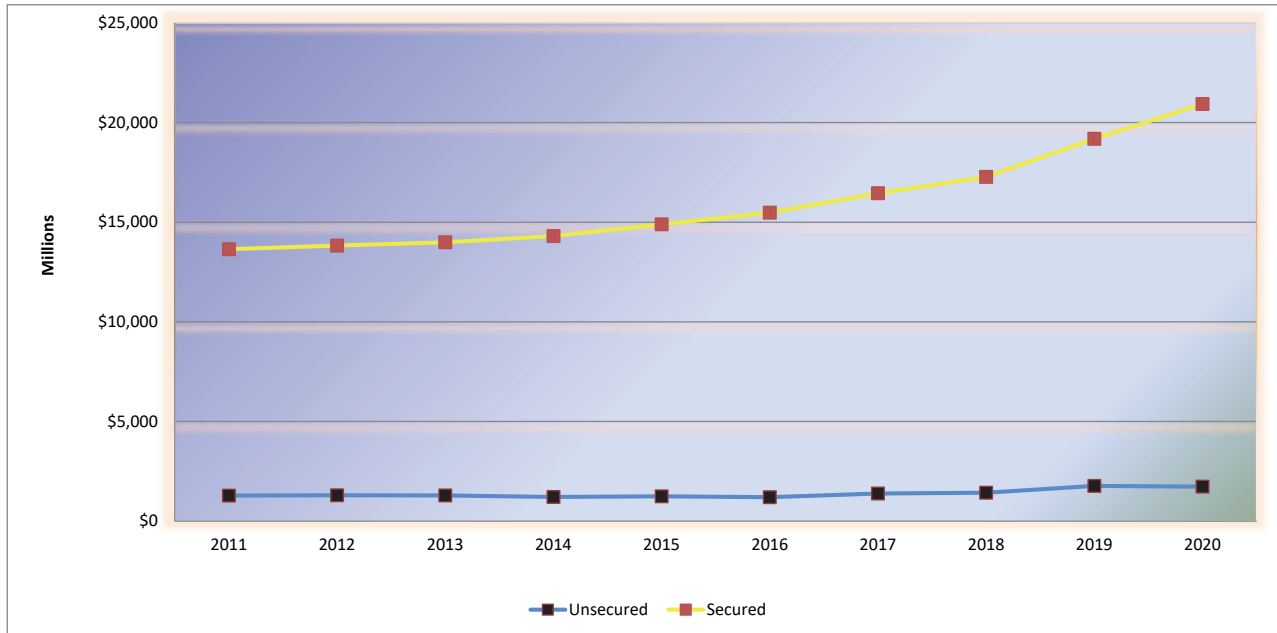
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	2011	2012	2013	2014
Revenues				
Property Taxes	\$54,128,998	\$38,174,655	\$27,077,697	\$23,010,136
Other Taxes	23,412,992	28,866,546	31,894,811	33,931,446
Intergovernmental revenues	11,860,658	11,580,530	13,054,594	10,757,440
Interest and Rents	7,612,223	4,955,223	3,238,089	3,632,693
Licenses and permits	7,004,603	3,056,507	3,054,451	4,366,271
Charges for services	10,010,541	10,088,070	9,275,724	16,864,409
Fines and forfeitures	2,133,677	2,184,234	1,753,682	1,528,319
Other	2,261,247	3,000,563	1,837,675	2,249,728
Total Revenues	<u>118,424,939</u>	<u>101,906,328</u>	<u>91,186,723</u>	<u>96,340,442</u>
Expenditures				
Current:				
General government	6,407,094	6,485,219	6,658,532	5,970,429
Fire Department	18,140,954	18,812,861	20,877,917	20,163,759
Police Department	20,272,684	21,217,818	22,542,135	23,309,568
Public works	9,856,201	14,253,609	9,186,493	16,791,894
Recreation and Community Services	10,168,425	10,101,408	10,927,433	11,552,502
Library	4,231,762	4,272,701	4,112,570	3,987,928
Economic and Community Development	19,894,692	8,184,334	20,512,545	5,972,966
Other				
Capital outlay	6,969,052	8,894,514		
Debt service:				
Principal repayment	1,842,000	1,752,000		453,381
Interest and fiscal charges	4,274,170	1,817,764	52,139	
Total Expenditures	<u>102,057,034</u>	<u>95,792,228</u>	<u>94,869,764</u>	<u>88,202,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,367,905</u>	<u>6,114,100</u>	<u>(3,683,041)</u>	<u>8,138,015</u>
Other Financing Sources (Uses)				
Transfers in	88,175,882	108,413,018	4,467,530	21,870,234
Transfers (out)	(99,947,814)	(109,646,766)	(6,780,943)	(24,149,582)
Lease revenue bonds issued				
Premium on bonds				
Sale of capital assets				
Total other financing sources (uses)	<u>(11,771,932)</u>	<u>(1,233,748)</u>	<u>(2,313,413)</u>	<u>(2,279,348)</u>
Net Change in fund balances				
before extraordinary and special items	<u>4,595,973</u>	<u>4,880,352</u>	<u>(5,996,454)</u>	<u>5,858,667</u>
Extraordinary item		(110,397,363)		
Special item				
Net change in fund balances	<u>\$4,595,973</u>	<u>(\$105,517,011)</u>	<u>(\$5,996,454)</u>	<u>\$5,858,667</u>
Debt service as a percentage of				
noncapital expenditures	6.7%	4.1%	0.1%	0.6%

For The Fiscal Year Ended June 30,

2015	2016	2017	2018	2019	2020
\$24,650,648	\$26,438,620	\$35,156,848	\$35,989,644	\$40,597,617	\$44,872,372
38,275,478	\$41,811,097	\$49,608,385	54,597,272	60,721,378	57,214,783
10,453,071	12,360,354	4,019,771	8,433,240	13,179,593	18,317,060
3,531,966	4,207,453	3,100,692	3,524,727	7,231,303	8,864,998
4,795,158	6,896,897	7,823,403	14,674,809	15,381,416	15,900,500
13,387,712	15,386,358	14,485,367	31,961,419	41,055,659	27,442,005
1,221,413	791,756	899,118	423,604	926,729	814,354
4,660,668	2,439,579	2,906,625	6,454,460	7,994,701	3,067,691
100,976,114	110,332,114	118,000,209	156,059,175	187,088,396	176,493,763
7,167,969	8,469,924	9,399,930	10,403,449	10,166,977	12,453,262
21,247,989	24,175,340	25,632,366	26,059,072	27,576,879	28,161,459
23,611,743	25,458,986	25,998,097	26,970,854	28,533,292	37,468,430
15,923,071	14,846,346	12,143,965	23,859,399	38,459,963	40,070,330
11,826,407	13,234,028	14,897,157	15,468,370	16,530,603	17,130,302
4,247,650	4,681,188	5,157,355	5,379,836	5,628,693	5,940,870
5,917,508	7,907,655	8,943,111	9,338,793	9,085,390	8,780,903
480,290	395,749	274,183	256,298	333,024	723,901
352,674	656,000	23,000	2,382,000	3,464,000	1,210,000
					739,146
90,775,301	99,825,216	102,469,164	120,118,071	139,778,821	152,678,603
10,200,813	10,506,898	15,531,045	35,941,104	47,309,575	23,815,160
17,983,227	8,143,075	14,327,130	26,486,651	22,230,499	38,117,966
(19,717,102)	(13,193,699)	(16,368,499)	(30,795,941)	(24,581,721)	(46,647,023)
					43,905,000
					10,242,530
		1,016,276	3,990,605	840,298	
(1,733,875)	(5,050,624)	(1,025,093)	(318,685)	(1,510,924)	45,618,473
8,466,938	5,456,274	14,505,952	35,622,419	45,798,651	69,433,633
		20,582,335	(7,154,626)	(531,591)	276,939
\$8,466,938	\$5,456,274	\$35,088,287	\$28,467,793	\$45,267,060	\$69,710,572
0.4%	0.7%	0.0%	2.2%	3.0%	1.7%

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



Fiscal Year	Real Property Net Taxable value				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					
2011	\$5,547,292,029	\$1,509,554,164	\$4,922,422,763	\$387,673,530	\$12,366,942,486	\$1,279,681,193	\$13,646,623,679	\$13,646,623,679	0.36933%
2012	5,579,044,758	1,581,852,456	4,967,158,758	403,895,119	12,531,951,091	1,295,085,027	13,827,036,118	13,827,036,118	0.37860%
2013	5,606,400,603	1,628,754,902	5,050,279,321	418,927,733	12,704,362,559	1,288,434,392	13,992,796,951	13,992,796,951	0.42174%
2014	5,900,441,192	1,713,575,060	4,273,694,531	1,204,288,116	13,091,998,899	1,212,353,871	14,304,352,770	14,304,352,770	0.13474%
2015	6,313,393,048	2,402,335,027	4,588,967,014	345,957,716	13,650,652,805	1,244,971,467	14,895,624,272	14,895,624,272	0.13804%
2016	6,716,642,000	2,000,204,271	5,189,813,366	376,874,603	14,283,534,240	1,197,263,526	15,480,797,766	15,480,797,766	0.13634%
2017	7,087,550,257	2,160,377,671	5,414,028,340	412,344,220	15,074,300,488	1,381,715,511	16,456,015,999	16,456,015,999	0.13632%
2018	7,458,269,085	2,171,084,856	5,838,028,479	383,589,586	15,850,972,006	1,423,348,022	17,274,320,028	17,274,320,028	0.13631%
2019	7,882,766,880	2,511,501,574	6,673,522,321	353,621,189	17,421,411,964	1,765,066,449	19,186,478,413	19,186,478,413	0.13640%
2020	8,459,303,983	2,717,851,133	7,535,473,093	491,981,925	19,204,610,134	1,727,590,717	20,932,200,851	20,932,200,851	0.13640%

Source: HdL Coren & Cone, San Mateo County Assessor 2010/11-2019/20 Combined Tax Rolls.

- (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 overrides. 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
DIRECT AND OVERLAPPING
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>School Districts</u>	<u>Total Direct/Overlapping Tax Rates</u>	
2011	1.000	0.1707	1.1707	(1,17)
2012	1.000	0.1824	1.1824	(1,18)
2013	1.000	0.1959	1.1959	(1,19)
2014	1.000	0.2046	1.2046	(1,20)
2015	1.000	0.1822	1.1822	(1,21)
2016	1.000	0.1750	1.1750	(1,22)
2017	1.000	0.1749	1.1749	(1,23)
2018	1.000	0.1642	1.1642	(1,24)
2019	1.000	0.1548	1.1548	(1,25)
2020	1.000	0.1648	1.1648	(1,26)

Notes:

(1) Like other cities, South San Francisco includes several property tax rate areas with different rates.

(17) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0389 percent, which includes SSFUSD bonds and San Mateo Jr College bond. 3 has a rate of 1.0870 percent and one at 1.0832 percent which includes Jefferson Union School bonds and Brisbane ESD bonds. One has a rate of 1.0834 percent which includes San Bruno Park Elementary.

(18) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0420 percent, which includes SSFUSD bonds and San Mateo Jr College bond. 3 has a rate of 1.0893 percent and one at 1.0854 percent which includes Jefferson Union School bond, Brisbane ESD bonds & San Mateo JR College bonds and one has a rate of 1.0909 percent which includes San Bruno Park Elementary.

(19) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0521 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.0921 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0905 percent, which includes San Bruno Pk Elem bond, SM Union High, SM Jr College bond and San Mateo Comm College bond.

(20) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0522 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.1048 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0864 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, and San Mateo Comm College. 1 has a rate of 1.0864 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm College bond.

(21) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0703 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.0991 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0983 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm College bond.

(22) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0707 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 3 has a rate of 1.1080 percent and 1 with 1.1068 percent rate which includes College bond Brisbane ESD Bond, Jefferson High bonds, SM Jr and San Mateo Comm College. 1 has a rate of 1.0929 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm College bond.

(23) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0714 percent, which includes SSFUSD bonds & San Mateo Jr College bond. 4 has a rate of 1.1282 percent which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.0910 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm College bond.

(24) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0601 percent, which includes SSFUSD bonds & San Mateo Jr College bond. 4 has a rate of 1.1276 percent which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.0900 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm College bond.

(25) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0597 percent, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.1126 percent which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.0801 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Jr. College bonds.

(26) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0647, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.1267 which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.1148, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Jr. College bonds.

Source: HDL, Coren & Cone (San mateo County Assessor 2010/11- 2019/20 Tax Rate Table).

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

Taxpayer	2019-20			2010-11		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$2,823,561,030	1	13.49%	\$1,904,701,226	1	13.96%
Slough SSF LLC	671,415,659	2	3.21%			0.00%
HCP Oyster Point III LLC	569,748,180	3	2.72%			0.00%
ARE San Francisco LLC	562,373,193	4	2.69%	353,268,155	4	--
Brittania Pointe Grand LP	315,805,009	5	1.51%	272,915,643	5	2.00%
AP3-SF2 CT South LLC	269,311,570	6	1.29%			0.00%
KR Oyster Point LLC	220,296,896	7	1.05%			--
United Airlines Inc	202,728,229	8	0.97%	210,430,123	6	--
Gateway Center LLC	152,318,868	9	0.73%			0.00%
LPGS Tanforan LLC	132,730,121	10	0.63%			--
Slough BTC LLC	--	--	--	544,955,383	2	3.99%
Slough SSF LLC De	--	--	--	464,246,120	3	3.40%
ASN Solaire LLC	--	--	--	143,205,429	7	1.05%
Gateway Center LLC De	--	--	--	131,632,467	8	0.96%
Britannia Biotech Gateway LP				128,927,713	9	0.94%
Myers Peninsula Venture LLC				121,685,150	10	0.89%
Subtotal	<u>\$5,920,288,755</u>		<u>28.28%</u>	<u>\$4,275,967,409</u>		<u>31.33%</u>

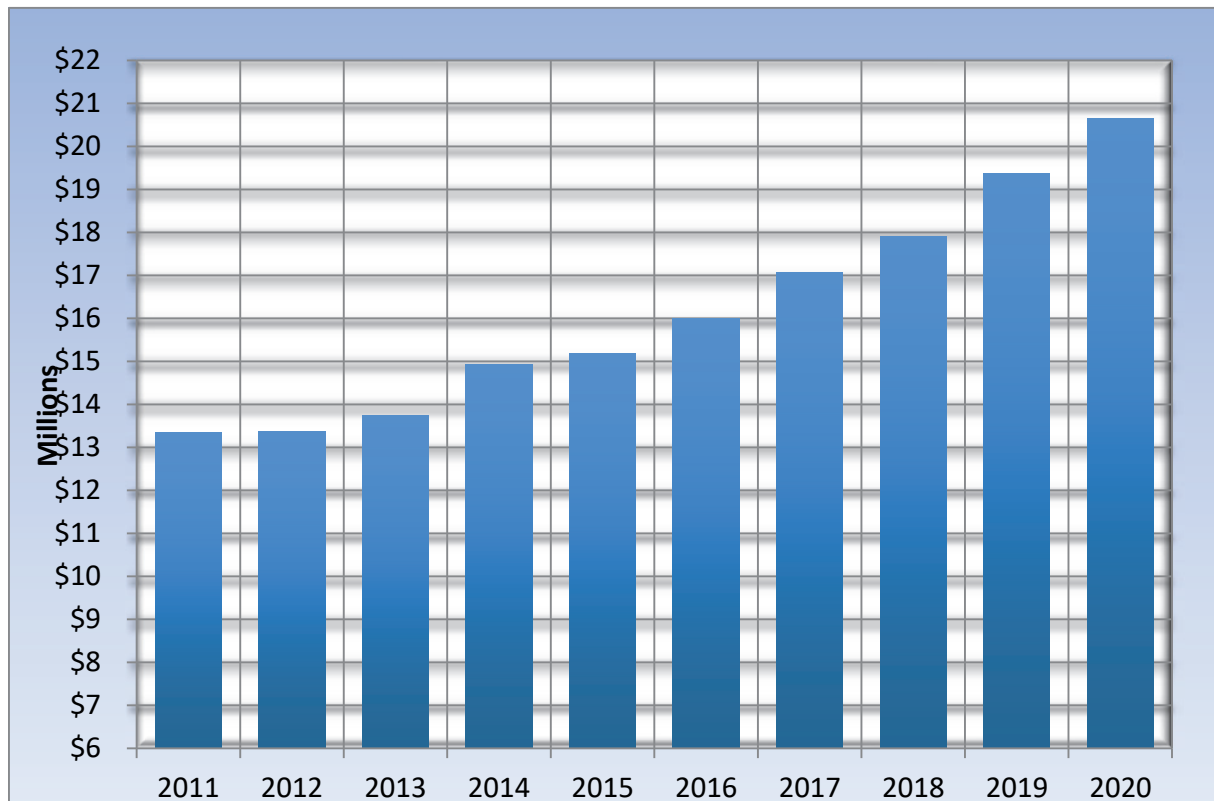
Total Net Assessed Valuation:

Fiscal Year 2019-20	\$20,932,200,851
Fiscal Year 2010-11	\$13,646,623,679

Source:

HdL Coren & Cone, 2010-11 & 2019-20 Top Ten Property Taxpayers (Net Values).
San Mateo County Assessor 2010-11 & 2019-20 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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



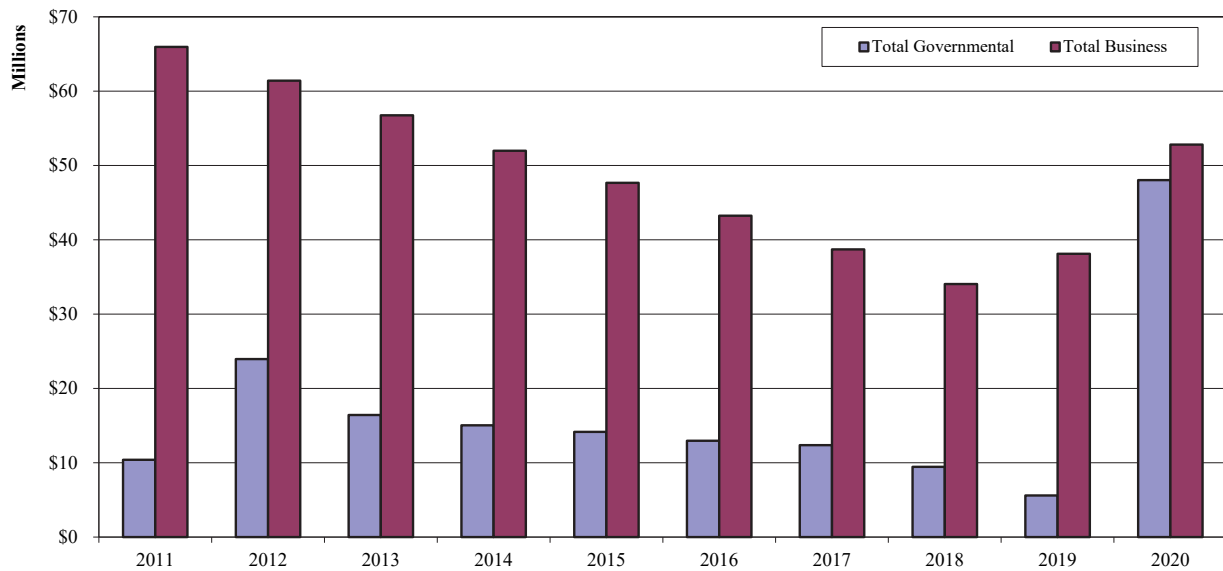
Fiscal Year	Allocations (5)	Collections	Delinquencies	Percent of Delinquent taxes
2011	\$13,351,506	(4)	(4)	0.0%
2012	13,360,854	(4)	(4)	0.0%
2013	13,740,246	(4)	(4)	0.0%
2014	14,928,197	(4)	(4)	0.0%
2015	15,184,788	(4)	(4)	0.0%
2016	15,994,773	(4)	(4)	0.0%
2017	17,065,875	(4)	(4)	0.0%
2018	17,894,855	(4)	(4)	0.0%
2019	19,365,814	(4)	(4)	0.0%
2020	20,651,650	(4)	(4)	0.0%

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) San Mateo County controller's Office. Adjusted estimated revenue for City of South San Francisco.

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



Governmental Activities

Fiscal Year	Loans from Successor Agency	Lease Revenue Bonds	Certificates of Participation	Capital Lease	Loans	Total
2011			\$4,610,000	\$2,342,892	\$3,436,000	\$10,388,892
2012	\$14,120,927		4,445,000	2,056,382	3,324,000	23,946,309
2013	13,343,039			3,084,553		16,427,592
2014	11,722,826			3,316,836		15,039,662
2015	11,370,152			2,786,573		14,156,725
2016	10,714,152			2,238,998		12,953,150
2017	10,691,152			1,673,522		12,364,674
2018	8,309,152			1,135,102		9,444,254
2019	4,845,152			753,619		5,598,771
2020	3,635,152	\$43,905,000		489,781		48,029,933

Business-Type Activities

Fiscal Year	Sewer Revenue Bonds	Certificates of Participation	State Water Resources Loans	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2011	\$5,120,000		\$60,831,038	\$65,951,038	\$76,339,930	3.95%	1,187.12
2012	4,885,000		56,530,946	61,415,946	85,362,255	4.31%	1,310.70
2013	4,640,000		52,118,587	56,758,587	73,186,179	3.65%	1,113.78
2014	4,385,000		47,591,019	51,976,019	67,015,681	3.30%	1,019.27
2015	4,120,000		43,543,614	47,663,614	61,820,339	2.92%	957.19
2016	3,850,000		39,392,832	43,242,832	56,195,982	2.59%	858.60
2017	3,570,000		35,136,032	38,706,032	51,070,706	2.22%	761.32
2018	3,275,000		30,770,503	34,045,503	43,489,757	1.80%	648.35
2019	2,970,000		35,148,205	38,118,205	43,716,976	1.63%	644.04
2020	2,655,000		50,150,607	52,805,607	100,835,540	n/a	n/a

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, 2020**

2019-20 Assessed Valuation:	\$20,932,200,851
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	\$20,932,200,851

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt 6/30/20
San Mateo Community College District	\$766,683,503	8.747%	\$67,061,806
Jefferson Union High School District	275,999,969	2.393	6,604,679
South San Francisco Unified School District	167,147,409	90.541	151,336,936
Brisbane School District	15,991,439	15.891	2,541,200
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$227,544,621

OVERLAPPING FUND DEBT:			
San Mateo County General Fund Obligations	\$515,920,256	8.747%	\$45,127,545
San Mateo County Board of Education Certificates of Participation	7,505,000	8.747	656,462
San Mateo County Flood Control District Certificates of Participation	16,135,000	60.166	9,707,784
South San Francisco Unified School District Certificates of Participation	3,390,000	90.541	3,069,340
Jefferson Union High School District Certificates of Participation	6,946,865	2.393	\$166,238
City of South San Francisco Lease Revenue Bonds	43,905,000	100.000	43,905,000
City of South San Francisco Loans Payable	3,635,152	100.000	\$3,635,152
City of South San Francisco Capital Leases	489,781	100.000	489,781
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$106,757,302

TOTAL DIRECT DEBT 48,029,933

Total Overlapping Debt \$286,271,990

COMBINED TOTAL DEBT \$334,301,923 (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, tax allocation bonds, and Successor Agency Debt.

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.09%
Total Direct Debt	0.23%
Combined Total Debt	1.60%

Source: California Municipal Statistics, Inc. and City of South San Francisco
510-658-2640 Austin Busch

**CITY OF SOUTH SAN FRANCISCO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2020**

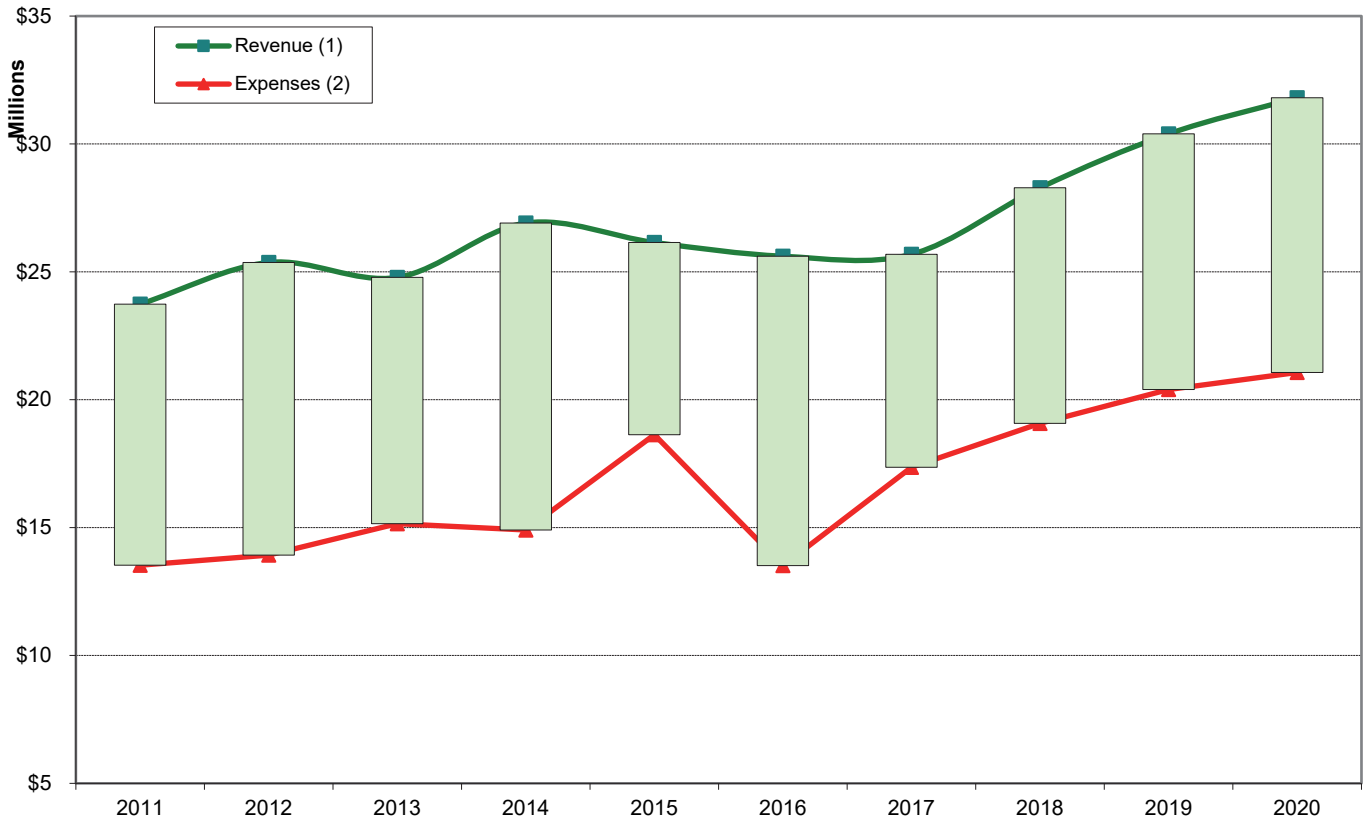
ASSESSED VALUATION:	\$20,932,200,851
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$784,957,532
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$784,957,532

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
2011	\$511,748,388	\$0	\$511,748,388	0.00%
2012	518,513,854	0	518,513,854	0.00%
2013	524,729,886	0	524,729,886	0.00%
2014	536,413,229	0	536,413,229	0.00%
2015	558,585,910	0	558,585,910	0.00%
2016	580,561,386	0	580,561,386	0.00%
2017	617,102,145	0	617,102,145	0.00%
2018	647,787,001	0	647,787,001	0.00%
2019	719,492,940	0	719,492,940	0.00%
2020	784,957,532	0	784,957,532	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 the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: HDL Coren & Cone, San Mateo County Assessor - 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	
2011	\$23,735,469	\$13,527,544	\$10,207,925	\$230,000	\$223,973	\$453,973	22.49
2012	25,365,824	13,924,334	11,441,490	235,000	216,501	451,501	25.34
2013	24,782,587	15,151,968	9,630,619	245,000	208,459	453,459	21.24
2014	26,908,316	14,904,225	12,004,091	255,000	199,831	454,831	26.39
2015	26,147,550	18,630,672	7,516,878	265,000	190,533	455,533	16.50
2016	25,610,518	13,514,706	12,095,812	270,000	180,566	450,566	26.85
2017	25,684,966	17,357,273	8,327,693	280,000	169,976	449,976	18.51
2018	28,287,485	19,073,940	9,213,545	295,000	158,616	453,616	20.31
2019	30,393,993	20,398,157	9,995,836	305,000	146,616	451,616	22.13
2020	31,807,110	21,064,165	10,742,945	315,000	134,019	449,019	23.93

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.

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

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Revenues						
Service Charges	\$19,758,128	\$19,515,093	\$19,750,636	\$22,188,154	\$23,556,871	\$24,150,139
Connection and Other Fees	122,640	104,283	147,134	229,002	521,205	146,672
Interest Income	106,830	238,389	23,552	31,061	488,437	623,256
Developer Fees						
Other Cities' Participation (1)	6,159,937	5,752,765	5,763,644	5,834,455	5,827,480	6,887,043
Total Revenues	<u>\$26,147,535</u>	<u>\$25,610,530</u>	<u>\$25,684,966</u>	<u>\$28,282,672</u>	<u>\$30,393,993</u>	<u>\$31,807,110</u>
Operating Expenses (2)	<u>\$14,987,305</u>	<u>\$18,759,650</u>	<u>\$13,514,718</u>	<u>\$19,073,943</u>	<u>\$20,398,147</u>	<u>\$21,064,167</u>
Wastewater System Net Revenues	<u>\$11,160,230</u>	<u>\$6,850,880</u>	<u>\$12,170,248</u>	<u>\$9,208,729</u>	<u>\$9,995,846</u>	<u>\$10,742,943</u>
Parity Debt Service (3)						
State Water Resources Control Board Loans	\$5,445,162	\$5,449,692	\$5,454,747	\$5,469,175	\$5,477,075	\$5,485,587
CSCDA Series 2005D Revenue Bonds	188,148	178,036	167,284	155,706	143,608	130,815
Total Parity Debt	<u>\$5,633,310</u>	<u>\$5,627,728</u>	<u>\$5,622,031</u>	<u>\$5,624,881</u>	<u>\$5,620,683</u>	<u>\$5,616,402</u>
Total Parity Debt Service Coverage	<u>1.98</u>	<u>1.22</u>	<u>2.16</u>	<u>1.64</u>	<u>1.78</u>	<u>1.91</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 operating 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 adopted increase in rates for Fiscal Year 2005-06 of 9% per Resolution No. 68-2005, adopted by the City Council on June 22, 2005 and effective on and after June 22, 2005.

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

2006 RDA Revenue Bonds						1999 RDA Revenue Bonds (Housing)					
Funding Source: RDA tax increment revenues						Funding Source: RDA Gateway and Low Moderate Income Housing tax increment revenues. Gateway bonds defeased in FY 05-06.					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2013		\$ 1,490,000	\$ 3,030,181	\$ 4,520,181		2013	\$ 210,000	\$ 79,995	\$ 289,995		
2014		1,545,000	2,971,344	4,516,344		2014	220,000	69,780	289,780		
2015		1,605,000	2,904,331	4,509,331		2015	230,000	58,750	288,750		
2016		1,680,000	2,834,619	4,514,619		2016	245,000	46,875	291,875		
2017		1,745,000	2,761,756	4,506,756		2017	255,000	34,375	289,375		
2018						2018	275,000	21,125	296,125		
2019						2019	285,000	7,125	292,125		
2020						2020					

Bond was paid off in fiscal year 2017

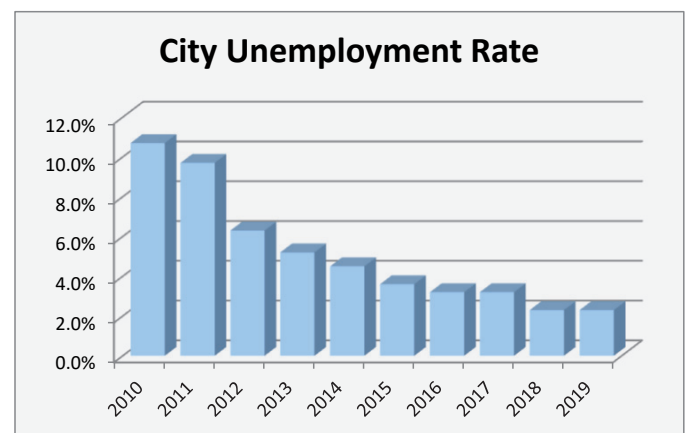
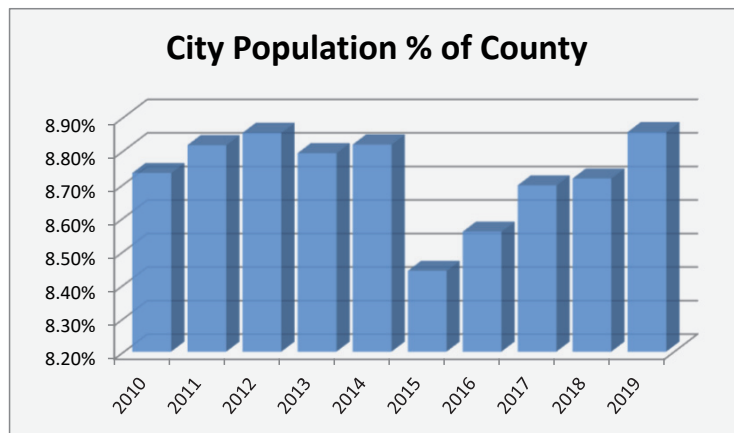
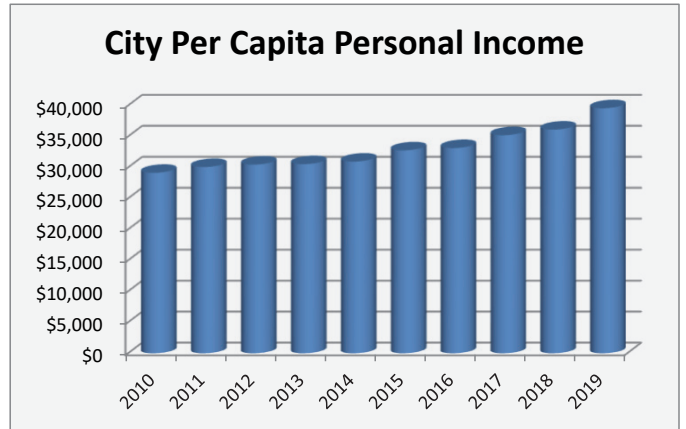
1999 Certificates of Participation						1989 Cal Health Facilities Financing Authority Revenue Bonds					
Funding Source: RDA tax increment revenues						Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2013											
2014											
2015											
2016											
2017											
2018											
2019											
2020											

RDA All Non-housing (A)					
Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2013		\$ 1,490,000	\$ 3,030,181	\$ 4,520,181	
2014		1,545,000	2,971,344	4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018		0	0	0	
2019		0	0	0	
2020		0	0	0	

Note: Redevelopment Agencies abolished as of 1/31/2012.
Numbers for 2012 include the first and second RPTTF distributions received.

(A) Shows coverage of all non-housing bonds pledged to tax increment.
Source: City of South San Francisco, Department of Finance

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



Year	Estimated City Population (1)	City Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (4)	City Population % of County
2010	65,872	\$1,918,061	\$29,118	10.7%	754,285	8.73%
2011	64,307	1,932,618	30,053	9.7%	729,443	8.82%
2012	65,127	1,982,857	30,446	6.3%	735,678	8.85%
2013	65,710	2,005,666	30,523	5.2%	747,373	8.79%
2014	65,749	2,033,156	30,923	4.5%	745,635	8.82%
2015	64,585	2,114,826	32,744	3.6%	765,135	8.44%
2016	65,451	2,167,750	33,120	3.2%	764,797	8.56%
2017	67,082	2,303,425	35,193	3.2%	771,410	8.70%
2018	67,078	2,421,033	36,092	2.3%	769,545	8.72%
2019	67,879	2,684,438	39,547	2.3%	766,573	8.85%

Notes:

** All data were updated to reflect the City of South San Francisco's current information available through HDL, Coren & Cone

Data Sources:

- (1) City Population: HDL/California State Dept of Finance.
- (2) Personal and per capita income: HDL, Coren & Cone
- (3) Unemployment Data: HDL/California Employment Development Department
- (4) San Mateo County Population- <https://www.census.gov/quickfacts/fact/table/sanmateocountycalifornia,CA/PST045219>

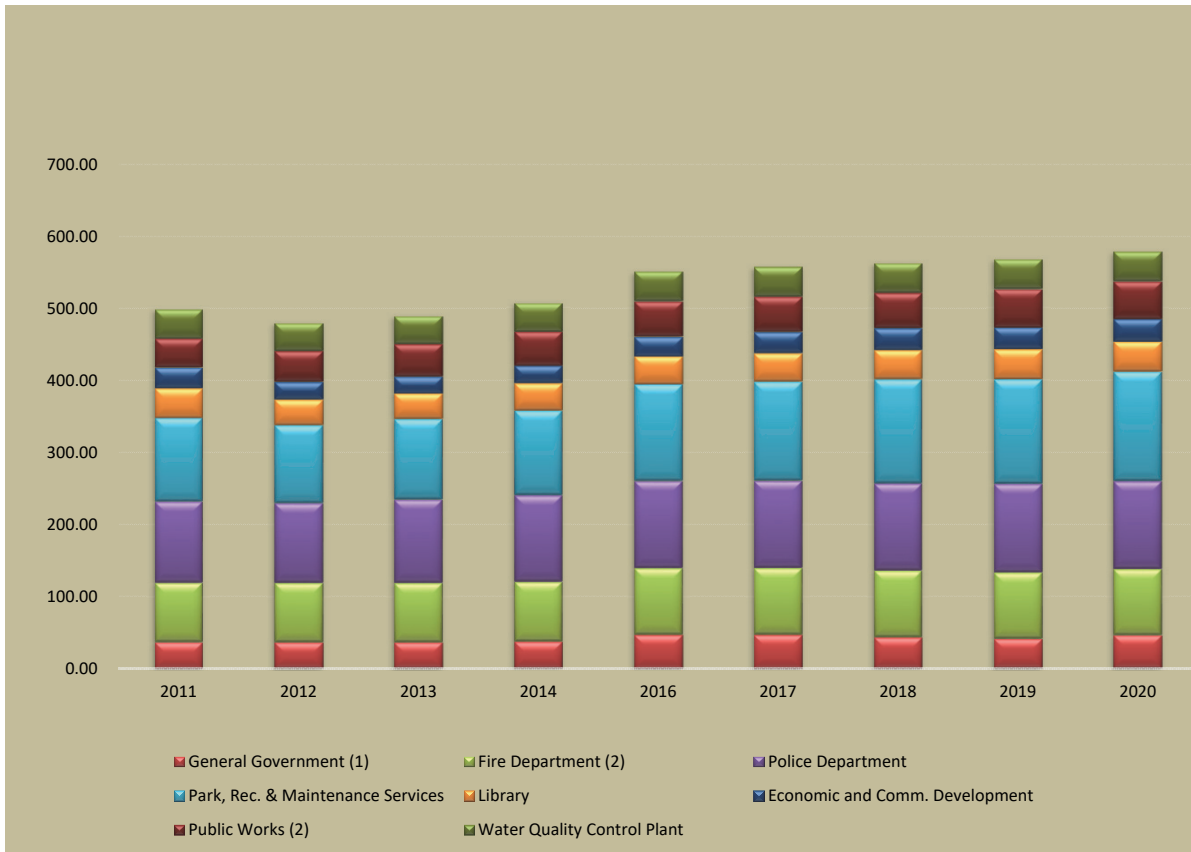
CITY OF SOUTH SAN FRANCISCO
Principal Employers
Current Year and Nine Years Ago

Employer	2019-20			2010-11		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Genentech Inc.	8,632	1	12.7%	8,556	1	13.4%
Costco Wholesale (3 stores)	834	2	1.2%	488	2	0.8%
Life Technologies Corporation	622	3	0.9%			
Goodwill Industries of SF, SA	607	4	0.9%	481	3	0.8%
Amgen San Francisco LLC	500	5	0.7%			
MRL San Francisco LLC	317	6	0.5%			
ZS Associates, Inc	317	7	0.5%			
Amazon.com Services, Inc	291	8	0.4%			
BIT SSF Miller Cypress, LLC DBA Cadence	260	9	0.4%			
Alvah Contractors	250	10	0.4%			
American Etc Inc./Royal Laundry				305	4	0.5%
Orowheat/Entenmanns				304	5	0.5%
Jansen Alzheimer Immuno Therapy				206	6	0.3%
Onyx Pharmaceuticals Inc				200	7	0.3%
Guckenheimer Enterprises Inc				200	8	0.3%
Columbus Manufacturing, Inc				191	9	0.3%
Matagramo Inc				185	10	0.3%
Subtotal	<u>12,630</u>		<u>18.6%</u>	<u>11,116</u>		<u>17.4%</u>
Total City Population	<u>67,879</u>			<u>64,067</u>		

Data Sources:

- (1) SSF Business License Database- Business licenses expiring 12/31/20.
- (2) City of South San Francisco CAFR 2010-11
- (3) Population: HDL/California State Dept of Finance

CITY OF SOUTH SAN FRANCISCO
Full-Time Equivalent City Government
Employees by Function
Last Ten Fiscal Years (Adopted Operating Budget)



Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government (1)	37.00	36.60	36.60	37.60	40.60	47.10	47.10	43.60	41.60	46.60
Fire Department (2)	82.48	82.48	82.48	82.98	83.48	92.68	92.68	92.68	91.93	91.68
Police Department	112.65	110.65	115.65	119.75	118.87	120.87	120.87	120.87	122.87	121.87
Park, Rec. & Maintenance Services	116.05	107.86	111.66	117.21	121.31	134.16	137.19	144.29	144.79	151.75
Library	40.81	35.34	35.35	37.66	37.71	38.71	39.26	40.49	41.49	41.49
Economic and Comm. Development	28.95	24.45	23.45	24.40	26.15	27.15	29.40	30.40	30.40	31.40
Public Works (2)	40.05	43.03	45.02	47.21	47.68	49.00	49.00	49.00	53.00	52.00
Water Quality Control Plant	40.64	38.82	38.82	39.63	39.06	41.74	41.50	41.50	41.50	41.50
Total	498.63	479.23	489.03	506.44	514.86	551.41	557.00	562.83	567.58	578.29

Notes:

1. City Manager, City Council, City Treasurer, City Clerk, HR, IT and Finance are under General Government.
2. Oversight of the Code Enforcement has been moved from Fire to Public Works Department.

Source: City of South San Francisco's FY2018-2019 Adopted Operating budget and FY2020 Biennial Operating Budget

CITY OF SOUTH SAN FRANCISCO
Operating Indicators by Function/Program
Last Six Fiscal Years

	2015	2016	2017	2018	2019	2020
Function/Program						
Public safety:						
Fire:						
Inspections conducted	1,817	2,563	3,426	2,292	2,511	2,375
Police:						
Police calls for service	31,532	32,477	33,313	34,811	38,299	38,541
Law violations:						
Part I crimes	1,874	2,126	2,103	2,276	2,007	2,070
Physical arrests (adult and juvenile)	1,933	2,071	1,870	1,891	1,943	1,871
Traffic violations	3,828	4,211	3,785	3,359	3,620	4,172
Parking violations	13,378	12,006	15,291	18,339	26,228	12,269
Public works						
Street resurfacing (miles) (Eng Div)	0	2	8	3.3	7.0	7.9
Potholes repaired (square miles prior)/(square feet)	0.11	2	0	(3) 3221	410	190
Asphalt used for street repairs (tons)	250	151	94	148	13	46
Culture and recreation:						
Recreation class participants	(1) 26,879	23,399	23,939	25,688	23,394	17,333
Library:						
Total items borrowed	643,630	565,806	558,106	544,059	582,497	(4) 450,637
Items in collection	130,106	(2) 208,400	209,895	219,114	228,224	247,393
Wastewater						
Residential connections	16,470	16,491	16,488	12,556	12,559	12,549
Commercial connections	1,560	1,561	1,562	1,575	1,576	1,582
Other connections	128	131	140	140	140	140
Average daily sewage treatment (millions of gallons)	8.89	7.92	8.41	8.62	8.62	7.12

Note: N/A denotes information not available.

- (1) Registration counts have excluded all withdrawals from the classes for the year while the numbers in 2011-2015 did not.
- (2) New items added for Grand Library and electronic books are also included.
- (3) Beginning 2018, pothole repairs will be measured by square feet instead of square miles.
- (4) Fewer items borrowed in FY2020 due to COVID-19 closures.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program										
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations (2)	1	1	1	1	1	1	1	1	1	1
Police Fleet	52	51	51	50	53	53	52	59	63	60
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights (5)	4,160	4,160	4,505	4,505	4,505	4,505	4,505	4,531	4,531	4,531
Parking District lights (6)	20	20	20	20	20	20	16	16	16	16
Traffic Signals	74	74	74	74	74	76	76	76	76	76
Culture and recreation:										
Community services:										
City parks	28	28	28	28	28	28	28	28	28	28
City parks acreage	190	190	190	190	190	190	190	190	210	210
Playgrounds (7)	24	24	24	24	24	24	24	24	24	34
City trails	6	6	6	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	4	4	4
Senior centers (3)	1	1	1	1	1	1	1	1	1	1
Skate Park (4)	1	1	1	1	1	1	1	1	1	1
Dog park (4)	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Basketball Courts	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	5	5	5	5	5	5	5	5	5	5
Library:										
City Libraries (1)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of sanitary sewers	164	164	164	164	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

Source: ssf.net/depts/rcs; Director of Rec & Comm Services; Superintendent of parks & Maintenance

- (1) Community Learning Center not included on count as it is only a homework center not a library.
- (2) Year 2012 the Police substation located behind Miller parking garage is not included.
- (3) The only senior center is Magnolia Center but programming still continues at El Camino.
- (4) Year 2010, Skate park and dog park was added on the list.
- (5) Year 2013- Includes all lights in SSF billed as LS-2 from PG&E.
- (6) Year 2017- Lot 6 sold for Rotary Plaza development.
- (7) Year 2020 -Playgrounds in the Common Greens areas are now included.

CITY OF SOUTH SAN FRANCISCO
Miscellaneous Information
Last Four Fiscal Years

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

	2017	2018	2019	2020
Transient Occupancy Tax Detail				
13% TOT collected	\$12,256,007	\$12,580,680	\$15,535,213	\$15,591,459
1% Measure I Special Tax	1,361,779	1,397,853	1,556,009	1,114,911
Total TOT Collection	\$13,617,786	\$13,978,533	\$17,091,222	\$16,706,371
1% Measure I Special Tax Use				
Police	\$272,356	\$279,571	\$311,202	\$222,982
Fire	272,356	279,571	311,202	222,982
Library	272,356	279,571	311,202	222,982
Parks	272,356	279,571	311,202	222,982
Recreation	272,356	279,571	311,202	222,982
Total 1% Measure I Special Tax	\$1,361,780	\$1,397,853	\$1,556,009	\$1,114,911

* Note: The current TOT consists of three components - a 9% general excise tax (Measure FF) that generates General Fund revenues; a 1% special tax (Measure I- effective January 1, 2005) was earmarked for use to supplement funding parks, recreation, library, and public safety services (SSFMC 4.20.033) and a \$2.50 tax devoted to the acquisition, renovation, maintenance and operation of the South San Francisco Conference Center. The City Council last increased the total TOT rate from 9% to 10% in 2009 with the incremental 1% increase being a general tax. City's TOT rate from 10% to 12% effective January 1, 2019. A subsequent 2% increase over the next two years would revise the TOT rate to 13% (effective January 1, 2020) and 14% (effective January 1, 2021).