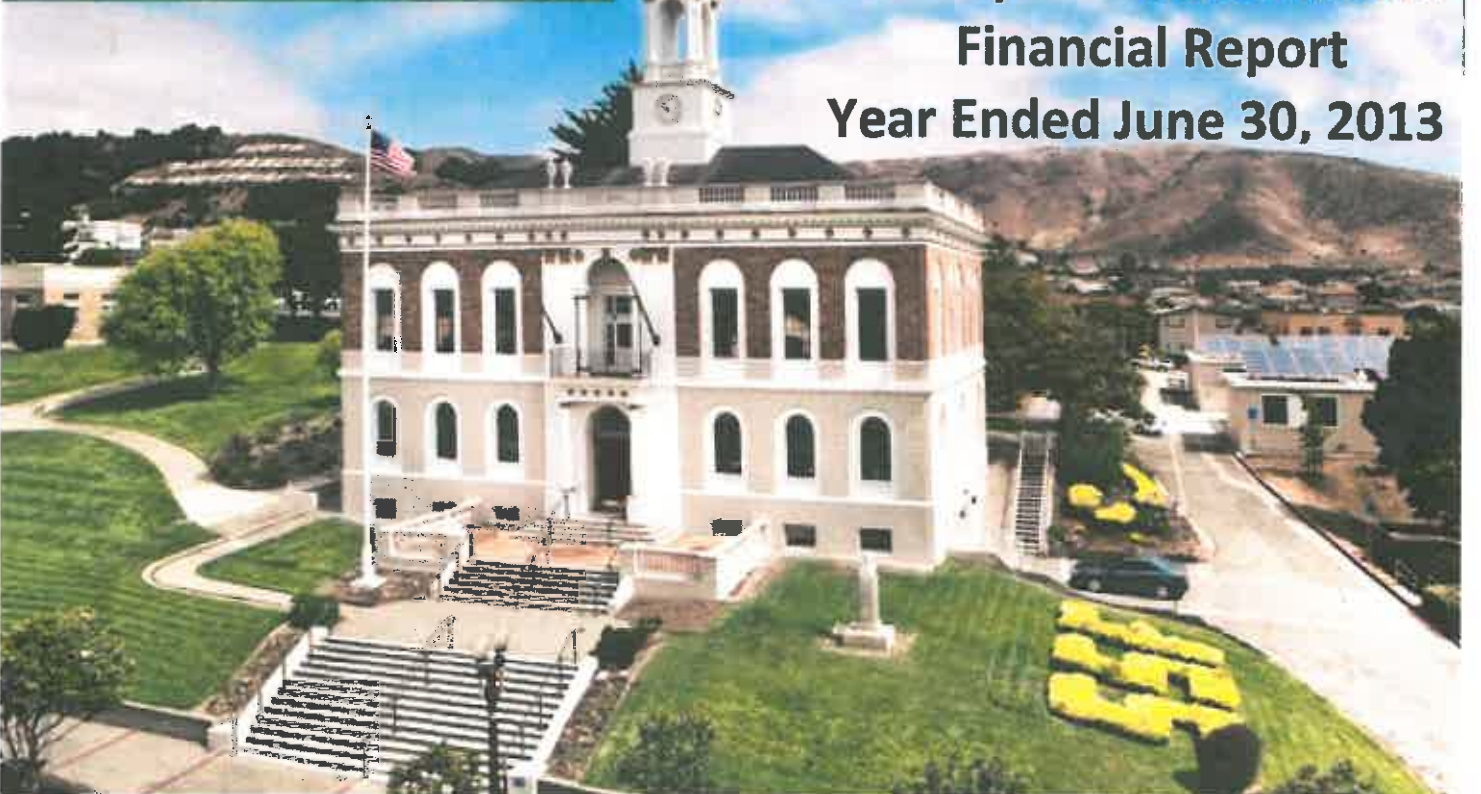




**City of South San Francisco
Comprehensive Annual
Financial Report
Year Ended June 30, 2013**



CITY OF SOUTH SAN FRANCISCO, CALIFORNIA



Comprehensive Annual Financial Report For the Year Ended June 30, 2013

Prepared by:

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

Cover Photos by Billy Hustace:

The City of South San Francisco takes great pride in its public art installations. The City has over 25 public art pieces throughout the City. The cover photo, which includes a photograph of City Hall, features three public art pieces, from top middle: *Millennium* by James Russell; *Crucible of Light* by Chapel; and *Evohelix* by Robert White Stoller.

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

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CITY COUNCIL 2013

PEDRO GONZALEZ, MAYOR
KARYL MATSUMOTO, MAYOR PRO TEM
MARK ADDIEGO, COUNCILMEMBER
RICHARD A. GARBARINO, COUNCILMEMBER
PRADEEP GUPTA, PH.D., COUNCILMEMBER

STEVEN T. MATTAS, INTERIM CITY MANAGER

**FINANCE DEPARTMENT
650-877-8507**

December 2, 2013

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, 2013, 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 64,000. It employs approximately 479 full-time and part-time regular employees.

South San Francisco is a full service city which includes public safety (police, fire and paramedics), libraries, parks, cultural and recreational activities, senior citizen services, public works, public improvements, engineering, planning, building regulation, economic development, drainage, street lighting, and general administrative services. Sewer service, downtown parking operations, and storm water management are accounted for in the City's enterprise funds. The Conference Center Authority is included in the financial statements by discrete presentation – that is, the Authority's financial data is reported in a column separate from the financial data of the City. Water and refuse services are provided by private entities.

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

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

FINANCIAL INFORMATION

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

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

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

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

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

To accomplish a multi-year perspective on financial planning, the City has used a five year model in prior years.

Debt Administration

The Successor Agency has outstanding tax allocation bonds and lease revenue bonds. These are not considered to be general tax-supported obligations. There are also various capital leases and notes payable in City's governmental and proprietary funds.

Cash Management

The City pools all of its idle funds for investment purposes and manages its investments following objectives that maintain safety of principal, liquidity, and yield. As of June 30, 2013, the City's investments consisted of the following (not counting City funds held as bond reserves or held as bond proceeds:

	<u>000's</u>	<u>%</u>
State of California Local Agency Investment Fund (LAIF)	\$ 12,650	11.1%
U.S. Agency Securities	\$ 77,361	68.2%
San Mateo County Investment Pool	\$ -	0.0%
U.S. Treasury Securities	\$ 18,819	16.6%
FDIC Insured Corporate Notes	\$ -	0.0%
Cash in Bank	\$ 2,915	2.6%
Money Market Mutual Funds	<u>\$ 1,711</u>	<u>1.5%</u>
	<u>\$ 113,456</u>	<u>100.0%</u>

As of June 30, 2013 the City's investments earned an average market yield (yield to maturity) of .66%. The average maturity of the portfolio was 2.25 years at June 30, 2013.

Capital Assets

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

Risk Management

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

OTHER INFORMATION

Independent Audit

The City engaged an independent accounting firm to audit the books of accounts, financial records, transactions, and financial statements. Their report covering 2012-13 is in the Financial Section of this report.

Award

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report's attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

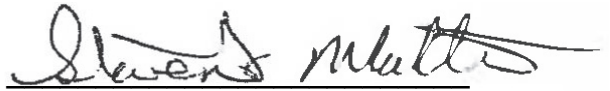
Acknowledgments

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

Respectfully submitted,



Jim Steele
Director of Finance



Steven T. Mattas
Interim City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of South San Francisco
California**

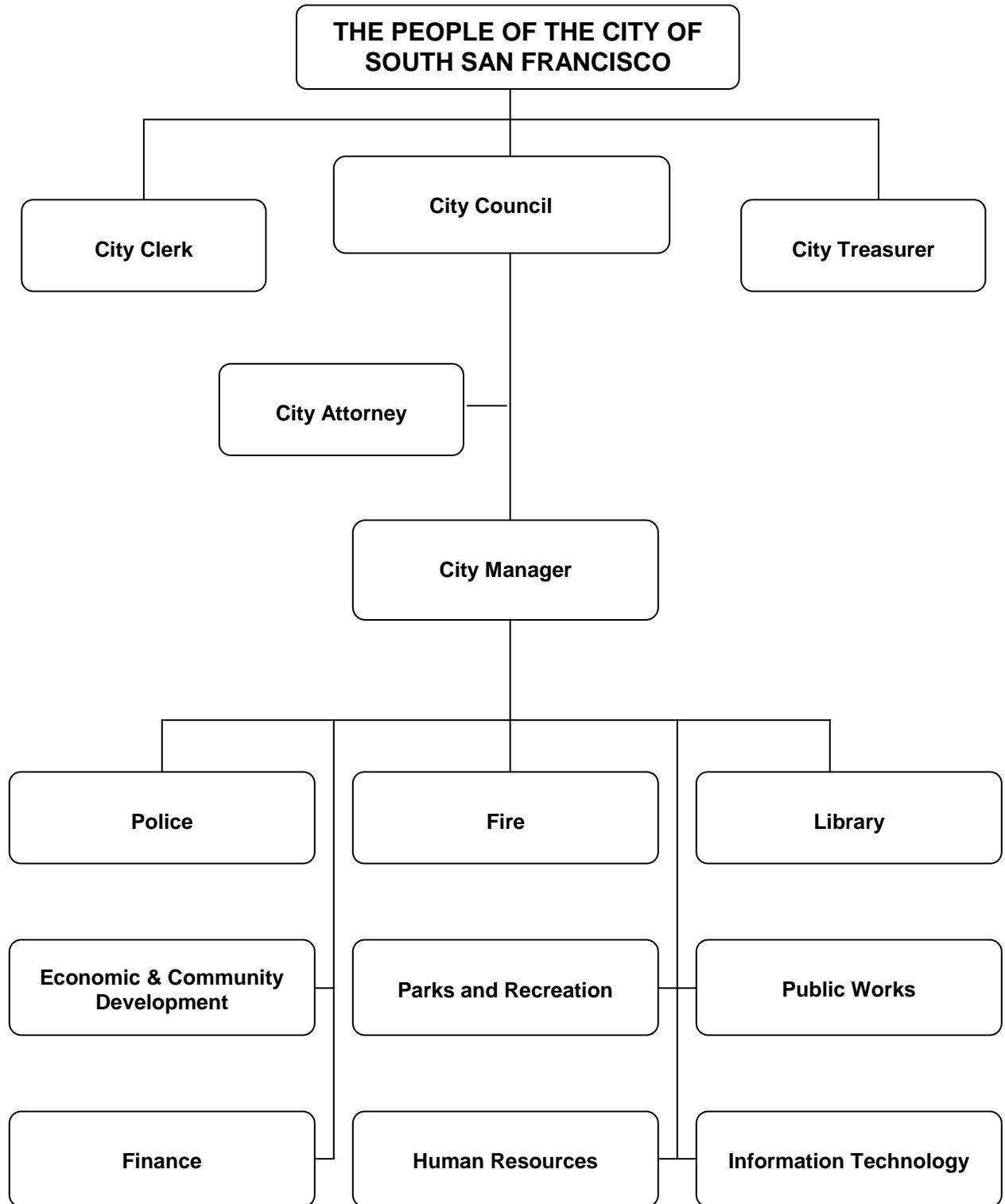
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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ORGANIZATION CHART



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

CITY COUNCIL *

**PEDRO GONZALEZ
MAYOR**

**KARYL MATSUMOTO
VICE MAYOR**

**RICHARD A. GARBARINO
COUNCIL MEMBER**

**MARK N. ADDIEGO
COUNCIL MEMBER**

**PRADEEP GUPTA PH.D.
COUNCIL MEMBER**

CITY OFFICIALS

**KRISTA MARTINELLI-LARSON
CITY CLERK**

**BARRY M. NAGEL
CITY MANAGER**

**FRANK RISSO
CITY TREASURER**

**STEVEN T. MATTAS
CITY ATTORNEY**

DEPARTMENT MANAGERS

**MARTY VAN DUYN
ASSISTANT CITY MANAGER**

**MICHAEL MASSONI
PUBLIC SAFETY CHIEF**

**SUSAN KENNEDY
ASSISTANT TO THE CITY MANAGER**

**TERRY WHITE
DIRECTOR OF PUBLIC WORKS**

**SHARON RANALS
DIRECTOR OF PARKS AND
RECREATION**

**JIM STEELE
DIRECTOR OF FINANCE**

**VALERIE SOMMER
LIBRARY DIRECTOR**

**DOUG HOLLIS
DIRECTOR OF INFORMATION
TECHNOLOGY**

**KATHY MOUNT
HUMAN RESOURCES
DIRECTOR**

* As of June 30, 2013

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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 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We did not audit the financial statements of the discretely presented component unit, South San Francisco Conference Center Authority, as of and for the year ended June 30, 2013. Those component unit financial statements were audited by other auditors whose reports have been furnished to us.

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 component unit financial statements of the South San Francisco Conference Center Authority as of and for the year ended June 30, 2013, which is a discretely presented component unit and represents 1% and 3% of the assets and revenues; and 2%, 3% and 1% of liabilities, expenses and net position, respectively, of the reporting entity. Those component unit financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South San Francisco Conference Center Authority, 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, each major fund, and the aggregate remaining information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Net position as of July 1, 2012, for the Sewer Enterprise Fund was reduced and restated by \$277,982 as discussed in Note 15.

Management adopted the provisions of the following Governmental Accounting Standards Board Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective during the year ended June 30, 2013 and required certain nomenclature changes to the financial statements.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, 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 November 1, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 1, 2013

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

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

FISCAL 2012-13 FINANCIAL HIGHLIGHTS

Summary:

The General Fund finished FY 2012-13 with a surplus of \$7.8 million, after transfers out to the Health and Benefits Fund for Other Post Employment Benefits, to the Capital Improvement Program, and to the Storm Water Fund to help fund the cost of complying with increased storm drain regulations. General Fund revenues, (**excluding** a one-time distribution of former RDA Housing Fund reserves to taxing entities of \$4.7 million and **excluding** operating transfers in from other funds) increased \$5.6 million over the prior year. Excluding these two categories from revenues gives a more accurate reading of true year over year operating results.

Of the \$5.6 million in year over year revenue increase, \$2.7 million, or 48% of the increase, reflects an increase in property taxes from the ongoing distribution of former RDA property taxes. The prior fiscal year contained only 5 months of property tax distributions, while fiscal year 12-13 reflected a complete year. Other General Fund revenues increased \$2.8 million, as the local economy and City revenues continued to rebound from the recession that began with the financial meltdown in 2008. Sales tax and transient occupancy tax increased by \$1.3 million and \$1 million, respectively. These 2 revenue sources account for 41% of the year over year revenue increase.

The City General Fund's share of new property taxes from the former RDA totaled \$8.45 million. Excluding the one-time housing fund distribution of \$4.7 million mentioned above, RDA property taxes coming to the General Fund totaled \$3.78 million. This amount helped to offset the costs the City incurred by absorbing former RDA positions and services. As the Successor Agency moves forward with fulfilling its recognized remaining RDA obligations, more money will be freed up and allocated to local taxing entities, including the City. In the next fiscal year, the General Fund will begin seeing a positive net impact of the RDA dissolution that will grow over time.

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

- Although governmental program revenues stayed about flat, at \$27 million, charges for services decreased from \$20.2 million to \$17.5 million, reflecting declines in three areas:
 - Administrative citation activity in the Fire Department related to code enforcement had been unusually high in the prior year;
 - Virtually no Oyster Point Impact Fees were received in 2012-13, while in 2011-12 a large development paid into that fund;

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

- With the dissolution of Redevelopment in February 2012, rent revenue that had been coming to the RDA Funds is no longer given to the Successor Agency Trust Fund.
- Property tax revenue overall declined by over \$10 million. While the General Fund gained additional revenues from the dissolution of the Redevelopment Agency (RDA), the RDA's loss was larger as all of its former revenues were redistributed under State law to all taxing entities, including the City, the South San Francisco Unified School District, the San Mateo Community College District, and San Mateo County.
- Governmental program expenses increased 3% or \$3.5 million to \$105 million due to the writing off of several housing loans to a large non-profit housing developer.
- Revenues generated from business-type activities remained about flat at \$26.64 million in 2012-13. The largest business type activity, the Sewer Fund, had no rate increase in 2012-13.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in six parts:

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

Basic Financial Statements

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

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

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

All of the City's activities are grouped into Government Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Assets and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

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

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

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

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

City-wide Financial Statements

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

- ***Governmental activities*** - All of the City's basic services are considered to be governmental activities, including general government, fire, police, public works, parks, recreation, maintenance services, library, and economic and community development. These services are supported by general City revenues such as taxes, and by specific program revenues from grants, contributions, and fees.

The City's governmental activities include two separate legal entities, the City of South San Francisco Redevelopment Agency and the City of South San Francisco Capital Improvements Financing Authority, because the City Council governs both of these entities, with services provided solely to the City.

- ***Business-type activities*** - All the City's enterprise activities are reported here, including sewage treatment, parking, and storm water management. Unlike governmental services, user fees fully support these services.
- ***Component Unit*** - The City of South San Francisco Conference Center Authority comprises the component unit. The Authority serves the City and other interests and it has a governing body separate from the City Council.

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

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

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

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

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

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

Fiduciary Statements

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

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net assets and changes in net assets of the City's Governmental Activities (Table and Charts 1 through 3) and Business-type Activities (Tables 4 and 5) presented in the City-wide Statement of Net Assets and Statement of Activities. A comparative analysis is presented for fiscal years 2012-13 and 2011-12.

Governmental Activities

Governmental Net Assets

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

	2013	2012
Cash and investments	\$86.2	\$74.1
Other assets	13.2	25.0
Capital assets	231.8	234.7
Total assets	\$331.2	333.8
Long-term debt outstanding	14.9	16.2
Other liabilities	61.3	59.9
Total liabilities	76.2	76.1
Net assets:		
Invested in capital assets, net of debt	216.5	218.2
Restricted	30.5	43.3
Unrestricted	8.0	-3.8
Total net assets	\$255.0	\$257.7

The City's net assets from governmental activities decreased slightly to \$255 million as of June 30, 2013.

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

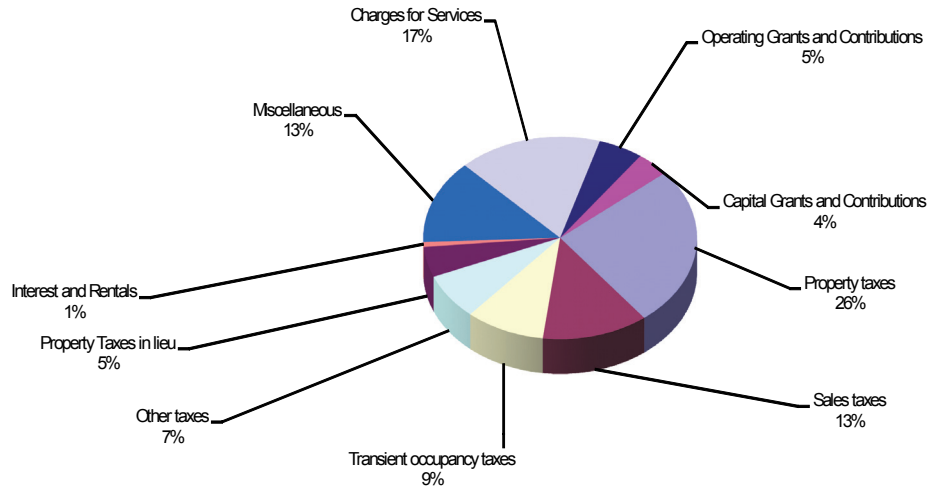
Table 2
Expense and Program Revenue Comparison in Governmental Activities
(In Millions)

	2012-13	2011-12
Expenses		
General government	\$8.4	\$7.8
Fire department	22.7	20.7
Police department	24.8	23.3
Public works department	15.8	21.3
Recreation and community services	12.6	11.6
Library	4.6	4.8
Economic and community development	16.1	8.7
Interest on long-term debt	0.1	3.3
Total expenses	<u>\$105.0</u>	<u>\$101.5</u>
Revenues		
Program revenues:		
Charges for services	\$17.5	\$20.2
Operating grants and contributions	5.5	5.6
Capital grants and contributions	4.0	1.5
Total program revenues	<u>\$27.0</u>	<u>\$27.3</u>
General revenues:		
Taxes:		
Property taxes	\$26.4	\$37.4
Sales taxes	12.9	11.7
Transient occupancy taxes	9.7	8.6
Other taxes	7.6	7.1
Motor vehicle in lieu	0.0	0.2
Property taxes in lieu	5.0	5.1
Investment earnings	0.8	2.4
Miscellaneous	13.8	9.3
Extraordinary Item	-	(107.7)
Total general revenues	<u>\$76.2</u>	<u>(\$25.9)</u>
Excess (deficiency) before transfers	<u>(\$1.8)</u>	<u>(\$100.1)</u>
Transfers	(0.9)	(0.8)
Change in net assets	(2.7)	(100.9)
Net assets - beginning	257.7	358.6
Net assets - ending	<u>\$255.0</u>	<u>\$257.7</u>

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental program revenues (Table 2) decreased slightly, from \$27.3 million in fiscal 2012-13 to \$27.0 million in 2012-13, due to normal fluctuations in grant revenues dedicated to specific programs or projects not completed by the end of the fiscal year. Fiscal year 2012 had a large Search and Rescue Grant in the Fire Department that accounts for most of this decline in 2013.

Chart 1
Revenues by Source - Governmental Activities 2012-13



Revenues by source, as shown in Chart 1, changed overall because property taxes overall declined with the dissolution of Redevelopment, meaning the other large revenue categories (Sales Taxes, TOT) went up relatively. Capital grants increased from 1% to 4% as there were large grant funded expenditures in 2013, particularly with regards to Westborough Park work and extensive remodeling and seismic retrofitting of Fire Station 63 at the Municipal Services Building.

Tables 2 (above) and 3 (below) illustrate the difference between program revenues and expenses. Program revenues consist of capital and operating grants and contributions and fees for services. General City revenues, such as property taxes, sales and transient occupancy taxes, motor vehicle in-lieu taxes, and investment earnings, cover the shortfall between program revenues and program expenses.

CITY OF SOUTH SAN FRANCISCO
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While net expenses overall increased, the large increase in Economic and Community Development was related to an accounting transaction, and not actual economic activity. Over the years, the Housing Fund had made a series of loans to a large non-profit housing developer for the purpose of expanding the stock of affordable housing in South San Francisco. Those loans were never contemplated to be paid back, but were initiated by the City as a means of ensuring that the properties purchased/constructed with those loans would be used as long as possible for affordable housing. That is to say, the loans were initiated as a way to preserve affordable housing, not to return dollars to the Housing Fund for dollars the Housing Fund had used to expand affordable housing. The mechanism by which affordable housing is preserved is to have those properties record the loan as a lien on the title to those properties. Those liens will stay on the titles, but management has removed them from the General Ledger. Public Works expenses decreased due to larger capital improvement expenses in 2012.

The \$3.2 million decrease in long-term debts is the result of the RDA dissolution in February 2012. As a part of that dissolution, the assets and liabilities were transferred to the Successor Agency. The bond obligations of the former RDA are no longer obligations of the City.

Table 3

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

	2012-13	2011-12
General government	(\$5.8)	(\$5.6)
Fire department	(19.7)	(17.0)
Police department	(21.4)	(20.1)
Public works department	(6.7)	(13.2)
Recreation and community services	(8.4)	(7.7)
Library	(4.1)	(4.0)
Economic and community development	(11.9)	(3.2)
Interest on long-term debt	(0.1)	(3.3)
Total	(\$78.0)	(\$74.1)

CITY OF SOUTH SAN FRANCISCO
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Business-type Activities

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

	2013	2012
Cash and investments	\$16.7	\$15.7
Other assets	0.1	(0.7)
Capital assets	129.0	132.1
Total assets	145.8	147.1
Long-term debt outstanding	53.1	59.0
Other liabilities	7.1	6.6
Total liabilities	60.2	65.6
Net assets:		
Invested in capital assets, net of debt	72.2	70.6
Restricted		
Unrestricted	13.4	10.9
Total net assets	\$85.6	\$81.5

Cash, total assets, and total net assets were fairly flat in comparing 2012 to 2013. Long term debt decreased as the Sewer Fund paid down the scheduled principal payments on its bonds and State Water Resources Board Loans. Primarily as a result of that principal reduction, unrestricted net assets rose \$4.1 million.

CITY OF SOUTH SAN FRANCISCO
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Table 5
Change in Business-type Net Assets
(In Millions)

	2012-13	2011-12
Expenses		
Sewer Enterprise	20.87	19.45
Parking District	0.79	0.77
Storm Water	1.66	1.01
Total expenses	23.32	21.23
Revenues		
Program revenues		
Charge for Services	20.50	20.48
Operating grants and contributions	6.14	5.94
Capital grants and contributions	0.00	0.00
Total program revenues	26.64	26.42
General revenues		
Investment earnings	0.10	0.15
Total general revenues	0.10	0.15
Excess (deficiency) before transfers	3.41	5.34
Transfers	0.91	0.79
Change in net assets	4.32	6.13
Net assets - beginning (as restated)	81.25	75.40
Net assets - ending	85.57	81.53

Expenditures and Revenues in the business activities did not change materially from the prior year. The change in net assets growth had more to do with the paying down of principal (see discussion on Table 4 immediately above).

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.

CITY OF SOUTH SAN FRANCISCO
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At June 30, 2013, the City's governmental funds reported combined fund balances of \$56.5 million, a decrease of \$6.0 million (9.6%) compared with prior year. While the General Fund gained \$7.8 million, primarily due to new property taxes received from the dissolution of the Redevelopment Agency (both ongoing and one-time), the Low and Moderate Income Housing Fund Balance declined, again reflecting the accounting write off of loans (see discussion under Chart 1 above).

Total governmental fund revenues decreased \$10.7 million, or 11%, this year to \$91.2 million, while expenditures decreased \$.9 million, or 1%. The driving factor of the decrease in revenue is the decline in property tax resulting from the dissolution of the Redevelopment Agency, as described above.

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

	In \$ 000's				
	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
Revenues:					
Property taxes	19,027	20,550	1,523	8.0%	The budget was increased to account for supplemental property tax revenues, which come in during the year after the tax roll is set.
Sales taxes	12,979	12,912	(67)	-0.5%	The budget was increased to account for improvement in Department Stores and Building Materials sectors.
Transient occupancy taxes	8,516	9,659	1,143	13.4%	Average room rates and occupancy rates increased faster than anticipated; the budget was estimated conservatively due to the uncertainty surrounding the local economic recovery.
Other taxes	3,775	3,771	(4)	-0.1%	
Franchise Fee	3,318	3,247	(71)	-2.1%	
Intergovernmental	5,843	6,986	1,143	19.6%	The Library, Police, and Economic and Community Development Departments often receive State grants after the year starts.
Interest and rentals	2,908	2,870	(38)	-1.3%	
Licenses and permits	2,959	3,305	346	11.7%	Building Permit growth as the economy recovered.
Charges for services	7,506	7,622	116	1.5%	
Fines and forfeitures	1,167	1,697	530	45.4%	Revenue and expenses related to the City's Red Light Cameras were added mid-year; code enforcement collections have continued to increase, but are not budgeted for at the beginning of the year.
Other	342	263	(79)	-23.1%	
Expenditures:					
City Council	185	211	26	14.1%	Reflects carryover purchase orders from 2011-12 for City promotional activities.
City Clerk	448	446	(2)	-0.4%	
City Treasurer	176	205	29	16.5%	
City Attorney	751	751			
City Manager	799	907	108	13.5%	Reflects midyear budget amendments for: recruitment expenses for a new City Manager, as the incumbent announced his retirement; and for a City survey of residents.
Finance	1,814	1,829	15	0.8%	
Non-Departmental	960	992	32	3.3%	
Human Resources	1,031	1,092	61	5.9%	
Fire	18,644	20,209	1,565	8.4%	Reflects midyear grant budget amendments and higher workers' compensation costs as recommended by an actuarial study
Police	21,054	22,011	957	4.5%	Reflects salary increase to officers, and higher workers' compensation costs as recommended by actuarial study.
Public Works	3,631	3,802	171	4.7%	Reflects higher gasoline costs.
Parks and Recreation	11,002	11,023	21	0.2%	
Library	4,144	4,124	(20)	-0.5%	
Economic and Community Development	3,763	4,126	363	9.6%	Reflects carryover of prior year purchase orders and budgets for the Climate Action Plan project.

CITY OF SOUTH SAN FRANCISCO
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Analysis of Major Governmental Funds

General Fund

Total General Fund revenues in FY 2012-13 were \$78.9 million, \$1.33 million over the final amended budget. This is a favorable variance of 1.7%. General Fund departments stayed \$349 thousand under budget, a favorable variance of .48%, resulting in a year-end net operating budget impact (revenue over expenditures) of a positive \$6.66 million, before capital improvement expenses and transfers out to other funds.

Total year-over-year revenue continued to show growth for the second consecutive year after the 7% drop the City experienced during the full swing of the recession. Transient Occupancy Tax (TOT) revenue was up \$1.04 million, or 12.1%, over the prior year, owing to a sharp jump in both occupancy and room rates, and reflecting another booming year for the Bay Area tourism industry. Sales Tax revenue also increased dramatically in FY 2012-13, with a \$1.29 million increase, or 10.8%, compared to the prior year.

The largest gains over the prior year occurred in the following categories:

- ⇒ *Property Taxes* increased \$3.2 million, accounting for RDA tax increment reallocated to other local taxing entities;
- ⇒ *Sales Taxes* increased \$1.29, reflecting high fuel prices, and increases in the Wholesale Bldg Materials and Business-to-Business sectors;
- ⇒ *TOT* came in \$1.04 million higher than the prior year, reflecting the boom in the Bay Area travel industry

Some year-over-year losses occurred in the General Fund, including the loss of \$561 thousand in administrative charges formerly paid by the RDA to the General Fund for administrative oversight. In addition, Fines and Motor Vehicle License and In-Lieu declined by \$431 and \$332 thousand, respectively.

A one-time transfer of funds from the Capital Projects Fund to the General Fund in the amount of \$971 thousand was made during FY 2012-13. Rental income received during the years from 1986 to 2000 for the Price Club/Costco lease was incorrectly posted to the Capital Projects Fund, rather than to the General Fund. The rental income has been properly reported in the General Fund since 2000.

General Fund expenditures increased \$5.4 million or 8% over the prior fiscal year. The increase is attributable to \$2.7 million in costs shifted to the General from the former RDA, offset by higher General Fund property taxes, the cost of higher-than-usual vacation and sick payouts and related to over-cap amounts, some key retirements, and the continued growth in workers' compensation costs. In addition, as a result of an actuarial study, a year end entry of \$1.25 million was charged to the General Fund to reflect actuarial higher costs projected to have been incurred, primarily in the Police and Fire Departments.

CITY OF SOUTH SAN FRANCISCO
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The City also continued covering increased costs for storm drain maintenance due to new mandates guiding storm water operations, including the cost of equipment, supplies, and staffing. The General Fund contributed \$175 thousand to the Storm Water Fund in FY 2012-13 for this purpose, and while this was originally anticipated to be an annual budget item of up to \$775,000 by 2013-14, this will likely be reduced in the current year as the City has complied with the first tier of State storm water regulations.

As of June 30, 2013, the General Fund balance consisted of \$12.6 million in unreserved, undesignated dollars, \$6.3 million reserved for emergencies and economic contingencies, and \$5.1 million for future capital projects and economic development. All of these discretionary reserves total \$24 million and are now shown in the Comprehensive Annual Financial Report as Unassigned Fund Balance, consistent with the new Government Accounting Standards Board (GASB) Statement 54.

Other Post Employment Benefit (OPEB) Liability Impact on Fund Balance

The City has a particularly rich retiree health benefit for employees hired prior to April 25, 2010 (legacy employees). Those legacy employees who retire from PERS and from the City concurrently with at least 5 years of service are entitled to 100% coverage of retiree medical insurance premiums paid by the City. This benefit resulted in an OPEB liability estimated as of the last outside actuarial analysis of \$86 million as of June 30, 2012.

Management and the City Council have expressed a concern of setting up an OPEB trust fund at this time, with the investment markets somewhat in flux. Given that fact, the City Council has authorized internally funding an OPEB reserve fund in the City's Health and Benefits Internal Service Funds that could at a future date be redirected to a formal OPEB Trust. As of June 30, 2013, the balance in that internal reserve is \$12.6 million.

It is important to note that until a formal OPEB trust is set up, and until the City meets its annual required contributions towards OPEB, which it is not now doing, that the City's General Fund reserves are, for practical purposes, overstated. The most recent actuarial analysis shows that the City should be funding retiree health at the normal cost of 14.1% of payroll, plus another 20% towards paying of the unfunded liability over time. Both of those percentages have grown since the last actuarial analysis, and the longer that this liability is not funded, the larger the unfunded amount will increase over time, requiring larger future budget realignments to bring ongoing revenues in line with all ongoing expenditures and unfunded liabilities.

CITY OF SOUTH SAN FRANCISCO
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City Housing Fund

Up until Redevelopment Agencies were abolished in FY 2012-13 by the State of California under AB 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 Successor Housing 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.

In FY 2012-13, the City Housing Fund accounted for \$173 thousand in rental income from the City's affordable housing properties, \$59 thousand in interest income, and \$89 thousand in expenses for maintenance and service contracts. A \$12.8 million expenditure that was related to an accounting transaction, not actual economic activity, was recorded in this fund. Over the years, the Housing Fund had made a series of loans to a large non-profit housing developer for the purpose of expanding the stock of affordable housing in South San Francisco. Those loans were never contemplated to be paid back, but were initiated by the City as a means of ensuring that the properties purchased/constructed with those loans would be used as long as possible for affordable housing. That is to say, the loans were initiated as a way to preserve affordable housing, not to return dollars to the Housing Fund for dollars the Housing Fund had used to expand affordable housing. The mechanism by which affordable housing is preserved is to have those properties record the loan as a lien on the title to those properties. Those liens will stay on the titles, but management has removed them from the General Ledger.

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.

East of 101 Sewer Impact Fee Fund

The fund has a negative fund balance of \$1.4 million as of June 30, 2013 due to a prepayment of impact fees by a large biotech firm to front-fund a now completed project.

CITY OF SOUTH SAN FRANCISCO
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In 2007, the City entered into an agreement with this firm to pre-fund the sewer impact fees for the East Grand Avenue Sewer Trunk project in order for the project to be completed prior to the issuance of building permits. As a result, the pre-funding is shown on the City's books as a liability until sufficient development generates impact fees to cover the prepayment of those fees, or until the City has a new agreement with the firm.

No significant revenues were recognized or project-related expenses incurred in FY 2012-13.

East of 101 Traffic Impact Fee Fund

\$60 thousand in interest allocations were booked during FY 2012-13, and \$442 thousand in traffic projects were funded. The fund has a balance of \$8.3 million as of June 30, 2013.

Child Care Impact Fee Fund

During FY 2012-13, \$30 thousand in interest and new child care impact fees was booked. This fund has a balance of \$2.7 million as of June 30, 2013.

New Major Funds Reported On:

Developer Deposit

Since 2007, the City has entered into agreements with a large biotech firm to front-fund sewer and streetscape projects. The remaining balances of the pre-funding are shown on the City's books as a liability which will be reduced as related project expenditures are incurred.

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 expenses transfers) of \$6.9 million in 2012-13. Operating revenues remained flat as there was no rate increase this year. Operating expenses increased \$1.0 million this year or 5.8% from the prior year, reflecting increased repair and maintenance costs, as well as the Sewer's contribution to the Health and Benefits Fund to cover the Other Post Employment Benefits costs of employees currently paid from the Sewer Fund. Net assets increased \$4.8 million to end the year at \$72.1 million.

CITY OF SOUTH SAN FRANCISCO
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Parking District Fund

Net assets decreased \$109 thousand to \$13.8 million due to the transfer out of remaining project funds to complete construction of the Miller Avenue Parking Garage.

Storm Water Fund

As in prior years, the Gas Tax Fund transferred \$700 thousand to the Storm Water Fund in FY 2012-13 to supplement lagging ongoing revenue to cover storm water improvement costs. In addition, the General Fund contributed \$175 thousand for this purpose. The Storm Water Fund had \$700 thousand in net assets as of June 30, 2013.

CAPITAL ASSETS

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

At June 30, 2013, the City had \$360.7 million in capital assets, net of depreciation, representing a decrease of \$6.1 million from the prior year. The decrease is due to the depreciation expense recorded for the year.

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These are invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 7 below:

Table 7
Capital Assets (in Millions) at June 30

	2013	2012
<i>Governmental Activities:</i>		
Land	\$47.6	\$47.6
Buildings and improvements	81.7	77.4
Equipment and vehicles	18.4	17.0
Furniture and fixtures	1.8	1.8
Infrastructure – streets*	178.8	178.6
Infrastructure – traffic control devices*	5.2	5.2
Infrastructure – storm drains*	8.9	8.9
Construction in progress	8.4	8.7
Less accumulated depreciation	(119.1)	(110.4)
Totals	\$231.7	\$234.7
* Additions during the fiscal year only		
<i>Business-type Activities</i>		
Land	\$1.4	\$1.4
Clean water facilities and transmission lin	75.5	79.2
Buildings and improvements	66.7	64.1
Equipment and vehicles	10.1	10.1
Infrastructure – storm drains	4.8	4.8
Infrastructure – streets	7.4	7.4
Construction in progress	2.9	4.2
Less accumulated depreciation	(39.8)	(39.1)
Totals	\$129.0	\$132.1
Total City	\$360.7	\$366.8

CITY OF SOUTH SAN FRANCISCO
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DEBT ADMINISTRATION

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

Table 8
Outstanding Debt
(In Millions) at June 30

<i>Governmental activities</i>	2013	2012
Tax allocation, revenue bonds, and loans (issued and incurred - The Redevelopment Agency)	\$0.0	\$0.0
Certificates of participation	-	-
Notes payable	-	2.3
Capital leases	3.1	2.0
	\$3.1	\$4.3
 <i>Business-type Activities</i>		
State Water Resources Board loans	\$52.1	\$56.5
2005 Sewer Bonds	4.6	4.9
	\$56.7	\$61.4

The \$4.7 million decline in outstanding debt is the result of scheduled repayments.

The largest remaining debt obligations are the following:

- Four loan packages 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 3.0%, 2.6%, 2.5% and 2.4% are due in 2013, 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 three of the four current loans.

CITY OF SOUTH SAN FRANCISCO
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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) 877-8513. The City's website is at www.ssf.net.

Basic Financial Statements

Fund Financial Statements

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 from total assets.

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

CITY OF SOUTH SAN FRANCISCO
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental	Business-Type	Total	South San Francisco
	Activities	Activities		Conference
				Center
ASSETS				
Cash and investments (Note 2)	\$85,854,625	\$16,700,986	\$102,555,611	\$1,828,795
Receivables:				
Accounts	5,698,505	967,078	6,665,583	367,561
Accrued interest	401,974	49,353	451,327	
Due from Conference Center	42,721		42,721	
Loans	3,977,411		3,977,411	
Deposit	203,510		203,510	
Inventory	59,487		59,487	
Bond issuance costs		90,356	90,356	69,315
Restricted cash and investments (Note 2)	307,924		307,924	507,393
Internal balances	1,024,415	(1,024,415)		
Land held for development	1,900,000		1,900,000	
Capital assets: (Note 3)				
Nondepreciable	55,950,228	4,253,008	60,203,236	
Depreciable, net accumulated depreciation	175,819,200	124,723,239	300,542,439	4,178,048
Total Assets	<u>331,240,000</u>	<u>145,759,605</u>	<u>476,999,605</u>	<u>6,951,112</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts from refunding of debt				130,364
LIABILITIES				
Accounts payable	1,476,358	751,189	2,227,547	283,104
Accrued salaries and benefits	1,310,338		1,310,338	45,861
Accrued interest payable	1,074,833	986,728	2,061,561	30,767
Other payable	103,859		103,859	42,721
Deposits	7,667,145	27,500	7,694,645	252,032
Unearned revenue	2,642,557		2,642,557	
Accrued insurance losses: (Note 12)				
Due within one year	712,000		712,000	
Due in more than one year	9,095,000		9,095,000	
Compensated absences obligation: (Note 1K)				
Due within one year	3,461,073	227,363	3,688,436	
Due in more than one year	2,129,233	269,758	2,398,991	
Debt and capital lease obligations: (Note 5)				
Due within one year	385,214	4,782,569	5,167,783	385,000
Due in more than one year	14,875,546	53,142,850	68,018,396	2,135,000
OPEB obligations - due in more than one year (Note 10)	31,261,700		31,261,700	
Total Liabilities	<u>76,194,856</u>	<u>60,187,957</u>	<u>136,382,813</u>	<u>3,174,485</u>
NET POSITION				
Net investment in capital assets	216,508,668	72,217,660	288,726,328	1,658,048
Restricted for:				
Debt service				507,393
Special revenue projects	18,240,064		18,240,064	
Capital projects	12,274,922		12,274,922	
Total Restricted Net Position	<u>30,514,986</u>		<u>30,514,986</u>	<u>507,393</u>
Unrestricted	8,021,490	13,353,988	21,375,478	1,741,550
Total Net Position	<u>\$255,045,144</u>	<u>\$85,571,648</u>	<u>\$340,616,792</u>	<u>\$3,906,991</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$8,360,945	\$1,951,016	\$588,201	
Fire	22,746,291	2,987,956	78,342	
Police	24,756,958	2,640,146	747,543	
Public Works	15,773,710	2,926,227	2,065,627	\$4,036,786
Parks and Recreation	12,570,236	3,433,567	768,071	
Library	4,615,967	125,416	441,546	
Economic and Community Development	16,126,427	3,457,020	765,680	
Interest on Long-Term Debt	52,139			
Total Governmental Activities	105,002,673	17,521,348	5,455,010	4,036,786
Business-type Activities				
Sewer	20,870,522	19,338,107	6,137,401	
Parking District	792,609	732,932		
Storm Water	1,655,950	427,291		
Total Business-type Activities	23,319,081	20,498,330	6,137,401	
Total Primary Government	\$128,321,754	\$38,019,678	\$11,592,411	\$4,036,786
Component Unit				
Conference Center	\$3,799,005	\$1,482,198		

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Other taxes

Motor vehicle in lieu, unrestricted

Property taxes in lieu of vehicle license fees

Investment earnings

Miscellaneous

Special item - forgiveness of debt (Note 5A(1))

Transfers

Total general revenues and transfers

Change in Net Position

Net Position - Beginning, as restated (Note 15)

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
(\$5,821,728)		(\$5,821,728)	
(19,679,993)		(19,679,993)	
(21,369,269)		(21,369,269)	
(6,745,070)		(6,745,070)	
(8,368,598)		(8,368,598)	
(4,049,005)		(4,049,005)	
(11,903,727)		(11,903,727)	
(52,139)		(52,139)	
<u>(77,989,529)</u>		<u>(77,989,529)</u>	
	\$4,604,986	4,604,986	
	(59,677)	(59,677)	
	<u>(1,228,659)</u>	<u>(1,228,659)</u>	
	3,316,650	3,316,650	
<u>(77,989,529)</u>	<u>3,316,650</u>	<u>(74,672,879)</u>	
			<u><u>(\$2,316,807)</u></u>
26,420,861		26,420,861	
12,931,805		12,931,805	
9,659,281		9,659,281	2,095,626
7,588,471		7,588,471	
33,767		33,767	
4,955,873		4,955,873	
809,721	95,177	904,898	27,565
1,965,744		1,965,744	
11,873,226		11,873,226	
(906,857)	906,857		
<u>75,331,892</u>	<u>1,002,034</u>	<u>76,333,926</u>	<u>2,123,191</u>
(2,657,637)	4,318,684	1,661,047	(193,616)
<u>257,702,781</u>	<u>81,252,964</u>	<u>338,955,745</u>	<u>4,100,607</u>
<u><u>\$255,045,144</u></u>	<u><u>\$85,571,648</u></u>	<u><u>\$340,616,792</u></u>	<u><u>\$3,906,991</u></u>

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 2013. 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.

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.

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**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
ASSETS				
Cash and investments	\$23,219,501	\$343,836	\$416,796	\$352,417
Receivables:				
Accounts	4,505,728	8,145	766,731	
Accrued interest	70,600	868		777
Due from Conference Center	42,721			
Loans	746,190	1,636,131		
Inventory	59,487			
Restricted cash and investments				
Land held for redevelopment				
Total Assets	<u>\$28,644,227</u>	<u>\$1,988,980</u>	<u>\$1,183,527</u>	<u>\$353,194</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$820,366	\$1,786	\$78,207	
Accrued salaries and benefits	1,310,338			
Other payable	79,643			
Deposits				
Unearned revenue	157,475			\$1,733,089
Due to other funds				
Total Liabilities	<u>2,367,822</u>	<u>1,786</u>	<u>78,207</u>	<u>1,733,089</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - loans				
Fund Balances:				
Nonspendable	805,677			
Restricted		1,987,194		
Committed	1,406,430			
Assigned	566,104		1,105,320	
Unassigned	23,498,194			(1,379,895)
Total Fund Balances (Deficits)	<u>26,276,405</u>	<u>1,987,194</u>	<u>1,105,320</u>	<u>(1,379,895)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$28,644,227</u>	<u>\$1,988,980</u>	<u>\$1,183,527</u>	<u>\$353,194</u>

See accompanying notes to basic financial statements

Capital Projects Funds				
East of 101 Traffic Impact Fees	Child Care Impact Fees	Developr Deposit	Other Governmental Funds	Total Governmental Funds
\$8,225,176	\$2,703,721	\$7,083,824	\$15,543,299	\$57,888,570
			169,982	5,450,586
31,321	10,587	26,938	167,398	308,489
				42,721
			1,595,090	3,977,411
				59,487
			307,924	307,924
			1,900,000	1,900,000
<u>\$8,256,497</u>	<u>\$2,714,308</u>	<u>\$7,110,762</u>	<u>\$19,683,693</u>	<u>\$69,935,188</u>
			\$144,484	\$1,044,843
				1,310,338
			9,936	89,579
		\$7,037,878	629,267	7,667,145
			751,993	2,642,557
			22,000	22,000
		<u>7,037,878</u>	<u>1,557,680</u>	<u>12,776,462</u>
			617,500	617,500
\$8,256,497	\$2,714,308	72,884	17,508,513	805,677
				30,539,396
				1,406,430
				1,671,424
				22,118,299
<u>8,256,497</u>	<u>2,714,308</u>	<u>72,884</u>	<u>17,508,513</u>	<u>56,541,226</u>
<u>\$8,256,497</u>	<u>\$2,714,308</u>	<u>\$7,110,762</u>	<u>\$19,683,693</u>	<u>\$69,935,188</u>

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total fund balances reported on the governmental funds balance sheet	\$56,541,226
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.	227,094,467
Internal service funds are used by management to charge the cost of management of communication, telephone, building, fleet maintenance, equipment replacement, worker's compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Position.	(11,691,243)
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.	(1,074,833)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(12,176,207)
Non-current portion of compensated absences	(4,265,766)
Deferred inflow of resources	<u>617,500</u>
Net position of governmental activities	<u><u>\$255,045,144</u></u>

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, 2013**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
REVENUES				
Property taxes	\$25,602,142			
Sales taxes	13,264,010			
Transient occupancy taxes	9,659,281			
Franchise Fees	3,354,290			
Other taxes	4,234,181			
Intergovernmental	6,533,336		\$1,974,822	
Interest and rentals	2,810,734	\$231,699		\$1,503
Licenses and permits	3,054,451			
Charges for services	8,173,037			446
Fines and forfeitures	1,753,682			
Other	475,906	675	52,911	
Total Revenues	78,915,050	232,374	2,027,733	1,949
EXPENDITURES				
Current:				
City council	191,031			
City clerk	439,574			
City treasurer	122,329			
City attorney	734,002			
City manager	863,987			
Finance	1,787,869			
Non-departmental	823,870			2,500
Human Resources	975,336			
Fire	20,877,917			
Police	22,447,578			
Public works	3,664,924		4,096,080	
Parks and Recreation	10,927,433			
Library	4,112,570			
Economic and community development	3,667,330	12,891,730	316,714	
Debt Services:				
Interest and fiscal charges	52,139			
Total Expenditures	71,687,889	12,891,730	4,412,794	2,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,227,161	(12,659,356)	(2,385,061)	(551)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,082,657		2,384,873	
Transfers out	(1,519,444)		(970,557)	(9,239)
Total Other Financing Sources (Uses)	563,213		1,414,316	(9,239)
Net Change in Fund Balances	7,790,374	(12,659,356)	(970,745)	(9,790)
Fund balances (deficits) - July 1	18,486,031	14,646,550	2,076,065	(1,370,105)
Fund balances (deficits) - June 30	\$26,276,405	\$1,987,194	\$1,105,320	(\$1,379,895)

See accompanying notes to financial statements

Capital Projects Funds

East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Other Governmental Funds	Total Governmental Funds
			\$1,475,555	\$27,077,697
				13,264,010
				9,659,281
				3,354,290
			1,383,049	5,617,230
			4,546,436	13,054,594
\$60,397	\$20,416		113,340	3,238,089
	9,639		1,092,602	3,054,451
		\$80,876	1,227,307	9,275,724
				1,753,682
				1,837,675
<u>60,397</u>	<u>30,055</u>	<u>80,876</u>	<u>9,838,289</u>	<u>91,186,723</u>
				191,031
				439,574
				122,329
				734,002
				863,987
				1,787,869
	2,500		715,534	1,544,404
				975,336
				20,877,917
			94,557	22,542,135
2,500			1,422,989	9,186,493
				10,927,433
				4,112,570
			3,636,771	20,512,545
				52,139
<u>2,500</u>	<u>2,500</u>		<u>5,869,851</u>	<u>94,869,764</u>
<u>57,897</u>	<u>27,555</u>	<u>80,876</u>	<u>3,968,438</u>	<u>(3,683,041)</u>
				4,467,530
<u>(439,820)</u>	<u>(216,921)</u>	<u>(80,876)</u>	<u>(3,544,086)</u>	<u>(6,780,943)</u>
<u>(439,820)</u>	<u>(216,921)</u>	<u>(80,876)</u>	<u>(3,544,086)</u>	<u>(2,313,413)</u>
<u>(381,923)</u>	<u>(189,366)</u>		<u>424,352</u>	<u>(5,996,454)</u>
<u>8,638,420</u>	<u>2,903,674</u>	<u>72,884</u>	<u>17,084,161</u>	<u>62,537,680</u>
<u>\$8,256,497</u>	<u>\$2,714,308</u>	<u>\$72,884</u>	<u>\$17,508,513</u>	<u>\$56,541,226</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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$5,996,454)

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	4,223,078
Retirement and adjustment of capital assets	347,280
Current year depreciation	(8,382,228)

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):

Gain on retirement of long term debt principal and accrued interest	11,873,226
Compensated absences	54,749
Deferred inflow of resources	617,500

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.

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	(\$2,657,637)
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See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$19,026,838	\$20,549,675	\$20,904,488	\$354,813
Property taxes - one time distribution of former RDA housing proceeds		4,697,654	4,697,654	
Sales taxes	12,978,812	12,912,471	13,264,010	351,539
Transient occupancy taxes	8,516,099	9,659,101	9,659,281	180
Franchise Fees	3,317,516	3,247,256	3,354,290	107,034
Other taxes	3,775,073	3,770,748	4,234,181	463,433
Intergovernmental	5,843,464	6,986,094	6,533,336	(452,758)
Interest and rentals	2,907,817	2,870,057	2,810,734	(59,323)
Licenses and permits	2,959,155	3,305,171	3,054,451	(250,720)
Charges for services	7,506,062	7,622,063	8,173,037	550,974
Fines and forfeitures	1,167,350	1,697,085	1,753,682	56,597
Other	342,568	263,090	475,906	212,816
	<u>68,340,754</u>	<u>77,580,465</u>	<u>78,915,050</u>	<u>1,334,585</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council	184,948	211,448	210,531	917
City Clerk	447,844	445,696	442,486	3,210
City Treasurer	175,990	204,897	122,329	82,568
City Attorney	751,307	751,307	734,002	17,305
City Manager	798,757	906,616	892,147	14,469
Finance	1,813,753	1,828,972	1,799,125	29,847
Non-Departmental	959,945	991,945	875,870	116,075
Human Resources	1,030,763	1,092,116	984,748	107,368
Fire	18,643,557	20,208,519	21,021,762	(813,243)
Police	21,054,388	22,011,501	22,447,578	(436,077)
Public Works	3,630,592	3,802,131	3,801,850	281
Parks and Recreation	11,001,677	11,022,678	11,022,066	612
Library	4,143,912	4,124,296	4,120,706	3,590
Economic and Community Development	3,762,691	4,125,927	3,725,330	400,597
Capital Outlay	90,907	125,124	1,324	123,800
Interest and fiscal charges		52,139	52,139	
	<u>68,491,031</u>	<u>71,905,312</u>	<u>72,253,993</u>	<u>(348,681)</u>
Total charges to appropriations				
OTHER FINANCING SOURCES (USES)				
Transfers in	1,323,939	1,116,961	2,082,657	965,696
Transfers out	(2,517,125)	(1,520,524)	(1,519,444)	1,080
	<u>(1,193,186)</u>	<u>(403,563)</u>	<u>563,213</u>	<u>966,776</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	<u>(\$1,343,463)</u>	<u>\$5,271,590</u>	7,224,270	<u>\$1,952,680</u>
Fund Balance - July 1			18,486,031	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>566,104</u>	
Fund Balance - June 30			<u>\$26,276,405</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, 2013

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental	\$190,000	\$231,699	\$41,699
Other		675	675
	190,000	232,374	42,374
Total Revenues			
EXPENDITURES:			
Current:			
Economic and Community Development	98,000	12,891,730	(12,793,730)
	98,000	12,891,730	(12,793,730)
Total Expenditures			
NET CHANGE IN FUND BALANCE	\$92,000	(12,659,356)	(\$12,751,356)
Fund balance - July 1		14,646,550	
Fund balance - June 30		\$1,987,194	

MAJOR PROPRIETARY FUNDS

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

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

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

SEWER 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, 2013**

	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)	\$15,074,313	\$1,001,133	\$625,540	\$16,700,986	\$27,966,055
Receivables:					
Accounts	967,078			967,078	247,919
Accrued interest	41,846	3,535	3,972	49,353	93,485
Due from other funds					22,000
Deposit					203,510
Total current assets	16,083,237	1,004,668	629,512	17,717,417	28,532,969
Noncurrent assets:					
Cost of issuance	90,356			90,356	
Capital assets: (Note 3)					
Nondepreciable	3,229,688	1,023,320		4,253,008	
Depreciable, net accumulated depreciation	112,795,725	11,810,763	116,751	124,723,239	4,674,961
Total non-current assets	116,115,769	12,834,083	116,751	129,066,603	4,674,961
Total Assets	132,199,006	13,838,751	746,263	146,784,020	33,207,930
LIABILITIES					
Current liabilities:					
Accounts payable	726,919	13,382	10,888	751,189	431,515
Other payable					14,280
Accrued interest payable	986,728			986,728	
Deposits payable	27,500			27,500	
Accrued insurance loss (Note 12)					712,000
Compensated absences obligation (Note 1K)	214,456	12,562	345	227,363	647,405
Current portion of long-term debt (Note 5)	4,782,569			4,782,569	385,214
Total current liabilities	6,738,172	25,944	11,233	6,775,349	2,190,414
Noncurrent liabilities:					
Accrued insurance losses (Note 12)					9,095,000
Advance payable to the Successor Agency (Note 5)	1,166,832			1,166,832	
Compensated absences obligation (Note 1K)	216,090	16,793	36,875	269,758	677,135
Net OPEB obligation (Note 10)					31,261,700
Noncurrent portion of long-term debt (Note 5)	51,976,018			51,976,018	2,699,339
Total noncurrent liabilities	53,358,940	16,793	36,875	53,412,608	43,733,174
Total Liabilities	60,097,112	42,737	48,108	60,187,957	45,923,588
NET POSITION:					
Net investment in capital assets	59,266,826	12,834,083	116,751	72,217,660	1,590,408
Unrestricted (deficit)	12,835,068	961,931	581,404	14,378,403	(14,306,066)
Total Net Position	\$72,101,894	\$13,796,014	\$698,155	86,596,063	(\$12,715,658)

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included in business-type activities

(1,024,415)
\$85,571,648

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, 2013**

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$19,310,559		\$404,653	\$19,715,212	\$20,659,116
Other cities' participation	6,137,401			6,137,401	
Permit fees	27,548			27,548	
Parking fees		\$732,932		732,932	
Total Operating Revenues	25,475,508	732,932	404,653	26,613,093	20,659,116
OPERATING EXPENSES					
Personnel expenses	6,541,572	340,486	1,350,195	8,232,253	12,990,125
Professional services	1,716,431	16,555	93,064	1,826,050	643,402
OPEB expenses	506,889	15,678		522,567	7,003,000
Program supplies	1,250,022	17,268	112,029	1,379,319	1,203,019
Insurance	122,846	1,052	2,154	126,052	820,761
Self-insurance and claims					2,985,131
Repair and maintenance	678,931		27,193	706,124	1,017,584
Rents and leases	1,576,304			1,576,304	
Utilities	1,179,639	38,380	15,498	1,233,517	31,674
Administration	1,214,010	102,634	37,552	1,354,196	
Depreciation	3,692,734	262,317	17,208	3,972,259	649,000
Other	87,342		7,389	94,731	215,887
Total Operating Expenses	18,566,720	794,370	1,662,282	21,023,372	27,559,583
Operating Income (Loss)	6,908,788	(61,438)	(1,257,629)	5,589,721	(6,900,467)
NONOPERATING REVENUES (EXPENSES)					
Interest income	80,692	6,826	7,659	95,177	180,274
Loss on dispositions of capital assets	(773,613)			(773,613)	11,670
Interest expense	(1,561,762)			(1,561,762)	(53,155)
Other			22,638	22,638	
Total Nonoperating Revenues (Expenses)	(2,254,683)	6,826	30,297	(2,217,560)	138,789
Income (loss) before transfers	4,654,105	(54,612)	(1,227,332)	3,372,161	(6,761,678)
TRANSFERS					
Transfers in	222,584		845,000	1,067,584	1,651,850
Transfers out	(107,532)	(53,195)		(160,727)	(245,294)
Change in Net Position	4,769,157	(107,807)	(382,332)	4,279,018	(5,355,122)
Net Position - July 1, as restated (Note 15)	67,332,737	13,903,821	1,080,487	82,317,045	(7,360,536)
Net Position - June 30	\$72,101,894	\$13,796,014	\$698,155	\$86,596,063	(\$12,715,658)
			Change in net position	\$4,279,018	
			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	39,666	
			Change in net position of business-type activities	<u>\$4,318,684</u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer Enterprise	Parking District	Storm Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$24,851,244	\$732,932	\$427,291	\$26,011,467	
Cash payment to suppliers for goods and services	(8,238,308)	(198,205)	(292,957)	(8,729,470)	(\$3,932,327)
Cash payment to employees for services	(6,573,933)	(343,249)	(1,340,109)	(8,257,291)	(12,928,054)
Cash received from interfund service provided					20,381,989
Cash payment for judgments and claims					(1,217,131)
Other receipts (payments)					126,307
Net Cash Provided by (Used in) Operating Activities	<u>10,039,003</u>	<u>191,478</u>	<u>(1,205,775)</u>	<u>9,024,706</u>	<u>2,430,784</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advance repayment to Successor Agency	(777,888)			(777,888)	
Advances to other funds					288,000
Transfers in	222,584		845,000	1,067,584	1,651,850
Transfers out	(107,532)	(53,195)		(160,727)	(245,294)
Net Cash Provided by Noncapital Financing Activities	<u>(662,836)</u>	<u>(53,195)</u>	<u>845,000</u>	<u>128,969</u>	<u>1,694,556</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(4,657,359)			(4,657,359)	(260,829)
Interest paid on long-term debt	(1,650,404)			(1,650,404)	(53,155)
Acquisition of capital assets, net	(1,930,315)			(1,930,315)	(1,506,913)
Proceeds from issuance of capital lease					1,289,000
Proceeds from the sale of capital assets					9,570
Net Cash Used in Capital and Related Financing Activities	<u>(8,238,078)</u>			<u>(8,238,078)</u>	<u>(522,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	65,028	7,292	5,092	77,412	150,899
Net Cash Provided by Investing Activities	<u>65,028</u>	<u>7,292</u>	<u>5,092</u>	<u>77,412</u>	<u>150,899</u>
Net Increase (Decrease) in cash and cash equivalents	1,203,117	145,575	(355,683)	993,009	3,753,912
Cash and cash equivalents, beginning	13,871,196	855,558	981,223	15,707,977	24,212,143
Cash and cash equivalents, ending	<u>\$15,074,313</u>	<u>\$1,001,133</u>	<u>\$625,540</u>	<u>\$16,700,986</u>	<u>\$27,966,055</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$6,908,788	(\$61,438)	(\$1,257,629)	\$5,589,721	(\$6,900,467)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	3,692,734	262,317	17,208	3,972,259	649,000
Other non-operating revenue (expenses)			22,638	22,638	
Net change in assets and liabilities:					
Accounts and lease receivables	(631,541)			(631,541)	(244,627)
Issuance cost	7,277			7,277	
Deposits					(32,500)
Accounts payable	131,606	(6,638)	1,922	126,890	172,661
Deposits payable	(37,500)			(37,500)	
Accrued insurance losses					1,768,000
OPEB obligations					7,003,000
Compensated absence obligations	(32,361)	(2,763)	10,086	(25,038)	15,717
Net Cash Provided by (Used in) Operating Activities	<u>\$10,039,003</u>	<u>\$191,478</u>	<u>(\$1,205,775)</u>	<u>\$9,024,706</u>	<u>\$2,430,784</u>
Non-cash transaction:					
Issuance cost amortization	<u>\$7,277</u>			<u>\$7,277</u>	
Loss on disposal	<u>\$773,613</u>			<u>\$773,613</u>	

See accompanying notes to basic financial statements

FIDUCIARY FUND

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

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 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 CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED
 JUNE 30, 2013**

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Property tax	
Intergovernmental	\$10,618,100
Interest and rentals	(310,672)
Other	12,040
	10,319,468
Total Additions	10,319,468
DEDUCTIONS	
Economic and Community Development	2,850,637
Interest expense	3,109,019
Depreciation	97,128
	6,056,784
Total Deductions	6,056,784
Change in net position before extraordinary item	4,262,684
EXTRAORDINARY ITEM (NOTE 14)	
Redevelopment dissolution expense	27,917,105
	27,917,105
Change in net position	(23,654,421)
NET POSITION HELD IN TRUST FOR OTHER PURPOSES	
Beginning of the year	110,267,399
	110,267,399
End of the year	\$86,612,978
	\$86,612,978

See accompanying notes to financial statements

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Basic Financial Statements
Notes to the Financial Statements

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CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 Financing Authority is authorized to borrow money through the purchase or issuance of bonds, notes, or other obligations for the purpose of making loans to the City and other public entities to finance capital improvements. The City Council members serve as the Board of Directors.

C. *Description of Discrete Component Unit*

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

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.

E. Major Funds

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

Low and Moderate Income Housing Asset 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.

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

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

G. *Budgets, Budgetary Accounting, and Encumbrances*

The City is not legally required to budget any of its funds, but does so to enhance City management's effectiveness in their financial planning efforts and to enhance control over the City's operations. Budgets are adopted on a modified accrual basis, except for encumbrances and for the Capital Improvement Fund. Encumbrances are considered expenditures in the year of the purchase order issuance. The Capital Improvement Fund is adopted on a multi-year project basis with unexpended and unencumbered budgets reappropriated in the following year. The City operates under the general laws of the State of California (the State) and annually adopts a budget effective July 1 for the ensuing fiscal year for the General fund; Special Revenue funds; Capital Projects funds except for the Developer Deposits Capital Projects 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, 2013.

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

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

J. *Capital Assets*

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalization level is \$20,000 for vehicles, and \$100,000 for all else, including all other equipment that is not a vehicle.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$5,629,338	\$522,159	\$6,151,497
Additions	3,550,724	182,996	3,733,720
Payments	(3,589,756)	(208,034)	(3,797,790)
Ending Balance	<u>\$5,590,306</u>	<u>\$497,121</u>	<u>\$6,087,427</u>
Current Portion	<u>\$3,461,073</u>	<u>\$227,363</u>	<u>\$3,688,436</u>

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

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

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

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

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

- M. *Land held for development*** - is stated at the lower of historical cost or net realizable value (equal to agreed upon sales price if a disposition and development agreement has been reached with a developer).
- N. *Pension Costs*** - are funded currently as determined each July 1 by an actuary.
- O. *Unbilled Services*** - for the Sewer Rental Enterprise Fund are accrued at year-end.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- P. Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.
- Q. Deferred Outflows/Inflows of Resources* - In addition to assets, the statement of financial position or balance sheet will sometimes report 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 will sometimes report 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.

NOTE 2 - CASH AND INVESTMENTS

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

A. Policies

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)
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B. Classification

Cash and investments as of June 30, 2013 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:	
Statement of net assets:	
City of South San Francisco:	
Cash and investments available for operations	\$102,555,611
Restricted cash and investments	<u>307,924</u>
Total Primary Government cash and investments	<u>102,863,535</u>
Statement of Fiduciary Assets:	
Cash and investments available for operations	8,219,708
Restricted cash and investments	<u>73,734,002</u>
Total Fiduciary cash and investments	<u>81,953,710</u>
Conference Center:	
Cash and investments available for operations	1,828,795
Restricted cash and investments	<u>507,393</u>
Total South San Francisco Conference Center cash and investments	<u>2,336,188</u>
Total cash and investments	<u><u>\$187,153,433</u></u>

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

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 2 - CASH AND INVESTMENTS (Continued)

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</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities	5 years	N/A	No Limit	25%
Commercial Paper	270 days	A1,P1	10%	5%
Repurchase Agreements	90 days	AA	No Limit	No Limit
Local Agency Investment Fund (LAIF)	Upon Demand	N/A Highest Rating	\$50 million	No Limit
Mutual Funds	N/A	Category	20%	10%
FDIC Insured Corporate Notes	5 years	N/A	No Limit	25%

The City of South San Francisco Conference Center Authority (Authority) maintains its cash and investments separately from the City. The investment policy of the Authority contains no limitations on the amount that can be invested in any one issue beyond that stipulated by the California Government Code.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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 fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

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

E. Interest Rate Risk

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

	Remaining maturity			Total
	Less than 1 year	One to Five Years	More than Five Years	
<i>City and Fiduciary:</i>				
U.S. Agency Securities				
Callable		\$7,236,095		\$7,236,095
Non-callable	\$9,951,805	61,877,865		71,829,670
U.S. Treasury Notes	5,745,181	13,073,871		18,819,052
Local Agency Investment Fund	12,653,742			12,653,742
Money Market Funds	68,252,739			68,252,739
Guaranteed Investment Agreements			\$3,099,750	3,099,750
Cash in Banks	2,918,435			2,918,435
Cash on Hand	7,762			7,762
<i>South San Francisco Conference Center:</i>				
Local Agency Investment Fund	1,401,677			1,401,677
U.S. Agency Securities		507,393		507,393
Cash in Banks	427,019			427,019
Cash on Hand	99			99
Total Cash and Investments	<u>\$101,358,459</u>	<u>\$82,695,224</u>	<u>\$3,099,750</u>	<u>\$187,153,433</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013, these investments have an average maturity of 278 days.

Money market funds are available for withdrawal on demand and as of June 30, 2013 have an average maturity of 49 days.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2013, for each of the Primary Government's investment types as provided by Standard and Poor's or Fitch investment rating systems, except as noted:

Investment Type	AAA	Not Rated	Total
City and Fiduciary:			
U.S. Agency Securities			
Non-callable	\$71,829,670		\$71,829,670
Callable	7,236,095		7,236,095
U.S. Treasury Notes	18,819,052		18,819,052
Money Market Funds	68,252,739		68,252,739
Totals	166,137,556		166,137,556
<i>Not rated:</i>			
Guaranteed Investment Agreements		\$3,099,750	3,099,750
Local Agency Investment Fund		12,653,742	12,653,742
Cash in Banks		2,918,435	2,918,435
Cash on Hand		7,762	7,762
South San Francisco Conference Center:			
U.S. Agency Securities	507,393		507,393
<i>Not rated:</i>			
Local Agency Investment Fund		1,401,677	1,401,677
Cash in Banks		427,019	427,019
Cash on Hand		99	99
Total Cash and Investments	\$166,644,949	\$18,679,689	\$187,153,433

G. 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, 2013:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal agency securities	\$20,593,801
Federal Home Loan Bank	Federal agency securities	18,489,640
Federal Home Loan Mortgage Corporation	Federal agency securities	19,156,276
Federal Farm Credit Bank	Federal agency securities	17,290,149

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 3 - CAPITAL ASSETS

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

	Balance June 30, 2012	Additions	Adjustments	Transfers	Balance June 30, 2013
Governmental activities					
Capital assets not being depreciated:					
Land	\$47,570,535		(\$7,100)		\$47,563,435
Construction in Progress	8,684,201	\$4,223,078	(36,237)	(\$4,484,249)	8,386,793
Total capital assets not being depreciated	56,254,736	4,223,078	(43,337)	(4,484,249)	55,950,228
Capital assets being depreciated:					
Buildings and Improvements	77,408,400			4,281,903	81,690,303
Infrastructure - Streets	178,616,365			202,346	178,818,711
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	5,138,138				5,138,138
Equipment and Vehicle	6,472,817				6,472,817
Furniture and Fixtures	1,837,554				1,837,554
Total capital assets being depreciated	278,400,766			4,484,249	282,885,015
Less accumulated depreciation for:					
Buildings and Improvements	(24,101,289)	(2,363,556)	361,938		(26,102,907)
Infrastructure - Streets	(69,316,671)	(5,227,007)			(74,543,678)
Infrastructure - Storm Drains	(2,139,561)	(175,871)			(2,315,432)
Infrastructure - Traffic Control Devices	(1,853,524)	(183,199)			(2,036,723)
Equipment and Vehicle	(5,151,427)	(338,921)	19,853		(5,470,495)
Furniture and Fixtures	(1,179,593)	(93,674)	1,726		(1,271,541)
Total accumulated depreciation	(103,742,065)	(8,382,228)	383,517		(111,740,776)
Net Governmental Fund					
Capital Assets Being Depreciated	174,658,701	(8,382,228)	383,517	4,484,249	171,144,239
Internal Service Fund Capital Assets					
Capital assets not being depreciated:					
Construction in Progress		2,100	(2,100)		
Total capital assets not being depreciated		2,100	(2,100)		
Capital assets being depreciated:					
Equipment and Vehicle	10,466,529	1,509,013			11,975,542
Accumulated depreciation	(6,651,581)	(649,000)			(7,300,581)
Net Internal Service Capital Assets					
Being Depreciated	3,814,948	860,013			4,674,961
Governmental activity capital assets, net	\$234,728,385	(\$3,297,037)	\$338,080		\$231,769,428

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 3 - CAPITAL ASSETS (Continued)

Component Unit:	Balance June 30, 2012	Additions	Retirements			Balance June 30, 2013
South San Francisco Conference Center						
Buildings and Improvements	\$10,225,386	\$50,600				\$10,275,986
Furniture and Fixtures	641,810	43,833				685,643
Machinery and equipment	207,253	15,000				222,253
Total:	11,074,449	109,433				11,183,882
Less accumulated depreciation	(6,570,988)	(434,846)				(7,005,834)
Component unit, net	<u>\$4,503,461</u>	<u>(\$325,413)</u>				<u>\$4,178,048</u>

	Balance June 30, 2012	Additions	Retirements	Adjustments	Transfers	Balance June 30, 2013
Business-type activities						
Capital assets, not being depreciated:						
Land	\$1,396,758					\$1,396,758
Construction in Progress	4,189,125	\$2,134,032		(\$481,700)	(\$2,985,207)	2,856,250
Total capital assets not being depreciated	<u>5,585,883</u>	<u>2,134,032</u>		<u>(481,700)</u>	<u>(2,985,207)</u>	<u>4,253,008</u>
Capital assets being depreciated:						
Buildings and Improvements	64,095,956	20,925		(386,449)	2,985,207	66,715,639
Clean Water Facilities and Lines	79,212,124		(\$3,843,153)	153,803		75,522,774
Infrastructure - Storm Drains	4,773,977					4,773,977
Infrastructure - Streets	7,377,546					7,377,546
Equipment and Vehicle	10,128,488		(44,437)			10,084,051
Furniture and Fixtures	31,154					31,154
Total capital assets being depreciated	<u>165,619,245</u>	<u>20,925</u>	<u>(3,887,590)</u>	<u>(232,646)</u>	<u>2,985,207</u>	<u>164,505,141</u>
Less accumulated depreciation for:						
Buildings and Improvements	(8,402,452)	(1,590,823)	313,189			(9,680,086)
Clean Water Facilities and Lines	(20,812,402)	(1,881,276)	2,968,072			(19,725,606)
Infrastructure - Storm Drains	(79,566)	(159,132)				(238,698)
Infrastructure - Streets	(583,271)	(209,570)				(792,841)
Equipment and Vehicle	(9,226,838)	(131,116)	44,437			(9,313,517)
Furniture and Fixtures	(30,812)	(342)				(31,154)
Total accumulated depreciation	<u>(39,135,341)</u>	<u>(3,972,259)</u>	<u>3,325,698</u>			<u>(39,781,902)</u>
Net capital assets being depreciated	<u>126,483,904</u>	<u>(3,951,334)</u>	<u>(561,892)</u>	<u>(232,646)</u>	<u>2,985,207</u>	<u>124,723,239</u>
Business-type activity capital assets, net	<u>\$132,069,787</u>	<u>(1,817,302)</u>	<u>(\$561,892)</u>	<u>(\$714,346)</u>		<u>\$128,976,247</u>

B. Capital Asset Contributions - Some capital assets may have been acquired using federal and State grant funds, or were contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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:

Governmental Activities

Governmental Fund	
General government	\$1,025,102
Fire	320,713
Police	90,796
Public works	6,516,986
Parks and recreation	342,698
Library	66,015
Economic and community development	19,918
Total Governmental Fund	8,382,228
Internal Service Funds	649,000
Total Governmental Activities	\$9,031,228

Business-Type Activities

Sewer Enterprise	\$3,692,734
Parking	262,317
Storm Water	17,208
Total Business-Type Activities	\$3,972,259

NOTE 4 - INTER-FUND TRANSACTIONS

A. Inter-fund Receivables and Payables

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

Due From Other Fund	Due to Other Fund	Amount
Equipment Replacement Internal Service Fund	Supplemental Law Enforcement Services Special Revenue Fund	\$22,000
		\$22,000

As of June 30, 2013, the South San Francisco Conference Center owed the City General Fund \$42,721 which will be repaid in the next fiscal year.

B. 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 4 - INTER-FUND TRANSACTIONS (Continued)

C. Transfers

Resources may be transferred from one City fund to another. Transfers routinely fund capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. The purpose of majority of these transfers is to reimburse a fund that has made an expenditure on behalf of another fund. Some expenditures reimbursed were for capital projects, debt service, maintenance and operating expenses, and contributions for post employment benefits.

Transfers between funds during the fiscal year ended June 30, 2013 were as follows:

FROM FUND (OUT)	TO FUND (IN)	AMOUNT
General Fund	Capital Improvement Fund	\$34,364
	Health and Benefits Internal Service Fund	1,310,080
	Storm Water Enterprise Fund	175,000
Capital Improvement	General Fund	970,557
East of 101 Sewer Impact Fees	General Fund	9,239
East of 101 Traffic Impact Fees	Capital Improvement Fund	439,820
Child Care Impact Fees	Capital Improvement Fund	216,921
Developer Deposit	Capital Improvement Fund	80,875
Non-major Governmental Funds	General Fund	1,093,289
	Capital Improvement Fund	1,558,214
	Storm Water Enterprise Fund	670,000
	Sewer Enterprise Fund	222,584
Sewer Enterprise Fund	General Fund	9,572
	Capital Improvement Fund	1,484
	City Service Internal Service Fund	43,556
	Health and Benefits Internal Service Fund	52,920
Parking District Enterprise Fund	Capital Improvement Fund	53,195
Internal Service Funds		
	Self Insurance	Health and Benefits Internal Service Fund
Equipment Replacement	City Service Internal Service Fund	8,294
	Total	\$7,186,964

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 5 - LONG-TERM OBLIGATIONS

A. Current Year Transactions and Balances

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2013 follows:

	Authorized and Issued	Balance at June 30, 2012	Additions	Retirement	Balance at June 30, 2013	Current Portion
Governmental Activities:						
1988 Costco (Price Club) Notes, 8.5%, due 12/6/13 (1)	\$2,270,000	\$2,270,000		\$2,270,000		
2007 Loans Payable to the Successor Agency (2)		12,176,207			\$12,176,207	
Total Governmental Activities Debt	2,270,000	14,446,207		2,270,000	12,176,207	
Capital Leases (3):						
2008 Two Fire Trucks		626,361		86,187	540,174	\$89,668
2010 Two Ambulances		451,408		75,669	375,739	78,398
2010 Two Fire Trucks		978,613		98,973	879,640	102,922
2013 Fire Truck			\$1,289,000		1,289,000	114,226
Total Capital Leases		2,056,382	1,289,000	260,829	3,084,553	385,214
Net Governmental Long-Term Obligations		\$16,502,589	\$1,289,000	\$2,530,829	\$15,260,760	\$385,214
Business-Type Activities:						
1993 State Water Resources Loan, 3.0%, due 10/8/13 (4)	\$7,899,017	\$1,145,007		\$564,043	\$580,964	\$580,964
1999 State Water Resources Loan, 2.6%, due 8/1/22 (4)	47,721,252	30,969,916		2,468,203	28,501,713	2,532,377
2004 State Water Resources Loan, 2.5%, due 1/1/27 (4)	21,258,529	16,391,263		992,270	15,398,993	1,017,077
2008 State Water Resources Loan, 2.4%, (5)	9,164,505	8,024,760		387,843	7,636,917	397,151
2005 Sewer Revenue Bonds, 2.75 to 5.0%, due 04/30/26 (6)	6,000,000	4,885,000		245,000	4,640,000	255,000
2008 Advance Payable to the Successor Agency (7)		1,944,720		777,888	1,166,832	
Total Long-Term Debt	92,043,303	63,360,666		5,435,247	57,925,419	4,782,569
Total Enterprise Fund Long-Term Obligations	\$92,043,303	\$63,360,666		\$5,435,247	\$57,925,419	\$4,782,569
Component Unit - Conference Center:						
2003 Revenue Bonds, 2.25% to 4.0%, due 9/1/18 (8)	\$5,865,000	\$2,890,000		\$370,000	\$2,520,000	\$385,000
Unamortized refunding loss on 2003 bonds		(156,879)		(26,515)	(130,364)	
Total Conference Center		\$2,733,121		\$343,485	\$2,389,636	\$385,000

(1) **1988 Costco (Price Club) Notes** - In 1988 the City borrowed money from a retail company then known as Price Club to purchase land from a third party adjacent to their store located on South Airport Boulevard in the City, which now operates as a Costco Wholesale store (Costco). The City leases the land back to the company for lease payments equaling a percentage of Costco's gross annual sales at the location. The note bears interest at 8.5%. In fiscal year 2007, Costco exercised the option to extend the lease through December 6, 2013. In the event that the notes have not been paid in full at the end of the ground lease term, any unpaid balance of principal and accrued interest will be forgiven. The lease payments made to the City by Costco are offset against the City's obligation to Costco, first for interest, then for principal. As of June 30, 2013, the outstanding balances of \$2,270,000 and accrued interest payable were forgiven. A total of \$11,873,226 was reported as a special item – forgiveness of debt on the Statement of Activities.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 5 - LONG-TERM OBLIGATIONS (Continued)

(2) As of June 30, 2013, the Oyster Point Improvements Impact Fund owed Successor Agency (formerly the Merged Redevelopment Project Area Capital Project Fund) for developer fees in the amount of \$12,176,207 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 at which the City is to repay the advance as it is recorded as a long-term obligation as discussed in Note 14. 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.

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

(5) **State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Wet Weather Program project. Under the terms of the contract, the City has agreed to repay \$11.8 million to the State in exchange for receiving \$9.2 million in proceeds to be used to fund the Project. The difference between the repayment obligation and proceeds amounted to \$2.6 million and represents in-substance interest on the outstanding balance. Debt service payments commenced on August 15, 2009.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 5 - LONG-TERM OBLIGATIONS (Continued)

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

The 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Enterprise system. Net Revenues available for debt service amounted to \$10.5 million which represented coverage of 23.2 over the \$453,459 in debt service.

(7) As of June 30, 2013, the Sewer Enterprise Fund owed the Successor Agency (formerly Merged Redevelopment Project Area Capital Projects Fund) for development of sewer infrastructure in the amount of \$1,166,832. The outstanding balance will be paid off from future sewer fees. With the dissolution of the Agency effective January 31, 2012, the Successor Agency assumed the asset, at which the City is to repay the advance as discussed in Note 14.

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

The 2003 revenue bonds were issued for the purpose of refunding the 1993 revenue bonds. The refunding reduced required interest payments and did not extend the maturities on the bonds. The advance refunding reduced the Authority's total debt service payments by \$846,859 and resulted in an accounting loss of \$401,345, which has been deferred in accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities. This loss is being amortized over the remaining life of the old debt and the remaining balance is reported as a deferred outflow of resources. The 2003 revenue bonds bear interest rates ranging from 2.25% to 4.00% and mature on September 1, 2018.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 5 - LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements

Future debt service requirements, including interest and capital leases, but excludes the 2007 and 2008 Loans payable to the Redevelopment Successor Agency at June 30, 2013, were as follows:

For the Year Ended June 30	Governmental Activities		Business-Type Activities		Component Unit Conference Center Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$385,214	\$100,477	\$4,782,569	\$709,152	\$385,000	\$92,300
2015	398,805	86,886	4,312,405	1,392,482	395,000	80,269
2016	412,890	72,802	4,420,780	1,284,917	410,000	66,444
2017	427,484	58,206	4,536,800	1,174,229	425,000	51,581
2018	397,042	43,082	4,660,530	1,060,207	445,000	35,644
2019-2023	1,063,118	71,261	25,213,370	3,471,138	460,000	18,400
2024-2028			8,265,301	604,174		
2029			566,832	7,936		
Totals	\$3,084,553	\$432,714	\$56,758,587	\$9,704,235	\$2,520,000	\$344,638

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

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

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

Leasing Arrangement	Fund/Activity	Cost
Capital Leases	Governmental Activity	<u>\$5,160,759</u>

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 6 - DEBT WITHOUT CITY COMMITMENT

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

	Balance at June 30, 2012	Repayments	Balance at June 30, 2013
1987 Magnolia Plaza Senior Apartments variable interest rates, repaid 7/2/12	\$6,100,000	\$6,100,000	
Total	\$6,100,000	\$6,100,000	

For all debt issues above, bond principal and interest payments will be made from installment payments on unpaid assessments on properties within the assessment districts. On July 2, 2012, the debt was paid off in full.

NOTE 7 - 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.

B. Fund Balance

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

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. Encumbrances and 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. Encumbrances and 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 encumbrances; 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.

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**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Low and Moderate Income Housing Assets	Capital Project Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
Nonspendables:				
Items not in spendable form:				
Inventories	\$805,677			
Total Nonspendable Fund Balances	805,677			
Restricted for:				
Low and moderate housing projects		\$1,987,194		
Total Restricted Fund Balances		1,987,194		
Committed for:				
Capital projects	1,406,430			
Total Committed Fund Balances	1,406,430			
Assigned to:				
Encumbrances	566,104			
Capital Projects			\$1,105,320	
Total Assigned Fund Balances	566,104		1,105,320	
Unassigned:				
General fund	23,498,194			
Other governmental fund deficit residuals				(\$1,379,895)
Total Unassigned Fund Balances	23,498,194			(1,379,895)
Total Fund Balances	\$26,276,405	\$1,987,194	\$1,105,320	(\$1,379,895)

(Continued)

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 7 – NET POSITION AND FUND BALANCE (Continued)

Fund Balance Classifications (continued)	Capital Project Funds			
	East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Other Governmental Funds
Restricted for:				
Traffic impact fees	\$8,256,497			
Child Care impact fees		\$2,714,308		
Gas Tax projects				\$1,476,749
Developer Contributions projects				2,796,414
Community Development Block Grant projects				1,359,960
Maintenance Districts projects				1,536,112
Transportation Sales Tax projects				1,841,039
City Programs projects				2,804,053
Other Special Revenues projects				4,438,543
Capital Projects activities				1,255,643
Total Restricted Fund Balances	8,256,497	2,714,308		17,508,513
Unassigned:				
Other governmental fund deficit residuals				
Total Unassigned Fund Balances				
Total Fund Balances	\$8,256,497	\$2,714,308		\$17,508,513

C. Net Deficit

The East of 101 Sewer Impact Fees Capital Projects Fund had net deficit in the amount of \$1,379,895 at June 30, 2013. Capital Projects are often funded from grant sources that reimburse the City after the dollars are expended.

The Self Insurance Internal Service Fund and the Health and Retirement Benefits Internal Service Fund had net deficits in the amount of \$14,941 and \$18,679,776, respectively, at June 30, 2013. The latter is attributable to the Net OPEB Obligation described in Footnote 10.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 8 - RETIREMENT BENEFITS

A. CalPers Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPers) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPers provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPers; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Safety (Police & Fire)	Safety (Police & Fire) New Tier
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	57
Benefits, as a % of annual salary for each credited service year	2.4%-3.0%	2.7%
Required employee contribution rates	9%	12.00%
Required employer contribution rates	35.083%	0.00%

	Miscellaneous	Miscellaneous New Tier
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	62
Benefits, as a % of annual salary for each credited service year	1.092%-2.4180%	2.0%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	21.002%	0.00%

In order to reduce the City's pension obligation over time, the City changed its CalPERS retirement plans for employees hired as of April 1, 2011 or after to the following:

- Misc. 2% at 60
- Safety 3% at 55

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 8 - RETIREMENT BENEFITS (Continued)

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

CalPers determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses actuarially determined percentages of payroll to calculate and pay contributions to CalPers. This results in no net pension obligations or unpaid contributions. The Plan's actuarial value (which differs from market value) and funding progress over the most recent three years available is set forth below at their actuarial valuation date of June 30:

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2009	\$144,802,862	\$113,310,741	\$31,492,121	78.3%	\$20,598,735	152.9%
2010	151,287,299	119,420,652	31,866,647	78.9%	19,431,712	164.0%
2011	162,844,345	127,097,699	35,746,646	78.0%	19,138,535	186.8%

Safety:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2009	\$205,831,438	\$166,040,563	\$39,790,875	80.7%	\$15,931,112	249.8%
2010	213,852,541	171,969,514	41,883,027	80.4%	16,543,852	253.2%
2011	226,028,820	179,053,699	46,975,121	79.2%	16,850,436	278.8%

CalPers uses the 3-year smoothed market method of valuing the Plan's assets. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Projected salary increases are 3.30% to 14.20% depending on age, service and type of employment. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over 20 years. Investment gains and losses are accumulated as they are realized and 10 percent of the net balance is amortized annually.

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 8 - RETIREMENT BENEFITS (Continued)

Annual Pension Costs, representing the payment of all contributions required by CalPers, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Safety Plan</i>			
June 30, 2011	\$5,229,756	100%	\$0
June 30, 2012	5,926,641	100%	0
June 30, 2013	6,193,901	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2011	\$3,790,929	100%	\$0
June 30, 2012	4,387,561	100%	0
June 30, 2013	4,327,485	100%	0

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

NOTE 9 - DEFERRED COMPENSATION PLAN

A. *Deferred Compensation Plan*

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

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

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 10 – POST-EMPLOYMENT BENEFITS

The City provides certain health care benefits for all employees who retire after attaining age 50 with at least five years of service or disability at any age. The City provides certain health care benefits for those employees hired prior to April 1, 2011. 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 1, 2011 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 plans.

Benefits are provided as authorized by various memorandums of understanding entered into by the City and its employees. As of June 30, 2013, approximately 298 retirees were eligible to receive benefits. The City provides fully paid medical coverage under various health care plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

Eligibility	* Hired < 4/25/2010 * Age 50 and 5 years City service or disability at any age
Medical Benefit	* City pays single premium up to largest HMO single premium. Cap for 2012/2013: - \$957.75/month pre-65 (Blue Shield) - \$466.29/month post-65 Medical eligible (Blue Shield) - \$1,519.94/ month post-65 not Medicare eligible (Kaiser) * Medicare Part B reimbursement
Surviving Spouse Benefit	* Participation with premium payment * AFSCME, Local 1569, Mid-Management, IAFF surviving spouses covered 2 months following death of retiree
Dental, Vision, & Life	None

During fiscal year 2009, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do affect prior years financial statements. Required disclosures are presented below. The City offers retirees a single-employer postemployment benefits plan that is administered by the City. The City’s Health and Retirement Benefits Fund hold assets designated for the payment of City’s OPEB obligations.

The City has not yet participated in the California Employers’ Retiree Benefit Trust (CERBT) Fund – an irrevocable trust established by CalPers to pre-fund OPEB. The City Council has elected to take the pay-as-you-go approach for the OPEB contribution for the next few years.

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 10 – POST-EMPLOYMENT BENEFITS (Continued)

A. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.0% investment rate of return if not pre-funded and assets remain in City’s own investment portfolio; 7.25% if pre-funded with CERBT, (b) 3.25% projected annual salary increase, (c) 3.0% inflation rate.

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

Year	Non-Medicare	Medicare
2013	Actual Premiums	
2014	Actual Premiums	
2015	8.0%	8.3%
2016	7.5%	7.8%
2017	7.0%	7.2%
2018	6.5%	6.7%
2019	6.0%	6.1%
2020	5.5%	5.6%
2021+	5.0%	5.0%

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 10 – POST-EMPLOYMENT BENEFITS (Continued)

B. Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. In fiscal year 2013, the City made contribution less than the ARC as presented below:

Annual required contribution (ARC)	\$10,708,000
Interest on net OPEB Obligation	926,000
Adjustment to annual required contribution	<u>(2,405,000)</u>
Annual OPEB cost	9,229,000
Contributions made:	
Premium paid	<u>2,226,000</u>
Total contributions	<u>2,226,000</u>
Change in net OPEB Asset / (Obligation)	(7,003,000)
Net OPEB Obligation at June 30, 2012	<u>(24,258,700)</u>
Net OPEB Asset (Obligation) at June 30, 2013	<u><u>(\$31,261,700)</u></u>

The Plan's annual required contributions and actual contributions for the year ended June 30, 2013 is set forth below (in thousands):

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Contributed	Net OPEB Obligation
6/30/2011	\$9,966,000	\$1,969,522	20%	\$16,150,700
6/30/2012	10,181,223	2,073,223	20%	24,258,700
6/30/2013	9,229,000	2,226,000	24%	31,261,700

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 10 – POST-EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the June 30, 2012 actuarial study is presented below:

(In Thousands)			Overfunded (Underfunded)			Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Actuarial Accrued Liability	Funded Ratio	Covered Payroll	
6/30/2008	\$0	\$59,485	(\$59,485)	0%	\$31,813	(187.0%)
6/30/2010	0	82,184	(82,184)	0%	32,797	(250.6%)
6/30/2012	0	86,006	(86,006)	0%	31,431	(273.6%)

The City Council has authorized, through the budget process, operating transfers of cash from the General Fund to the Health and Retirement Benefits Internal Service Fund for the purposes of offsetting the OPEB liability. While not recognized by government accounting standards, which require a formal trust be set to remove the OPEB liability, management believes this is a prudent course of action at this point. As of June 30, 2013, \$12,581,466 in cash and investments in the Health and Benefits Internal Service Fund has been set-aside by the City Council for OPEB.

A separate audited GAAP basis for this post-employment benefit plan report is not available.

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS

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

A. *Oyster Point Marina*

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. *Peninsula Traffic Congestion Relief Alliance*

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

C. *City/County Association of Governments*

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

NOTE 12 - RISK MANAGEMENT

A. *Insurance Coverage*

The City participates in Association of Bay Area Governments (ABAG) Plan Corporation, a non profit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. ABAG Plan provides \$5,000,000 of general liability and automobile coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. The City's liability coverage through ABAG is a total of \$25 million, with the first \$5 million covered out of ABAG's financial reserves, and with the next \$20 million covered from two excess insurance policies acquired by ABAG. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. A boiler and machinery policy insures up to a combined limit of \$100,000,000 with various deductibles. For pollution, the City purchased separate insurance which insures up to \$10,000,000 for each condition and up to \$50,000,000 in the aggregate with a \$100,000 self-insured retention per pollution condition. For the year ended June 30, 2013, the City paid ABAG Plan \$610,182 in premiums and did not receive a refund of premiums paid in prior years. ABAG Plan has not determined the value of the City's interest in its net position. Financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94694-2050.

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

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 12 - 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, 2013			Fiscal
	Workers' Compensation	General Liability	Total	2011-2012 Total
Balance, beginning of year	\$7,789,000	\$250,000	\$8,039,000	\$8,060,000
Current year claims and changes in estimates	3,852,131	901,000	4,753,131	1,410,891
Claims Paid	(2,835,131)	(150,000)	(2,985,131)	(1,431,891)
Balance, end of year	<u>\$8,806,000</u>	<u>\$1,001,000</u>	<u>\$9,807,000</u>	<u>\$8,039,000</u>
Current portion	<u>\$562,000</u>	<u>\$150,000</u>	<u>\$712,000</u>	<u>\$712,000</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal and State grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the Federal Single Audit Act 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 FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)
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A. 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, 2013, was \$420,000. The cost and carrying amount of leased land under this lease receivable is \$5,325,000. Future minimum lease payments from the Conference Center Authority land leases are as follows:

Year ending June 30	Component Unit Conference Center
2014	\$420,000
2015	420,000
2016	420,000
2017	420,000
2018	420,000
2019-2023	2,100,000
2024-2028	2,100,000
2029	420,000
Total	\$6,720,000

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

Year ending June 30:	Costco
2014	\$400,000
2015	400,000
2016	400,000
2017	400,000
2018	400,000
2019-2023	2,000,000
2024-2028	2,000,000
	\$6,000,000

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 14 – 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, 2013 are discussed in Note 2 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2013.

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 estimated fair market value on the date contributed. 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)

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
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.

Capital assets recorded at June 30 comprise:

	Balance June 30, 2012	Additions	Balance June 30, 2013
Fiduciary activities			
Capital assets not being depreciated:			
Land	\$52,776,824		\$52,776,824
Total capital assets not being depreciated	<u>52,776,824</u>		<u>52,776,824</u>
Capital assets being depreciated:			
Buildings and Improvements	3,781,406		3,781,406
Equipment and Vehicle	242,190		242,190
Furniture and Fixtures	21,506		21,506
Total capital assets being depreciated	<u>4,045,102</u>		<u>4,045,102</u>
Less accumulated depreciation for:			
Buildings and Improvements	(463,569)	(\$83,746)	(547,315)
Equipment and Vehicle	(217,213)	(12,164)	(229,377)
Furniture and Fixtures	(18,460)	(1,218)	(19,678)
Total accumulated depreciation	<u>(699,242)</u>	<u>(97,128)</u>	<u>(796,370)</u>
Net capital assets being depreciated	<u>3,345,860</u>	<u>(97,128)</u>	<u>3,248,732</u>
Fiduciary activity capital assets, net	<u><u>\$56,122,684</u></u>	<u><u>(\$97,128)</u></u>	<u><u>\$56,025,556</u></u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)

D. LONG-TERM OBLIGATIONS

All of the long-term debt of the Successor Agency were issued by the former Redevelopment Agency. Current year transactions were as follows:

Type of Obligation	Balance June 30, 2012	Retirements	Balance June 30, 2013	Current Portion
2006 Revenue Bonds, 3.75 to 5.13%, due 9/1/35 (1)	\$63,095,000	(\$1,490,000)	\$61,605,000	\$1,545,000
2000 HUD Section 108, 4.4 to 6.6%, due 8/1/23 (2)	1,054,000	(1,054,000)		
1999 Revenue Bonds, 3.3 to 5.0%, due 9/1/18 (3)	1,720,000	(210,000)	1,510,000	220,000
1999 Certificates of Participation, 3.2 to 5.0%, due 4/1/29 (4)	4,445,000	(4,445,000)		
Total Successor Agency	<u>\$70,314,000</u>	<u>(\$7,199,000)</u>	<u>\$63,115,000</u>	<u>\$1,765,000</u>

Debt Service Requirements

Debt service requirements are shown below for all long-term debt.

For the Year Ended June 30	Successor Agency Activities	
	Principal	Interest
2014	\$1,765,000	\$2,963,081
2015	1,835,000	2,881,494
2016	1,925,000	2,796,131
2017	2,000,000	2,702,556
2018	2,100,000	2,606,906
2019-2023	10,770,000	12,012,057
2024-2028	13,325,000	9,087,741
2029-2033	17,010,000	5,305,250
2034-2036	12,385,000	948,875
Totals	<u>\$63,115,000</u>	<u>\$41,304,091</u>

(1) On April 19, 2006, the former Agency issued \$70,675,000 of Tax Allocation Revenue Bonds, Series 2006A to advance refund and defease \$9,920,000 of the 1997 Downtown Tax Allocation Bonds and \$23,860,000 of the 1999 Revenue Bonds, and to finance various redevelopment projects. Net proceeds of \$9,364,974 and \$3,753,130 plus an additional \$801,925 and \$20,039,830 from the 1997 and 1999 bonds were used to purchase U.S. government securities for the 1997 Downtown Tax Allocation Bonds and 1999 Revenue Bonds, respectively. Those securities were deposited in irrevocable trust with an escrow agent to provide for all future debt service payments. The 1997 and 1999 bonds are considered to be defeased and the liabilities for those bonds have been removed. As of June 30, 2013, \$8,535,000 and \$17,035,000 of principal remained outstanding on the defeased 1997 and 1999 bonds, respectively.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)
--

The 2006 Bonds are special obligation of the former Redevelopment Agency payable solely from and secured by a pledge of tax revenues generated within the project area. Interest on the 2006A Bonds is payable on each March 1 and September 1. Principal payments are due each September 1. The pledge of future tax revenue ends upon repayment of the \$103,105,279 in remaining debt service on the bonds which is scheduled to occur in 2036.

In September 2012, a bank escrow account in the amount of \$50.2 million was established by action of the Successor Agency Oversight Board and approved by the State Department of Finance. The purpose of the escrow account is to set aside funds to call and fully repay the 2006 Tax Allocation Revenue Bonds in 2016.

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

Under the Contract, the City and the former Redevelopment Agency pledge: (a) all allocations or grants under Section 106 of Title I, or Section 108 (q) of Title I; (b) program income, as defined at 24 CFR Section 570.500 (a); (c) tax increment revenues and receipts available to the former Redevelopment Agency; (d) all proceeds from foregoing; and (e) all funds or investments in accounts established by the Contract. On July 20, 2012, the remaining balance of the loan was paid off in full.

(4) On February 1, 1999, the former Redevelopment Agency issued \$6,145,000 of **1999 Certificates of Participation (COPs)** to finance the acquisition of the land and improvements used and operated as the City of South San Francisco Conference Center. During fiscal 2003/04, pursuant to a resolution of the former Redevelopment Agency Board, tax increment revenues were pledged to pay debt service on the 1999 COPS. The pledge of future tax increment revenue ends upon repayment of remaining debt service on the bonds which is scheduled to occur in 2029. On August 30, 2012, the remaining balance of the debt was paid off in full.

Pledged Revenues

With the dissolution of the former Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)
--

E. 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 former 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 former 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.

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 are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting 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 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

G. EXTRAORDINARY ITEM

During the fiscal year ended June 30, 2013, the Successor Agency incurred \$27,917,105 due to the dissolution of the former redevelopment agency.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

NOTE 15 – RESTATEMENT

During the fiscal year ended June 30, 2013, the City determined that \$277,982 of revenue recorded in the Sewer Enterprise Fund in prior years, should have been recorded as deposits payable instead. As a result, the reduced the fund's beginning net position as of July 1, 2012, by \$277,982.

Supplementary Information

<p style="text-align: center;">MAJOR GOVERNMENTAL FUNDS OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</p>
--

CAPITAL IMPROVEMENT FUND

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

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.

DEVELOPER DEPOSIT CAPITAL PROJECTS FUND

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

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.

CITY OF SOUTH SAN FRANCISCO
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$4,289,833	\$1,974,822	(\$2,315,011)
Other	8,138	52,911	44,773
Total Revenues	4,297,971	2,027,733	(2,270,238)
EXPENDITURES:			
Current:			
Public works	22,890,463	6,462,768	16,427,695
Total Expenditures	22,890,463	6,462,768	16,427,695
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,592,492)	(4,435,035)	14,157,457
OTHER FINANCING SOURCES (USES)			
Transfers in	17,207,442	2,384,873	(14,822,569)
Transfers out	(4,492)	(970,557)	(966,065)
Total other financing sources (uses)	17,202,950	1,414,316	(15,788,634)
NET CHANGE IN FUND BALANCE	(\$1,389,542)	(3,020,719)	(\$1,631,177)
Adjustment to budgetary basis:			
Encumbrance adjustments		2,049,974	
Fund balance - July 1		2,076,065	
Fund balance - June 30		\$1,105,320	

**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, 2013**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$1,503	\$1,503
Charges for services		446	446
Total Revenues		1,949	1,949
EXPENDITURES:			
Current:			
Non-departmental	\$2,500	2,500	
Total Expenditures	2,500	2,500	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,500)	(551)	1,949
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)	(81,002)	(9,239)	71,763
Total other financing sources (uses)	(81,002)	(9,239)	71,763
NET CHANGE IN FUND BALANCE	(\$83,502)	(9,790)	\$73,712
Fund balance (deficit) - July 1		(1,370,105)	
Fund balance (deficit) - June 30		(\$1,379,895)	

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, 2013

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$60,397	\$60,397
Total Revenues		<u>60,397</u>	<u>60,397</u>
EXPENDITURES:			
Current:			
Public works	\$2,500	2,500	
Total Expenditures	<u>2,500</u>	<u>2,500</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,500)</u>	<u>57,897</u>	<u>60,397</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(5,597,615)</u>	<u>(439,820)</u>	<u>5,157,795</u>
Total other financing sources (uses)	<u>(5,597,615)</u>	<u>(439,820)</u>	<u>5,157,795</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$5,600,115)</u></u>	<u>(381,923)</u>	<u><u>\$5,218,192</u></u>
Fund balance - July 1		<u>8,638,420</u>	
Fund balance - June 30		<u><u>\$8,256,497</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, 2013**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$20,416	\$20,416
Charges for services		9,639	9,639
Total Revenues		<u>30,055</u>	<u>30,055</u>
EXPENDITURES:			
Current:			
Public Works	\$6,558		(6,558)
Non-departmental	<u>2,500</u>	<u>2,500</u>	
Total Expenditures	<u>9,058</u>	<u>2,500</u>	<u>(6,558)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,058)</u>	<u>27,555</u>	<u>36,613</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)	<u>(210,363)</u>	<u>(216,921)</u>	<u>(6,558)</u>
Total other financing sources (uses)	<u>(210,363)</u>	<u>(216,921)</u>	<u>(6,558)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$219,421)</u></u>	<u>(189,366)</u>	<u><u>\$30,055</u></u>
Fund balance - July 1		<u>2,903,674</u>	
Fund balance - June 30		<u><u>\$2,714,308</u></u>	

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.

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

Maintenance District - 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.

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.

Oyster Point Improvements Impact Fees Capital Projects Fund - 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.

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Federal Aviation Grant	Community Development Block Grant	Miscellaneous Grants
ASSETS					
Cash and investments	\$1,468,970	\$3,446,652	\$758,125		\$136,869
Receivables:					
Accounts				\$91,090	
Accrued interest	7,779	13,197	6,229		
Loans				1,023,160	
Restricted cash and investments				307,924	
Land held for resale					
Total Assets	\$1,476,749	\$3,459,849	\$764,354	\$1,422,174	\$136,869
LIABILITIES					
Liabilities:					
Accounts payable		\$34,168	\$12,361	\$52,278	
Other payable				\$9,936	
Deposits		629,267			
Due to other funds					
Unearned revenue			751,993		
Total Liabilities		663,435	764,354	62,214	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Fund Balances:					
Restricted	\$1,476,749	2,796,414		1,359,960	\$136,869
Unassigned					
Total Fund Balances	1,476,749	2,796,414		1,359,960	136,869
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$1,476,749	\$3,459,849	\$764,354	\$1,422,174	\$136,869

Maintenance Districts	Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforcement Services	City Programs	Affordable Housing Trust	PEG Equipment and Access
\$1,537,068	\$1,834,086	\$1,022,319	\$350	\$2,806,217	\$923,639	\$355,623
	6,953	15,000	21,577 73	913 9,097	530 120,742 571,930	40,872 1,066
					1,900,000	
<u>\$1,537,068</u>	<u>\$1,841,039</u>	<u>\$1,037,319</u>	<u>\$22,000</u>	<u>\$2,816,227</u>	<u>\$3,516,841</u>	<u>\$397,561</u>
\$956		\$21,536		\$12,174		\$11,011
			\$22,000			
<u>956</u>		<u>21,536</u>	<u>22,000</u>	<u>12,174</u>		<u>11,011</u>
					\$617,500	
1,536,112	\$1,841,039	1,015,783		2,804,053	2,899,341	386,550
<u>1,536,112</u>	<u>1,841,039</u>	<u>1,015,783</u>		<u>2,804,053</u>	<u>2,899,341</u>	<u>386,550</u>
<u>\$1,537,068</u>	<u>\$1,841,039</u>	<u>\$1,037,319</u>	<u>\$22,000</u>	<u>\$2,816,227</u>	<u>\$3,516,841</u>	<u>\$397,561</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	CAPITAL PROJECTS FUNDS			
	Non-obligated Capital Projects	Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$701,857	\$24,410	\$527,114	\$15,543,299
Receivables:				
Accounts				169,982
Accrued interest			2,262	167,398
Loans				1,595,090
Restricted cash and investments				307,924
Land held for resale				1,900,000
	<u>\$701,857</u>	<u>\$24,410</u>	<u>\$529,376</u>	<u>\$19,683,693</u>
LIABILITIES				
Liabilities:				
Accounts payable				\$144,484
Other payable				9,936
Deposits				629,267
Due to other funds				22,000
Unearned revenue				751,993
				<u>1,557,680</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				617,500
Fund Balances:				
Restricted	\$701,857	\$24,410	\$529,376	17,508,513
Unassigned				
	<u>701,857</u>	<u>24,410</u>	<u>529,376</u>	<u>17,508,513</u>
and Fund Balances	<u>\$701,857</u>	<u>\$24,410</u>	<u>\$529,376</u>	<u>\$19,683,693</u>

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**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Federal Aviation Grants	Community Development Block Grant	Miscellaneous Grants
REVENUES					
Property taxes					
Other taxes					
Intergovernmental	\$1,735,096		\$2,034,098	\$765,680	
Interest and rentals	14,998	\$25,329	12,012	25,810	
Charges for services		583,389			
Other		1,039		16,034	
Total Revenues	1,750,094	609,757	2,046,110	807,524	
EXPENDITURES					
Current:					
Economic and community development		598,961	2,006,230	923,484	
Public works					
Non-departmental					
Police					
Total Expenditures		598,961	2,006,230	923,484	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,750,094	10,796	39,880	(115,960)	
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(1,978,784)	(60,369)			
Total Other Financing Sources (Uses)	(1,978,784)	(60,369)			
Net Change in Fund Balances	(228,690)	(49,573)	39,880	(115,960)	
Fund balance (deficit)	1,705,439	2,845,987	(39,880)	1,475,920	\$136,869
Fund balance (deficit)	\$1,476,749	\$2,796,414		\$1,359,960	\$136,869

SPECIAL REVENUE FUNDS

<u>Maintenance Districts</u>	<u>Transportation Sales Tax</u>	<u>Solid Waste Reduction</u>	<u>Supplemental Law Enforce- ment Services</u>	<u>City Programs</u>	<u>Affordable Housing Trust</u>	<u>PEG Equipment and Access</u>
\$1,475,555	\$1,288,633		\$94,416			
	13,407	\$173,881	141	\$17,545	\$9,235	\$2,055
				1,049,266	70,677	160,968
<u>1,475,555</u>	<u>1,302,040</u>	<u>173,881</u>	<u>94,557</u>	<u>1,066,811</u>	<u>79,912</u>	<u>163,023</u>
1,420,485		108,096				
			94,557	650,346	50,000	15,188
<u>1,420,485</u>		<u>108,096</u>	<u>94,557</u>	<u>650,346</u>	<u>50,000</u>	<u>15,188</u>
55,070	1,302,040	65,785		416,465	29,912	147,835
(208,001)	(1,036,978)			(37,370)		
(208,001)	(1,036,978)			(37,370)		
(152,931)	265,062	65,785		379,095	29,912	147,835
<u>1,689,043</u>	<u>1,575,977</u>	<u>949,998</u>		<u>2,424,958</u>	<u>2,869,429</u>	<u>238,715</u>
<u>\$1,536,112</u>	<u>\$1,841,039</u>	<u>\$1,015,783</u>		<u>\$2,804,053</u>	<u>\$2,899,341</u>	<u>\$386,550</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
	Non-obligated Capital Projects	Oyster Point Improvement Impact Fees	Sewer Capacity Charges	
REVENUES				
Property taxes				\$1,475,555
Other taxes				1,383,049
Intergovernmental			\$11,562	4,546,436
Interest and rentals		\$11	(7,203)	113,340
Charges for services			264,655	1,092,602
Other				1,227,307
Total Revenues		11	269,014	9,838,289
EXPENDITURES				
Current:				
Economic and community development				3,636,771
Public works		4	2,500	1,422,989
Non-departmental				715,534
Police				94,557
Total Expenditures		4	2,500	5,869,851
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		7	266,514	3,968,438
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out			(222,584)	(3,544,086)
Total Other Financing Sources (Uses)			(222,584)	(3,544,086)
Net Change in Fund Balances		7	43,930	424,352
Fund balance (deficit)	\$701,857	24,403	485,446	17,084,161
Fund balance (deficit)	<u>\$701,857</u>	<u>\$24,410</u>	<u>\$529,376</u>	<u>\$17,508,513</u>

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**CITY OF SOUTH SAN FRANCISCO
BUDGETED NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2013**

	GAS TAX			DEVELOPER CONTRIBUTIONS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Intergovernmental	\$1,869,784	\$1,735,096	(\$134,688)			
Interest and rentals	10,000	14,998	4,998		\$25,329	\$25,329
Charges for services				\$598,750	583,389	(15,361)
Other					1,039	1,039
Total Revenues	1,879,784	1,750,094	(129,690)	598,750	609,757	11,007
EXPENDITURES						
Current:						
Economic and community development				759,656	828,629	(68,973)
Public works						
Non-departmental						
Other						
Police						
Total Expenditures				759,656	828,629	(68,973)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,879,784	1,750,094	(129,690)	(160,906)	(218,872)	(57,966)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(2,599,606)	(1,978,784)	620,822	(695,483)	(60,369)	635,114
Total Other Financing Sources (Uses)	(2,599,606)	(1,978,784)	620,822	(695,483)	(60,369)	635,114
NET CHANGE IN FUND BALANCES	(\$719,822)	(228,690)	\$491,132	(\$856,389)	(279,241)	\$577,148
Adjustment to budgetary basis:						
Encumbrance adjustments					229,668	
Fund balance (deficit) - July 1		1,705,439			2,845,987	
Fund balance, June 30		\$1,476,749			\$2,796,414	

FEDERAL AVIATION GRANT			COMMUNITY DEVELOPMENT BLOCK GRANT			MISCELLANEOUS GRANTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,982,000	\$2,034,098	\$52,098	\$430,746	\$765,680	\$334,934	\$81,270		(\$81,270)
25,000	12,012	(12,988)		25,810	25,810			
			110,959	16,034	(94,925)			
2,007,000	2,046,110	39,110	541,705	807,524	265,819	81,270		(81,270)
\$1,996,031	2,006,230	(10,199)	1,234,438	954,556	279,882			
1,996,031	2,006,230	(10,199)	1,234,438	954,556	279,882			
10,969	39,880	28,911	(692,733)	(147,032)	545,701	81,270		(81,270)
\$10,969	39,880	\$28,911	(\$692,733)	(147,032)	\$545,701	\$81,270		(\$81,270)
				31,072				
	(39,880)			1,475,920			136,869	
				\$1,359,960			\$136,869	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
 BUDGETED 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, 2013**

	<u>MAINTENANCE DISTRICTS</u>			<u>TRANSPORTATION SALES TAX</u>		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$1,449,314	\$1,475,555	\$26,241			
Other taxes				\$1,000,000	\$1,288,633	\$288,633
Intergovernmental						
Interest and rentals				25,000	13,407	(11,593)
Charges for services						
Other						
Total Revenues	<u>1,449,314</u>	<u>1,475,555</u>	<u>26,241</u>	<u>1,025,000</u>	<u>1,302,040</u>	<u>277,040</u>
EXPENDITURES						
Current:						
Economic and community development						
Public works	1,688,068	1,420,485	267,583			
Non-departmental						
Other						
Police						
Total Expenditures	<u>1,688,068</u>	<u>1,420,485</u>	<u>267,583</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(238,754)</u>	<u>55,070</u>	<u>293,824</u>	<u>1,025,000</u>	<u>1,302,040</u>	<u>277,040</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(429,488)	(208,001)	221,487	(2,387,851)	(1,036,978)	1,350,873
Total Other Financing Sources (Uses)	<u>(429,488)</u>	<u>(208,001)</u>	<u>221,487</u>	<u>(2,387,851)</u>	<u>(1,036,978)</u>	<u>1,350,873</u>
NET CHANGE IN FUND BALANCES	<u>(\$668,242)</u>	<u>(152,931)</u>	<u>\$515,311</u>	<u>(\$1,362,851)</u>	<u>265,062</u>	<u>\$1,627,913</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance (deficit) - July 1		<u>1,689,043</u>			<u>1,575,977</u>	
Fund balance, June 30		<u>\$1,536,112</u>			<u>\$1,841,039</u>	

SOLID WASTE REDUCTION			SUPPLEMENTAL LAW ENFORCEMENT SERVICES			CITY PROGRAMS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
				\$94,416	\$94,416			
				141	141		\$17,545	\$17,545
\$173,325	\$173,881	\$556				\$1,067,000	1,049,266	(17,734)
173,325	173,881	556		94,557	94,557	1,067,000	1,066,811	(189)
264,319	137,539	\$126,780						
			\$95,000	94,557	443	652,000	650,346	1,654
264,319	137,539	126,780	95,000	94,557	443	652,000	650,346	1,654
(90,994)	36,342	127,336	(95,000)		95,000	415,000	416,465	1,465
						(161,515)	(37,370)	124,145
						(161,515)	(37,370)	124,145
<u>(\$90,994)</u>	<u>36,342</u>	<u>\$127,336</u>	<u>(\$95,000)</u>		<u>\$95,000</u>	<u>\$253,485</u>	<u>379,095</u>	<u>\$125,610</u>
	29,443							
	<u>949,998</u>						<u>2,424,958</u>	
	<u>\$1,015,783</u>						<u>\$2,804,053</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
 BUDGETED 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, 2013**

	AFFORDABLE HOUSING TRUST			PEG EQUIPMENT AND ACCESS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Intergovernmental						
Interest and rentals		\$9,235	\$9,235		\$2,055	\$2,055
Charges for services		70,677	70,677			
Other				\$50,000	160,968	110,968
Total Revenues		79,912	79,912	50,000	163,023	113,023
EXPENDITURES						
Current:						
Economic and community development						
Public works						
Non-departmental	50,000	50,000		50,000	24,601	25,399
Other						
Police						
Total Expenditures	50,000	50,000		50,000	24,601	25,399
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	29,912	79,912		138,422	138,422
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(\$50,000)	29,912	\$79,912		138,422	\$138,422
Adjustment to budgetary basis:						
Encumbrance adjustments					9,413	
Fund balance (deficit) - July 1		2,869,429			238,715	
Fund balance, June 30		<u>2,899,341</u>			<u>\$386,550</u>	

NONOBLIGATED CAPITAL PROJECTS			OYSTER POINT IMPROVEMENT IMPACT FEES			SEWER CAPACITY CHARGES		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
				\$11	\$11	\$5,500	\$11,562	\$6,062
						200,000	(7,203)	(7,203)
							264,655	64,655
				11	11	205,500	269,014	63,514
			\$52,566	4	52,562	2,500	2,500	
			2,500		2,500			
			55,066	4	55,062	2,500	2,500	
			(55,066)	7	55,073	203,000	266,514	63,514
(\$660,000)		\$660,000				(645,000)	(222,584)	422,416
(660,000)		660,000				(645,000)	(222,584)	422,416
(\$660,000)		\$660,000	(\$55,066)	7	\$55,073	(\$442,000)	43,930	\$485,930
	\$701,857			24,403			485,446	
	\$701,857			\$24,410			\$529,376	

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 of South San Francisco include:

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013**

	<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	\$694,092	\$9,488,430	\$13,680,671	\$4,102,862	\$27,966,055
Receivables:					
Accounts	10,039	237,000	880		247,919
Accrued interest	2,039	29,271	47,253	14,922	93,485
Due from other funds				22,000	22,000
Deposit		157,500	46,010		203,510
Total current assets	<u>706,170</u>	<u>9,912,201</u>	<u>13,774,814</u>	<u>4,139,784</u>	<u>28,532,969</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation	3,191			4,671,770	4,674,961
Total Assets	<u>709,361</u>	<u>9,912,201</u>	<u>13,774,814</u>	<u>8,811,554</u>	<u>33,207,930</u>
LIABILITIES					
Current liabilities:					
Accounts payable	124,990	120,142	60,076	126,307	431,515
Other payable	14,280				14,280
Current portion of accrued insurance loss		712,000			712,000
Current portion of compensated absences	51,085		596,320		647,405
Net OPEB obligation			31,261,700		31,261,700
Current portion of long-term debt				385,214	385,214
Total current liabilities	<u>190,355</u>	<u>832,142</u>	<u>31,918,096</u>	<u>511,521</u>	<u>33,452,114</u>
Noncurrent liabilities:					
Accrued insurance loss		9,095,000			9,095,000
Compensated absences obligation	140,641		536,494		677,135
Noncurrent portion of long-term debt				2,699,339	2,699,339
Total noncurrent liabilities	<u>140,641</u>	<u>9,095,000</u>	<u>536,494</u>	<u>2,699,339</u>	<u>12,471,474</u>
Total Liabilities	<u>330,996</u>	<u>9,927,142</u>	<u>32,454,590</u>	<u>3,210,860</u>	<u>45,923,588</u>
NET POSITION:					
Net investment in capital assets	3,191			1,587,217	1,590,408
Unrestricted	375,174	(14,941)	(18,679,776)	4,013,477	(14,306,066)
Total Net Position	<u>\$378,365</u>	<u>(\$14,941)</u>	<u>(\$18,679,776)</u>	<u>\$5,600,694</u>	<u>(\$12,715,658)</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, 2013**

	<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	\$3,328,221	\$4,888,634	\$11,118,557	\$1,323,704	\$20,659,116
Total Operating Revenues	<u>3,328,221</u>	<u>4,888,634</u>	<u>11,118,557</u>	<u>1,323,704</u>	<u>20,659,116</u>
OPERATING EXPENSES					
Personnel expenses	1,536,250	736,997	10,716,878		12,990,125
OPEB expenses			7,003,000		7,003,000
Professional services	451,094	172,083	20,225		643,402
Program supplies	918,125	65,000		219,894	1,203,019
Insurance	7,566	813,195			820,761
Self-insurance and claims		2,985,131			2,985,131
Repair and maintenance	571,788			445,796	1,017,584
Utilities	31,674				31,674
Depreciation	818			648,182	649,000
Other	7,525		208,362		215,887
Total Operating Expenses	<u>3,524,840</u>	<u>4,772,406</u>	<u>17,948,465</u>	<u>1,313,872</u>	<u>27,559,583</u>
Operating Income (Loss)	<u>(196,619)</u>	<u>116,228</u>	<u>(6,829,908)</u>	<u>9,832</u>	<u>(6,900,467)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	3,932	56,446	91,117	28,779	180,274
Interest expense				(53,155)	(53,155)
Gain from disposal of capital assets				11,670	11,670
Total Nonoperating Revenues (Expenses)	<u>3,932</u>	<u>56,446</u>	<u>91,117</u>	<u>(12,706)</u>	<u>138,789</u>
Net income (loss) before transfers	(192,687)	172,674	(6,738,791)	(2,874)	(6,761,678)
TRANSFERS					
Transfers in	51,850		1,600,000		1,651,850
Transfers out		(237,000)		(8,294)	(245,294)
Change in Net Position	(140,837)	(64,326)	(5,138,791)	(11,168)	(5,355,122)
Net Position - (deficits) July 1	<u>519,202</u>	<u>49,385</u>	<u>(13,540,985)</u>	<u>5,611,862</u>	<u>(7,360,536)</u>
Net Position - (deficits) June 30	<u><u>\$378,365</u></u>	<u><u>(\$14,941)</u></u>	<u><u>(\$18,679,776)</u></u>	<u><u>\$5,600,694</u></u>	<u><u>(\$12,715,658)</u></u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	\$3,318,182	\$4,619,134	\$11,120,969	\$1,323,704	\$20,381,989
Cash payment to suppliers for goods and services	(1,987,772)	(1,050,278)	(228,587)	(665,690)	(3,932,327)
Cash payment to employees for services	(1,501,447)	(708,685)	(10,717,922)		(12,928,054)
Cash payment for judgments and claims		(1,217,131)			(1,217,131)
Other receipts (payments)				126,307	126,307
Net Cash Provided by Operating Activities	(171,037)	1,643,040	174,460	784,321	2,430,784
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayments from other funds				288,000	288,000
Transfers in	51,850		1,600,000		1,651,850
Transfers out		(237,000)		(8,294)	(245,294)
Net Cash Provided by Noncapital Financing Activities	51,850	(237,000)	1,600,000	279,706	1,694,556
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease				(260,829)	(260,829)
Interest payments				(53,155)	(53,155)
Proceeds from issuances of capital lease				1,289,000	1,289,000
Acquisition of capital assets, net				(1,506,913)	(1,506,913)
Proceeds from the sale of capital assets				9,570	9,570
Net Cash Used in Capital and Related Financing Activities				(522,327)	(522,327)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	3,955	49,363	74,382	23,199	150,899
Net Cash Provided by Investing Activities	3,955	49,363	74,382	23,199	150,899
Net Increase (Decrease) in cash and cash equivalents	(115,232)	1,455,403	1,848,842	564,899	3,753,912
Cash and cash equivalents, beginning	809,324	8,033,027	11,831,829	3,537,963	24,212,143
Cash and cash equivalents, ending	\$694,092	\$9,488,430	\$13,680,671	\$4,102,862	\$27,966,055
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	(\$196,619)	\$116,228	(\$6,829,908)	\$9,832	(\$6,900,467)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	818			648,182	649,000
Net change in assets and liabilities:					
Accounts and lease receivables	(10,039)	(237,000)	2,412		(244,627)
Deposits		(32,500)			(32,500)
Accounts payable	8,691	28,312	9,351	126,307	172,661
Accrued insurance losses		1,768,000			1,768,000
OPEB obligations			7,003,000		7,003,000
Compensated absence obligations	26,112		(10,395)		15,717
Net Cash Provided by (Used in) Operating Activities	(\$171,037)	\$1,643,040	\$174,460	\$784,321	\$2,430,784

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, 2013**

SSF Employee Deferred Comp Trust Oversight

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and investments	\$39,930	\$20,798	\$39,930	\$20,798
Accrued interest	116	101	116	101
Total Assets	\$40,046	\$20,899	\$40,046	\$20,899
LIABILITIES				
Accounts payable	\$2,500	\$142	\$2,500	\$142
Other accrued liabilities	37,546	20,757	37,546	20,757
Total Liabilities	\$40,046	\$20,899	\$40,046	\$20,899

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STATISTICAL SECTION

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

Financial Trends

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

1. Net 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. Twenty Largest Taxable Property Owners for Merged RDA Project Area
5. Property Tax Levies and Collections

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

STATISTICAL SECTION - (Continued)
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Operating Information

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

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

Miscellaneous Information

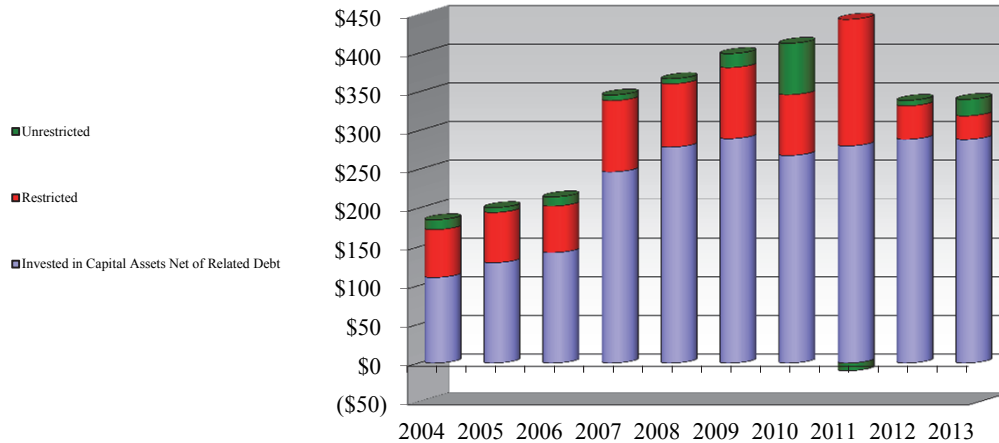
1. Collection and Use of 1% Special Transient Occupancy Tax

Sources

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

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

Millions



	For The Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$88,960,212	\$100,135,849	\$110,328,726	\$212,273,574	\$233,230,681
Restricted	59,937,123	63,029,154	58,015,343	89,194,344	80,346,634
Unrestricted	8,873,832	9,528,256	11,886,141	3,306,910	9,205,150
Total governmental activities net position	\$157,771,167	\$172,693,259	\$180,230,210	\$304,774,828	\$322,782,465
Business-type activities					
Invested in capital assets, net of related debt	\$21,541,521	\$29,419,584	\$32,352,591	\$34,640,593	\$45,635,119
Restricted	1,935,907	1,935,907	2,059,070	2,806,562	1,480,000
Unrestricted	(3,805,406)	(3,294,378)	(44,279)	3,951,703	(2,674,600)
Total business-type activities net position	\$19,672,022	\$28,061,113	\$34,367,382	\$41,398,858	\$44,440,519
Primary government					
Invested in capital assets, net of related debt	\$110,501,733	\$129,555,433	\$142,681,317	\$246,914,167	\$278,865,800
Restricted	61,873,030	64,965,061	60,074,413	92,000,906	81,826,634
Unrestricted	12,679,238	6,233,878	11,841,862	7,258,613	6,530,550
Total primary government net position	\$185,054,001	\$200,754,372	\$214,597,592	\$346,173,686	\$367,222,984
2009					
Governmental activities					
Invested in capital assets, net of related debt	\$237,441,155	\$209,507,012	214,246,561	\$218,218,696	\$216,508,668
Restricted	86,962,890	78,625,094	163,669,353	43,321,286	30,514,986
Unrestricted	21,455,067	65,537,953	(19,267,010)	(3,837,201)	8,021,490
Total governmental activities net position	\$345,859,112	\$353,670,059	\$358,648,904	\$257,702,781	\$255,045,144
Business-type activities					
Invested in capital assets, net of related debt	\$52,347,955	\$58,522,676	\$66,113,596	\$70,653,841	\$72,217,660
Restricted	4,971,538				
Unrestricted	(3,496,600)	792,921	9,292,189	10,877,105	13,353,988
Total business-type activities net position	\$53,822,893	\$59,315,597	\$75,405,785	\$81,530,946	\$85,571,648
Primary government					
Invested in capital assets, net of related debt	\$289,789,110	\$268,029,688	\$280,360,157	\$288,872,537	\$288,726,328
Restricted	91,935,428	78,625,094	163,669,353	43,321,286	30,514,986
Unrestricted	17,958,467	66,330,874	(9,974,821)	7,039,904	21,375,478
Total primary government net position	\$399,683,005	\$412,985,656	\$434,054,689	\$339,233,727	\$340,616,792

Source: City of South San Francisco, Department of Finance

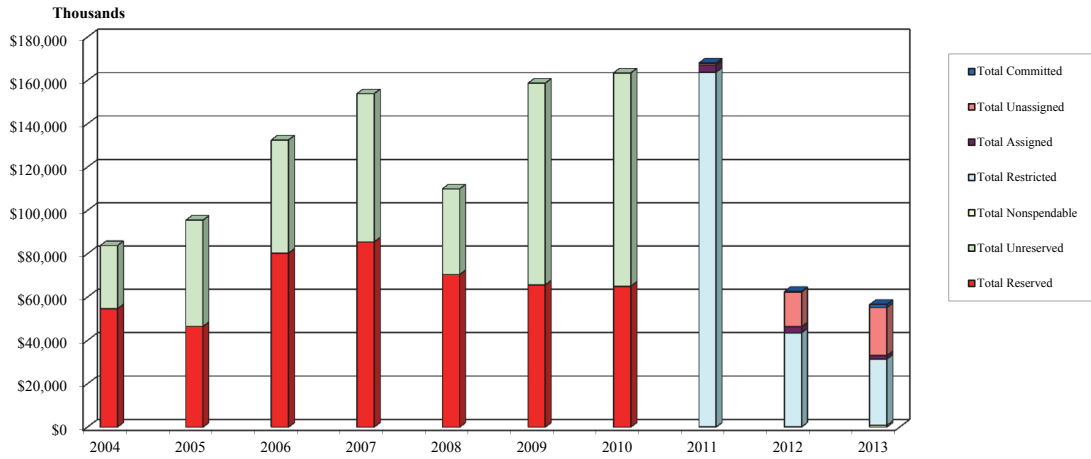
CITY OF SOUTH SAN FRANCISCO
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2012	2012	2013
Expenses										
Governmental Activities:										
General Government	\$6,992,700	\$6,157,772	\$5,825,030	\$6,278,669	\$7,435,350	\$7,140,676	\$6,538,052	\$7,711,156	\$7,801,328	\$8,360,945
Fire Department	13,722,509	14,285,287	14,891,017	14,960,270	17,147,670	19,047,877	17,868,050	20,032,141	20,749,323	22,746,291
Police Department	13,944,144	15,543,813	16,582,172	17,951,508	18,959,373	21,051,263	20,330,208	22,429,782	23,330,208	24,756,958
Public Works	2,392,790	7,925,565	10,595,999	13,472,084	16,286,592	20,924,132	15,873,783	17,127,086	21,269,281	15,773,710
Park, Recreation and Maintenance Services	12,159,195	5,744,073	5,163,333	4,989,601	11,233,170	11,574,808	10,411,821	10,866,668	11,641,892	12,570,236
Library	4,662,937	4,628,578	4,404,854	4,432,731	4,719,233	4,959,138	4,161,658	4,664,490	4,754,760	4,615,967
Economic and Community Development	7,515,708	8,451,212	18,431,929	16,158,998	4,712,239	15,886,834	23,147,877	15,018,495	8,702,949	16,126,427
Interest on Long-Term Debt	3,235,435	3,284,503	2,171,325	4,883,053	5,694,097	5,289,818	5,035,780	4,249,454	3,328,244	52,139
Total Governmental Activities Expenses	64,625,418	66,020,803	77,765,659	83,126,914	86,187,723	105,874,546	103,844,591	102,099,172	101,577,985	105,002,673
Business-Type Activities:										
Sewer Rental	13,807,258	14,479,633	14,880,113	14,705,709	16,340,344	17,549,690	18,944,267	19,277,959	19,446,739	20,870,522
Parking District	290,314	229,087	303,712	352,629	363,878	341,100	338,995	571,261	769,117	792,609
Storm Water	401,315	565,827	675,773	683,458	705,099	746,316	722,232	710,903	1,010,093	1,655,950
Total Business-Type Activities Expenses	14,498,887	15,274,547	15,859,599	15,741,796	17,409,321	18,637,106	20,005,494	20,560,123	21,225,949	23,319,081
Total Primary Government Expenses	\$79,124,305	\$81,295,350	\$93,625,257	\$98,868,710	\$103,597,044	\$124,511,652	\$123,850,085	\$122,659,295	\$122,803,934	\$128,321,754
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$2,140,949	\$2,159,550	\$2,093,574	\$2,403,697	\$2,578,384	\$2,689,370	\$2,539,316	\$2,688,990	\$2,032,292	\$1,951,016
Fire Department	1,562,388	1,634,048	2,339,139	2,699,426	2,425,673	2,415,617	2,851,984	3,221,837	3,697,665	2,987,956
Police Department	1,861,660	1,613,103	1,539,685	1,765,507	1,685,514	1,650,620	1,479,104	1,815,405	2,599,149	2,640,146
Public Works	175,712	192,960	460,184	164,846	2,973,297	2,462,538	4,412,581	3,805,824	3,607,224	2,926,227
Park, Recreation and Maintenance Services	3,209,976	2,554,380	2,738,378	2,757,513	3,755,368	4,872,718	3,032,399	3,004,435	3,178,276	3,433,567
Library	154,795	172,309	240,238	192,445	233,753	240,542	187,380	168,505	143,971	125,416
Economic and Community Development	4,225,062	3,406,430	6,039,752	10,041,002	4,483,292	4,868,445	4,652,031	4,944,328	4,968,383	3,457,020
Operating Grants and Contributions	4,818,988	4,139,354	4,789,269	5,719,440	6,840,628	13,388,016	5,786,227	5,549,711	5,650,685	5,455,010
Capital Grants and Contributions	11,628,116	5,914,588	5,468,406	8,433,785	3,113,674	182,462	217,877	2,728,543	1,471,416	4,036,786
Total Government Activities Program Revenues	29,777,646	21,786,722	25,708,625	34,177,661	28,089,583	32,770,328	25,158,899	27,927,578	27,349,061	27,013,144
Business-Type Activities:										
Charges for Services:										
Sewer Rental	8,820,583	10,784,174	12,116,388	12,568,533	14,112,051	15,770,470	17,486,418	18,087,695	19,310,286	19,338,107
Parking District	312,875	401,131	447,431	449,945	553,317	606,847	616,578	722,807	760,248	732,932
Storm Water	405,578	401,484	410,175	413,087	421,727	419,446	422,467	406,589	409,498	427,291
Operating Grants and Contributions	3,524,006	3,606,243	7,185,612	5,709,258	4,951,013	10,392,219	5,679,902	5,509,874	5,936,527	6,137,401
Capital Grants and Contributions	1,581,840	893,318	1,452,115	3,096,728	1,737,667	162,599	24,720	31,670		
Total Business-Type Activities Program Revenue	14,644,882	16,086,350	21,611,721	22,237,551	20,211,875	27,351,581	24,230,885	24,758,635	26,416,559	26,635,731
Total Primary Government Program Revenues	\$44,422,528	\$37,873,072	\$47,320,346	\$56,415,212	\$48,301,458	\$60,121,909	\$49,388,984	\$52,686,213	\$53,765,620	\$53,648,875
Net (Expense)/Revenue										
Governmental Activities	(\$34,847,772)	(\$44,234,081)	(\$52,057,034)	(\$48,949,253)	(\$58,098,140)	(\$73,104,218)	(\$78,685,692)	(\$74,171,594)	(\$74,228,924)	(\$77,989,529)
Business-Type Activities	145,995	811,803	5,752,123	6,495,755	2,802,554	8,714,475	4,224,591	4,198,512	5,190,610	3,316,650
Total Primary Government Net Expense	(\$34,701,777)	(\$43,422,278)	(\$46,304,911)	(\$42,453,498)	(\$55,295,586)	(\$64,389,743)	(\$74,461,101)	(\$69,973,082)	(\$69,038,314)	(\$74,672,879)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$28,798,270	\$30,669,363	\$33,504,624	\$41,469,349	\$44,165,490	\$59,369,550	\$55,014,367	\$54,323,420	\$37,379,175	\$26,420,861
Sales Taxes	10,990,867	10,676,202	11,944,496	12,446,921	12,180,885	11,752,776	9,146,620	11,199,175	11,691,564	12,931,805
Transient Occupancy Tax	3,945,974	4,518,293	5,469,708	5,959,034	7,098,284	6,178,391	5,820,675	7,191,938	8,619,170	9,659,281
Other Taxes	4,664,923	5,057,871	5,076,182	5,369,868	6,083,162	6,870,791	6,768,753	7,071,446	7,089,687	7,588,471
Motor Vehicle In-Lieu	2,782,118	2,979,413	4,463,069	4,110,998	267,061	183,193	192,035	211,503	168,214	33,767
Property taxes in lieu of vehicle license fees	660,704	1,855,742	3,627,834	4,206,799	4,608,649	5,563,165	5,224,547	5,086,144	5,153,384	4,955,873
Interest Earnings	3,771,293	3,332,974	3,170,305	6,924,292	8,994,203	4,760,345	5,127,255	3,944,785	2,384,207	809,721
Other	6,938			4,551,050	1,417,773	1,925,666	1,496,744	1,891,421	9,300,137	1,965,744
Extraordinary Item		66,315	(474,027)	(176,680)	(169,330)	(423,012)	(1,459,296)	(11,769,393)	(107,717,428)	(906,857)
Transfers					(8,540,400)				(785,309)	11,873,226
Special item			(7,188,206)							
Cumulative effect from change in accounting method										
Total Governmental Activities	\$5,621,087	\$9,156,173	\$9,593,985	\$8,161,731	\$6,105,777	\$6,180,865	\$7,331,700	\$9,150,439	(26,717,199)	\$75,331,892
Business-Type Activities:										
Interest Earnings	55,196	32,791	80,119	359,041	69,777	244,887	175,188	122,283	149,242	95,177
Transfers	(6,938)	(66,315)	474,027	176,680	169,330	423,012	1,459,296	11,769,393	785,309	906,857
Total Business-Type Activities	48,258	(33,524)	554,146	535,721	239,107	667,899	1,634,484	11,891,676	934,551	1,002,034
Total Primary Government	\$55,669,345	\$89,122,649	\$60,148,131	\$81,697,452	\$76,344,884	\$96,848,764	\$88,966,184	\$91,042,115	(25,782,648)	\$76,333,926
Change in Net Position										
Governmental Activities	\$20,773,315	\$14,922,092	\$7,536,951	\$32,212,478	\$18,007,637	\$23,076,647	\$8,646,008	\$4,978,845	(\$100,946,123)	(\$2,657,637)
Business-Type Activities	194,253	778,279	6,306,269	7,031,476	3,041,661	9,382,374	5,859,075	16,090,188	6,125,161	4,318,684
Total Primary Government	\$20,967,568	\$15,700,371	\$13,843,220	\$39,243,954	\$21,049,298	\$32,459,021	\$14,505,083	\$21,069,033	(\$94,820,962)	\$1,661,047

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



	(b)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$364,447	\$421,700	\$453,567	\$732,903	\$283,435	\$554,692	\$889,186			
Unreserved	12,341,191	12,612,724	16,586,724	20,359,471	14,503,263	17,509,823	14,841,958			
Nonspendable								\$67,129	\$90,167	\$805,677
Committed								401,797	208,054	1,406,430
Assigned								771,849	840,365	566,104
Unassigned								15,049,168	17,347,445	23,498,194
Total General Fund	\$12,705,638	\$13,034,424	\$17,040,291	\$21,092,374	\$14,786,698	\$18,064,515	\$15,731,144	\$16,289,943	\$18,486,031	\$26,276,405
All Other Governmental Funds										
Reserved	\$54,265,765	\$46,097,870	\$79,859,526	\$84,748,754	\$70,194,663	\$65,117,971	\$64,163,373			
Unreserved, reported in:										
Special revenue funds	9,114,088	10,906,232	13,559,250	17,973,390	21,286,431	23,826,184	11,079,390			
Debt service funds	9,186	121,702	126,691	124,003	119,525	121,764	3,198,600			
Capital project funds	7,660,327	25,305,608	21,945,889	29,928,573	3,578,595	51,589,538	69,286,211			
Restricted								\$163,727,096	\$43,364,540	\$30,539,396
Assigned								2,390,904	2,076,065	1,105,320
Unassigned								(14,353,252)	(1,388,956)	(1,379,895)
Total all other governmental funds	\$71,049,366	\$82,431,412	\$115,491,356	\$132,774,720	\$95,179,214	\$140,655,457	\$147,727,574	\$151,764,748	\$44,051,649	\$30,264,821

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

(b) In fiscal year 2011, the City implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources.

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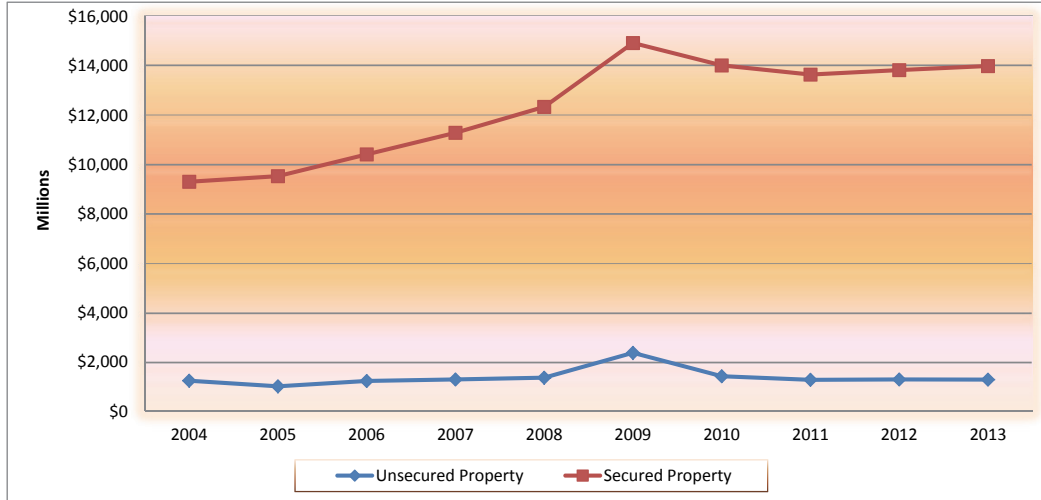
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Property Taxes	\$28,798,270	\$30,669,363	\$33,504,626	\$41,469,349
Other Taxes	19,227,646	19,804,438	22,157,878	23,505,138
Intergovernmental revenues	17,187,983	8,067,360	11,495,084	9,103,859
Special Assessments	472			
Interest and Rents	3,330,413	4,882,565	6,807,538	1,043,528
Licenses and permits	4,039,527	4,286,728	5,342,009	5,557,296
Charges for services	10,186,710	10,340,529	10,533,289	6,729,772
Fines and forfeitures	1,061,231	971,050	889,085	10,691,238
Other	1,537,775	1,609,388	2,065,054	17,083,402
Total Revenues	<u>85,370,027</u>	<u>80,631,421</u>	<u>92,794,563</u>	<u>115,183,582</u>
Expenditures				
Current:				
General government	4,282,592	4,428,283	4,211,157	4,451,564
Fire Department	13,427,723	13,867,143	14,713,658	14,972,467
Police Department	13,864,371	15,238,191	16,425,238	18,040,508
Public works	20,978,181	16,493,303	16,722,028	15,038,206
Recreation and Community Services	11,594,180	5,076,651	4,631,328	4,927,687
Library	4,469,947	4,413,828	4,064,649	4,399,017
Economic and Community Development	6,816,036	8,323,198	18,344,116	15,675,694
Other	2,132,294	1,115,641	1,169,699	633,060
Capital outlay	5,724,786	1,688,984	2,429,448	844,744
Debt service:				
Principal repayment	1,557,174	1,559,200	23,094,686	8,610,556
Interest and fiscal charges	2,629,544	2,438,467	2,393,177	5,500,469
Total Expenditures	<u>87,476,828</u>	<u>74,642,889</u>	<u>108,199,184</u>	<u>93,093,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,106,801)</u>	<u>5,988,532</u>	<u>(15,404,621)</u>	<u>22,089,610</u>
Other Financing Sources (Uses)				
Transfers in	22,927,167	21,080,897	20,973,246	14,505,346
Transfers (out)	(23,160,229)	(19,833,372)	(20,890,788)	(14,351,319)
Tax allocation bonds issued			70,675,000	
Premium on bonds			2,005,535	
Payments to refunded bond escrow			(13,118,105)	
Other debt proceeds	1,100,926	4,378,275		
Sale of capital assets	205,482	96,500	13,750	13,750
Total other financing sources (uses)	<u>1,073,346</u>	<u>5,722,300</u>	<u>59,658,638</u>	<u>167,777</u>
Net Change in fund balances before extraordinary item	<u>(1,033,455)</u>	<u>11,710,832</u>	<u>44,254,017</u>	<u>22,257,387</u>
Extraordinary item				
Net change in fund balances	<u>(\$1,033,455)</u>	<u>\$11,710,832</u>	<u>\$44,254,017</u>	<u>\$22,257,387</u>
Debt service as a percentage of noncapital expenditures	3.8%	4.7%	21.6%	13.9%

For The Fiscal Year Ended June 30,

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$44,165,490	\$59,369,550	\$54,718,916	\$54,128,998	\$38,174,655	\$27,077,697
24,313,543	22,755,561	19,771,310	23,412,992	28,866,546	31,894,811
13,219,053	15,088,171	10,609,605	11,860,658	11,580,530	13,054,594
12,318,594	7,625,428	7,680,293	7,612,223	4,955,223	3,238,089
5,716,017	5,957,815	7,270,081	7,004,603	3,056,507	3,054,451
10,792,043	13,644,314	9,986,352	10,010,541	10,088,070	9,275,724
1,073,603	1,013,434	1,054,549	2,133,677	2,184,234	1,753,682
1,091,514	3,722,979	2,542,492	2,261,247	3,000,563	1,837,675
<u>112,689,857</u>	<u>129,177,252</u>	<u>113,633,598</u>	<u>118,424,939</u>	<u>101,906,328</u>	<u>91,186,723</u>
5,897,066	5,752,948	5,916,364	6,407,094	6,485,219	6,658,532
16,875,311	17,724,990	16,790,834	18,140,954	18,812,861	20,877,917
18,757,394	19,989,136	19,359,770	20,272,684	21,217,818	22,542,135
14,910,401	12,360,989	8,416,242	9,856,201	14,253,609	9,186,493
10,826,041	10,700,332	9,960,090	10,168,425	10,101,408	10,927,433
4,766,821	4,679,270	4,342,662	4,231,762	4,272,701	4,112,570
13,848,049	19,554,780	26,279,406	19,894,692	8,184,334	20,512,545
1,023,435	474,805				
36,544,741	4,247,021	6,724,022	6,969,052	8,894,514	
1,692,296	1,755,426	1,887,434	1,842,000	1,752,000	
<u>5,441,036</u>	<u>4,571,150</u>	<u>4,255,050</u>	<u>4,274,170</u>	<u>1,817,764</u>	<u>52,139</u>
<u>130,582,591</u>	<u>101,810,847</u>	<u>103,931,874</u>	<u>102,057,034</u>	<u>95,792,228</u>	<u>94,869,764</u>
<u>(17,892,734)</u>	<u>27,366,405</u>	<u>9,701,724</u>	<u>16,367,905</u>	<u>6,114,100</u>	<u>(3,683,041)</u>
20,182,014	18,754,214	18,047,351	88,175,882	108,413,018	4,467,530
(24,253,621)	(19,330,934)	(22,175,268)	(99,947,814)	(109,646,766)	(6,780,943)
13,750	13,784				
<u>(4,057,857)</u>	<u>(562,936)</u>	<u>(4,127,917)</u>	<u>11,771,932</u>	<u>(1,233,748)</u>	<u>(2,313,413)</u>
<u>(21,950,591)</u>	<u>26,803,469</u>	<u>5,573,807</u>	<u>4,595,973</u>	<u>4,880,352</u>	<u>(5,996,454)</u>
				<u>(110,397,363)</u>	
<u><u>(\$21,950,591)</u></u>	<u><u>\$26,803,469</u></u>	<u><u>\$5,573,807</u></u>	<u><u>\$4,595,973</u></u>	<u><u>(\$105,517,011)</u></u>	<u><u>(\$5,996,454)</u></u>
8.9%	6.8%	6.6%	6.7%	4.2%	0.1%

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



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2004	3,720,977,032	630,629,338	2,319,546,992	1,388,466,651	8,059,620,013	1,244,331,375	9,303,951,388	9,303,951,388	0.29935%
2005	4,180,939,020	759,135,638	2,605,709,981	968,695,644	8,514,480,283	1,015,822,692	9,530,302,975	9,530,302,975	0.30211%
2006	4,695,615,723	1,015,770,532	3,104,488,020	363,794,750	9,179,669,025	1,232,399,424	10,412,068,449	10,412,068,449	0.30509%
2007	5,088,269,711	1,166,696,622	3,456,741,386	280,811,705	9,992,519,424	1,294,249,195	11,286,768,619	11,286,768,619	0.30977%
2008	5,484,465,766	1,227,775,836	3,934,414,550	324,421,836	10,971,077,988	1,365,179,480	12,336,257,468	12,336,257,468	0.31878%
2009	5,790,070,116	1,368,274,141	4,871,255,093	523,110,471	12,552,709,821	2,373,808,053	14,926,517,874	14,926,517,874	0.34939%
2010	5,467,563,992	1,429,401,205	5,197,739,403	498,656,817	12,593,361,417	1,424,610,941	14,017,972,358	14,017,972,358	0.36462%
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%

Source: HdL Coren & Cone, San Mateo County Assessor 2012/13 Combined Tax Rolls (NC609051509) & San Mateo County Auditor

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local 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
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>City</u>	<u>County (1)</u>	<u>School Districts</u>	<u>Misc. Special Districts</u>	<u>Total</u>	
2004	0.000	1.000	0.0262	0.0000	1.0265	(1,10)
2005	0.000	1.000	0.0271	0.0000	1.0291	(1,11)
2006	0.000	1.000	0.0247	0.0000	1.0267	(1,12)
2007	0.000	1.000	0.0379	0.0000	1.0396	(1,13)
2008	0.000	1.000	0.0360	0.0000	1.0386	(1,14)
2009	0.000	1.000	0.0327	0.0000	1.0355	(1,15)
2010	0.000	1.000	0.0377	0.0000	1.0407	(1,16)
2011	0.000	1.000	0.0389	0.0000	1.0423	(1,17)
2012	0.000	1.000	0.0420	0.0000	1.0454	(1,18)
2013	0.000	1.000	0.0521	0.0000	1.0550	(1,19)

Notes:

- (1) Like other cities, South San Francisco includes several property tax rate areas with different rates. A mean average is indicated.
- (10) Of the 63 tax rate areas in the City, 57 have a tax rate of 1.0262 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 4 have a rate of 1.0187, which includes Jefferson Union High School bonds, one has a rate of 1.0514, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of 1.0220 percent, for Series 99 SSFUSD bonds.
- (11) Of the 63 tax rate areas in the City, 57 have a tax rate of 1.0271 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0524, which includes Jefferson Union High School bonds, one has a rate of 1.0597, which includes San Bruno Park Elementary and San Mateo High bonds, one at a tax rate of 1.0229 percent, for Series 99 SSFUSD bonds, and one at a tax rate of 1.0459 percent, for Brisbane ESD bonds and Jefferson Union High School bonds.
- (12) Of the 63 tax rate areas in the City, 58 have a tax rate of 1.0247 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0485, which includes Jefferson Union High School bonds, one has a rate of 1.0574, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of 1.0450 percent, for Brisbane ESD bonds and Jefferson Union High School bonds.
- (13) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0379 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0612, which includes Jefferson Union School bonds, one has a rate of 1.0664, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of 1.0575 percent, for Brisbane ESD bonds and Jefferson Union High School bonds.
- (14) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0360 percent which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have the rate of 1.0756, which includes Jefferson Union School bonds, one has a rate of 1.0716, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of 1.0596 percent, for Brisbane ESD bonds and Jefferson union High School bonds.
- (15) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0327 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond. 2 have the rate of 1.0719 and one has a rate of 1.0689, which includes Jefferson Union School bonds and Brisbane ESD bonds, and one has a rate of 1.0710 which includes San BrunoPark Elementary.
- (16) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0377 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond. 3 have the rate of 1.0783 and one has a rate of 1.0748, which includes Jefferson Union School bonds, and Brisbane ESD bonds, and one has a rate of 1.0804 which includes San BrunoPark Elementary.
- (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 Coll bond.

Source: San Mateo County Controllers Office, Schedule of Tax and Valuation of Taxable Property 2012-13.

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

Taxpayer	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$1,886,267,716	1	13.5%	\$1,120,914,827	1	12.2%
Slough BTC LLC	560,040,064	2	4.0%	181,042,585	3	2.0%
Slough SSF LLC De	477,096,721	3	3.4%			
ARE San Francisco	333,776,264	4	2.4%			
Britannia Pointe Grand LP	280,470,089	5	2.0%	117,552,401	5	1.3%
United Airlines	206,348,820	6	1.5%	387,881,513	2	4.2%
BMR 180 Oyster Point LLC	135,762,000	7	1.0%			
Gateway Center LLC	135,430,223	8	1.0%	118,024,368	4	1.3%
Britannia Biotech Gateway LLP	132,496,505	9	0.9%	56,820,079	9	
Myers Peninsula Venture LLC	122,122,090	10	0.9%			
BNP Leasing Corporation	--	--	--	81,701,200	6	0.9%
SFO Fuel Company LLC	--	--	--	79,169,807	7	0.9%
Costco	--	--	--	67,616,720	8	0.7%
Gateway Boulevard LLC	--	--	--	49,980,000	10	0.5%
Subtotal	<u>\$4,269,810,492</u>		<u>30.5%</u>	<u>\$2,260,703,500</u>		<u>24.6%</u>

Total Net Assessed Valuation:

Fiscal Year 2012-13	\$13,992,796,951
Fiscal Year 2003-04	\$9,190,425,789

Source: HdL Coren & Cone, 2003-04 & 2012-13 Top Ten Property Taxpayers (Net Values)

San Mateo County Assessor 2003-04 & 2012-13 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

CITY OF SOUTH SAN FRANCISCO
Twenty Largest Taxable Property Owners for Merged RDA Project Area
JUNE 30, 2013

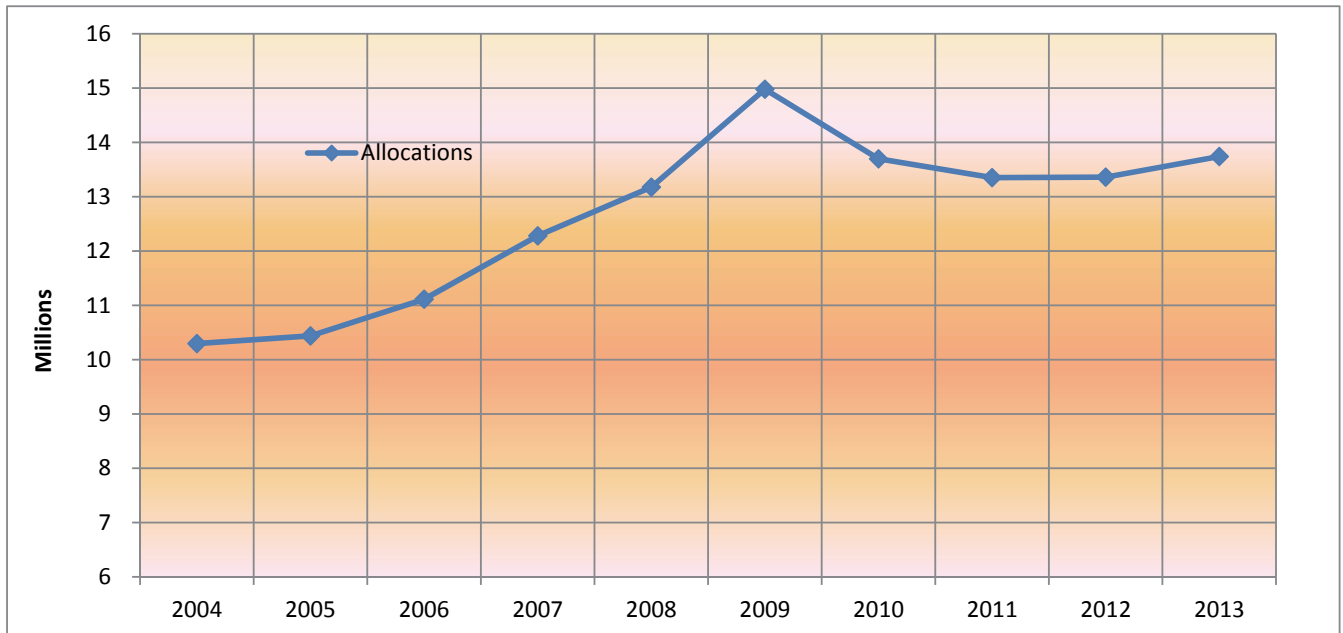
Property Tax Payer	Secured	Unsecured	Total Assessed Value	% of Total AV in Project Area	Land Use
Slough	\$910,037,167		\$910,037,167	21.09%	Industrial
Genentech	249,341,062	218,895,472	\$468,236,534	11.69%	Industrial, Office, R&D
Britannia Pointe Grand LP	412,966,594		\$412,966,594	9.57%	Industrial
BMR Gateway LLC	\$304,011,000		\$304,011,000	7.04%	Commercial
ARE San Francisco Exch LLC	215,922,756		\$215,922,756	4.96%	Industrial, Commercial
Gateway Center LLC DE	191,128,223	154,094	\$191,282,317	4.43%	Commercial
ASN Solaire LLC	100,964,892		\$100,964,892	3.41%	Residential
Costco Wholesale Corp	39,026,909	37,461,820	\$76,488,729	1.70%	Commercial
Elan Pharmaceuticals Inc.		67,762,119	\$67,762,119	1.68%	Industrial
HCP Oyster Point III LLC	66,198,000		\$66,198,000	1.34%	Unknown
Gateway Boulevard LLC	57,631,265		\$57,631,265	1.34%	Industrial
GS 2006 GG6 801 Gateway LLC	56,261,339		\$56,261,339	1.30%	Commercial
Broadway 801 Gateway Fee LLC	51,313,326		\$51,313,326	0.99%	Commercial
Theravance Inc.		43,188,988	\$43,188,988	0.98%	Industrial, Office, R&D
Oik Sierra Point LLC	41,333,262		\$41,333,262	0.96%	Commercial
Amgen Inc		40,754,390	\$40,754,390	0.90%	Industrial
HPTMI II Properties Trust	39,500,000		\$39,500,000	0.77%	Commercial
Blue Line Transfer Inc.	38,193,946		\$38,193,946	0.72%	Industrial
Areus Inc	33,214,634		\$33,214,634	0.66%	Commercial
Felcor CSS Holdings LP	27,128,103		\$27,128,103	0.55%	Residential, Commercial
Total Top Twenty	2,834,172,478	408,216,883	3,242,389,361	76.08%	
Percent of AV	87.4%	12.6%		76.08%	

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

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

Source: Muni Services

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



Fiscal Year	Rate (2)	Levies (3)	Allocations (5)	Collections	Delinquencies	Delinquent taxes as a Percent of
2004	1.00	(4)	10,296,831	(4)	(4)	0.0%
2005	1.00	(4)	10,438,333	(4)	(4)	0.0%
2006	1.00	(4)	11,112,993	(4)	(4)	0.0%
2007	1.00	(4)	12,281,105	(4)	(4)	0.0%
2008	1.00	(4)	13,177,156	(4)	(4)	0.0%
2009	1.00	(4)	14,979,798	(4)	(4)	0.0%
2010	1.00	(4)	13,697,389	(4)	(4)	0.0%
2011	1.00	(4)	13,351,506	(4)	(4)	0.0%
2012	1.00	(4)	13,360,854	(4)	(4)	0.0%
2013	1.00	(4)	13,740,246	(4)	(4)	0.0%

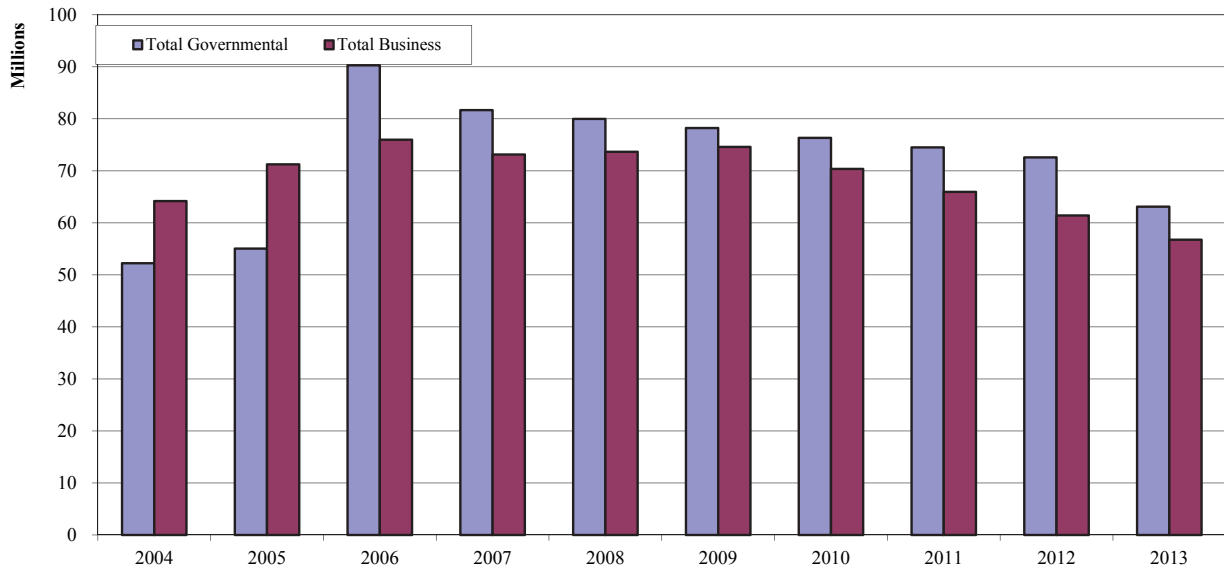
Notes:

- (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	RDA Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Special Assessment Debt	Loans	Total
2004	39,475,000	298,449	5,590,000		6,872,888	52,236,337
2005	38,085,000	266,249	5,465,000		11,239,163	55,055,412
2006	73,495,000	231,549	5,335,000		11,227,163	90,288,712
2007	72,400,000	194,156	5,200,000		3,884,000	81,678,156
2008	71,000,000	153,860	5,060,000		3,772,000	79,985,860
2009	69,545,000	110,434	4,915,000		3,660,000	78,230,434
2010	68,030,000	0	4,765,000		3,548,000	76,343,000
2011	66,455,000	0	4,610,000		3,436,000	74,501,000
2012	64,815,000	0	4,445,000		3,324,000	72,584,000
2013	63,115,000	0	0		0	63,115,000

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)
2004			64,195,566	64,195,566	116,431,903	7.34%	1,918.56
2005			71,251,939	71,251,939	126,307,351	7.51%	2,081.09
2006	6,000,000		69,978,799	75,978,799	166,267,511	9.19%	2,729.77
2007	6,000,000		67,133,165	73,133,165	154,811,321	8.14%	2,519.55
2008	5,790,000		67,878,194	73,668,194	153,654,054	7.82%	2,489.17
2009	5,575,000		69,025,322	74,600,322	152,830,756	7.84%	2,459.34
2010	5,350,000		65,028,410	70,378,410	146,721,410	7.65%	2,310.14
2011	5,120,000		60,831,038	65,951,038	140,452,038	7.27%	2,160.80
2012	4,885,000		56,530,946	61,415,946	133,999,946	6.76%	2,034.25
2013	4,640,000		52,118,587	56,758,587	119,873,587	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, 2013**

2011-12 Assessed Valuation:	\$13,992,769,951
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	<u>\$13,992,769,951</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13
San Mateo Community College District	\$580,659,994	9.443%	\$54,831,723
Jefferson Union High School District	150,199,054	1.443	2,167,372
South San Francisco Unified School District	124,575,377	89.675	111,712,969
Brisbane School District	7,525,437	10.401	782,721
City of Brisbane Marina Boulevard and Lagoon Road Reassessment District	3,245,000	24.216	785,809
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$170,280,594</u>

Ratio to 2012-13 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....1.22%

<u>OVERLAPPING FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$311,729,816	9.443%	\$29,436,647
San Mateo County Board of Education Certificates of Participation	11,455,000	9.443	1,081,696
San Mateo County Flood Control District Certificates of Participation	22,265,000	60.974	13,575,861
South San Francisco Unified School District Certificates of Participation	1,094,201	89.675	981,225
TOTAL OVERLAPPING FUND DEBT:			<u>\$45,075,429</u>

DIRECT GENERAL GOVERNMENT ACTIVITIES OBLIGATIONS:

Capital Leases Equipment	3,084,553	100.000	3,084,553
TOTAL DIRECT GENERAL GOVERNMENT ACTIVITIES OBLIGATIONS			<u>\$3,084,553</u>

Total Direct General Government Activities Debt	\$3,084,553
Total Overlapping Debt	\$215,356,023

COMBINED TOTAL DEBT \$218,440,576 (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:

Combined Direct Debt	0.02%
Combined Total Debt	2.02%

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, 2013**

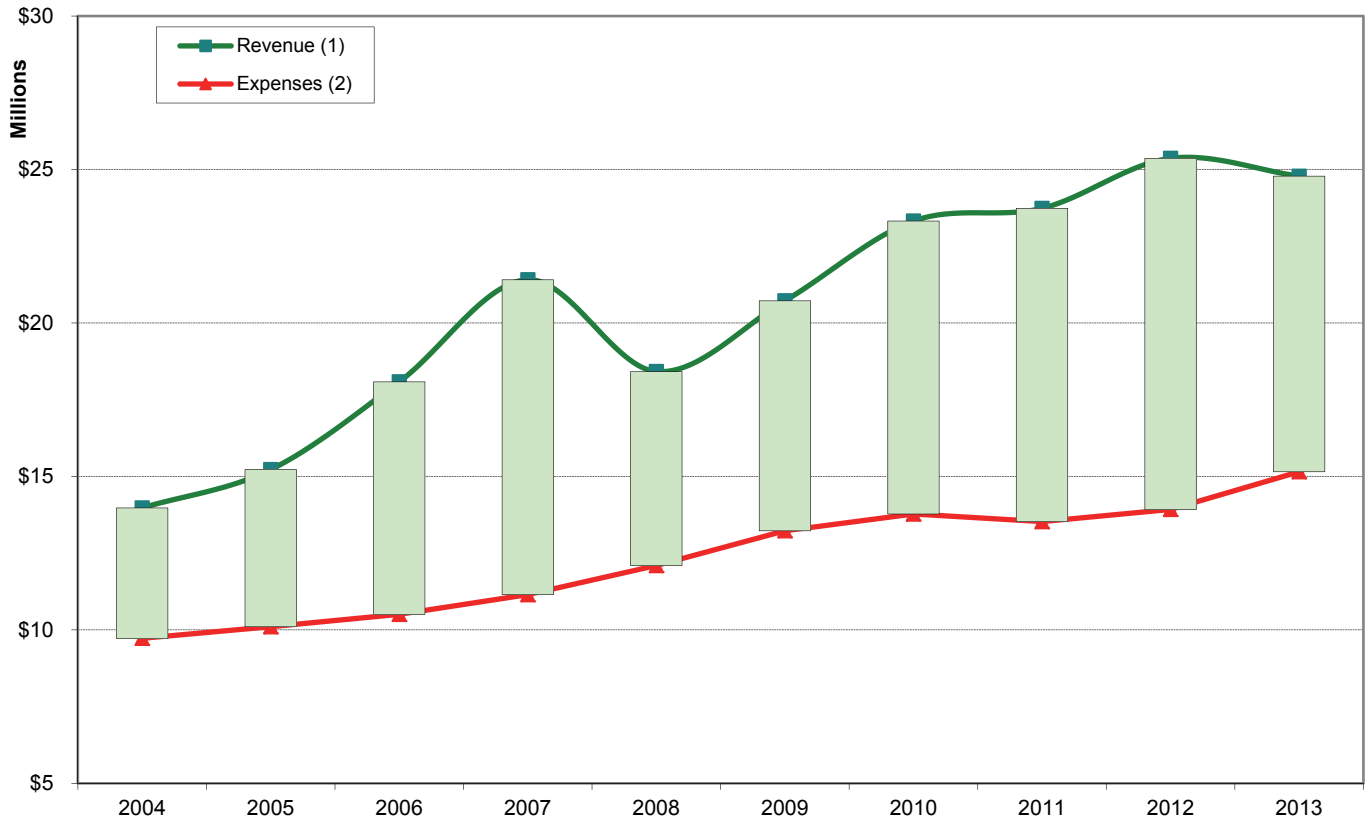
ASSESSED VALUATION:	\$13,992,796,951
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	524,729,886
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$524,729,886

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
2004	348,898,177	0	348,898,177	0.00%
2005	357,386,362	0	357,386,362	0.00%
2006	390,455,531	0	390,455,531	0.00%
2007	423,253,823	0	423,253,823	0.00%
2008	469,575,123	0	469,575,123	0.00%
2009	559,744,420	0	559,744,420	0.00%
2010	525,673,963	0	525,673,963	0.00%
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%

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	
2004	13,974,242	9,725,289	4,248,953				N/A
2005	15,222,308	10,101,969	5,120,339				N/A
2006	18,081,987	10,506,394	7,575,593	(3)	156,165	156,165	48.51
2007	21,409,055	11,146,870	10,262,185	(3)	248,914	248,914	41.23
2008	18,418,866	12,096,256	6,322,610	(3)	241,846	241,846	26.14
2009	20,722,778	13,228,883	7,493,895	215,000	235,897	450,897	16.62
2010	23,321,582	13,774,757	9,546,825	225,000	230,941	455,941	20.94
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

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.

Source: City of South San Francisco, Department of Finance

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues					
Service Charges	\$15,770,470	\$17,486,418	\$18,087,695	\$19,193,259	\$19,310,559
Connection and Other Fees	162,599	24,720	31,670	117,027	27,548
Interest Income	231,431	162,621	106,230	119,011	80,692
Developer Fees	(44,468)				
Other Cities' Participation (1)	4,602,746	5,647,823	5,509,874	5,936,526	6,137,401
Total Revenues	<u>\$20,722,778</u>	<u>\$23,321,582</u>	<u>\$23,735,469</u>	<u>\$25,365,824</u>	<u>\$25,556,200</u>
Operating Expenses (2)	<u>\$13,228,883</u>	<u>\$13,228,883</u>	<u>\$13,527,544</u>	<u>\$13,924,334</u>	<u>\$15,151,968</u>
Wastewater System Net Revenues	<u>\$7,493,895</u>	<u>\$10,092,699</u>	<u>\$10,207,925</u>	<u>\$11,441,490</u>	<u>\$10,404,232</u>
Parity Debt Service (3)					
State Water Resources Control Board Loans	\$5,507,077	\$5,875,977	\$6,270,859	\$5,997,459	\$6,012,716
CSCDA Series 2005D Revenue Bonds	235,897	229,276	222,061	214,589	206,405
Total Parity Debt	<u>\$5,742,974</u>	<u>\$6,105,253</u>	<u>\$6,492,920</u>	<u>\$6,212,048</u>	<u>\$6,219,121</u>
Total Parity Debt Service Coverage	<u>1.30</u>	<u>1.65</u>	<u>1.57</u>	<u>1.84</u>	<u>1.67</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 SEVEN 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	
2007	21,181,402	930,000	2,760,969	3,690,969	5.74	2007	3,164,321	165,000	133,170	298,170	10.61
2008	\$21,801,839	1,230,000	3,296,069	4,526,069	4.82	2008	3,881,026	170,000	124,328	294,328	13.19
2009	32,246,342	1,275,000	3,245,969	4,520,969	7.13	2009	6,353,579	180,000	115,145	295,145	21.53
2010	35,871,577	1,330,000	3,193,869	4,523,869	7.93	2010	5,798,618	185,000	107,205	292,205	19.84
2011	44,300,878	1,380,000	3,141,394	4,521,394	9.80	2011	5,732,171	195,000	98,748	293,748	19.51
2012	25,114,631	1,435,000	3,086,819	4,521,819	5.55	2012	25,114,631	205,000	89,645	294,645	85.24
2013		1,490,000	3,030,181	4,520,181		2013		210,000	79,995	289,995	

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

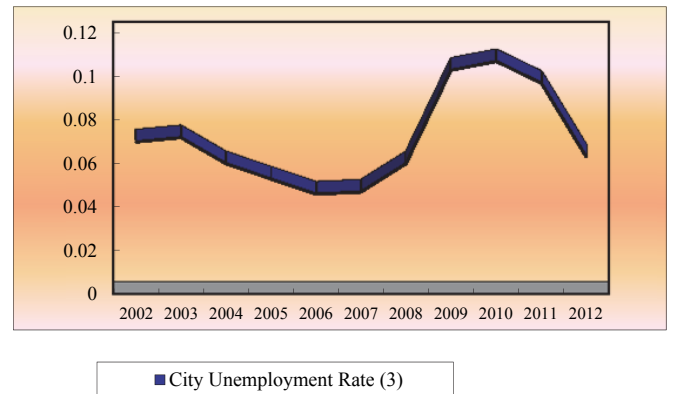
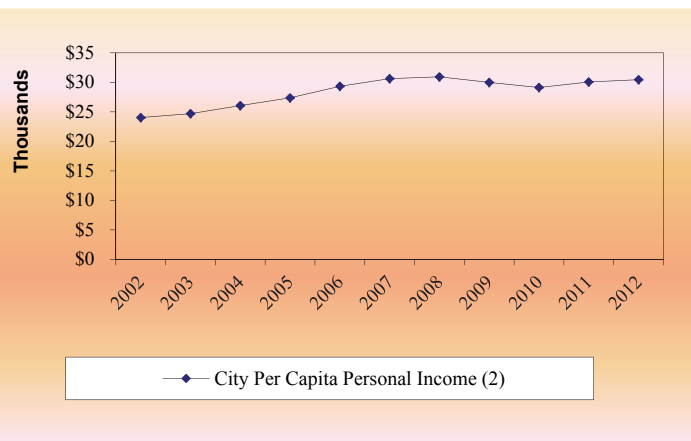
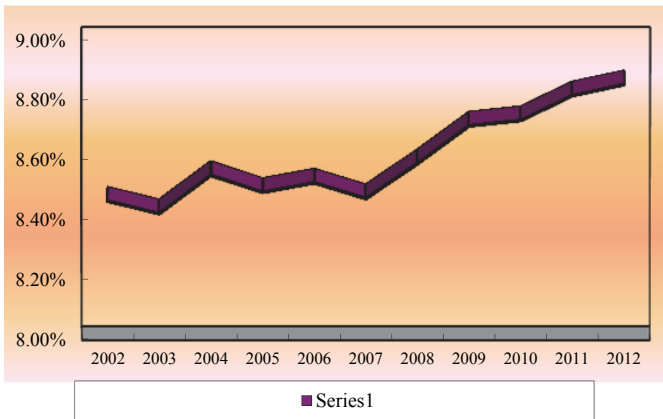
1999 Certificates of Participation						1989 Cal Health Facilities Financing Authority Revenue Bonds					
Funding Source: RDA tax increment revenues						Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2007	21,181,402	135,000	262,283	397,283	53.32	2007	21,181,402	37,393	15,454	52,847	400.81
2008	21,801,839	140,000	256,748	396,748	54.95	2008	21,801,839	40,296	10,681	50,977	427.68
2009	32,246,342	145,000	250,938	395,938	81.44	2009	32,246,342	43,426	9,664	53,090	607.39
2010	35,871,577	150,000	244,775	394,775	90.87	2010	35,871,577	110,434	6,428	116,862	306.96
2011	44,300,878	155,000	238,250	393,250	112.65						
2012	25,114,631	165,000	230,500	395,500	63.50						
2013											

RDA All Non-housing (A)						
Funding Source: RDA tax increment revenues						
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2007	21,181,402	1,102,393	3,038,706	4,141,099	5.11	
2008	21,801,839	1,410,296	3,563,498	4,973,794	4.38	
2009	32,246,342	1,463,426	3,506,570	4,969,996	6.49	
2010	35,871,577	1,590,434	3,445,072	5,035,506	7.12	
2011	44,300,878	1,535,000	3,379,644	4,914,644	9.01	
2012	25,114,631	1,600,000	3,317,319	4,917,319	5.11	
2013		1,490,000	3,030,181	4,520,181		

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 FISCAL YEARS



Year	Estimated City Population (1)	Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (1)	City Population % of County
2002	60,687	1,458,245	24,029	7.00%	717,000	8.46%
2003	60,693	1,498,172	24,684	7.20%	720,630	8.42%
2004	60,909	1,586,667	26,050	6.00%	712,400	8.55%
2005	61,444	1,681,507	27,366	5.30%	723,453	8.49%
2006	61,729	1,810,075	29,323	4.60%	724,104	8.52%
2007	62,143	1,903,016	30,623	4.70%	733,496	8.47%
2008	63,512	1,964,028	30,924	6.00%	739,469	8.59%
2009	65,000	1,948,798	29,982	10.30%	745,858	8.71%
2010	65,872	1,918,061	29,118	10.70%	754,285	8.73%
2011	64,307	1,932,618	30,053	9.70%	729,443	8.82%
2012	65,127	1,982,857	30,446	6.30%	735,678	8.85%

Notes:

** All data entered were updated to reflect the City of South San Francisco's current information available through HDL, Coren & Cone 2012-13 CAFR Statistical Report.

Data Sources:

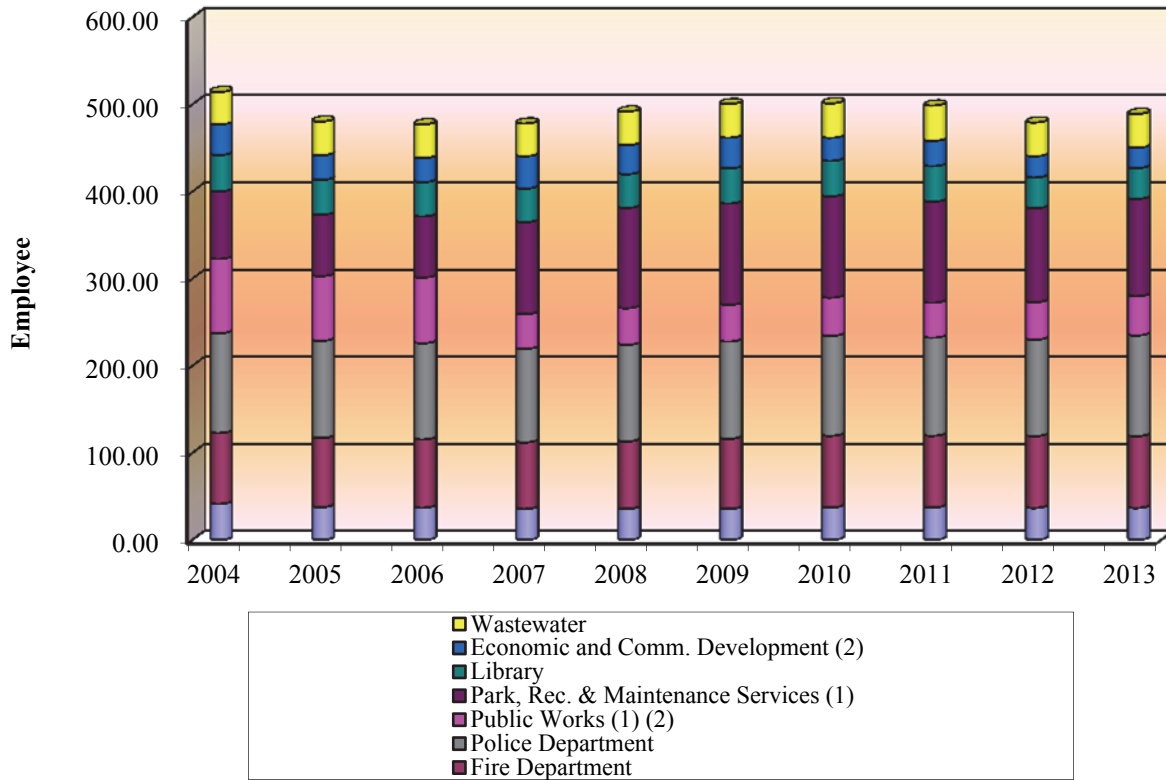
- (1) Population: HDL/California State Dept of Finance. Estimated City's population as of January 2013
- (2) Personal and per capita income: HDL, Coren & Cone
- (3) Unemployment Data: HDL/California Employment Development Department

**CITY OF SOUTH SAN FRANCISCO
Principal Employers**

<u>Employer</u>	<u>2012-13</u>			<u>1997-98</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Genentech	7,777	1	11.9%	3,200	1	5.4%
Life Technologies Corporation	650	2	1.0%			
Costco Wholesalers (2 stores)	508	3	0.8%			
Amgen San Francisco LLC	419	4	0.6%			
Successfactors, Inc.	400	5	0.6%			
Guardsmark LLC	351	6	0.5%			
American Etc Inc/ Royal Laundry	318	7	0.5%			
The New French Bakery, Inc	300	8	0.5%			
DBI Beverage	232	9	0.4%			
Oroweat/Entenmann's	230	10	0.4%			
Aesculap, Inc.				250	2	0.4%
Elan Pharmaceuticals				225	3	0.4%
AXYS Pharmaceuticals				210	4	0.4%
Sugen, Inc.				201	5	0.3%
Cor Therapeutics				186	6	0.3%
Imatron, Inc.				175	7	0.3%
Tularik Inc.				170	8	0.3%
Fibrogen, Inc.				111	9	0.2%
Coulter Pharmaceutical				70	10	0.1%
Subtotal	<u>11,185</u>		<u>17.2%</u>	<u>4,798</u>		<u>8.1%</u>
Total City Population	<u>65,127</u>			<u>59,208</u>		

Source: SSF Business License Database- Business licenses expiring 12/31/13. Informations for 1998-2005 not available.
Note: 1997-98 data is based on SSF CAFR 2007 info.

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



Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government (3)	41.30	37.50	36.88	35.48	35.67	35.60	37.00	37.00	36.60	36.60
Fire Department	81.48	79.48	78.48	76.48	77.48	80.48	82.48	82.48	82.48	82.48
Police Department	114.45	111.45	110.45	107.45	110.85	111.65	114.65	112.65	110.65	115.65
Public Works (1) (2)	85.37	74.37	75.37	39.76	42.00	42.10	43.85	40.05	43.03	45.02
Park, Rec. & Maintenance Services (1)	77.47	70.42	70.23	105.49	115.15	116.37	116.34	116.05	107.86	111.66
Library	41.69	40.09	39.15	38.54	38.68	40.21	40.81	40.81	35.34	35.35
Economic and Comm. Development (2)	35.23	28.25	27.75	37.21	33.35	35.35	26.45	28.95	24.45	23.45
Wastewater	37.19	38.75	38.74	37.59	38.59	38.59	39.54	40.64	38.82	38.82
Total	514.18	480.31	477.05	478.00	491.77	500.35	501.12	498.63	479.23	489.03

Notes:

1. Oversight of the Parks and Building Maintenance Division has been moved from Public Works to the Parks & Recreation Department.
2. Oversight of the Engineering Division has been moved from Economic and Community Development to Public Works.
3. Council members are added to the General Government total.

Source: City of South San Francisco Adopted Operating Budget FY 2012-13

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

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

Note: N/A denotes information not available.

- (1) Total Parking Citations reported is comprised of both handwritten and automated parking citations. Prior to 2007, the handwritten citations were only reported.
- (2) Street resurfacing (.8 miles) numbers includes pavement surface repaired through cape seal (7.70 miles).
- (3) Year 2010 Library items circulated is low due to 21 weeks closure of Main Library.

2009	2010	2011	2012	2013
2,012	2,425	1,449	1,997	2,369
33,749	32,953	30,065	29,195	33,657
2,206	2,195	1,905	2,012	1,874
1,795	1,867	1,753	1,790	2,081
5,271	4,731	4,753	3,954	3,632
23,038	14,999	19,031	19,108	14,648
0.80	2.0	2.4	4.75	3
0.25	0.50	0.23	0.37	0.13
463	656	169.07	420	287
24,976	21,602	24,702	26,737	27,184
759,925 (3)	560,186	723,592	731,911	
194,098 (3)	191,455	176,086	181,905	
16,637	16,698	16,510	16,466	16,466
1,582	1,585	1,573	1,576	1,566
136	136	136	140	127
9.2	8.92	9.38	9.18	9.27

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations	1	1	1	1	1	1	1	1	(7)	1
Police Fleet	39	40	41	41	(2)	45	(3)	48	(3)	48
								52	51	51
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights	3,603	3,603	3,603	3,738	3,779	3,779	4,156	4,160	4,160	(8)
Parking District lights	20	20	20	20	20	20	20	20	20	20
Traffic Signals	67	69	70	70	70	70	73	74	74	74
Culture and recreation:										
Community services:										
City parks	30	30	30	25	28	28	28	28	28	28
City parks acreage	172	172	172	189	190	190	190	190	190	190
Playgrounds	19	19	19	24	24	24	24	24	24	24
City trails	8	8	8	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	4	4	4	4	4	4	4
Senior centers	2	2	2	2	2	2	2	(5)	1	1
Skate Park							(4)	1	1	1
Dog park							(4)	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	15	15	15	12	12	12	12	12	12	12
Baseball/softball diamonds	8	8	8	11	11	11	11	11	11	11
Soccer/football fields	2	2	2	5	5	5	5	5	5	5
Library:										
City Libraries (6)	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

- (1) Source: ssf.net/depts/rcs; Director of Rec & Comm Services; Superintendent of parks & Maintenance (M.Bates)
(2) Police patrol units consists of 35 marked/unmarked cars, 6 motorcycles, 1 SWAT and 3 cushman.
(3) Year 2009, the 3 units added are not new. These are units that was not included on the previous Fleet count.
(4) Year 2010, Skate park and dog park was added on the list.
(5) The only senior center is Magnolia Center but programming still continues at El Camino.
(6) Community Learning Center not included on count as it is only a homework center not a library.

CITY OF SOUTH SAN FRANCISCO
Miscellaneous Information
Last Three Fiscal Years

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

	2011	2012	2013
Transient Occupancy Tax Detail			
8% TOT collected	6,472,744	7,757,253	8,693,353
1% Measure I Special Tax	719,194	861,917	965,928
Total TOT Collection	<u>7,191,937</u>	<u>8,619,170</u>	<u>9,659,281</u>
1% Measure I Special Tax Use			
Police	143,839	172,383	193,186
Fire	143,839	172,383	193,186
Library	143,839	172,383	193,186
Parks	143,839	172,383	193,186
Recreation	143,839	172,383	193,186
Total 1% Measure I Special Tax	<u>719,194</u>	<u>861,917</u>	<u>965,928</u>

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

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