

SOUTH
SAN FRANCISCO
THE INDUSTRIAL CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF
SOUTH SAN FRANCISCO
CALIFORNIA

YEAR ENDED JUNE 30, 2019

**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

Prepared by:

Department of Finance

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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FINANCE DEPARTMENT
650-877-8507

CITY COUNCIL 2019

RICHARD GARBARINO, MAYOR
MARK ADDIEGO, VICE MAYOR
KARYL MATSUMOTO, COUNCILMEMBER
MARK NAGALES, COUNCILMEMBER
BUENAFLOR NICOLAS, COUNCILMEMBER

MIKE FUTRELL, CITY MANAGER

December 18, 2019

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, 2019, is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all financial activities of the City of South San Francisco, including financial information for the City, as the primary government, and for its component units, for which the City is considered financially accountable. The component units are included because of the significance of their governing, operational, and/or financial relationships with the City. The Successor Agency that was created due to the Redevelopment Agency dissolution is also included in this report.

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

BACKGROUND OF THE CITY

The City encompasses approximately 9.5 square miles and has a population of 67,733. It employs approximately 470 full-time regular employees. South San

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

South San Francisco was incorporated and became a general law city of the State of California on September 19, 1908. The form of government is the Council-Manager plan. Each Councilmember serves a term of four years, with a rotating Mayor chosen by majority vote of the Council, for a term of one year. The City Manager is the administrative head of the government of the City, under the direction of the City Council.

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

The offices of City Clerk and City Treasurer are elected and will remain at-large. The City Attorney is appointed by the City Council.

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

FINANCIAL INFORMATION

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

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

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

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

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

The City's Reserves Policy is aligned with the Government Finance Officers Association (GFOA) best practices recommendation for reserves, setting aside 15-20 percent of operating revenues. Given the ongoing growth trend in General Fund operating revenues, the City's Reserves have grown commensurately, which is reflected on the Fiscal Year 2018-19 financial statement.

The City's annual budget process reflects the priorities of the City's Strategic Initiatives, and provides the financial framework for communicating major operational objectives by allocating commensurate resources to achieve them. Adoption of annual budgets are a complex undertaking involving the entire government. City departments are required to submit budgets to the City Manager during the third fiscal quarter and those requests are used as a starting point for the development of a preliminary budget to be presented to City Council. Once the budget is approved by City Council, the focus of the budget is on control. Ongoing monitoring of revenues and expenditures throughout the year is a responsibility shared by the department directors and the Finance Department.

The Fiscal Year 2018-19 budget to actual comparisons are provided in this report for each individual governmental fund and enterprise fund for which an annual budget has been adopted.

OTHER INFORMATION

Independent Audit

The City engaged an independent accounting firm to audit the books of accounts, financial records, transactions, and financial statements. Their report covering Fiscal Year 2018-19 is in the Financial Section of this report.

Award

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018, received a Certificate of Achievement for Excellence in Financial

Reporting from the Government Finance Officers Association. The award signified the report's attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

Acknowledgments

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

Respectfully submitted,



Janet Salisbury
Director of Finance



Mike Futrell
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

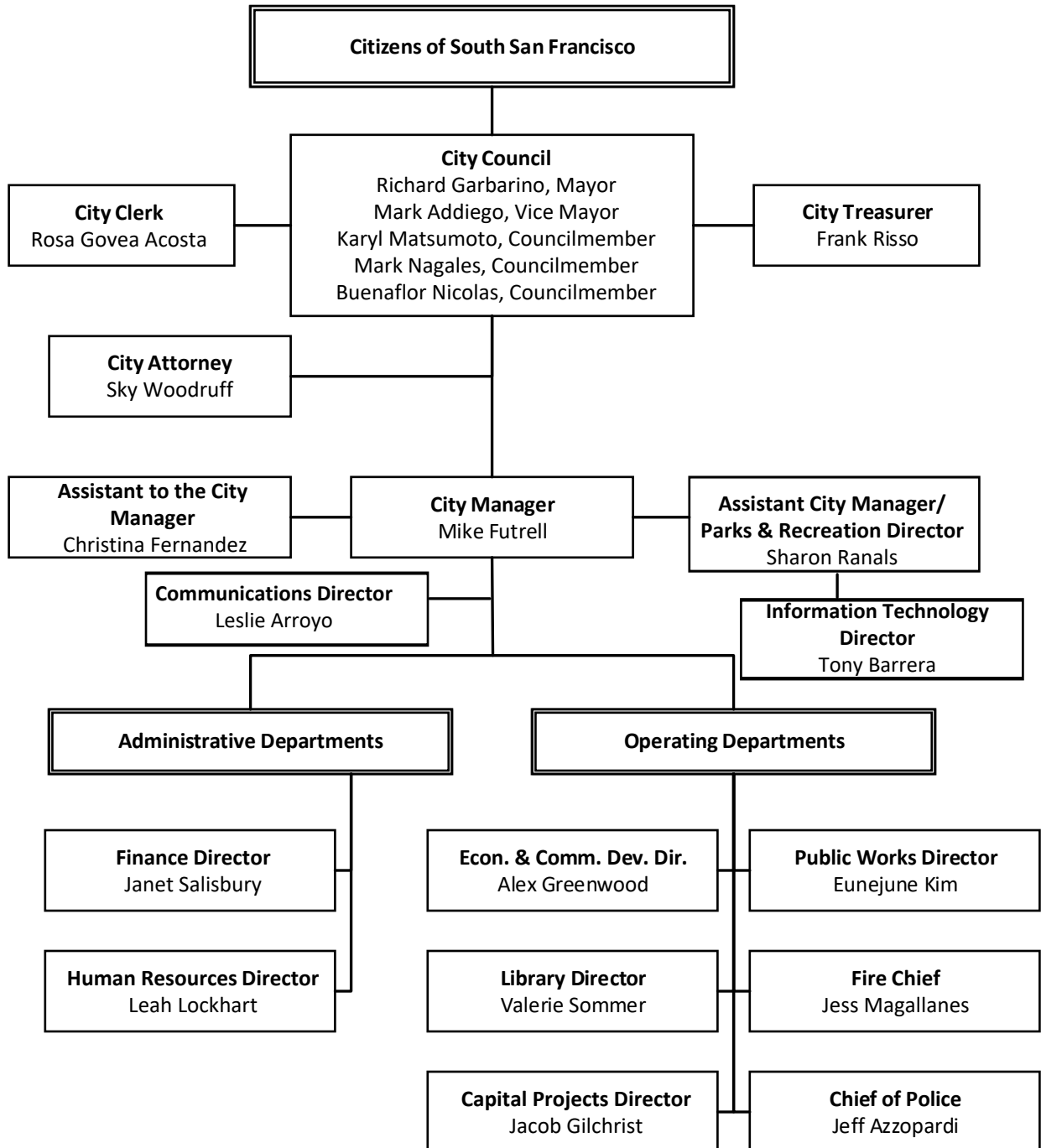
**City of South San Francisco
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



City Council & Directory of Officials*

City Council

Richard Garbarino	Mayor
Mark Addiego	Vice Mayor
Karyl Matsumoto	Councilmember
Mark Nagales	Councilmember
Buenaflor Nicolas	Councilmember

Elected Officials

Rosa Govea Acosta	City Clerk
Frank Risso	City Treasurer

Appointed Officials

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

Budget Subcommittee

Mark Addiego
Buenaflor Nicolas

*As of December 15, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South San Francisco (City), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Authority 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 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.

We did not audit the discretely presented component unit financial statements of the South San Francisco Conference Center Authority (Authority), which represents 1%, 2%, and 2%, respectively, of the assets, net position, and revenue of the primary government.

Those 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 Authority, is based solely on the report of the other auditors.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2019:

Governmental Accounting Standards Board Statement 88 – *Certain Disclosures Related to Debt including Direct Borrowings and Direct placements*. See Note 5 to the financial statements for relevant disclosures.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 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
December 18, 2019

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

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

FISCAL YEAR (FY) 2018-19 FINANCIAL HIGHLIGHTS

Summary:

The Fiscal Year 2018-19 financials reflect the continuation of a robust economy and development climate in South San Francisco. The General Fund, excluding transfers, generated an operating surplus of \$31.3 million; this surplus includes the 2016 voter-approved Measure W half-cent transactions and use tax collection of \$12.6 million.

General Fund revenues (excluding operating transfers in) increased by \$14.1million from the prior year, representing a 11.9% increase. Much of the revenue growth stemmed from increases in the top three tax categories (property, sales, and transient occupancy), along with an increase in interest and rentals. Demand for residential and non-residential development in South San Francisco remained high, which was observed in the record \$15.4 million collection in licenses and permits fees.

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

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

- Total Net Position for Governmental Activities in FY 2018-19 increased by \$54 million in comparison to prior year (from \$221 million to \$275 million). This increase was driven not only by increases in taxes, but also across all program revenues (i.e., service charges and operating grants and contributions).
- Net pension liability remained fairly static at \$182.7 million, representing a nominal decrease of approximately \$172,000 from prior year. The stasis was largely a result of no radical changes in CalPERS's actuarial assumptions; current year assumption changes were limited to a small reduction of assumed inflation rate from 2.75% to 2.50%, which nominally worked in the City's favor in terms of calculating the City's net pension liability.
- Sales tax revenues increased from \$28.7 million in FY 2017-18 to \$32.3 million in FY 2018-19. While a healthy increase of 12.3%, reflective the City's strong economy, it was a slight softening versus prior year's increase of 17.4%.
- Revenue from licenses and permits for Governmental Funds continued to increase from \$14.7 million to \$15.4 million, indicative of the City's notable and prudent investments to strengthening development in the area. South San Francisco continues to see unprecedented levels of new construction, especially in the East of 101 area along with high density residential in the downtown area.

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

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in six parts:

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

Basic Financial Statements

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

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

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

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

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

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

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

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

City-wide Financial Statements

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

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

The City's governmental activities also include the City of South San Francisco Capital Improvements Financing Authority, as the City Council also governs this entity.

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

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

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. 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 mean they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

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

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 position of the Internal Service Funds.

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

Fiduciary Statements

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

The following analyses focus on the net position and changes in the City's Governmental Activities (Tables 1 through 3 and Chart 1) and Business-type Activities (Tables 4 and 5), which are presented in the City-wide Statement of Net Position and Statement of Activities. The comparative results for FY 2018-19 are presented against FY 2017-18.

Governmental Activities

Net position may serve over time as a useful indicator of the City's financial condition. Table 1 below shows that total assets deferred outflows of resources exceed the total liabilities and deferred inflow of resources as of June 30, 2019 for governmental activities:

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

Governmental Net Position

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

	2019	2018
Cash and investments	\$ 195.4	\$ 146.6
Other assets	36.6	35.9
Capital assets	272.1	255.7
Total assets	504.1	438.2
Total outflows of resources	32.4	44.0
Total outflow of resources	32.4	44.0
Long-term debt outstanding	5.3	9.1
Other liabilities	253.9	250.0
Total liabilities	259.2	259.1
Deferred inflows of resources	2.2	2.0
Total deferred inflow of resources	2.2	2.0
Net position:		
Net investment in capital assets	271.3	254.6
Restricted	128.7	96.3
Unrestricted	(124.9)	(129.8)
Total net position	\$ 275.1	\$ 221.1

The total net position for Governmental Activities increased by \$54 million in FY 2018-19 compared to the prior year, reflecting significant increases in assets, primarily in cash and investments. The increase in assets reflects the continued growth in the local economy, comprised of robust development within the area. Pursuant to GASB 75 requirements, the City, as in the prior year, recognized the full OPEB liability of \$60.6 million. The City's net pension liability remained flat with a nominal decrease of \$172,000 to \$182.7 million from prior year's liability of \$182.9 million.

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

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

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

	<u>2018-19</u>	<u>2017-18</u>
Revenues		
Program revenues:		
Charges for services	\$ 62.7	\$ 52.9
Operating grants and contributions	12.1	5.8
Capital grants and contributions	<u>1.6</u>	<u>2.5</u>
Total program revenues	<u>\$ 76.4</u>	<u>\$ 61.2</u>
General revenues:		
Taxes:		
Property taxes	\$ 33.5	\$ 29.6
Sales taxes	31.8	28.4
Transient occupancy taxes	17.1	14.0
Other taxes	9.5	10.3
Property taxes in lieu	7.2	6.4
Investment earnings	4.8	1.1
Miscellaneous	8.6	5.2
Extraordinary Item	<u>(0.5)</u>	<u>(7.2)</u>
Total general revenues	<u>\$ 112.0</u>	<u>\$ 87.8</u>
Total revenues	<u>\$ 188.4</u>	<u>\$ 149.0</u>
Expenses		
General government	\$ 12.1	\$ 12.5
Fire department	32.0	30.3
Police department	33.0	30.7
Public works department	20.4	18.4
Recreation and community development	18.0	17.2
Library	6.2	5.9
Economic and community development	10.6	10.1
Interest on long-term debt	-	-
Total expenses	<u>\$ 132.3</u>	<u>\$ 125.1</u>
Excess (deficiency) before transfers	<u>\$ 56.1</u>	<u>\$ 23.9</u>
Transfers	<u>(2.1)</u>	<u>(2.0)</u>
Change in net position	54.0	21.9
Net position - beginning	<u>221.1</u>	<u>199.2</u>
Net position - ending	<u>\$ 275.1</u>	<u>\$ 221.1</u>

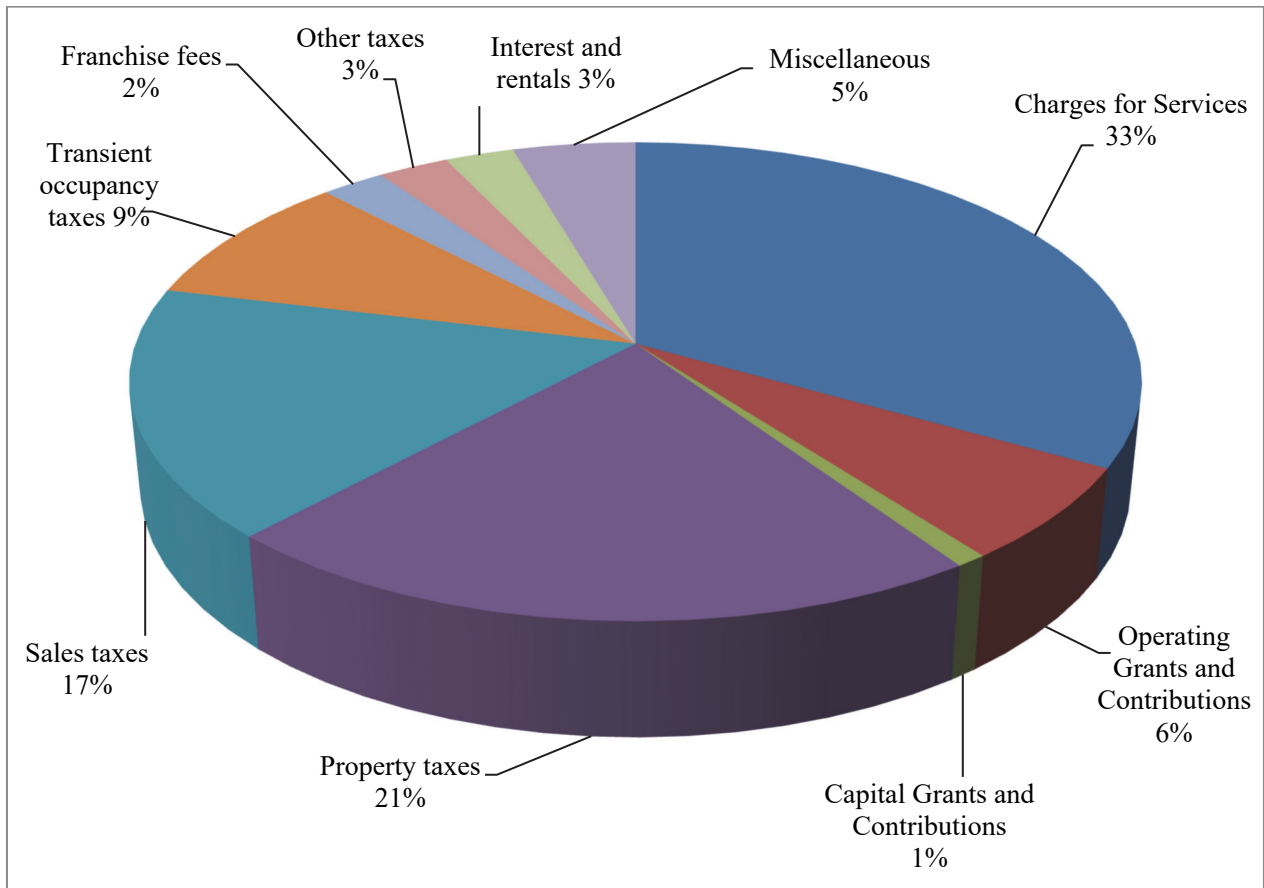
CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Required Supplementary Information

Governmental program expenses increased by \$7.2 million in comparison to the prior year due to normal salary increases along with additional expenditures related to professional services.

However, compared to prior year, increases in total revenues significantly outpaced increases in total expenditures. The almost \$32.6 million increase from the prior year total revenues reflect strong and consistent increases among almost all the revenue categories and absent of any extraordinary items.

For FY2018-19, revenues for the City's Governmental Activities Funds are distributed as follows:

Chart 1
Revenues by Source - Governmental Activities 2018-19



The revenue distribution in the above chart remains relatively unchanged from the prior year, with no more than a 2% variance in any one category versus the prior year.

Similar to Table 2 above, Table 3 below illustrates the difference between program revenues and expenses. Program revenues consist of capital and operating grants and contributions and fees for services. General City revenues, such as property taxes, sales taxes, transient occupancy taxes, and investment earnings, cover the shortfall between program revenues and program expenses.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 3
Net (Expense) Revenue from Services
Governmental Activities
(In Millions)

	2018-19	2017-18
General government	\$ (2.8)	\$ (9.4)
Fire department	(25.9)	(24.0)
Police department	(30.0)	(27.8)
Public works department	17.3	10.8
Recreation and community services	(12.8)	(11.9)
Library	(5.7)	(5.4)
Economic and community development	4.1	3.8
Interest on long-term debt		
Total	<u>\$ (55.8)</u>	<u>\$ (63.9)</u>

In FY 2018-19, the net expense for governmental activities decreased from \$63.9 million to \$55.8 million, primarily driven by enhanced collections within Public Works department and significant decreases in general government expenditures.

Business Type Activities

Table 4 below shows that total assets deferred outflows of resources exceed the total liabilities and deferred inflow of resources as of June 30, 2019 for business-type activities:

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 4
Business-type Net Position at June 30 (in Millions)

	2019	2018
Cash and Investments	\$ 26.1	\$ 24.3
Other assets	0.5	0.5
Capital assets	138.6	124.1
Total assets	165.2	148.9
Deferred outflows related to pension	3.6	4.9
Total Deferred outflow of resources	3.6	4.9
Long-term liabilities outstanding	33.2	29.3
Other liabilities	34.9	31.0
Total liabilities	68.1	60.3
Deferred inflows related to pension	0.2	0.2
Total deferred inflow of resources	0.2	0.2
Net position:		
Net investment in capital assets	100.5	90.1
Restricted	-	-
Unrestricted	0.0	3.2
Total net position	\$ 100.5	\$ 93.3

The total net position for business-type activities increased by \$7.2 million compared to the prior year. Total assets increased by \$16.3 million, or 10.9%, reflecting increases of capital assets related to upgrades in the City's Wastewater Treatment Plant (Wet Weather Digester Project). However, total liabilities increased by \$7.8 million due to debt service on the State Revolving Fund loan.

CITY OF SOUTH SAN FRANCISCO
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Table 5 below shows the changes in net position for business-type activities:

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

	2018-19	2017-18
Expenses		
Sewer Enterprise	\$ 25.7	\$ 24.4
Parking District	0.9	1.2
Storm Water	1.2	1.0
Total expenses	27.8	26.6
Revenues		
Program Revenues		
Charges for Services	25.8	24.2
Operating grants and contributions	6.5	5.8
Total program revenues	32.3	30.0
General revenues		
Investment earnings	0.6	0.0
Total general revenues	0.6	0.0
Excess (deficiency) before transfers	5.1	3.4
Transfers	2.1	2.0
Change in net position	7.2	5.4
Net position - beginning (as adjusted)	93.3	87.9
Net position - ending	\$ 100.5	\$ 93.3

Business-type activity ended the fiscal year with a positive change in its net position by \$7.2 million compared to \$5.4 million the previous fiscal year. This positive \$7.2 million change was partially attributable to revenues from sanitary sewer service fee rate increases.

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.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$185.1 million, an increase of \$45.3 million, or 32.4%, compared to the prior year. The General Fund ending fund balance was \$84.9 million, reflecting an increase of \$23.6 million, or 38.6%. The change in fund balance was largely attributable to the continuation of the robust economic conditions in South San Francisco.

CITY OF SOUTH SAN FRANCISCO
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Total governmental fund revenues increased by \$31.0 million, from \$156.1 million to \$187.1 million, with increases among almost all the categories, indicative of the vitality of the local economy and development environment.

Total governmental fund expenditures increased by \$19.7 million, from \$120.1 million to \$139.8, or 16.4%, largely stemming from increased Capital Improvement projects vis a vis the Public Works department. In addition, the City's personnel costs for salaries and pensions increased in accordance with negotiated increases and increases in the cost for various benefits, primarily pensions and healthcare.

Comparison of Final Budgets to Original Adopted Budget

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

CITY OF SOUTH SAN FRANCISCO
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Table 6
Comparison of Final Budgets to Original Adopted Budget (in Thousands)

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Pct Change</u>	<u>Discussion: (Items of more than 5% and \$100,000 variance)</u>
Property taxes	\$ 34,556	\$ 35,346	\$ 790	2.3%	Received Education Revenue Augmentation fund (ERAF) property tax refund from the County.
Sales taxes	26,935	29,361	2,426	9.0%	Amended budget to account for City's consultants projection of 1/2 cent sales tax in Measure W revenues.
Transient occupancy taxes	15,834	15,834	-		
Other taxes	5,833	5,833	-		
Franchise Fee	4,000	4,000	-		
Intergovernmental	1,473	3,412	1,939	131.6%	Reflects the Federal and State Grants that the Library, Police, Parks and Recreation, and Economic & Community Development Departments often receives after the year starts. Additionally, cost reimbursement from CAL OES for mutual aid provided by the Fire Department.
Interest and rentals	3,059	3,059	-		
Licenses and permits	12,072	12,072	-		
Charges for services	8,989	9,329	340	3.8%	The budget was increased due to anticipated additional revenue from Fire Services/Ambulance billing.
Fines and forfeitures	619	619	-		
Other	178	289	111	62.4%	Amended budget in acceptance of donation and partial reimbursements from Risk Management.
Total	\$113,548	\$ 119,154	\$ 5,606	4.9%	

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Pct Change</u>	<u>Discussion: (Items of more than 5% and \$100,000 variance)</u>
City Council	\$ 280	\$ 280	\$ -		
City Clerk	818	818	-		
City Treasurer	133	133	-		
City Attorney	1,064	1,081	17	1.6%	
City Manager	2,959	5,738	2,779	93.9%	Accounts for carryover purchase orders for professional services primarily related to community outreach, General Plan Update and establishment of Community Facilities Districts.
Finance	3,022	3,384	362	12.0%	Accounts for carryover purchase orders related to implementation of the new Human Capital Management System (HCMS), Updating Policies and Procedures and Special Tax Consultant-potential CFD.
Non-Departmental	1,072	1,131	59	5.5%	Accounts for carryover purchase orders for professional services related to Grant Writing Services.
Human Resources	1,535	1,780	245	16.0%	Accounts for carryover purchase orders for professional services for recruitment.
Fire	27,712	29,105	1,393	5.0%	Accounts for carryover purchase orders primarily for Fire plan check review services.
Police	29,174	29,254	80	0.3%	
Public Works	6,285	6,512	227	3.6%	Accounts for carryover purchase orders primarily for various On-call Professional Services.
Parks and Recreation	16,295	17,103	808	5.0%	
Library	5,806	6,150	344	5.9%	Accounts for miscellaneous donations and grants received after the year starts.
Economic and Community Development	9,009	12,444	3,435	38.1%	Accounts for carryover purchase orders for plan review and building inspection professional services.
Total	\$105,164	\$ 114,913	\$ 9,749	9.3%	

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Analysis of Major Governmental Funds

General Fund

Revenues. In FY 2018-19, total General Fund revenues, excluding transfers in, were \$133.8 million, which was \$12.4 million, or 10.2 percent over the final amended budget. Total General Fund expenditures, excluding transfers out, ended FY 2018-19 at \$102.5 million, which was \$12.2 million, or 10.7 percent under budget. Overall, including transfers, the General Fund ended FY 2018-19 with a surplus of \$23.7 million, predominantly due to the items discussed below.

Property tax collections in FY 2018-19 was \$38.7 million, which was \$3.3 million 9.4% or over budget. This was mainly due to higher than expected increases in assessed values.

Sales tax revenues, including Measure W, was \$2.9 million or 9.9% over budget, which was indicative of the strong economic base in South San Francisco, where nearly every business category increased its taxable sales on a year-over-year basis.

Transient occupancy taxes saw a marked \$1.3 million or 7.9% increase over budget, representing a higher than expected demand for lodging within the area.

Permit revenues were \$3.3 million over budget, setting an all-time record for a fiscal year, largely attributable to non-residential development in the East of 101 area and high density residential development in the downtown area. The increase in revenue also reflect the continuing effects of City Council's prior year approval of a comprehensive fee study that improved the cost recovery rate from 57 to 81 percent.

Charges for services was \$2.2 million over budget, largely through higher than expected fee collection in Developer Contributions, Paramedic Service Fees, and Electric Permit Fees.

The above higher than budgeted revenues offset negative variances for other tax collection (\$0.8 million below budget) and intergovernmental revenues (\$0.5 million below budget).

Expenditures. General Fund expenditures, excluding transfers out, largely remained within budget (less than \$0.5 million variance). Higher than expected expenditures as a result of multi-year encumbrances within the Economic and Community Development department (\$1.8 million over budget) were offset by expenditure "savings" as a result of staff vacancies in multiple departments. Compared to the prior year, General Fund expenditures increased from \$101 million to \$114.4 million, largely driven by increased cost for necessary professional services in addition to normal increases in employee salary and benefits.

As of June 30, 2019, the General Fund total fund balance was \$85.0 million, which included \$22.6 million in committed reserves, \$19.2 million in restricted reserves, and \$31.2 million in unassigned reserves. The unassigned reserves are designated by the City Council based on the City's Reserves Policy, which follows best practices from the Government Finance Officers' Association (GFOA) of between 15-20 percent of General Fund operating revenue. Within the City's unassigned reserves, the City Council designated funds for economic contingencies, potential catastrophe and budget contingencies.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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City Housing Fund

Up until Redevelopment Agencies were abolished in FY 2011-12 by the State of California under ABX1 26, the City set aside 20% of Redevelopment property taxes to fund the provision of new affordable housing units, as well as the operation and maintenance of housing stock that the Redevelopment Agency had already funded. That fund was formerly called the Low/Moderate Income Housing Fund. With its source of funding (20% of Redevelopment property tax dollars) abolished, the City Council voted to take on the operations of the former housing units by becoming the 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.

As of June 30, 2019, the fund balance was \$6 million. In FY 2018-19, the City Housing Fund received for \$0.3 million in revenues. The fund had \$0.1 million in expenses, the majority of which was for administrative staff costs to support the City's Housing Division.

Capital Improvement Fund

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

Developer Impact Fees

In FY 2018-19, commensurate with the robust development climate in South San Francisco, and to ensure that new development pays its fair share of the impact on the City's capital and infrastructure, the City accounted for significant collection of developer impact fees, including \$1.9 million in East of 101 Sewer Impact Fees, \$8.8 million in East of 101 Traffic Impact Fees, \$0.9 million in Child Care Impact Fees, and \$3.5 million in Oyster Point Interchange Impact Fees.

Other Governmental Funds

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

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Enterprise Funds

Sewer Enterprise Fund

The Sewer Enterprise fund reported operating income (before non-operating revenues and operating transfers) of \$5 million in FY 2018-19. Operating revenues increased from \$28.3 million to \$29.9 million (increase of 5.9%). Operating expenses increased from \$23.5 million to \$24.9 million, an increase of \$1.4 million or 5.8%, reflecting the impact of increases in employee compensation along with slight increases in normal expenditures like professional services and supplies.

Parking District Fund

In FY 2018-19, operating revenues increased from \$1.1 million to \$1.2 million, principally due to additional revenues from parking meters, reflecting the City's investment in smart meter technology. Operating expenses decreased from \$1.3 million to \$0.9 million as the prior year's expenditures included the purchase and implementation of smart meters. Net position increased from \$13.8 million to \$14.1 million, largely driven by lower expenditures.

Storm Water Fund

The Storm Water Fund is used to account for resources needed to fund storm drain and storm infrastructure operations, maintenance, capital replacement, and compliance with various federal and state regulations regarding storm water runoff. Revenues totaled \$0.4 million, primarily from a levy on property owners. Transfers in totaled \$1.4 million, primarily comprised of \$0.6 million from the General Fund and \$0.8 from non-major governmental funds. Expenses totaled just below \$1.2 million, which was a \$146 thousand or 14% increase from prior year. Much of the increases were a result of higher supplies cost and depreciation. Net position increased from \$3.0 million to \$4.5million, an increase of \$1.5 million.

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 successfully reported on the depreciated value of all such assets acquired or built since 1980. The City reports the depreciated book value of other types of capital assets such as buildings, land, equipment and furniture, on the City-wide Statement of Net 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, 2019, the City had \$410.7 million in capital assets, net of depreciation, representing a sizable increase of \$30.9 million from the prior year, largely driven by in progress construction projects.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The City's various capital asset types used in governmental and business-type activities, are illustrated in Table 7 below:

Table 7
Capital Assets (in Millions) at June 30

	<u>2019</u>	<u>2018</u>
Governmental Activities:		
Land	\$ 67.9	\$ 67.2
Buildings and improvements	96.2	94.9
Equipment and vehicles	22.8	21.9
Furniture and fixtures	2.6	2.6
Infrastructure - streets*	199.7	195.0
Infrastructure - traffic control devices*	10.8	10.1
Infrastructure - storm drains*	8.9	8.9
Construction in progress	35.3	18.0
Less accumulated depreciation	<u>(172.1)</u>	<u>(162.9)</u>
Totals	<u>\$ 272.1</u>	<u>\$ 255.7</u>
* Additions during the fiscal year only		
Business-type Activities		
Land	\$ 0.8	\$ 0.8
Buildings and improvements	67.1	66.9
Clean water facilities and transmission line	79.9	75.5
Infrastructure - storm drains	5.6	4.8
Infrastructure - streets	7.3	7.4
Equipment and vehicles	18.5	18.5
Construction in progress	25.1	11.2
Less accumulated depreciation	<u>(65.7)</u>	<u>(61.0)</u>
Totals	<u>\$ 138.6</u>	<u>\$ 124.1</u>
Total City	<u>\$ 410.7</u>	<u>\$ 379.8</u>

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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DEBT ADMINISTRATION

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

Table 8
Outstanding Debt
(In Millions) at June 30

<i>Governmental Activities</i>	2019	2018
Loan payable to Successor Agency	\$ 4.8	\$ 8.3
Capital leases	0.8	1.1
Total Governmental Activities Outstanding Debt	\$ 5.6	\$ 9.4
<i>Business-type Activities</i>		
State Water Resources Board loans	\$ 35.1	\$ 30.8
2005 Sewer Bonds	3.0	3.2
Total Business-type Activities Outstanding Debt	\$ 38.1	\$ 34.0

The increase in Business-type Activities outstanding debt of \$4.1 million stems from additional State Water Resources Board loans.

The largest remaining debt obligations are the following:

- Three loans to the City's Sewer Enterprise Fund from the State Water Resources Control Board to finance the expansion of the City's water quality control plant and pay for Wet Weather improvements which will improve environmental impacts on the Bay. Principal and interest repayments commence on the loans upon completion of the project related to each loan package. The three current loans outstanding have fixed interest of 2.6%, 2.5% and 2.4% are due in 2022, 2026 and 2028. Because of the regional benefits and equity interest in these projects, the City of San Bruno shares in the loan repayments for the first two of the three current loans.

ECONOMIC OUTLOOK AND MAJOR ACCOMPLISHMENTS

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide readers with a general overview of the City's finances. Questions about this report or requests for additional financial information should be directed to the City of South San Francisco Finance Department, P.O. Box 711, South San Francisco, CA 94083, and phone (650) 877-8512. The City's website is at www.ssf.net.

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CITY OF SOUTH SAN FRANCISCO

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

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

The Statement of Net Position reports the excess of the City's total assets and deferred outflows of resources over the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities 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 and the City of South San Francisco Capital Improvements Financing Authority that is legally separate but a component unit of the City because it is controlled by the City, which is financially accountable for its activities. Data for the South San Francisco Conference Center Authority is reflected as a discretely presented component unit of the City. This data is presented separately from other funds of the City to reflect operations under control of a governing body with a voting majority which is different from the City Council.

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CITY OF SOUTH SAN FRANCISCO
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
ASSETS				
Cash and investments (Note 2)	\$195,442,088	\$26,151,985	\$221,594,073	\$4,399,644
Receivables:				
Accounts	11,264,055	445,162	11,709,217	335,440
Accrued interest	1,006,236	118,580	1,124,816	
Loans	1,699,277		1,699,277	
Deposit	129,101		129,101	14,206
Inventory	372		372	
Prepaid items	869,945		869,945	
Restricted cash and investments (Note 2)	352,222	66	352,288	
Internal balances (Note 4A)	54,847	(54,847)		
Properties held for redevelopment (Note 1N)	21,101,948		21,101,948	
Capital assets (Note 3):				
Nondepreciable	103,254,548	25,883,165	129,137,713	17,500
Depreciable, net accumulated depreciation	168,848,435	112,698,319	281,546,754	3,264,004
Total Assets	<u>504,076,663</u>	<u>165,242,430</u>	<u>669,319,093</u>	<u>8,030,794</u>
DEFERRED OUTFLOW OF RESOURCES				
Related to pension (Note 7)	28,600,842	3,177,871	31,778,713	
Related to OPEB (Note 9)	3,823,200	424,800	4,248,000	
Total Deferred Outflow of Resources	<u>32,424,042</u>	<u>3,602,671</u>	<u>36,026,713</u>	
LIABILITIES				
Accounts payable	6,187,567	4,047,423	10,234,990	352,231
Accrued salaries and benefits	1,659,795		1,659,795	61,896
Accrued interest payable		485,800	485,800	
Other payable	1,729,185	356,564	2,085,749	
Deposits	2,673,535	7,500	2,681,035	312,064
Unearned revenue	902,991	199,636	1,102,627	
Accrued insurance losses (Note 11):				
Due within one year	712,000		712,000	
Due in more than one year	13,739,253		13,739,253	
Compensated absences obligation (Note 1L):				
Due within one year	4,331,917	501,011	4,832,928	
Due in more than one year	2,701,136	43,937	2,745,073	
Debt and capital lease obligations (Note 5):				
Due within one year	263,838	4,906,394	5,170,232	
Due in more than one year	5,334,933	33,211,810	38,546,743	
Net OPEB Liability - due in more than one year (Note 9)	54,525,600	6,058,400	60,584,000	
Net pension liability - due in more than one year (Note 7)	164,429,247	18,269,916	182,699,163	
Total Liabilities	<u>259,190,997</u>	<u>68,088,391</u>	<u>327,279,388</u>	<u>726,191</u>
DEFERRED INFLOW OF RESOURCES				
Related to pension (Note 7)	1,746,574	194,064	1,940,638	
Related to OPEB (Note 9)	489,600	54,400	544,000	
Total Deferred Inflow of Resources	<u>2,236,174</u>	<u>248,464</u>	<u>2,484,638</u>	
NET POSITION (Note 6)				
Net investment in capital assets	271,349,364	100,463,280	371,812,644	3,281,504
Restricted for:				
Special revenue projects	37,102,503		37,102,503	
Capital projects	61,448,139		61,448,139	
Redevelopment and community development activities	19,201,948		19,201,948	
Total Restricted Net Position	<u>117,752,590</u>		<u>117,752,590</u>	
Unrestricted	(114,028,420)	44,966	(113,983,454)	4,023,099
Total Net Position	<u>\$275,073,534</u>	<u>\$100,508,246</u>	<u>\$375,581,780</u>	<u>\$7,304,603</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General Government	\$12,139,671	\$7,930,983	\$1,452,636	
Fire	31,986,738	6,052,804		
Police	32,994,122	2,351,491	648,796	
Public Works	20,425,958	27,811,701	8,301,786	\$1,629,730
Parks and Recreation	17,962,298	4,293,474	852,154	
Library	6,241,093	105,466	387,914	
Economic and Community Development	10,557,116	14,214,991	447,793	
Total Governmental Activities	<u>132,306,996</u>	<u>62,760,910</u>	<u>12,091,079</u>	<u>1,629,730</u>
Business-type Activities				
Sewer	25,719,049	24,078,076	5,827,480	
Parking District	896,994	1,180,538		
Storm Water	1,188,182	540,679	625,470	
Total Business-type Activities	<u>27,804,225</u>	<u>25,799,293</u>	<u>6,452,950</u>	
Total Primary Government	<u>\$160,111,221</u>	<u>\$88,560,203</u>	<u>\$18,544,029</u>	<u>\$1,629,730</u>
Component Unit				
Conference Center	<u>\$4,198,022</u>	<u>\$2,331,740</u>		

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Transient occupancy taxes
- Franchise Fees
- Other taxes

- Motor vehicle in lieu, unrestricted
- Property taxes in lieu of vehicle license fees
- Investment earnings
- Gain from sale of property
- Miscellaneous

Special Item:

- Assets transferred from the Successor Agency (Note 13C)
- Remittance of land sale proceeds to taxing entities

Transfers (Note 4)

Total general revenues, special item and transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
(\$2,756,052)		(\$2,756,052)	
(25,933,934)		(25,933,934)	
(29,993,835)		(29,993,835)	
17,317,259		17,317,259	
(12,816,670)		(12,816,670)	
(5,747,713)		(5,747,713)	
4,105,668		4,105,668	
<u>(55,825,277)</u>		<u>(55,825,277)</u>	
	\$4,186,507	4,186,507	
	283,544	283,544	
	(22,033)	(22,033)	
	<u>4,448,018</u>	<u>4,448,018</u>	
<u>(55,825,277)</u>	<u>4,448,018</u>	<u>(51,377,259)</u>	
			<u>(\$1,866,282)</u>
33,446,750		33,446,750	
31,843,568		31,843,568	
17,091,222		17,091,222	2,243,066
4,469,808		4,469,808	
4,995,404		4,995,404	
32,200		32,200	
7,150,867		7,150,867	
4,808,664	633,704	5,442,368	76,759
840,298		840,298	
7,799,392		7,799,392	11,575
829,315		829,315	
(1,360,906)		(1,360,906)	
<u>(2,101,222)</u>	<u>2,101,222</u>		
<u>109,845,360</u>	<u>2,734,926</u>	<u>112,580,286</u>	<u>2,331,400</u>
54,020,083	7,182,944	61,203,027	465,118
<u>221,053,451</u>	<u>93,325,302</u>	<u>314,378,753</u>	<u>6,839,485</u>
<u>\$275,073,534</u>	<u>\$100,508,246</u>	<u>\$375,581,780</u>	<u>\$7,304,603</u>

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2019. 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.

CAPITAL INFRASTRUCTURE RESERVE FUND

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

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
ASSETS				
Cash and investments (Note 2)	\$60,775,901	\$5,057,889	\$9,525	\$4,417,241
Receivables:				
Accounts	8,581,277	7,550	2,147,656	
Accrued interest	274,790	30,572		18,893
Due from Conference Center	53,589			
Loans		891,227		
Due from other funds (Note 4B)	1,100,000			
Inventory	372			
Prepaid items			39,205	
Restricted cash and investments (Note 2)	200,000			
Properties held for redevelopment (Note 1N)	19,201,948			
	<u>\$90,187,877</u>	<u>\$5,987,238</u>	<u>\$2,196,386</u>	<u>\$4,436,134</u>
Total Assets				
LIABILITIES				
Liabilities:				
Accounts payable	\$2,609,145		\$3,122,071	
Accrued salaries and benefits	1,659,795			
Other payable	65,755		906,455	
Deposits	763,563			
Unearned revenue	146,436			
Due to other funds (Note 4B)			1,100,000	
	<u>5,244,694</u>		<u>5,128,526</u>	
Total Liabilities				
Fund Balances (Note 6):				
Nonspendable	372		39,205	
Restricted	19,201,948	\$5,987,238		\$4,436,134
Committed	22,619,868			
Assigned	11,881,363			
Unassigned	31,239,632		(2,971,345)	
	<u>84,943,183</u>	<u>5,987,238</u>	<u>(2,932,140)</u>	<u>4,436,134</u>
Total Fund Balances (Deficits)				
Total Liabilities and Fund Balances (Deficits)	<u>\$90,187,877</u>	<u>\$5,987,238</u>	<u>\$2,196,386</u>	<u>\$4,436,134</u>

See accompanying notes to basic financial statements

Capital Projects Funds

East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve Fund	Other Governmental Funds	Total Governmental Funds
\$20,493,141	\$5,504,200	\$10,055	\$18,978,469	\$47,248,727	\$162,495,148
				492,055	11,228,538
100,316	32,528	1,856	129,503	230,942	819,400
					53,589
				808,050	1,699,277
					1,100,000
					372
					39,205
				152,222	352,222
				1,900,000	21,101,948
<u>\$20,593,457</u>	<u>\$5,536,728</u>	<u>\$11,911</u>	<u>\$19,107,972</u>	<u>\$50,831,996</u>	<u>\$198,889,699</u>
				\$223,707	\$5,954,923
					1,659,795
				480,000	1,452,210
		\$2,295		1,907,677	2,673,535
				756,555	902,991
					1,100,000
		<u>2,295</u>		<u>3,367,939</u>	<u>13,743,454</u>
					39,577
\$20,593,457	\$5,536,728	9,616	\$19,107,972	47,464,057	122,337,150
					22,619,868
					11,881,363
					28,268,287
<u>20,593,457</u>	<u>5,536,728</u>	<u>9,616</u>	<u>19,107,972</u>	<u>47,464,057</u>	<u>185,146,245</u>
<u>\$20,593,457</u>	<u>\$5,536,728</u>	<u>\$11,911</u>	<u>\$19,107,972</u>	<u>\$50,831,996</u>	<u>\$198,889,699</u>

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

Total fund balances reported on the governmental funds balance sheet	\$185,146,245
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.	267,191,425
Internal service funds are used by management to charge the cost of management of communication, telephone, building, fleet maintenance, equipment replacement, workers' compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Position.	21,770,119
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the funds:	
Long-term debt	(4,845,152)
Deferred outflows related pension	28,600,842
Deferred outflows related to OPEB	3,823,200
Net OPEB liability	(54,525,600)
Net pension liability	(164,429,247)
Deferred inflows related to OPEB	(489,600)
Deferred inflows related to pension	(1,746,574)
Non-current portion of compensated absences	(5,422,124)
Net position of governmental activities	\$275,073,534

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, 2019**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
REVENUES				
Property taxes	\$38,659,657			
Sales taxes	32,251,636			
Transient occupancy taxes	17,091,222			
Franchise Fees	4,469,808			
Other taxes	4,995,404			
Intergovernmental	2,876,545		\$6,641,789	
Interest and rentals	4,409,185	\$304,949		\$100,304
Licenses and permits	15,381,416			
Charges for services	11,563,755			1,781,407
Fines and forfeitures	926,729			
Other	330,881		850,000	
Total Revenues	132,956,238	304,949	7,491,789	1,881,711
EXPENDITURES				
Current:				
City Council	258,760			
City Clerk	770,985			
City Treasurer	123,505			
City Attorney	961,588			
City Manager	2,339,342			
Finance	2,789,187			
Non-departmental	1,219,533			2,652
Human Resources	1,621,409			
Fire	27,572,488			
Police	28,482,445			
Public Works	5,787,782		25,688,553	
Parks and Recreation	16,530,603			
Library	5,628,693			
Economic and Community Development	8,433,298	95,960	20,276	
Other				
Debt service:				
Principal repayments				
Total Expenditures	102,519,618	95,960	25,708,829	2,652
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	30,436,620	208,989	(18,217,040)	1,879,059
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	840,298			
Transfers in (Note 4C)	4,906,791		15,087,484	
Transfers out (Note 4C)	(11,995,827)			(281,827)
Total Other Financing Sources (Uses)	(6,248,738)		15,087,484	(281,827)
Net Change in Fund Balances before special items	24,187,882	208,989	(3,129,556)	1,597,232
SPECIAL ITEMS				
Assets transferred from the Successor Agency (Note 13C)	829,315			
Remittance of land sale proceeds	(1,360,906)			
Net Change in Fund Balances	23,656,291	208,989	(3,129,556)	1,597,232
Fund balances (deficits) - July 1	61,286,892	5,778,249	197,416	2,838,902
Fund balances (deficits) - June 30	\$84,943,183	\$5,987,238	(\$2,932,140)	\$4,436,134

See accompanying notes to financial statements

Capital Projects Funds

East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve Fund	Other Governmental Funds	Total Governmental Funds
				\$1,937,960	\$40,597,617
					32,251,636
					17,091,222
					4,469,808
\$533,381	\$172,624	\$6,371	\$683,549	1,913,308	6,908,712
				3,661,259	13,179,593
8,304,582	747,845			1,020,940	7,231,303
					15,381,416
				18,658,070	41,055,659
					926,729
				6,813,820	7,994,701
<u>8,837,963</u>	<u>920,469</u>	<u>6,371</u>	<u>683,549</u>	<u>34,005,357</u>	<u>187,088,396</u>
					258,760
					770,985
					123,505
					961,588
					2,339,342
					2,789,187
	2,652			77,364	1,302,201
					1,621,409
				4,391	27,576,879
				50,847	28,533,292
2,652	73,500			6,907,476	38,459,963
					16,530,603
					5,628,693
				535,856	9,085,390
				333,024	333,024
				3,464,000	3,464,000
<u>2,652</u>	<u>76,152</u>			<u>11,372,958</u>	<u>139,778,821</u>
<u>8,835,311</u>	<u>844,317</u>	<u>6,371</u>	<u>683,549</u>	<u>22,632,399</u>	<u>47,309,575</u>
					840,298
				2,236,224	22,230,499
<u>(701,659)</u>			<u>(3,161,063)</u>	<u>(8,441,345)</u>	<u>(24,581,721)</u>
<u>(701,659)</u>			<u>(3,161,063)</u>	<u>(6,205,121)</u>	<u>(1,510,924)</u>
8,133,652	844,317	6,371	(2,477,514)	16,427,278	45,798,651
					829,315
					(1,360,906)
8,133,652	844,317	6,371	(2,477,514)	16,427,278	45,267,060
12,459,805	4,692,411	3,245	21,585,486	31,036,779	139,879,185
<u>\$20,593,457</u>	<u>\$5,536,728</u>	<u>\$9,616</u>	<u>\$19,107,972</u>	<u>\$47,464,057</u>	<u>\$185,146,245</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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$45,267,060

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	26,003,235
Retirement and adjustment of capital assets	(634,406)
Current year depreciation	(8,438,645)

Long-Term Debt Payments

Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of principal is added back to fund balance	3,464,000
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Accrual of Non-Current Items

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

Compensated absences	(383,849)
Net pension liability, deferred outflows and inflows of resources	(11,680,328)
Net OPEB liability, deferred outflows and inflows of resources	(1,116,480)

Allocation of Internal Service Fund Activity

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

	1,539,496
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	\$54,020,083
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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 BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Property taxes	\$34,555,659	\$35,345,744	\$38,659,657	\$3,313,913
Sales taxes	26,935,176	29,361,726	32,251,636	2,889,910
Transient occupancy taxes	15,834,000	15,834,000	17,091,222	1,257,222
Franchise fees	4,000,000	4,000,000	4,469,808	469,808
Other taxes	5,833,028	5,833,028	4,995,404	(837,624)
Intergovernmental	1,473,470	3,412,076	2,876,545	(535,531)
Interest and rentals	3,059,459	3,059,459	4,409,185	1,349,726
Licenses and permits	12,072,049	12,072,049	15,381,416	3,309,367
Charges for services	8,988,527	9,328,528	11,563,755	2,235,227
Fines and forfeitures	618,500	618,500	926,729	308,229
Other	178,171	289,171	330,881	41,710
	<u>113,548,039</u>	<u>119,154,281</u>	<u>132,956,238</u>	<u>13,801,957</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
City Council	280,694	280,694	258,760	21,934
City Clerk	817,567	817,567	803,909	13,658
City Treasurer	132,900	132,900	123,505	9,395
City Attorney	1,063,691	1,081,462	961,588	119,874
City Manager	2,958,815	5,737,833	5,364,075	373,758
Finance	3,022,116	3,384,364	3,173,973	210,391
Non-departmental	1,072,087	1,130,087	1,265,202	(135,115)
Human Resources	1,535,163	1,780,097	1,745,612	34,485
Fire	27,711,586	29,104,944	28,621,268	483,676
Police	29,174,475	29,254,475	28,482,445	772,030
Public Works	6,284,775	6,512,375	6,831,377	(319,002)
Parks and Recreation	16,294,509	17,103,184	16,795,119	308,065
Library	5,806,294	6,149,808	5,655,551	494,257
Economic and Community Development	9,009,367	12,443,981	14,318,597	(1,874,616)
	<u>105,164,039</u>	<u>114,913,771</u>	<u>114,400,981</u>	<u>512,790</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,250,000	2,250,000	840,298	(1,409,702)
Transfers in (Note 4C)	2,987,105	5,579,214	4,906,791	(672,423)
Transfers out (Note 4C)	(2,883,001)	(5,637,057)	(11,995,827)	(6,358,770)
	<u>2,354,104</u>	<u>2,192,157</u>	<u>(6,248,738)</u>	<u>(8,440,895)</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	10,738,104	6,432,667	12,306,519	5,873,852
SPECIAL ITEMS				
Assets transferred from the Successor Agency (Note 13C)			829,315	829,315
Remittance of land sale proceeds			(1,360,906)	(1,360,906)
NET CHANGE IN FUND BALANCE	<u>\$10,738,104</u>	<u>\$6,432,667</u>	11,774,928	<u>\$5,342,261</u>
Fund Balance - July 1			61,286,892	
Adjustment to budgetary basis: Encumbrance adjustments			<u>11,881,363</u>	
Fund Balance - June 30			<u>\$84,943,183</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
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental	\$167,000	\$304,949	\$137,949
Other	140,000		(140,000)
Total Revenues	307,000	304,949	(2,051)
EXPENDITURES:			
Current:			
Economic and Community Development	543,403	95,960	447,443
Total Expenditures	543,403	95,960	447,443
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(236,403)	208,989	445,392
NET CHANGE IN FUND BALANCE	(\$236,403)	208,989	\$445,392
Fund balance - July 1		5,778,249	
Fund balance - June 30		\$5,987,238	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

SEWER ENTERPRISE FUND

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

PARKING DISTRICT FUND

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

STORM WATER FUND

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

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	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)	\$20,642,375	\$3,489,666	\$2,019,944	\$26,151,985	\$32,946,940
Receivables:					
Accounts	442,162	3,000		445,162	35,517
Accrued interest	91,270	19,901	7,409	118,580	186,836
Deposits					129,101
Restricted cash and investments (Note 2)	66			66	
Prepaid Items					830,740
Total current assets	21,175,873	3,512,567	2,027,353	26,715,793	34,129,134
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	23,699,347	421,149	1,762,669	25,883,165	
Depreciable, net accumulated depreciation	101,385,468	10,271,672	1,041,179	112,698,319	4,911,558
Total non-current assets	125,084,815	10,692,821	2,803,848	138,581,484	4,911,558
Total Assets	146,260,688	14,205,388	4,831,201	165,297,277	39,040,692
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7)	3,177,871			3,177,871	
Related to OPEB (Note 9)	424,800			424,800	
Total Deferred Outflows of Resources	3,602,671			3,602,671	
LIABILITIES					
Current liabilities:					
Accounts payable	4,020,181	200	27,042	4,047,423	232,644
Other payable	228,340		128,224	356,564	276,975
Accrued interest payable	485,800			485,800	
Deposits payable	7,500			7,500	
Unearned revenue			199,636	199,636	
Accrued insurance loss (Note 11)					712,000
Compensated absences obligation (Note 1L)	476,973	4,589	19,449	501,011	721,104
Current portion of long-term debt (Note 5)	4,906,394			4,906,394	263,838
Total current liabilities	10,125,188	4,789	374,351	10,504,328	2,206,561
Noncurrent liabilities:					
Accrued insurance losses (Note 11)					13,739,253
Compensated absences obligation (Note 1L)	27,664	16,090	183	43,937	889,825
Noncurrent portion of long-term debt (Note 5)	33,211,810			33,211,810	489,781
Net OPEB liability (Note 9)	6,058,400			6,058,400	
Net pension liability (Note 7)	18,269,916			18,269,916	
Total noncurrent liabilities	57,567,790	16,090	183	57,584,063	15,118,859
Total Liabilities	67,692,978	20,879	374,534	68,088,391	17,325,420
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7)	194,064			194,064	
Related to OPEB (Note 9)	54,400			54,400	
Total Deferred Inflows of resources	248,464			248,464	
NET POSITION:					
Net investment in capital assets	86,966,611	10,692,821	2,803,848	100,463,280	4,157,939
Unrestricted (deficit)	(5,044,694)	3,491,688	1,652,819	99,813	17,557,333
Total Net Position	\$81,921,917	\$14,184,509	\$4,456,667	100,563,093	\$21,715,272

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

(54,847)
\$100,508,246

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, 2019**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$23,556,871		\$410,600	\$23,967,471	\$25,835,889
Other cities' participation	5,827,480			5,827,480	
Permit fees	521,205			521,205	
Parking fees		\$1,180,538		1,180,538	
Total Operating Revenues	29,905,556	1,180,538	410,600	31,496,694	25,835,889
OPERATING EXPENSES					
Personnel expenses	10,406,362	295,390	704,855	11,406,607	16,609,532
Professional services	1,722,664	182,109	176,380	2,081,153	908,237
OPEB Expenses	535,039			535,039	
Program supplies	1,629,685	9,317	181,413	1,820,415	1,246,415
Insurance	210,870		3,698	214,568	1,602,819
Self-insurance and claims					3,323,889
Repair and maintenance	1,212,045			1,212,045	574,807
Rents and leases	1,689,059			1,689,059	
Utilities	1,593,208	48,144	19,409	1,660,761	148,225
Administration	1,380,437	107,045	66,727	1,554,209	
Depreciation	4,453,302	253,826	25,032	4,732,160	830,054
Other	18,788		3,597	22,385	412,787
Total Operating Expenses	24,851,459	895,831	1,181,111	26,928,401	25,656,765
Operating Income (Loss)	5,054,097	284,707	(770,511)	4,568,293	179,124
NONOPERATING REVENUES (EXPENSES)					
Interest income	488,437	105,790	39,477	633,704	989,587
Gain on dispositions of capital assets					41,611
Interest expense	(838,647)			(838,647)	(30,743)
Subventions and grants			625,470	625,470	
Other			130,079	130,079	72,740
Total Nonoperating Revenues (Expenses)	(350,210)	105,790	795,026	550,606	1,073,195
Income (loss) before transfers	4,703,887	390,497	24,515	5,118,899	1,252,319
TRANSFERS					
Transfers in (Note 4C)	651,572		1,449,650	2,101,222	250,000
Change in Net Position	5,355,459	390,497	1,474,165	7,220,121	1,502,319
Net Position (Deficits) - July 1	76,566,458	13,794,012	2,982,502	93,342,972	20,212,953
Net Position (Deficits) - June 30	\$81,921,917	\$14,184,509	\$4,456,667	100,563,093	\$21,715,272

Change in Net Position 7,220,121

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

(37,177)

Change in Net Position of Business-Type Activities \$7,182,944

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Enterprise	Parking District	Storm Water	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$29,643,870	\$1,177,538	\$962,565	\$31,783,973	
Cash payments to suppliers for goods and services	(6,283,419)	(399,808)	(457,820)	(7,141,047)	(\$4,932,308)
Cash payments to employees for services	(8,998,734)	(292,815)	(705,689)	(9,997,238)	(16,284,429)
Cash received from interfund service provided					25,116,781
Cash payments for judgments and claims					(1,665,992)
Net Cash Provided by (Used in) Operating Activities	<u>14,361,717</u>	<u>484,915</u>	<u>(200,944)</u>	<u>14,645,688</u>	<u>2,234,052</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subventions and grants			625,470	625,470	
Transfers in	651,572		1,449,650	2,101,222	250,000
Net Cash Provided by Noncapital Financing Activities	<u>651,572</u>		<u>2,075,120</u>	<u>2,726,692</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	8,854,738			8,854,738	
Principal paid on long-term debt	(4,782,036)			(4,782,036)	(381,482)
Interest paid on long-term debt	(925,490)			(925,490)	(30,743)
Acquisition of capital assets, net	(18,356,759)		(961,505)	(19,318,264)	(335,751)
Proceeds from the sale of capital assets					79,653
Net Cash Used in Capital and Related Financing Activities	<u>(15,209,547)</u>		<u>(961,505)</u>	<u>(16,171,052)</u>	<u>(668,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	690,891	145,358	55,224	891,473	1,380,951
Changes in market value of investments	(216,345)	(47,174)	(17,562)	(281,081)	(442,876)
Net Cash Provided by Investing Activities	<u>474,546</u>	<u>98,184</u>	<u>37,662</u>	<u>610,392</u>	<u>938,075</u>
Net Increase (Decrease) in cash and cash equivalents	278,288	583,099	950,333	1,811,720	2,753,804
Cash and cash equivalents, beginning	20,364,153	2,906,567	1,069,611	24,340,331	30,193,136
Cash and cash equivalents, ending	<u>\$20,642,441</u>	<u>\$3,489,666</u>	<u>\$2,019,944</u>	<u>\$26,152,051</u>	<u>\$32,946,940</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$5,054,097	\$284,707	(\$770,511)	\$4,568,293	\$179,124
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	4,453,302	253,826	25,032	4,732,160	830,054
Other non-operating revenue (expenses)			130,079	130,079	72,740
Net change in assets and liabilities:					
Accounts and lease receivables	(261,686)	(3,000)	222,250	(42,436)	(35,517)
Deposit					74,409
Prepaid items					(830,740)
Accounts payable	3,619,361	(40,598)	(74,321)	3,504,442	98,660
Other payable	89,015	(12,595)	67,725	144,145	111,269
Unearned revenue			199,636	199,636	
Accrued insurance losses					1,657,897
(Decrease) increase due to OPEB	124,053			124,053	
Compensated absence obligations	(14,240)	2,575	(834)	(12,499)	76,156
(Decrease) increase due to retirement system	1,297,815			1,297,815	
Net Cash Provided by (Used in) Operating Activities	<u>\$14,361,717</u>	<u>\$484,915</u>	<u>(\$200,944)</u>	<u>\$14,645,688</u>	<u>\$2,234,052</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 FIDUCIARY NET POSITION
JUNE 30, 2019**

	Successor Agency Private Purpose Trust Fund	Agency Fund SSF Employee Def Comp Trust Oversight
ASSETS		
Cash and investments (Note 2)	\$6,809,385	\$105,115
Accounts receivable	3,049	
Interest receivable	46,089	579
Advances to the City (Note 5)	4,845,152	
Loans receivable (Note 13B)	159,320	
Restricted cash and investments (Note 2)	41,781,296	
Capital assets (Note 13C):		
Nondepreciable	111,219	
Depreciable, net accumulated depreciation	257,904	
	54,013,414	105,694
LIABILITIES		
Accounts payable		1,706
Deposits	187,519	
Other accrued liabilities		103,988
Noncurrent portion of pollution remediation (Note 13E)	537,000	
	724,519	\$105,694
NET POSITION		
Held in trust for other purposes	\$53,288,895	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

	Successor Agency Private Purpose Trust Fund
ADDITIONS	
Intergovernmental	\$9,389,320
Interest and rentals	1,031,434
Total Additions	10,420,754
 DEDUCTIONS	
Economic and Community Development	6,572,739
Interest expense	2,375
Depreciation	6,819
Total Deductions	6,581,933
 SPECIAL ITEMS	
Assets transferred to the City of South San Francisco (Note 13C)	829,315
Total Special Items	829,315
Change in net position	3,009,506
 NET POSITION HELD IN TRUST FOR OTHER PURPOSES	
Beginning of the year	50,279,389
End of the year	\$53,288,895

See accompanying notes to financial statements

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CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

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

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Basis of Accounting

The government-wide, proprietary, private-purpose trust fund, and discretely presented component unit financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

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

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

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 2019.

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.

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

H. *Expenditures in Excess of Appropriations* – The City's General Fund had the following departmental expenditures in excess of appropriations for the year ended June 30, 2019:

	Expenditures in Excess of Budget (Non GAAP Legal Basis)
General Fund:	
Non-departmental	\$135,115
Public Works	319,002
Economic and Community Development	1,874,616

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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	\$6,573,048	\$557,447	\$7,130,495
Additions	4,939,616	505,956	5,445,572
Payments	(4,479,611)	(518,455)	(4,998,066)
Ending Balance	\$7,033,053	\$544,948	\$7,578,001
Current Portion	\$4,331,917	\$501,011	\$4,832,928

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

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

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

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

R. New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement is effective for the 2018-2019 fiscal year and had no effect on the City's financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement is effective for the 2018-2019 fiscal year. See Note 5 for additional information.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. *Fair Value Measurements*

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

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

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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.

B. Classification

Cash and investments as of June 30, 2019 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:

Statement of Net Position:

City of South San Francisco:

Cash and investments available for operations	\$221,594,073
Restricted cash and investments	352,288
Total Primary Government cash and investments	221,946,361

Statement of Fiduciary Assets:

Cash and investments available for operations	6,914,500
Restricted cash and investments	41,781,296
Total Fiduciary cash and investments	48,695,796

Conference Center:

Cash and investments available for operations	4,399,644
Total South San Francisco	
Conference Center cash and investments	4,399,644
Total cash and investments	\$275,041,801

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality (A)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities	5 years	N/A	No Limit	25%
Asset-Backed Securities	5 years	AA	20%	5%
Commercial Paper	270 days	A1,P1	25%	5%
Negotiable Certificates of Deposit	5 years	A-1 or A	30%	5%
Repurchase Agreements	N/A	AA	No Limit	No Limit
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$65 million	No Limit
Money Market Mutual Funds	N/A	Aaa	20%	10%
Corporate Medium-Term Notes	5 years	A	30%	5%
Supranational Obligations	5 years	AA	30%	10%

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

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 FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

E. Investments Authorized by the Authority

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

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

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

	Remaining maturity		Total
	Less than 1 year	One to Five Years	
City and Fiduciary:			
U.S. Agency Securities			
Non-callable	\$5,514,700	\$30,409,595	\$35,924,295
U.S. Treasury Notes	7,514,372	23,921,198	31,435,570
Local Agency Investment Fund	63,923,845		63,923,845
Money Market Funds	41,781,800		41,781,800
Guaranteed Investment Agreements			
Corporate Notes	8,189,865	25,154,699	33,344,564
Commercial Paper	3,980,718		3,980,718
Negotiable Certificates of Deposit	10,256,911		10,256,911
Asset-Backed Securities	47,439	19,937,764	19,985,203
Supranational Obligations		6,792,243	6,792,243
South San Francisco Conference Center:			
Local Agency Investment Fund	4,093,496		4,093,496
Total Investments	\$145,303,146	\$106,215,499	251,518,645
Cash in Banks and on Hand - City of South San Francisco			23,217,008
Cash in Banks and on Hand - South San Francisco Conference Center			306,148
Total Cash and Investments			\$275,041,801

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, 2019, these investments have an average maturity of 173 days.

Money market funds are available for withdrawal on demand and as of June 30, 2019 have an average maturity of 20 days.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2019, for each of the Primary Government's investment types as provided by Moody's investment rating system, except as noted:

Investment Type	Aaa	Aaa-mf	Aa1-Aa3	A1-A3	P-1	Total
City and Fiduciary:						
U.S. Agency Securities						
Non-callable	\$35,924,295					\$35,924,295
Money Market Funds		\$41,781,800				41,781,800
Corporate Notes	1,751,794		\$8,193,299	\$23,399,471		33,344,564
Commercial Paper					\$3,980,718	3,980,718
Negotiable Certificates of Deposit					10,256,911	10,256,911
Asset-Backed Securities	12,794,976					12,794,976
Supranational Obligations	6,792,243					6,792,243
Totals	<u>\$57,263,308</u>	<u>\$41,781,800</u>	<u>\$8,193,299</u>	<u>\$23,399,471</u>	<u>\$14,237,629</u>	144,875,507
City and Fiduciary:						
<i>Not rated:</i>						
Asset Backed Securities						7,190,227
Local Agency Investment Fund						63,923,845
<i>Exempt from credit rate disclosure:</i>						
U.S. Treasury Notes						31,435,570
South San Francisco Conference Center:						
<i>Not rated:</i>						
Local Agency Investment Fund						<u>4,093,496</u>
Total Investments						<u>\$251,518,645</u>

H. Concentration of Credit Risk

The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U. S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total Entity-wide investments are as follows at June 30, 2019:

Issuer	Investment Type	Amount
Federal National Mortgage Association	U.S. Agency Securities	\$12,781,598

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

I. Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
City and Fiduciary:		
U.S. Agency Securities		
Non-callable	\$35,924,295	\$35,924,295
U.S. Treasury Notes	31,435,570	31,435,570
Corporate Notes	33,344,564	33,344,564
Commercial Paper	3,980,718	3,980,718
Negotiable Certificates of Deposit	10,256,911	10,256,911
Asset Backed Securities	19,985,203	19,985,203
Supranational Obligations	6,792,243	6,792,243
Totals	\$141,719,504	141,719,504
 <i>Investments Measured at Amortized Cost:</i>		
City and Fiduciary:		
Money Market Mutual Funds		41,781,800
 <i>Investments Exempt from Fair Value Hierarchy:</i>		
City and Fiduciary:		
Local Agency Investment Fund		63,923,845
South San Francisco Conference Center:		
Local Agency Investment Fund		4,093,496
Total Investments		\$251,518,645

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 - CAPITAL ASSETS

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

	Balance 6/30/2018	Additions and Adjustments	Retirements and Adjustments	Transfers	Balance 6/30/2019
Governmental activities					
Capital assets not being depreciated:					
Land	\$67,173,001	\$749,398			\$67,922,399
Construction in Progress	18,087,541	25,215,794	(\$634,406)	(\$7,336,780)	35,332,149
Total capital assets not being depreciated	85,260,542	25,965,192	(634,406)	(7,336,780)	103,254,548
Capital assets being depreciated:					
Buildings and Improvements	94,859,160			1,315,034	96,174,194
Infrastructure - Streets	194,928,165			4,775,247	199,703,412
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	10,195,338			570,721	10,766,059
Equipment and Vehicle	6,654,321	38,043		675,778	7,368,142
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	318,178,691	38,043		7,336,780	325,553,514
Less accumulated depreciation for:					
Buildings and Improvements	(37,330,676)	(2,505,926)			(39,836,602)
Infrastructure - Streets	(101,358,967)	(5,030,431)			(106,389,398)
Infrastructure - Storm Drains	(3,366,561)	(204,500)			(3,571,061)
Infrastructure - Traffic Control Devices	(3,293,879)	(439,218)			(3,733,097)
Equipment and Vehicle	(6,222,784)	(163,009)			(6,385,793)
Furniture and Fixtures	(1,605,125)	(95,561)			(1,700,686)
Total accumulated depreciation	(153,177,992)	(8,438,645)			(161,616,637)
Net Governmental Fund Capital Assets Being Depreciated	165,000,699	(8,400,602)		7,336,780	163,936,877
Internal Service Fund Capital Assets					
Capital assets being depreciated:					
Equipment and Vehicle	15,179,189	335,751	(38,043)		15,476,897
Accumulated depreciation	(9,735,285)	(830,054)			(10,565,339)
Net Internal Service Fund Capital Assets Being Depreciated	5,443,904	(494,303)	(38,043)		4,911,558
Governmental activity capital assets, net	\$255,705,145	\$17,070,287	(\$672,449)		\$272,102,983

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Business-type activities					
Capital assets, not being depreciated:					
Land	\$794,587				\$794,587
Construction in Progress	11,162,897	\$19,318,264	(\$148,029)	(\$5,244,554)	25,088,578
Total capital assets not being depreciated	11,957,484	19,318,264	(148,029)	(5,244,554)	25,883,165
Capital assets being depreciated:					
Buildings and Improvements	66,955,777			120,081	67,075,858
Clean Water Facilities and Lines	75,522,774			4,339,320	79,862,094
Infrastructure - Storm Drains	4,773,977			785,153	5,559,130
Infrastructure - Streets	7,377,546				7,377,546
Equipment and Vehicle	18,505,506				18,505,506
Furniture and Fixtures	31,154				31,154
Total capital assets being depreciated	173,166,734			5,244,554	178,411,288
Less accumulated depreciation for:					
Buildings and Improvements	(17,762,000)	(1,609,793)			(19,371,793)
Clean Water Facilities and Lines	(29,165,952)	(1,938,017)			(31,103,969)
Infrastructure - Storm Drains	(1,034,358)	(166,984)			(1,201,342)
Infrastructure - Streets	(1,840,691)	(209,570)			(2,050,261)
Equipment and Vehicle	(11,146,654)	(807,796)			(11,954,450)
Furniture and Fixtures	(31,154)				(31,154)
Total accumulated depreciation	(60,980,809)	(4,732,160)			(65,712,969)
Net capital assets being depreciated	112,185,925	(4,732,160)		5,244,554	112,698,319
Business-type activity capital assets, net	\$124,143,409	\$14,586,104	(\$148,029)		\$138,581,484

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Component Unit:				
South San Francisco Conference Center				
Construction in Progress	\$43,289	\$17,500	(\$43,289)	\$17,500
Buildings and Improvements	11,148,265	218,122	(541,411)	10,824,976
Furniture and Fixtures	880,168	88,332	(42,901)	925,599
Machinery and equipment	267,151	115,037	(57,882)	324,306
Total:	12,338,873	438,991	(685,483)	12,092,381
Less accumulated depreciation	(8,760,696)	(692,375)	642,194	(8,810,877)
Component unit, net	\$3,578,177	(\$253,384)	(\$43,289)	\$3,281,504

B. Capital Asset Contributions - Some capital assets may have been acquired using federal and State grant funds, or were contributed by developers or other governments. Contributed capital assets are valued at their estimated acquisition value on the date contributed. 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 FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 - CAPITAL ASSETS (Continued)

- C. **Depreciation Allocation** - Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<i>Governmental Activities</i>	
Governmental functions	
General government	\$663,081
Fire	366,014
Police	93,759
Public works	6,622,326
Parks and recreation	571,118
Library	68,014
Economic and community development	54,333
Total Governmental Functions	8,438,645
Internal Service Funds	830,054
Total Governmental Activities	\$9,268,699
<i>Business-Type Activities</i>	
Sewer Enterprise	\$4,453,302
Parking District	253,826
Storm Water	25,032
Total Business-Type Activities	\$4,732,160

NOTE 4 - INTER-FUND TRANSACTIONS

- A. **Internal Balances**

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

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

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

Due From Other Fund	Due to Other Fund	Amount
General Fund	Capital Improvement Capital Projects Fund	\$1,100,000

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - INTER-FUND TRANSACTIONS (Continued)

C. Transfers

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

FROM FUND (OUT)	TO FUND (IN)	AMOUNT
General Fund	Capital Improvement Capital Projects Fund	\$8,887,591
	Storm Water Enterprise Fund	622,012
	Non-Major Governmental Funds	2,236,224
	Internal Service Funds	250,000
East of 101 Sewer Impact Fees Capital Project Fund	Sewer Enterprise Fund	281,827
East of 101 Traffic Impact Fees Capital Project Fund	Capital Improvement Capital Projects Fund	701,659
Capital Infrastructure Reserve Capital Projects Fund	Capital Improvement Capital Projects Fund	3,123,582
	Storm Water Enterprise Fund	37,481
Non-major Governmental Funds	General Fund	4,906,791
	Capital Improvement Capital Projects Fund	2,374,652
	Sewer Enterprise Fund	369,745
	Storm Water Enterprise Fund	790,157
Total		<u><u>\$24,581,721</u></u>

NOTE 5 - LONG-TERM DEBT

A. Current Year Transactions and Balances

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2019 follows:

	Authorized and Issued	Balance at June 30, 2018	Additions	Retirement	Balance at June 30, 2019	Current Portion
Governmental Activities - Direct Borrowing:						
2007 Loans Payable to the Successor Agency (1)		\$8,309,152		\$3,464,000	\$4,845,152	
Capital Leases (2):						
2008 Two Fire Trucks		54,111		54,111		
2010 Two Fire Trucks		322,306		125,154	197,152	\$130,146
2013 Fire Truck		686,699		130,232	556,467	133,692
2014 Sweeper		71,985		71,985		
Total Capital Leases		<u>1,135,101</u>		<u>381,482</u>	<u>753,619</u>	<u>263,838</u>
Net Governmental Long-Term Debt		<u>\$9,444,253</u>		<u>\$3,845,482</u>	<u>\$5,598,771</u>	<u>\$263,838</u>
Business-Type Activities - Direct Borrowing:						
1999 State Water Resources Loan, 2.6%, due 8/1/22 (3)	\$47,721,252	\$15,164,070		\$2,879,154	\$12,284,916	\$2,954,013
2004 State Water Resources Loan, 2.5%, due 1/1/27 (3)	21,258,529	10,052,903		1,150,729	8,902,174	1,179,497
2008 State Water Resources Loan, 2.4%, (5)	9,164,505	5,553,529		447,153	5,106,376	457,884
2018 State Water Resources Loan, 1.8% (6)	53,403,000		\$8,854,738		8,854,738	
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (4)	6,000,000	3,275,000		305,000	2,970,000	315,000
Total Enterprise Fund Long-Term Debt	<u>\$137,547,286</u>	<u>\$34,045,502</u>	<u>\$8,854,738</u>	<u>\$4,782,036</u>	<u>\$38,118,204</u>	<u>\$4,906,394</u>
Component Unit - Conference Center:						
2003 Revenue Bonds, 2.25% to 4.0%, due 9/1/18 (7)	\$5,865,000	\$460,000		\$460,000		
Total Conference Center	<u>\$5,865,000</u>	<u>\$460,000</u>		<u>\$460,000</u>		

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 - LONG-TERM DEBT (Continued)

(1) As of June 30, 2019, 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 \$4,845,152 for the Flyover and Hookramps Projects that were completed in prior years. The outstanding balance will be paid off from the future developer fees. With the dissolution of the Agency effective January 31, 2012, the Successor Agency assumed the asset which the City is to repay. This payable is recorded as a long-term obligation (see also Note 13). Prior to the dissolution of all Redevelopment Agencies in California by the State, the former Redevelopment Agency (Agency) advanced \$12,176,207 to the Oyster Point Improvement Impact Fee Capital Projects Fund (the Oyster Point Fund). The impact fees are collected according to a fee methodology adopted under the terms of AB 1600. The fees are assessed against commercial development in a specific geographic area that is primarily east of Highway 101 to repay the former Agency for the funds it advanced to the Oyster Point Fund to pay for freeway interchange improvements at Highway 101 and Oyster Point Blvd, and are assessed per an adopted Engineering report's formula that measures each new development's impact on the area's trip traffic. While the former Agency advanced the funds, the impact fee was put in place specifically to charge future developers for their share of traffic trips generated prior to the construction of the improvements. When the Agency was dissolved, the Successor Agency, and therefore, all local taxing entities, are entitled to receive future Oyster Point Impact fees collected by the City from developers. Future developers, not the City of South San Francisco, are legally obligated to pay the future fees until the liability owed to the Successor Agency is paid off as long as the fee continues to be levied and is in place. The repayment has significantly slowed since 2007, as development has subsided and fees assessed have therefore dropped. Management believes it may take 10-30 years or more before the Successor Agency is fully paid back.

(2) The City has entered into long-term **capital leases** with various financing agencies. Under these capital leases, all leased assets shall be distributed to the City at the end of the lease terms and shall thereafter remain the sole property of the City. Therefore, these capital leases have been recorded at the present value of the future minimum lease payments at the date of inception of the lease, and the corresponding assets have been included in the Statement of Net Position as appropriate. Capital lease payments are made from revenues of the Equipment Replacement Internal Service Fund and the General Fund. The lease agreements contain provisions that in an event of default, the lessor may (a) seize the properties, (b) sell or lease the properties or (c) exercise any and all remedies available to it under applicable law, including the right to enforce the terms of the lease, recover damages from the breach of the lease, and rescind the lease as to any portion of or all of the properties.

(3) The two loans were authorized by the **State Water Resources Control Board (SWRCB)** to improve and expand the City's wastewater treatment plant. Loan proceeds were issued as the projects progressed and debt service payments commenced one year after project completion. The loan agreements include provisions that in an event of default, all principal payments shall be immediately due and payable, interests on all amounts owed shall be paid at the highest legal rate, any additional payments shall be made and SWRCB shall enforce its rights under the agreements by any judicial proceeding, whether in law or equity.

(4) On October 25, 2005, the California Statewide Communities Development Authority issued **2005D Water and Wastewater Revenue Bonds**. The City participated in the pooled bond sale and the City's portion of debt is \$6,000,000. Proceeds were used to finance sewer system capital improvement.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 - LONG-TERM DEBT (Continued)

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 ranging from the rates of 2.75% to 4.75% is payable semi-annually each April 1 and October 1.

The 1999 and 2004 State Water Resources Loans and the 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Sewer Enterprise Fund. Net Revenues available for debt service amounted to \$10.8 million which represented coverage of 2.1 over the \$5,127,088 in total debt service.

(5) **State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with 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.

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

At June 30, 2019, the City has drawn down \$8.9 million from SWRCB and the remaining balance of \$44.5 million is expected to be drawn down in fiscal year 2020. There was no debt service payment required in fiscal year 2019, with the first debt service payment due in fiscal year ending 2024. Future debt service is expected to average \$3 million per year through fiscal year 2043.

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

The 2008 and 2018 loans are secured by a pledge of sewer service charge revenues of the City's Sewer Enterprise Fund. Sewer service charge revenues available for debt service amounted to \$23.6 million which represented coverage of 44.8 over the \$524,906 in debt service.

(7) 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 - LONG-TERM DEBT (Continued)

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 were, in substance, obligations of the Authority and were repaid during fiscal year 2019.

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 was fully amortized during fiscal year 2019.

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 and the 2018 State Water Resource Loan at June 30, 2019, were as follows:

For the Year Ended June 30	Direct Borrowings			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$263,839	\$20,330	\$4,906,394	\$428,062
2021	204,251	11,946	5,038,676	698,146
2022	140,892	6,614	5,173,954	570,292
2023	144,637	2,870	5,312,309	347,457
2024			2,180,393	299,594
2025-2029			6,651,740	7,936
Totals	753,619	\$41,760	29,263,466	\$2,351,487
2007 Loans Payable	4,845,152			
2018 State Water Resources Loan			8,854,738	
	<u>\$5,598,771</u>		<u>\$38,118,204</u>	

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

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

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

Leasing Arrangement	Fund/Activity	Original Cost
Capital Leases	Governmental Activity	<u>\$5,342,799</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 - NET POSITION AND FUND BALANCES

A. Net Position

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

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

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

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

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.

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 - NET POSITION AND FUND BALANCE (Continued)

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

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

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2019, 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:				
Inventory and prepaid items	\$372		\$39,205	
Total Nonspendable Fund Balances	372		39,205	
Restricted for:				
Sewer Impact Fees				\$4,436,134
Low and moderate housing projects		\$5,987,238		
Redevelopment and community development activities	19,201,948			
Total Restricted Fund Balances	19,201,948	5,987,238		4,436,134
Committed for:				
Capital projects	3,889,594			
Local services	18,730,274			
Total Committed Fund Balances	22,619,868			
Assigned to:				
Capital projects	11,881,363			
Total Assigned Fund Balances	11,881,363			
Unassigned:				
General fund	31,239,632			
Capital Improvement Fund			(2,971,345)	
Total Unassigned Fund Balances	31,239,632		(2,971,345)	
Total Fund Balances	\$84,943,183	\$5,987,238	(\$2,932,140)	\$4,436,134

(Continued)

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 - NET POSITION AND FUND BALANCE (Continued)

Fund Balance Classifications (continued)	Capital Project Funds				Other Governmental Funds
	East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve Fund	
Restricted for:					
Traffic impact fees projects	\$20,593,457				
Child Care impact fees projects		\$5,536,728			
Developer deposit fees projects			\$9,616		
Capital infrastructure projects				\$19,107,972	
Gas Tax projects					\$522,122
Developer contributions projects					5,042,661
Community Development Block Grant projects					550,587
Maintenance districts projects					3,610,759
Transportation sales tax projects					3,408,661
City programs projects					4,547,134
Other Special Revenues projects					13,433,341
Capital projects activities					16,348,792
Total Restricted Fund Balances	<u>20,593,457</u>	<u>5,536,728</u>	<u>9,616</u>	<u>19,107,972</u>	<u>47,464,057</u>
Total Fund Balances	<u><u>\$20,593,457</u></u>	<u><u>\$5,536,728</u></u>	<u><u>\$9,616</u></u>	<u><u>\$19,107,972</u></u>	<u><u>\$47,464,057</u></u>

C. Net Deficit

The Capital Improvement Capital Projects Fund had net deficit in the amount of \$2,932,140. Future revenues are expected to offset the deficit.

D. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year. Encumbrances outstanding in governmental funds as of June 30, 2019, were as listed below:

Governmental funds:	Amount
General Fund	\$11,881,363
Low and Moderate Income Housing Assets	
Special Revenue Fund	6,267
Capital Improvement Capital Projects Fund	18,444,492
Child Care Impact Fees Capital Projects Fund	1,500
Capital Infrastructure Reserve Capital Projects Fund	1,000,000
Other Governmental Funds	665,105
Total	<u><u>\$31,998,727</u></u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLANS

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

A. General Information about the Pension Plans

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Classic Plan	Classic Plan	PEPRA Plan
Hire date	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	29.179%	29.179%	6.5%

	Safety		
	Classic Plan	Classic Plan	PEPRA Plan
Hire date	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	48.901%	48.901%	11.5%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans were \$4,506,009 and \$5,959,860, respectively, which were made under the lump sum payment option.

Employees Covered – As of the June 30, 2017 actuarial valuation date and the June 30, 2018 measurement date, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	440	284
Inactive employees entitled to but not yet receiving benefits	334	105
Active employees	281	159
Total	1,055	548

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLAN (Continued)

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75 percent to 2.50 percent.

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLAN (Continued)

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

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$227,427,722	\$149,962,251	\$77,465,471
Changes in the year:			
Service cost	4,001,207		4,001,207
Interest on the total pension liability	15,885,315		15,885,315
Changes of benefit terms			
Changes of assumptions	(1,361,078)		
Differences between actual and expected experience	187,342		187,342
Plan to plan resource movement		(365)	365
Contribution - employer		6,165,764	(6,165,764)
Contribution - employees		1,727,041	(1,727,041)
Net investment income		12,458,090	(12,458,090)
Benefit payments, including refunds of employee contributions	(12,164,689)	(12,164,689)	
Administrative expenses		(233,683)	233,683
Other Miscellaneous Income/(Expense)		(443,767)	443,767
Net changes	<u>6,548,097</u>	<u>7,508,391</u>	<u>(960,294)</u>
Balance at June 30, 2018	<u>\$233,975,819</u>	<u>\$157,470,642</u>	<u>\$76,505,177</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$314,037,249	\$208,630,800	\$105,406,449
Changes in the year:			
Service cost	6,511,672		6,511,672
Interest on the total pension liability	22,129,483		22,129,483
Changes of benefit terms			
Changes of assumptions	(1,293,579)		(1,293,579)
Differences between actual and expected experience	1,318,613		1,318,613
Plan to plan resource movement		(512)	512
Contribution - employer		9,323,936	(9,323,936)
Contribution - employees		2,134,552	(2,134,552)
Net investment income		17,363,158	(17,363,158)
Benefit payments, including refunds of employee contributions	(15,629,698)	(15,629,698)	
Administrative expenses		(325,104)	325,104
Other Miscellaneous Income/(Expense)		(617,378)	617,378
Net changes	<u>13,036,491</u>	<u>12,248,954</u>	<u>787,537</u>
Balance at June 30, 2018	<u>\$327,073,740</u>	<u>\$220,879,754</u>	<u>\$106,193,986</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLAN (Continued)

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$106,628,983	\$151,151,365
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$76,505,177	\$106,193,986
1% Increase	8.15%	8.15%
Net Pension Liability	\$51,566,615	\$69,322,327

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

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

For the year ended June 30, 2019, the City recognized pension expenses of \$12,587,621 and \$17,406,955 for the Miscellaneous and Safety Plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$6,851,612	
Changes of assumptions	3,220,352	(\$874,979)
Differences between actual and expected experience	628,106	
Net differences between projected and actual earnings on plan investments	422,905	
Total	<u>\$11,122,975</u>	<u>(\$874,979)</u>

Safety Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$10,164,821	
Changes of assumptions	7,095,088	(\$913,115)
Differences between actual and expected experience	2,711,451	(152,544)
Net differences between projected and actual earnings on plan investments	684,378	
Total	<u>\$20,655,738</u>	<u>(\$1,065,659)</u>
Grand Total	<u>\$31,778,713</u>	<u>(\$1,940,638)</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PENSION PLAN (Continued)

\$17,016,433 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Miscellaneous Plan:</i>		<i>Safety Plan:</i>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2020	\$5,252,328	2020	\$9,406,529
2021	99,663	2021	2,680,468
2022	(1,565,708)	2022	(2,131,680)
2023	(389,899)	2023	(530,059)

NOTE 8 - 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.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

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

The City provides certain health care benefits for all employees who retire after attaining age 50 with at least five years of service or disability at any age. The City provides certain health care benefits for those employees hired prior to April 25, 2010. In order to reduce the City's OPEB obligations over time, the City changed to a defined contribution post-retirement health plan for employees hired as of April 25, 2010 or after. For those new hires, the City is now providing a medical after retirement health plan (MARA), and contributes 1.5% of salary for those plans.

Plan Description – The City's Post Employment Benefit Plan is an agent multiple-employer defined benefit OPEB plan.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits provided – The following is a summary of Plan benefits by employee group as of June 30, 2019:

<i>Eligibility</i>	<ul style="list-style-type: none"> • Hired < 4/25/20101 • Retire directly from City and elect coverage: <ul style="list-style-type: none"> • Age 50 and 5 years City service or • Disability retirement with 5 years City service
<i>Benefit</i>	<ul style="list-style-type: none"> • City pays single premium up to largest HMO single premium <p>Cap for 2017/18:</p> <ul style="list-style-type: none"> - \$1,184.63/month pre-65 (Blue Shield) - \$649.97/month post-65 Medical eligible (Blue Shield) - \$1,746.70/ month post-65 not Medicare eligible (Kaiser) <ul style="list-style-type: none"> • Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65
<i>Surviving Spouse Benefit</i>	<ul style="list-style-type: none"> • Participation with premium payment • AFSCME, Local 1569, Mid-Management, IAFF <ul style="list-style-type: none"> • surviving spouses covered 2 months following death of retiree
<i>Other OPEB</i>	<ul style="list-style-type: none"> • City also reimburses Medicare Part B • No City-paid contribution for dental, vision, or life

For the year ended June 30, 2019, the City’s contributions to the Plan were \$4,180,000.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2018:

Active employees	388
Inactive employees or beneficiaries currently receiving benefit payments	231
Total	619

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2108, based on the following actuarial methods and assumptions:

Actuarial Assumptions	
Valuation Date	• June 30, 2017
Measurement Date	• June 30, 2018
Contribution Policy	• City contributes \$802,000 per year into trust
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level dollar
Amortization Period	• Average of 24 years remaining for 2018/19
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.75% at June 30, 2018 • 6.75% at June 30, 2017 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.75% per annum
Salary Increases	• Aggregate - 3% • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Pre-retirement mortality: projected 15-year static with 90% of MP-2016 • Post-retirement mortality: projected fully generational with
Healthcare participation for future retirees	• 100% if covered, 95% if waived

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	57.0%	4.82%
Fixed income	27.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Total	100.0%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		6.75%

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease) Amounts in 000's		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2017 Measurement Date	\$79,000	\$19,710	\$59,290
Changes Recognized for the Measurement Period:			
Service Cost	1,535		1,535
Interest on the total OPEB liability	5,325		5,325
Changes in benefit terms			
Differences between expected and actual experience	91		91
Changes of assumptions			
Contributions from the employer		4,128	(4,128)
Net investment income		1,566	(1,566)
Benefit payments	(3,326)	(3,326)	
Administrative expenses		(37)	37
Net changes	3,625	2,331	1,294
Balance at June 20, 2018 Measurement Date	\$82,625	\$22,041	\$60,584

The Plan does not issue separate financial statements.

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

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

Net OPEB Liability/(Asset) (Amounts in 000's)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$72,219	\$60,584	\$51,052

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

Net OPEB Liability/(Asset) (Amounts in 000's)		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$49,567	\$60,584	\$74,215

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$5,420,533. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$4,180,000	
Differences between actual and expected experience	68,000	
Changes of assumptions		
Net differences between projected and actual earnings on plan investments		\$544,000
Total	\$4,248,000	\$544,000

\$4,180,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	(\$143,000)
2021	(143,000)
2022	(145,000)
2023	(45,000)

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

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

A. Oyster Point Marina

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. *Peninsula Traffic Congestion Relief Alliance*

(PTCRA) was formed from the merger of The Inter City Transportation Systems Management Agency and Multi-City Transportation Systems Management Agency (MCTSMA) in 2000. The members are Cities of South San Francisco, Brisbane, Colma, Daly City, Half Moon Bay, Millbrae, Pacifica and San Bruno and seven other members for the purpose of mitigating traffic congestion. The governing board consists of one council member from each member city. The finance director of Daly City acts as the treasurer and controller of PTCRA. The individual cities are not liable for the debts, liabilities or obligations of PTCRA. Each member city has an equal interest in PTCRA. Condensed accrual basis unaudited financial information may be obtained from the City of San Carlos Finance Department, 666 Elm Street, San Carlos, CA 94070.

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 11 - RISK MANAGEMENT

A. *Insurance Coverage*

The City participates in Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a nonprofit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN JPA provides \$2,500,000 of self-funded general liability and automobile coverage and \$27,500,000 excess liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. For the year ended June 30, 2019, the City paid PLAN JPA \$1,188,549 in premiums and did not receive a refund of premiums paid in prior years. Financial statements may be obtained from PLAN JPA 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 11 - RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

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

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

	June 30, 2019			Fiscal Year
	Workers' Compensation	General Liability	Total	2017-2018 Total
Balance, beginning of year	\$12,695,000	\$98,356	\$12,793,356	\$12,972,942
Current year claims and changes in estimates of prior years claims	4,537,248	496,109	5,033,357	1,851,121
Claims Paid	(3,092,248)	(283,212)	(3,375,460)	(2,030,707)
Balance, end of year	<u>\$14,140,000</u>	<u>\$311,253</u>	<u>\$14,451,253</u>	<u>\$12,793,356</u>
Current portion	<u>\$562,000</u>	<u>\$150,000</u>	<u>\$712,000</u>	<u>\$660,356</u>

NOTE 12 - 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 FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

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, 2019, was \$420,000. The cost and carrying amount of leased land under this lease receivable is \$5,040,000. Future minimum lease payments from the Conference Center Authority land leases are as follows:

Year ending June 30	Component Unit Conference Center
2020	\$420,000
2021	420,000
2022	420,000
2023	420,000
2024	420,000
2025-2029	2,100,000
Total	\$4,200,000

Price Club Associates leases the land for the Costco store on South Airport Boulevard from the City. Lease payments are based on a percentage of Costco's gross annual sales, with minimum annual rent set at \$400,000, payable in monthly installments of \$33,333. In fiscal 2014, Costco exercised the option to extend the lease through fiscal year 2029, with an option for a 6 year extension through fiscal year 2035. In fiscal 2019 lease payments were \$400,000.

Magnolia Housing leases the land for Magnolia Plaza Senior Apartments from the City. Minimum lease payments are set at \$51,800, and are payable through the fiscal year 2062. In fiscal year 2019 lease payments were \$51,800.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

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

Year ending June 30:	Costco	Magnolia Plaza	Total
2020	\$400,000	\$51,800	\$451,800
2021	400,000	51,800	451,800
2022	400,000	51,800	451,800
2023	400,000	51,800	451,800
2024	400,000	51,800	451,800
2025-2029	2,000,000	259,000	2,259,000
2030-2034	2,000,000	259,000	2,259,000
2035-2039		259,000	259,000
2040-2044		259,000	259,000
2045-2049		259,000	259,000
2050-2054		259,000	259,000
2055-2059		259,000	259,000
2060-2062		155,400	155,400
	<u>\$6,000,000</u>	<u>\$2,227,400</u>	<u>\$8,227,400</u>

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

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

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

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 2 to the financial statements. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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C. Capital Assets

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their acquisition value. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

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

Buildings	50 years
Improvements	30 years
Machinery and equipment	5-20 years
Furniture and fixtures	12 years

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Capital assets recorded at June 30 are comprised of:

	Balance June 30, 2018	Additions	Adjustments	Transfers to the City of South San Francisco	Balance June 30, 2019
Fiduciary activities					
Capital assets not being depreciated:					
Land	\$940,534			(\$829,315)	\$111,219
Total capital assets not being depreciated	940,534			(829,315)	111,219
Capital assets being depreciated:					
Buildings and Improvements	329,671				329,671
Equipment and Vehicle	242,190				242,190
Furniture and Fixtures	21,506				21,506
Total capital assets being depreciated	593,367				593,367
Less accumulated depreciation for:					
Buildings and Improvements	(65,274)	(\$6,593)	\$100		(71,767)
Equipment and Vehicle	(241,965)	(226)			(242,191)
Furniture and Fixtures	(21,505)				(21,505)
Total accumulated depreciation	(328,744)	(6,819)	100		(335,463)
Net capital assets being depreciated	264,623	(6,819)	100		257,904
Fiduciary activity capital assets, net	\$1,205,157	(\$6,819)	\$100	(\$829,315)	\$369,123

Current year transfers to the City of South San Francisco represent property transferred from capital assets in the Successor Agency to property held for redevelopment in the City's General Fund, which has been reported as a Special Item.

D. Long-Term Debt

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, 2018	Retirements	Balance June 30, 2019	Current Portion
1999 Revenue Bonds, 3.3 to 5.0%, due 9/1/18	\$285,000	(\$285,000)		
Total Successor Agency	\$285,000	(\$285,000)		

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

On February 1, 1999, the City of South San Francisco Capital Improvements Financing Authority (CIFA) issued \$31,720,000 of **1999 Revenue Bonds** to provide funds to pay loans (Homart Development), to finance redevelopment and housing activities and to refund the 1993 Gateway tax allocation bonds, which were due in 2018. The 1999 revenue bonds are obligations of the CIFA although the Redevelopment Agency is required to make bond principal and interest payments from the Gateway increment tax and housing set-aside revenues. The 1999 Revenue Bonds are, in substance, obligations of the Redevelopment Agency, and have therefore been recorded as such in these financial statements. On April 16, 2006, the Gateway principal portion of the \$23,860,000 was refunded as discussed in (1) above. The housing bonds became obligations of the Redevelopment Successor Agency. Net proceeds of \$9,614,978 of the 1999 Revenue Bonds plus an additional \$956,470 of 1993 bond reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 bonds. As a result, the 1993 bonds are considered to be defeased and the liability for those bonds has been removed. The 1999 Revenue Bonds were repaid in fiscal year 2019.

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 Successor Agency will contribute that site to the County Transportation Agency for the future reconfiguration of that rail station after the County secures necessary funding from other sources. The Successor Agency's contribution will include use of the purchased parcel in order to make the station safer, more visually pleasing, more usable to commuters and business shuttles, and to make the Downtown accessible to pedestrians to and from the train station. As part of that land purchase, the price paid by the former Agency to the State was discounted to give the former Agency credit in the amount of \$537,000 against known pollution remediation costs on the site. If the funding from the County for the station reconfiguration does not materialize, and if construction does not occur on that site, the pollution mitigation costs will be much less.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

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

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

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$4,210,973	\$5,399,856	\$5,228,454	\$6,166,024	\$6,851,612
Contributions in relation to the actuarially determined contributions	4,210,973	5,399,856	5,228,454	6,166,024	6,851,612
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270
Contributions as a percentage of covered-employee payroll	23.66%	25.22%	17.79%	26.09%	27.41%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age				
Amortization method	Level percentage of payroll				
Remaining amortization period	24 years as of the Valuation Date				
Asset valuation method	15-year smoothed market				
Inflation	2.75%				
Salary increases	Varies by entry age and service				
Investment rate of return	7.50% net of administrative expenses				
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007				
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries				

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

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

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

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

Fiscal Year Ended June 30	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$7,191,715	\$8,538,138	\$8,071,060	\$9,322,781	\$10,164,821
Contributions in relation to the actuarially determined contributions	<u>7,191,715</u>	<u>8,538,138</u>	<u>8,071,060</u>	<u>9,322,781</u>	<u>10,164,821</u>
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Covered payroll	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254
Contributions as a percentage of covered-employee payroll	43.12%	44.97%	41.26%	42.51%	44.24%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age				
Amortization method	Level percentage of payroll				
Remaining amortization period	24 years as of the Valuation Date				
Asset valuation method	15-year smoothed market				
Inflation	2.75%				
Salary increases	Varies by entry age and service				
Investment rate of return	7.50% net of administrative expenses				
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to				
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries				

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Retiree Healthcare OPEB Plan - Agent Multiple Employer

Last 10 fiscal years*

(Amounts in 000's)

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

* Fiscal year 2018 was the first year of implementation.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019**

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

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

* Fiscal year 2018 was the first year of implementation.

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar
Amortization Period	Average of 24 years remaining for 2018/19
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	• Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4% in 2076
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
	• Pre-retirement mortality: projected 15-year static with 90% of MP-2016
Mortality Improvement	• Post-retirement mortality: projected fully generational with Scale MP-2017

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

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

GENERAL PURPOSE FUND

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

MEASURE W FUND

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

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2019**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
ASSETS			
Cash and investments	\$44,024,794	\$16,751,107	\$60,775,901
Receivables:			
Accounts	6,589,435	1,991,842	8,581,277
Accrued interest	274,790		274,790
Due from other funds	1,100,000		1,100,000
Due from Conference Center	53,589		53,589
Advances to other funds			
Inventory	372		372
Restricted cash and investments	200,000		200,000
Properties held for redevelopment	19,201,948		19,201,948
	<u>\$71,444,928</u>	<u>\$18,742,949</u>	<u>\$90,187,877</u>
Total Assets			
LIABILITIES			
Accounts payable	\$2,609,145		\$2,609,145
Accrued salaries and benefits	1,659,795		1,659,795
Other payable	65,755		65,755
Deposits	763,563		763,563
Unearned revenue	146,436		146,436
	<u>5,244,694</u>		<u>5,244,694</u>
Total Liabilities			
FUND BALANCES			
Nonspendable	372		372
Restricted	19,201,948		19,201,948
Committed	3,889,594	\$18,730,274	22,619,868
Assigned	11,868,688	12,675	11,881,363
Unassigned	31,239,632		31,239,632
	<u>66,200,234</u>	<u>18,742,949</u>	<u>84,943,183</u>
Total Fund Balances			
	<u>\$71,444,928</u>	<u>\$18,742,949</u>	<u>\$90,187,877</u>
Total Liabilities and Fund Balances			

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Purpose	Measure W	Intra-Fund Transactions Elimination	Total
REVENUES				
Property taxes	\$38,659,657			\$38,659,657
Sales taxes	19,606,689	\$12,644,947		32,251,636
Transient occupancy taxes	17,091,222			17,091,222
Franchise Fees	4,469,808			4,469,808
Other taxes	4,995,404			4,995,404
Intergovernmental	2,876,545			2,876,545
Interest and rentals	4,409,185			4,409,185
Licenses and permits	15,381,416			15,381,416
Charges for services	11,563,755			11,563,755
Fines and forfeitures	926,729			926,729
Other	330,881			330,881
Total Revenues	120,311,291	12,644,947		132,956,238
EXPENDITURES				
Current:				
City Council	258,760			258,760
City Clerk	770,985			770,985
City Treasurer	123,505			123,505
City Attorney	961,588			961,588
City Manager	2,298,368	40,974		2,339,342
Finance	2,789,187			2,789,187
Non-departmental	1,219,533			1,219,533
Human Resources	1,621,409			1,621,409
Fire	27,572,488			27,572,488
Police	28,482,445			28,482,445
Public Works	5,787,782			5,787,782
Parks and Recreation	16,530,603			16,530,603
Library	5,628,693			5,628,693
Economic and Community Development	8,433,298			8,433,298
Total Expenditures	102,478,644	40,974		102,519,618
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,832,647	12,603,973		30,436,620
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	840,298			840,298
Transfers in	4,906,791		(\$2,236,224)	2,670,567
Transfers out	(4,289,797)	(7,706,030)	2,236,224	(9,759,603)
Total Other Financing Sources (Uses)	1,457,292	(7,706,030)		(6,248,738)
Net Change in Fund Balances before special items	19,289,939	4,897,943		24,187,882
SPECIAL ITEMS				
Assets transferred from the				
Successor Agency	829,315			829,315
Remittance of land sale proceeds	(1,360,906)			(1,360,906)
Net Change in Fund Balances	18,758,348			23,656,291
Fund balances (deficits) - July 1	47,441,886	13,845,006		61,286,892
Fund balances (deficits) - June 30	\$66,200,234	\$18,742,949		\$84,943,183

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	General Purpose			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$34,555,659	\$35,345,744	\$38,659,657	\$3,313,913
Sales taxes	17,203,726	17,203,726	19,606,689	2,402,963
Transient occupancy taxes	15,834,000	15,834,000	17,091,222	1,257,222
Franchise fees	4,000,000	4,000,000	4,469,808	469,808
Other taxes	5,833,028	5,833,028	4,995,404	(837,624)
Intergovernmental	1,473,470	3,412,076	2,876,545	(535,531)
Interest and rentals	3,059,459	3,059,459	4,409,185	1,349,726
Licenses and permits	12,072,049	12,072,049	15,381,416	3,309,367
Charges for services	8,988,527	9,328,528	11,563,755	2,235,227
Fines and forfeitures	618,500	618,500	926,729	308,229
Other	178,171	289,171	330,881	41,710
	<u>103,816,589</u>	<u>106,996,281</u>	<u>120,311,291</u>	<u>13,315,010</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council	280,694	280,694	258,760	21,934
City Clerk	817,567	817,567	803,909	13,658
City Treasurer	132,900	132,900	123,505	9,395
City Attorney	1,063,691	1,081,462	961,588	119,874
City Manager	2,958,815	5,684,184	5,310,426	373,758
Finance	3,022,116	3,384,364	3,173,973	210,391
Non-departmental	1,072,087	1,130,087	1,265,202	(135,115)
Human Resources	1,535,163	1,780,097	1,745,612	34,485
Fire	27,711,586	29,104,944	28,621,268	483,676
Police	29,174,475	29,254,475	28,482,445	772,030
Public Works	6,284,775	6,512,375	6,831,377	(319,002)
Parks and Recreation	16,294,509	17,103,184	16,795,119	308,065
Library	5,806,294	6,149,808	5,655,551	494,257
Economic and Community Development	9,009,367	12,443,981	14,318,597	(1,874,616)
	<u>105,164,039</u>	<u>114,860,122</u>	<u>114,347,332</u>	<u>512,790</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,250,000	2,250,000	840,298	(1,409,702)
Transfers in	2,987,105	5,579,214	4,906,791	(672,423)
Transfers out	(2,883,001)	(5,637,057)	(4,289,797)	1,347,260
	<u>2,354,104</u>	<u>2,192,157</u>	<u>1,457,292</u>	<u>(734,865)</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	<u>1,006,654</u>	<u>(5,671,684)</u>	<u>7,421,251</u>	<u>13,092,935</u>
SPECIAL ITEMS				
Assets transferred from the Successor Agency			829,315	829,315
Remittance of land sale proceeds			(1,360,906)	(1,360,906)
Net Change in Fund Balances	<u>\$1,006,654</u>	<u>(\$5,671,684)</u>	<u>6,889,660</u>	<u>\$12,561,344</u>
Fund Balance - July 1			47,441,886	
Adjustment to budgetary basis: Encumbrance adjustments			<u>11,868,688</u>	
Fund Balance - June 30			<u>\$66,200,234</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Measure W			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes				
Sales taxes	\$9,731,450	\$12,158,000	\$12,644,947	\$486,947
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
	<u>9,731,450</u>	<u>12,158,000</u>	<u>12,644,947</u>	<u>486,947</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager		53,649	53,649	
Finance				
Non-departmental				
Human Resources				
Fire				
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
		<u>53,649</u>	<u>53,649</u>	
Total charges to appropriations				
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers out			(7,706,030)	(7,706,030)
			<u>(7,706,030)</u>	<u>(7,706,030)</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	9,731,450	12,104,351	4,885,268	(7,219,083)
SPECIAL ITEMS				
Assets transferred from the Successor Agency				
Remittance of land sale proceeds				
	<u>\$9,731,450</u>	<u>\$12,104,351</u>	4,885,268	<u>(\$7,219,083)</u>
Fund Balance - July 1			13,845,006	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>12,675</u>	
Fund Balance - June 30			<u>\$18,742,949</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Total			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$34,555,659	\$35,345,744	\$38,659,657	\$3,313,913
Sales taxes	26,935,176	29,361,726	32,251,636	2,889,910
Transient occupancy taxes	15,834,000	15,834,000	17,091,222	1,257,222
Franchise fees	4,000,000	4,000,000	4,469,808	469,808
Other taxes	5,833,028	5,833,028	4,995,404	(837,624)
Intergovernmental	1,473,470	3,412,076	2,876,545	(535,531)
Interest and rentals	3,059,459	3,059,459	4,409,185	1,349,726
Licenses and permits	12,072,049	12,072,049	15,381,416	3,309,367
Charges for services	8,988,527	9,328,528	11,563,755	2,235,227
Fines and forfeitures	618,500	618,500	926,729	308,229
Other	178,171	289,171	330,881	41,710
Amounts available for appropriation	<u>113,548,039</u>	<u>119,154,281</u>	<u>132,956,238</u>	<u>13,801,957</u>
Charges to appropriations (outflows)				
City Council	280,694	280,694	258,760	21,934
City Clerk	817,567	817,567	803,909	13,658
City Treasurer	132,900	132,900	123,505	9,395
City Attorney	1,063,691	1,081,462	961,588	119,874
City Manager	2,958,815	5,737,833	5,364,075	373,758
Finance	3,022,116	3,384,364	3,173,973	210,391
Non-departmental	1,072,087	1,130,087	1,265,202	(135,115)
Human Resources	1,535,163	1,780,097	1,745,612	34,485
Fire	27,711,586	29,104,944	28,621,268	483,676
Police	29,174,475	29,254,475	28,482,445	772,030
Public Works	6,284,775	6,512,375	6,831,377	(319,002)
Parks and Recreation	16,294,509	17,103,184	16,795,119	308,065
Library	5,806,294	6,149,808	5,655,551	494,257
Economic and Community Development	9,009,367	12,443,981	14,318,597	(1,874,616)
Total charges to appropriations	<u>105,164,039</u>	<u>114,913,771</u>	<u>114,400,981</u>	<u>512,790</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,250,000	2,250,000	840,298	(1,409,702)
Transfers in	2,987,105	5,579,214	4,906,791	(672,423)
Transfers out	(2,883,001)	(5,637,057)	(11,995,827)	(6,358,770)
Total Other Financing Sources (Uses)	<u>2,354,104</u>	<u>2,192,157</u>	<u>(6,248,738)</u>	<u>(8,440,895)</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	<u>10,738,104</u>	<u>6,432,667</u>	<u>12,306,519</u>	<u>5,873,852</u>
SPECIAL ITEMS				
Assets transferred from the Successor Agency			829,315	829,315
Remittance of land sale proceeds			(1,360,906)	(1,360,906)
Net Change in Fund Balances	<u>\$10,738,104</u>	<u>\$6,432,667</u>	<u>11,774,928</u>	<u>\$5,342,261</u>
Fund Balance - July 1			61,286,892	
Adjustment to budgetary basis: Encumbrance adjustments			<u>11,881,363</u>	
Fund Balance - June 30			<u>\$84,943,183</u>	

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

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

EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND

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

EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

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

CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND

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

DEVELOPER DEPOSIT CAPITAL PROJECTS FUND

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

CAPITAL INFRASTRUCTURE RESERVE FUND

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

**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, 2019**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$20,637,483	\$6,641,789	(\$13,995,694)
Charges for services	2,820,480		(2,820,480)
Other	850,000	850,000	
Total Revenues	24,307,963	7,491,789	(16,816,174)
EXPENDITURES:			
Current:			
Public works	73,285,530	44,153,321	29,132,209
Total Expenditures	73,285,530	44,153,321	29,132,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,977,567)	(36,661,532)	12,316,035
OTHER FINANCING SOURCES (USES)			
Transfers in	48,448,954	15,087,484	(33,361,470)
Total other financing sources (uses)	48,448,954	15,087,484	(33,361,470)
NET CHANGE IN FUND BALANCE	(\$528,613)	(21,574,048)	(\$21,045,435)
Fund balance - July 1		197,416	
Adjustment to budgetary basis:			
Encumbrance adjustments		18,444,492	
Fund balance - June 30		(\$2,932,140)	

**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, 2019**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$100,304	\$100,304
Charges for services		1,781,407	1,781,407
		<u>1,881,711</u>	<u>1,881,711</u>
Total Revenues		<u>1,881,711</u>	<u>1,881,711</u>
EXPENDITURES:			
Current:			
Non-departmental	\$2,652	2,652	
		<u>2,652</u>	
Total Expenditures	<u>2,652</u>	<u>2,652</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,652)</u>	<u>1,879,059</u>	<u>1,881,711</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,527,395)</u>	<u>(281,827)</u>	<u>3,245,568</u>
Total other financing sources (uses)	<u>(3,527,395)</u>	<u>(281,827)</u>	<u>3,245,568</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$3,530,047)</u></u>	1,597,232	<u><u>\$5,127,279</u></u>
Fund balance (deficit) - July 1		<u>2,838,902</u>	
Fund balance (deficit) - June 30		<u><u>\$4,436,134</u></u>	

CITY OF SOUTH SAN FRANCISCO
EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$533,381	\$533,381
Charges for services		8,304,582	8,304,582
Total Revenues		8,837,963	8,837,963
EXPENDITURES:			
Current:			
Public works	\$2,652	2,652	
Total Expenditures	2,652	2,652	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,652)	8,835,311	8,837,963
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(5,942,618)	(701,659)	5,240,959
Total other financing sources (uses)	(5,942,618)	(701,659)	5,240,959
NET CHANGE IN FUND BALANCE	(\$5,945,270)	8,133,652	\$14,078,922
Fund balance - July 1		12,459,805	
Fund balance - June 30		\$20,593,457	

**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, 2019**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$172,624	\$172,624
Charges for services		747,845	747,845
Total Revenues		920,469	920,469
EXPENDITURES:			
Current:			
Non-departmental	\$2,652	2,652	
Public Works	99,988	75,000	(24,988)
Total Expenditures	102,640	77,652	(24,988)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(102,640)	842,817	945,457
NET CHANGE IN FUND BALANCE	(\$102,640)	842,817	\$945,457
Fund balance - July 1		4,692,411	
Adjustment to budgetary basis:			
Encumbrance adjustments		1,500	
Fund balance - June 30		\$5,536,728	

**CITY OF SOUTH SAN FRANCISCO
DEVELOPER DEPOSIT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$6,371	\$6,371
Total Revenues		6,371	6,371
EXPENDITURES			
Current:			
Public works			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		6,371	6,371
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(\$1,525,129)		1,525,129
Total other financing sources (uses)	(1,525,129)		1,525,129
NET CHANGE IN FUND BALANCE	<u>(\$1,525,129)</u>	6,371	<u>\$1,531,500</u>
Fund balance - July 1		<u>3,245</u>	
Fund balance - June 30		<u><u>\$9,616</u></u>	

**CITY OF SOUTH SAN FRANCISCO
CAPITAL INFRASTRUCTURE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$683,549	\$683,549
Total Revenues		<u>683,549</u>	<u>683,549</u>
EXPENDITURES			
Current:			
Public Works	\$1,000,000	1,000,000	
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,000,000)</u>	<u>(316,451)</u>	<u>683,549</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(10,186,832)</u>	<u>(3,161,063)</u>	<u>7,025,769</u>
Total other financing sources (uses)	<u>(10,186,832)</u>	<u>(3,161,063)</u>	<u>7,025,769</u>
NET CHANGE IN FUND BALANCE	<u>(\$11,186,832)</u>	<u>(3,477,514)</u>	<u>\$7,709,318</u>
Fund balance - July 1		21,585,486	
Adjustment to budgetary basis:			
Encumbrance adjustments		<u>1,000,000</u>	
Fund balance - June 30		<u><u>\$19,107,972</u></u>	

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NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

Maintenance 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.

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

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

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**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

SPECIAL REVENUE FUNDS

	Gas Tax	Developer Contributions	Federal Aviation Grant	Community Development Block Grant	Maintenance Districts
ASSETS					
Cash and investments	\$395,864	\$6,940,255	\$751,784		\$3,641,552
Receivables:					
Accounts	123,420			\$133,641	
Accrued interest	2,838	50,177	4,771		
Loans				789,824	
Restricted cash and investments				152,222	
Land held for resale					
Total Assets	\$522,122	\$6,990,432	\$756,555	\$1,075,687	\$3,641,552
LIABILITIES					
Liabilities:					
Accounts payable		\$40,094		\$45,100	\$30,793
Other payable				480,000	
Deposits		1,907,677			
Unearned revenue			\$756,555		
Total Liabilities		1,947,771	756,555	525,100	30,793
Fund Balances:					
Restricted	\$522,122	5,042,661		550,587	3,610,759
Total Fund Balances	522,122	5,042,661		550,587	3,610,759
Total Liabilities and Fund Balances	\$522,122	\$6,990,432	\$756,555	\$1,075,687	\$3,641,552

SPECIAL REVENUE FUNDS

Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforce- ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee
\$3,387,594	\$523,393	\$903	\$4,624,355	\$6,545,739	\$1,220,782	\$1,795,803
21,067	33,501	196	25,639	16,092 18,226	41,135 7,179	7,758
				1,900,000		
<u>\$3,408,661</u>	<u>\$556,894</u>	<u>\$1,099</u>	<u>\$4,649,994</u>	<u>\$8,480,057</u>	<u>\$1,269,096</u>	<u>\$1,803,561</u>
	\$4,860		\$102,860			
	4,860		102,860			
<u>\$3,408,661</u>	<u>552,034</u>	<u>\$1,099</u>	<u>4,547,134</u>	<u>\$8,480,057</u>	<u>\$1,269,096</u>	<u>\$1,803,561</u>
<u>3,408,661</u>	<u>552,034</u>	<u>1,099</u>	<u>4,547,134</u>	<u>8,480,057</u>	<u>1,269,096</u>	<u>1,803,561</u>
<u>\$3,408,661</u>	<u>\$556,894</u>	<u>\$1,099</u>	<u>\$4,649,994</u>	<u>\$8,480,057</u>	<u>\$1,269,096</u>	<u>\$1,803,561</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
	Road Maintenance and Rehabilitation	Non-obligated Capital Projects	Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges
ASSETS					
Cash and investments	\$1,207,323	\$41,857	\$1,294,898	\$63,714	\$12,255,411
Receivables:					
Accounts	115,328				
Accrued interest	4,843		6,332	8,542	68,146
Loans					
Restricted cash and investments					
Land held for resale					
	<u>\$1,327,494</u>	<u>\$41,857</u>	<u>\$1,301,230</u>	<u>\$72,256</u>	<u>\$12,323,557</u>
Total Assets	<u>\$1,327,494</u>	<u>\$41,857</u>	<u>\$1,301,230</u>	<u>\$72,256</u>	<u>\$12,323,557</u>
LIABILITIES					
Liabilities:					
Accounts payable					
Other payable					
Deposits					
Unearned revenue					
Total Liabilities					
Fund Balances:					
Restricted	<u>\$1,327,494</u>	<u>\$41,857</u>	<u>\$1,301,230</u>	<u>\$72,256</u>	<u>\$12,323,557</u>
Total Fund Balances	<u>1,327,494</u>	<u>41,857</u>	<u>1,301,230</u>	<u>72,256</u>	<u>12,323,557</u>
Total Liabilities and Fund Balances	<u>\$1,327,494</u>	<u>\$41,857</u>	<u>\$1,301,230</u>	<u>\$72,256</u>	<u>\$12,323,557</u>

CAPITAL PROJECTS FUNDS

Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Total Nonmajor Governmental Funds
\$31,140	\$362,557	\$2,112,667	\$51,136	\$47,248,727
45,030				492,055
	3,377	3,848	137	230,942
				808,050
				152,222
				1,900,000
\$76,170	\$365,934	\$2,116,515	\$51,273	\$50,831,996
				\$223,707
				480,000
				1,907,677
				756,555
				3,367,939
\$76,170	\$365,934	\$2,116,515	\$51,273	47,464,057
76,170	365,934	2,116,515	51,273	47,464,057
\$76,170	\$365,934	\$2,116,515	\$51,273	\$50,831,996

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Federal Aviation Grants	Community Development Block Grant	Maintenance Districts
REVENUES					
Property taxes					\$1,937,960
Other taxes					
Intergovernmental	\$1,805,564			\$447,793	
Interest and rentals	15,032	\$267,807	\$25,264	21,157	
Charges for services		2,874,507			
Other				11,130	
Total Revenues	1,820,596	3,142,314	25,264	480,080	1,937,960
EXPENDITURES					
Current:					
Economic and community development		241,593	25,264	198,845	
Public works					1,469,305
Non-departmental					
Fire					
Police					
Other					
Debt service:					
Principal repayments					
Total Expenditures		241,593	25,264	198,845	1,469,305
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,820,596	2,900,721		281,235	468,655
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(1,825,696)	(4,187,123)			
Total Other Financing Sources (Uses)	(1,825,696)	(4,187,123)			
Net Change in Fund Balances	(5,100)	(1,286,402)		281,235	468,655
Fund balance - July 1	527,222	6,329,063		269,352	3,142,104
Fund balance - June 30	\$522,122	\$5,042,661		\$550,587	\$3,610,759

SPECIAL REVENUE FUNDS

Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforce- ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee
\$1,762,540		\$150,768				
111,632	\$201,008	1,075	\$106,855	\$87,758 4,741,200	\$38,073	\$41,514 1,338,235
			1,250,312		166,476	
1,874,172	201,008	151,843	1,357,167	4,828,958	204,549	1,379,749
	70,154					
		50,847	333,024		77,364	
	70,154	50,847	333,024		77,364	
1,874,172	130,854	100,996	1,024,143	4,828,958	127,185	1,379,749
(1,431,441)	(4,272)	(100,000)	2,236,224 (88,274)			(235,718)
(1,431,441)	(4,272)	(100,000)	2,147,950			(235,718)
442,731	126,582	996	3,172,093	4,828,958	127,185	1,144,031
2,965,930	425,452	103	1,375,041	3,651,099	1,141,911	659,530
<u>\$3,408,661</u>	<u>\$552,034</u>	<u>\$1,099</u>	<u>\$4,547,134</u>	<u>\$8,480,057</u>	<u>\$1,269,096</u>	<u>\$1,803,561</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, 2019**

	SPECIAL				
	REVENUE FUND	CAPITAL PROJECTS FUNDS			
	Road Maintenance and Rehabilitation	Non-obligated Capital Projects	Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges
REVENUES					
Property taxes					
Other taxes					
Intergovernmental	\$1,207,750				\$200,152
Interest and rentals	24,436		\$33,639	\$46,385	161,534
Charges for services				3,460,060	2,825,571
Other			445,461		
Total Revenues	<u>1,232,186</u>		<u>479,100</u>	<u>3,506,445</u>	<u>3,187,257</u>
EXPENDITURES					
Current:					
Economic and community development					
Public works					552
Non-departmental					
Fire			4,391		
Police					
Other					
Debt service:					
Principal repayments				3,464,000	
Total Expenditures			<u>4,391</u>	<u>3,464,000</u>	<u>552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,232,186</u>		<u>474,709</u>	<u>42,445</u>	<u>3,186,705</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(175,641)		(9,517)		(369,745)
Total Other Financing Sources (Uses)	<u>(175,641)</u>		<u>(9,517)</u>		<u>(369,745)</u>
Net Change in Fund Balances	1,056,545		465,192	42,445	2,816,960
Fund balance - July 1	270,949	\$41,857	836,038	29,811	9,506,597
Fund balance - June 30	<u>\$1,327,494</u>	<u>\$41,857</u>	<u>\$1,301,230</u>	<u>\$72,256</u>	<u>\$12,323,557</u>

CAPITAL PROJECTS FUNDS

Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Total Nonmajor Governmental Funds
				\$1,937,960
				1,913,308
				3,661,259
\$599	\$16,621	\$20,813	\$746	1,020,940
781,238	294,649	2,092,001	49,601	18,658,070
4,940,441				6,813,820
<u>5,722,278</u>	<u>311,270</u>	<u>2,112,814</u>	<u>50,347</u>	<u>34,005,357</u>
				535,856
5,437,619				6,907,476
				77,364
				4,391
				50,847
				333,024
				3,464,000
<u>5,437,619</u>				<u>11,372,958</u>
<u>284,659</u>	<u>311,270</u>	<u>2,112,814</u>	<u>50,347</u>	<u>22,632,399</u>
				2,236,224
		(13,918)		(8,441,345)
		(13,918)		(6,205,121)
284,659	311,270	2,098,896	50,347	16,427,278
(208,489)	54,664	17,619	926	31,036,779
<u>\$76,170</u>	<u>\$365,934</u>	<u>\$2,116,515</u>	<u>\$51,273</u>	<u>\$47,464,057</u>

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	GAS TAX			DEVELOPER CONTRIBUTIONS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Intergovernmental	\$1,700,688	\$1,805,564	\$104,876			
Interest and rentals	15,000	15,032	32		\$267,807	\$267,807
Charges for services					2,874,507	2,874,507
Other						
Total Revenues	1,715,688	1,820,596	104,908	97,670	3,142,314	(247,347)
EXPENDITURES						
Current:						
City Council						
Economic and community development				\$97,670	345,017	(247,347)
Public works						
Non-departmental						
Fire						
Police						
Other						
Debt service:						
Principal repayments						
Total Expenditures				97,670	345,017	(247,347)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,715,688	1,820,596	104,908	(97,670)	2,797,297	2,894,967
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(2,455,104)	(1,825,696)	629,408	(5,836,743)	(4,187,123)	1,649,620
Total Other Financing Sources (Uses)	(2,455,104)	(1,825,696)	629,408	(5,836,743)	(4,187,123)	1,649,620
NET CHANGE IN FUND BALANCES	(\$739,416)	(5,100)	\$734,316	(\$5,934,413)	(1,389,826)	\$4,544,587
Adjustment to budgetary basis:						
Encumbrance adjustments					103,424	
Fund balance - July 1		527,222			6,329,063	
Fund balance - June 30		\$522,122			\$5,042,661	

FEDERAL AVIATION GRANT			COMMUNITY DEVELOPMENT BLOCK GRANT			MAINTENANCE DISTRICTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$1,730,539	\$1,937,960	\$207,421
\$4,000	\$25,264	\$21,264	\$415,000 80,000	\$447,793 21,157	\$32,793 (58,843)			
				11,130	11,130			
4,000	25,264	21,264	495,000	480,080	(14,920)	1,730,539	1,937,960	207,421
	25,264	(25,264)	892,029	395,638	496,391	1,623,777	1,469,305	154,472
	25,264	(25,264)	892,029	395,638	496,391	1,623,777	1,469,305	154,472
4,000		(4,000)	(397,029)	84,442	481,471	106,762	468,655	361,893
			(95,330)		95,330			
			(95,330)		95,330			
\$4,000		(\$4,000)	(\$492,359)	84,442	\$576,801	\$106,762	468,655	\$361,893
				196,793				
				269,352			3,142,104	
				\$550,587			\$3,610,759	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	TRANSPORTATION SALES TAX			SOLID WASTE REDUCTION		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes	\$1,468,995	\$1,762,540	\$293,545			
Intergovernmental						
Interest and rentals	25,000	111,632	86,632			
Charges for services				\$180,000	\$201,008	\$21,008
Other						
Total Revenues	1,493,995	1,874,172	380,177	180,000	201,008	21,008
EXPENDITURES						
Current:						
City Council						
Economic and community development				202,024	194,040	7,984
Public works						
Non-departmental						
Fire						
Police						
Other						
Debt service:						
Principal repayments						
Total Expenditures				202,024	194,040	7,984
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,493,995	1,874,172	380,177	(22,024)	6,968	28,992
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(4,545,940)	(1,431,441)	3,114,499	(146,537)	(4,272)	142,265
Total Other Financing Sources (Uses)	(4,545,940)	(1,431,441)	3,114,499	(146,537)	(4,272)	142,265
NET CHANGE IN FUND BALANCES	(\$3,051,945)	442,731	\$3,494,676	(\$168,561)	2,696	\$171,257
Adjustment to budgetary basis:						
Encumbrance adjustments					123,886	
Fund balance - July 1		2,965,930			425,452	
Fund balance - June 30		<u>\$3,408,661</u>			<u>\$552,034</u>	

SUPPLEMENTAL LAW ENFORCEMENT SERVICES			CITY PROGRAMS			AFFORDABLE HOUSING TRUST		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$100,000	\$150,768	\$50,768						
	1,075	1,075		\$106,855	\$106,855		\$87,758	\$87,758
			\$1,000,000	1,250,312	250,312		4,741,200	4,741,200
100,000	151,843	51,843	1,000,000	1,357,167	357,167		4,828,958	4,828,958
			3,000					
	50,847	(50,847)		333,024	(333,024)			
	50,847	(50,847)	3,000	333,024				
100,000	100,996	996	997,000	1,024,143	27,143		4,828,958	4,828,958
(100,000)	(100,000)		(967,596)	2,236,224 (88,274)	2,236,224 879,322			
(100,000)	(100,000)		(967,596)	2,147,950	3,115,546			
	996	\$996	\$29,404	3,172,093	\$3,142,689		4,828,958	\$4,828,958
	103			1,375,041			3,651,099	
	\$1,099			\$4,547,134			\$8,480,057	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	PEG EQUIPMENT AND ACCESS			TRANSIT ENHANCEMENT IN-LIEU FEE		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Intergovernmental						
Interest and rentals	\$5,000	\$38,073	\$33,073		\$41,514	\$41,514
Charges for services					1,338,235	1,338,235
Other	125,000	166,476	41,476			
Total Revenues	<u>130,000</u>	<u>204,549</u>	<u>74,549</u>		<u>1,379,749</u>	<u>1,379,749</u>
EXPENDITURES						
Current:						
City Council						
Economic and community development						
Public works						
Non-departmental	68,891	77,364	(8,473)			
Fire						
Police						
Other						
Debt service:						
Principal repayments						
Total Expenditures	<u>68,891</u>	<u>77,364</u>	<u>(8,473)</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>61,109</u>	<u>127,185</u>	<u>66,076</u>		<u>1,379,749</u>	<u>1,379,749</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(\$743,166)	(235,718)	507,448
Total Other Financing Sources (Uses)				<u>(743,166)</u>	<u>(235,718)</u>	<u>507,448</u>
NET CHANGE IN FUND BALANCES	<u>\$61,109</u>	127,185	<u>\$66,076</u>	<u>(\$743,166)</u>	1,144,031	<u>\$1,887,197</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>1,141,911</u>			<u>659,530</u>	
Fund balance - June 30		<u>\$1,269,096</u>			<u>\$1,803,561</u>	

ROAD MAINTENANCE AND REHABILITATION			NONOBLIGATED CAPITAL PROJECTS			PUBLIC SAFETY IMPACT FEE		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,109,449	\$1,207,750 24,436	\$98,301 24,436					\$33,639	\$33,639
							445,461	445,461
1,109,449	1,232,186	122,737					479,100	479,100
						\$4,391	4,391	
						4,391	4,391	
1,109,449	1,232,186	122,737				(4,391)	474,709	479,100
(\$1,408,870)	(175,641)	1,233,229				(328,601)	(9,517)	319,084
(1,408,870)	(175,641)	1,233,229				(328,601)	(9,517)	319,084
(\$299,421)	1,056,545	\$1,355,966				(\$332,992)	465,192	\$798,184
	270,949			\$41,857			836,038	
	\$1,327,494			\$41,857			\$1,301,230	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	OYSTER POINT IMPROVEMENT IMPACT FEES			SEWER CAPACITY CHARGES		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Intergovernmental					\$200,152	\$200,152
Interest and rentals		\$46,385	\$46,385		161,534	161,534
Charges for services		3,460,060	3,460,060	\$200,000	2,825,571	2,625,571
Other						
Total Revenues		<u>3,506,445</u>	<u>3,506,445</u>	<u>200,000</u>	<u>3,187,257</u>	<u>2,987,257</u>
EXPENDITURES						
Current:						
City Council						
Economic and community development						
Public works	\$52,561		52,561	2,652	552	2,100
Non-departmental						
Fire						
Police						
Other						
Debt service:						
Principal repayments		3,464,000	(3,464,000)			
Total Expenditures	<u>52,561</u>	<u>3,464,000</u>	<u>(3,411,439)</u>	<u>2,652</u>	<u>552</u>	<u>2,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(52,561)</u>	<u>42,445</u>	<u>95,006</u>	<u>197,348</u>	<u>3,186,705</u>	<u>2,989,357</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(6,132,988)	(369,745)	5,763,243
Total Other Financing Sources (Uses)				<u>(6,132,988)</u>	<u>(369,745)</u>	<u>5,763,243</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$52,561)</u></u>	<u>42,445</u>	<u><u>\$95,006</u></u>	<u><u>(\$5,935,640)</u></u>	<u>2,816,960</u>	<u><u>\$8,752,600</u></u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>29,811</u>			<u>9,506,597</u>	
Fund balance - June 30		<u><u>\$72,256</u></u>			<u><u>\$12,323,557</u></u>	

OYSTER POINT DEVELOPMENT IMPACT FEES			PARK LAND ACQUISITION FEE			PARK CONSTRUCTION FEE		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$599	\$599		\$16,621	\$16,621		\$20,813	\$20,813
	781,238	781,238		294,649	294,649		2,092,001	2,092,001
	<u>4,940,441</u>	<u>4,940,441</u>						
	<u>5,722,278</u>	<u>5,722,278</u>		<u>311,270</u>	<u>311,270</u>		<u>2,112,814</u>	<u>2,112,814</u>
	5,678,621	(5,678,621)						
	<u>5,678,621</u>	<u>(5,678,621)</u>						
	<u>43,657</u>	<u>43,657</u>		<u>311,270</u>	<u>311,270</u>		<u>2,112,814</u>	<u>2,112,814</u>
						<u>(\$188,796)</u>	<u>(13,918)</u>	<u>174,878</u>
						<u>(188,796)</u>	<u>(13,918)</u>	<u>174,878</u>
	<u>43,657</u>	<u>\$43,657</u>		<u>311,270</u>	<u>\$311,270</u>	<u>(\$188,796)</u>	<u>2,098,896</u>	<u>\$2,287,692</u>
	241,002							
	<u>(208,489)</u>			<u>54,664</u>			<u>17,619</u>	
	<u>\$76,170</u>			<u>\$365,934</u>			<u>\$2,116,515</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

BICYCLE AND PEDESTRIAN IMPACT FEE			
	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes			
Other taxes			
Intergovernmental			
Interest and rentals		\$746	\$746
Charges for services		49,601	49,601
Other			
Total Revenues		50,347	50,347
EXPENDITURES			
Current:			
City Council			
Economic and community development			
Public works			
Non-departmental			
Fire			
Police			
Other			
Debt service:			
Principal repayments			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		50,347	50,347
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES		50,347	\$50,347
Adjustment to budgetary basis:			
Encumbrance adjustments			
Fund balance - July 1		926	
Fund balance - June 30		\$51,273	

INTERNAL SERVICE FUNDS

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019**

	<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	\$1,841,373	\$15,406,142	\$10,731,265	\$4,968,160	\$32,946,940
Receivables:					
Accounts	35,517				35,517
Accrued interest	11,366	79,099	69,476	26,895	186,836
Deposit		83,091	46,010		129,101
Prepaid items			830,740		830,740
 Total current assets	 <u>1,888,256</u>	 <u>15,568,332</u>	 <u>11,677,491</u>	 <u>4,995,055</u>	 <u>34,129,134</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation				4,911,558	4,911,558
 Total Assets	 <u>1,888,256</u>	 <u>15,568,332</u>	 <u>11,677,491</u>	 <u>9,906,613</u>	 <u>39,040,692</u>
 LIABILITIES					
Current liabilities:					
Accounts payable	107,492	59,532	65,620		232,644
Other payable	126,688		150,287		276,975
Current portion of accrued insurance loss		712,000			712,000
Current portion of compensated absences	88,689		632,415		721,104
Current portion of long-term debt				263,838	263,838
 Total current liabilities	 <u>322,869</u>	 <u>771,532</u>	 <u>848,322</u>	 <u>263,838</u>	 <u>2,206,561</u>
Noncurrent liabilities:					
Accrued insurance loss		13,739,253			13,739,253
Compensated absences obligation	87,545		802,280		889,825
Noncurrent portion of long-term debt				489,781	489,781
 Total noncurrent liabilities	 <u>87,545</u>	 <u>13,739,253</u>	 <u>802,280</u>	 <u>489,781</u>	 <u>15,118,859</u>
 Total Liabilities	 <u>410,414</u>	 <u>14,510,785</u>	 <u>1,650,602</u>	 <u>753,619</u>	 <u>17,325,420</u>
 NET POSITION:					
Net investment in capital assets				4,157,939	4,157,939
Unrestricted	1,477,842	1,057,547	10,026,889	4,995,055	17,557,333
 Total Net Position	 <u>\$1,477,842</u>	 <u>\$1,057,547</u>	 <u>\$10,026,889</u>	 <u>\$9,152,994</u>	 <u>\$21,715,272</u>

**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, 2019**

	<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	\$4,417,021	\$6,002,793	\$13,781,114	\$1,634,961	\$25,835,889
Total Operating Revenues	<u>4,417,021</u>	<u>6,002,793</u>	<u>13,781,114</u>	<u>1,634,961</u>	<u>25,835,889</u>
OPERATING EXPENSES					
Personnel expenses	1,968,994	925,210	13,715,328		16,609,532
Professional services	630,525	277,712			908,237
Program supplies	1,220,322	5,500	1,400	19,193	1,246,415
Insurance	12,988	1,589,831			1,602,819
Self-insurance and claims		3,323,889			3,323,889
Repair and maintenance	437,100			137,707	574,807
Utilities	148,225				148,225
Depreciation	290			829,764	830,054
Other	10,424		402,363		412,787
Total Operating Expenses	<u>4,428,868</u>	<u>6,122,142</u>	<u>14,119,091</u>	<u>986,664</u>	<u>25,656,765</u>
Operating Income (Loss)	<u>(11,847)</u>	<u>(119,349)</u>	<u>(337,977)</u>	<u>648,297</u>	<u>179,124</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	60,486	419,878	366,555	142,668	989,587
Interest expense				(30,743)	(30,743)
Gain from disposal of capital assets				41,611	41,611
Other		72,740			72,740
Total Nonoperating Revenues (Expenses)	<u>60,486</u>	<u>492,618</u>	<u>366,555</u>	<u>153,536</u>	<u>1,073,195</u>
Net income (loss) before transfers	48,639	373,269	28,578	801,833	1,252,319
TRANSFERS					
Transfers in			250,000		250,000
Change in Net Position	48,639	373,269	278,578	801,833	1,502,319
Net Position - (deficits) July 1	<u>1,429,203</u>	<u>684,278</u>	<u>9,748,311</u>	<u>8,351,161</u>	<u>20,212,953</u>
Net Position - (deficits) June 30	<u>\$1,477,842</u>	<u>\$1,057,547</u>	<u>\$10,026,889</u>	<u>\$9,152,994</u>	<u>\$21,715,272</u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	\$4,381,504	\$6,149,942	\$12,950,374	\$1,634,961	\$25,116,781
Cash payments to suppliers for goods and services	(2,459,584)	(1,885,776)	(403,763)	(183,185)	(4,932,308)
Cash payments to employees for services	(1,910,654)	(975,514)	(13,398,261)		(16,284,429)
Cash payments for judgments and claims		(1,665,992)			(1,665,992)
Net Cash Provided by Operating Activities	<u>11,266</u>	<u>1,622,660</u>	<u>(851,650)</u>	<u>1,451,776</u>	<u>2,234,052</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			250,000		250,000
Net Cash Provided by Noncapital Financing Activities			<u>250,000</u>		<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease				(381,482)	(381,482)
Interest payments				(30,743)	(30,743)
Acquisition of capital assets, net				(335,751)	(335,751)
Proceeds from the sale of capital assets				79,653	79,653
Net Cash Used in Capital and Related Financing Activities				<u>(668,323)</u>	<u>(668,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	83,939	593,529	511,974	191,509	1,380,951
Changes in market values of investments	(26,942)	(187,497)	(164,685)	(63,752)	(442,876)
Net Cash Provided by Investing Activities	<u>56,997</u>	<u>406,032</u>	<u>347,289</u>	<u>127,757</u>	<u>938,075</u>
Net Increase (Decrease) in cash and cash equivalents	68,263	2,028,692	(254,361)	911,210	2,753,804
Cash and cash equivalents, beginning	1,773,110	13,377,450	10,985,626	4,056,950	30,193,136
Cash and cash equivalents, ending	<u>\$1,841,373</u>	<u>\$15,406,142</u>	<u>\$10,731,265</u>	<u>\$4,968,160</u>	<u>\$32,946,940</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	(\$11,847)	(\$119,349)	(\$337,977)	\$648,297	\$179,124
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	290			829,764	830,054
Other non-operating revenue (expenses)		72,740			72,740
Net change in assets and liabilities:					
Accounts and lease receivables	(35,517)				(35,517)
Deposit		74,409			74,409
Prepaid items			(830,740)		(830,740)
Accounts payable	83,750	(50,304)	65,214		98,660
Other payable		(12,733)	150,287	(26,285)	111,269
Accrued insurance losses		1,657,897			1,657,897
Compensated absence obligations	(25,410)		101,566		76,156
Net Cash Provided by (Used in) Operating Activities	<u>\$11,266</u>	<u>\$1,622,660</u>	<u>(\$851,650)</u>	<u>\$1,451,776</u>	<u>\$2,234,052</u>

AGENCY FUND

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

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

**CITY OF SOUTH SAN FRANCISCO
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019**

SSF Employee Deferred Comp Trust Oversight				
	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and investments	\$82,265	\$105,115	\$82,265	\$105,115
Interest receivable	400	579	400	579
Total Assets	\$82,665	\$105,694	\$82,665	\$105,694
LIABILITIES				
Accounts payable	\$2,602	\$1,706	\$2,602	\$1,706
Other accrued liabilities	80,063	103,988	80,063	103,988
Total Liabilities	\$82,665	\$105,694	\$82,665	\$105,694

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

Operating Information

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

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

STATISTICAL SECTION - (Continued)
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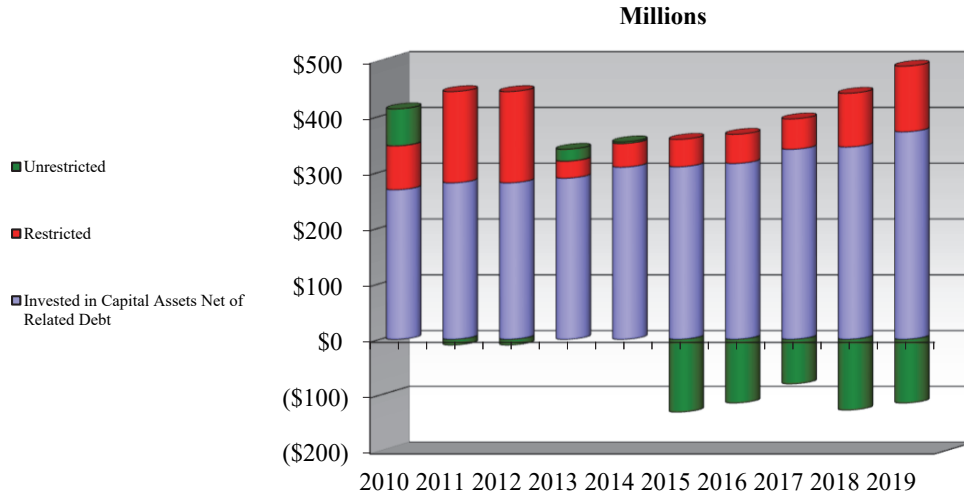
Miscellaneous Information

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

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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



	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$209,507,012	\$214,246,561	\$214,246,561	\$216,508,668	\$230,440,390
Restricted	78,625,094	163,669,353	163,669,353	30,514,986	42,367,623
Unrestricted	65,537,953	(19,267,010)	(19,267,010)	8,021,490	(12,317,511)
Total governmental activities net position	<u>\$353,670,059</u>	<u>\$358,648,904</u>	<u>\$358,648,904</u>	<u>\$255,045,144</u>	<u>\$260,490,502</u>
Business-type activities					
Net investment in capital assets	\$58,522,676	\$66,113,596	\$66,113,596	\$72,217,660	\$78,045,318
Restricted					
Unrestricted	792,921	9,292,189	9,292,189	13,353,988	15,367,085
Total business-type activities net position	<u>\$59,315,597</u>	<u>\$75,405,785</u>	<u>\$75,405,785</u>	<u>\$85,571,648</u>	<u>\$93,412,403</u>
Primary government					
Net investment in capital assets	\$268,029,688	\$280,360,157	\$280,360,157	\$288,726,328	\$308,485,708
Restricted	78,625,094	163,669,353	163,669,353	30,514,986	42,367,623
Unrestricted	66,330,874	(9,974,821)	(9,974,821)	21,375,478	3,049,574
Total primary government net position	<u>\$412,985,656</u>	<u>\$434,054,689</u>	<u>\$434,054,689</u>	<u>\$340,616,792</u>	<u>\$353,902,905</u>
Governmental activities					
Net investment in capital assets	\$230,517,037	\$231,142,079	\$254,344,554	\$254,570,044	\$271,349,364
Restricted	49,311,828	52,406,602	54,478,093	96,316,988	117,752,590
Unrestricted	(134,389,522)	(120,119,617)	(86,808,434)	(129,833,581)	(114,028,420)
Total governmental activities net position	<u>\$145,439,343</u>	<u>\$163,429,064</u>	<u>\$222,014,213</u>	<u>\$221,053,451</u>	<u>\$275,073,534</u>
Business-type activities					
Net investment in capital assets	\$78,598,277	\$83,930,073	\$86,167,704	\$90,097,907	\$100,463,280
Unrestricted	4,196,654	6,243,225	7,199,925	3,227,395	44,966
Total business-type activities net position	<u>\$82,794,931</u>	<u>\$90,173,298</u>	<u>\$93,367,629</u>	<u>\$93,325,302</u>	<u>\$100,508,246</u>
Primary government					
Net investment in capital assets	\$308,485,708	\$315,072,152	\$340,512,258	\$344,667,951	\$371,812,644
Restricted	42,367,623	52,406,602	54,478,093	96,316,988	117,752,590
Unrestricted	3,049,574	(113,876,392)	(79,608,509)	(126,606,186)	(113,983,454)
Total primary government net position	<u>\$353,902,905</u>	<u>\$253,602,362</u>	<u>\$315,381,842</u>	<u>\$314,378,753</u>	<u>\$375,581,780</u>

Source: City of South San Francisco, Department of Finance

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

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

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General Government	\$6,538,052	\$7,711,156	\$7,801,328	\$8,360,945
Fire Department	17,868,050	20,032,141	20,749,323	22,746,291
Police Department	20,352,570	22,429,782	23,330,208	24,756,958
Public Works	15,873,783	17,127,086	21,269,281	15,773,710
Park, Recreation and Maintenance Services	10,411,821	10,866,568	11,641,892	12,570,236
Library	4,616,658	4,664,490	4,754,760	4,615,967
Economic and Community Development	23,147,877	15,018,495	8,702,949	16,126,427
Interest on Long -Term Debt	5,035,780	4,249,454	3,328,244	52,139
Total Governmental Activities Expenses	<u>103,844,591</u>	<u>102,099,172</u>	<u>101,577,985</u>	<u>105,002,673</u>
Business-Type Activities:				
Sewer Rental	18,944,267	19,277,959	19,446,739	20,870,522
Parking District	338,995	571,261	769,117	792,609
Storm Water	722,232	710,903	1,010,093	1,655,950
Total Business-Type Activities Expenses	<u>20,005,494</u>	<u>20,560,123</u>	<u>21,225,949</u>	<u>23,319,081</u>
Total Primary Government Expenses	<u>\$123,850,085</u>	<u>\$122,659,295</u>	<u>\$122,803,934</u>	<u>\$128,321,754</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$2,539,316	\$2,688,990	\$2,032,292	\$1,951,016
Fire Department	2,851,984	3,221,837	3,697,665	2,987,956
Police Department	1,479,104	1,815,405	2,599,149	2,640,146
Public Works	4,412,581	3,805,824	3,607,224	2,926,227
Park, Recreation and Maintenance Services	3,032,399	3,004,435	3,178,276	3,433,567
Library	187,380	168,505	143,971	125,416
Economic and Community Development	4,652,031	4,944,328	4,968,383	3,457,020
Operating Grants and Contributions	5,786,227	5,549,711	5,650,685	5,455,010
Capital Grants and Contributions	217,877	2,728,543	1,471,416	4,036,786
Total Government Activities Program Revenues	<u>25,158,899</u>	<u>27,927,578</u>	<u>27,349,061</u>	<u>27,013,144</u>
Business-Type Activities:				
Charges for Services:				
Sewer Rental	17,486,418	18,087,695	19,310,286	19,338,107
Parking District	616,578	722,807	760,248	732,932
Storm Water	422,467	406,589	409,498	427,291
Operating Grants and Contributions	5,679,902	5,509,874	5,936,527	6,137,401
Capital Grants and Contributions	24,720	31,670		
Total Business-Type Activities Program Revenue	<u>24,230,085</u>	<u>24,758,635</u>	<u>26,416,559</u>	<u>26,635,731</u>
Total Primary Government Program Revenues	<u>\$49,388,984</u>	<u>\$52,686,213</u>	<u>\$53,765,620</u>	<u>\$53,648,875</u>
Net (Expense)/Revenue				
Governmental Activities	(\$78,685,692)	(\$74,171,594)	(\$74,228,924)	(\$77,989,529)
Business-Type Activities	4,224,591	4,198,512	5,190,610	3,316,650
Total Primary Government Net Expense	<u>(\$74,461,101)</u>	<u>(\$69,973,082)</u>	<u>(\$69,038,314)</u>	<u>(\$74,672,879)</u>

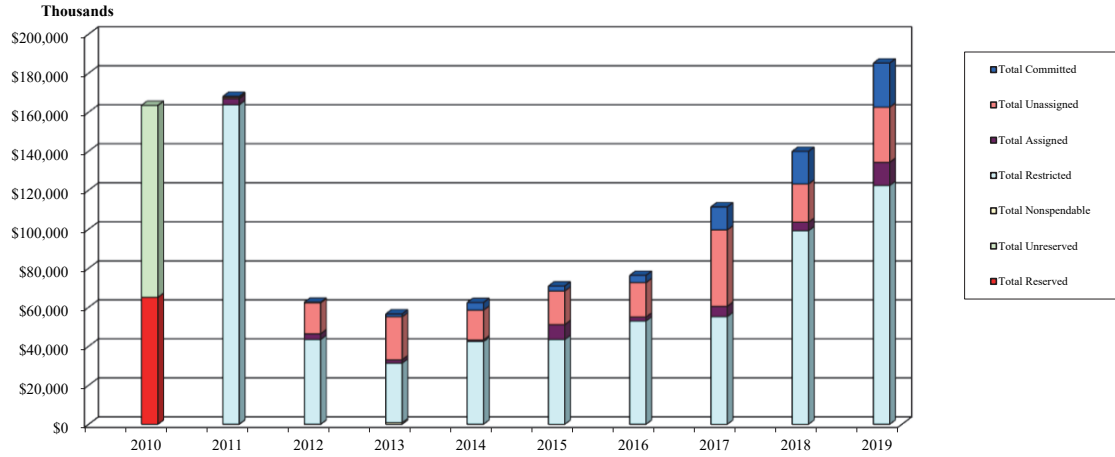
2014	2015	2016	2017	2018	2019
\$7,155,035	\$8,421,857	\$9,044,518	\$10,253,403	\$12,506,188	\$12,139,671
21,200,903	22,005,883	22,488,964	25,750,126	30,352,387	31,986,738
24,376,379	23,910,436	23,158,168	25,838,242	30,732,288	32,994,122
14,980,417	14,493,039	11,916,572	12,396,998	18,379,278	20,425,958
12,658,309	12,383,880	12,901,657	15,217,677	17,162,377	17,962,298
4,310,550	4,300,885	4,442,577	5,184,282	5,910,406	6,241,093
5,525,541	5,928,316	7,603,275	8,927,162	10,094,626	10,557,116
<u>90,207,134</u>	<u>91,444,296</u>	<u>91,555,731</u>	<u>103,567,890</u>	<u>125,137,550</u>	<u>132,306,996</u>
19,301,103	23,969,579	18,273,580	22,661,768	24,397,607	25,719,049
943,859	503,014	894,769	940,181	1,202,319	896,994
1,078,868	1,234,616	1,289,465	1,333,409	1,026,948	1,188,182
<u>21,323,830</u>	<u>25,707,209</u>	<u>20,457,814</u>	<u>24,935,358</u>	<u>26,626,874</u>	<u>27,804,225</u>
<u>\$111,530,964</u>	<u>\$117,151,505</u>	<u>\$112,013,545</u>	<u>\$128,503,248</u>	<u>\$151,764,424</u>	<u>\$160,111,221</u>
\$5,785,598	\$3,946,302	\$4,194,563	\$2,225,049	\$1,966,755	\$7,930,983
3,304,952	3,520,275	3,450,524	4,242,940	6,327,921	6,052,804
2,805,640	2,370,736	2,076,837	2,146,909	2,230,824	2,351,491
4,734,813	5,071,729	10,361,525	10,869,608	24,727,897	27,811,701
3,571,947	3,708,272	3,744,137	3,756,369	4,489,665	4,293,474
138,827	120,850	164,271	96,987	102,124	105,466
5,800,849	5,337,177	6,131,463	3,911,597	13,052,441	14,214,991
5,601,916	5,753,845	5,581,492	4,533,539	5,827,149	12,091,079
1,538,225	632,735	1,147,337	577,995	2,515,868	1,629,730
<u>33,282,767</u>	<u>30,461,921</u>	<u>36,852,149</u>	<u>32,360,993</u>	<u>61,240,644</u>	<u>76,481,719</u>
19,155,467	19,798,033	19,569,341	19,897,769	22,417,156	24,078,076
785,586	819,051	843,199	916,687	1,084,472	1,180,538
409,458	407,640	412,105	418,840	656,315	540,679
7,619,601	6,242,687	5,802,788	5,763,645	5,834,455	6,452,950
<u>27,970,112</u>	<u>27,267,411</u>	<u>26,627,433</u>	<u>26,996,941</u>	<u>29,992,398</u>	<u>32,252,243</u>
<u>\$61,252,879</u>	<u>\$57,729,332</u>	<u>\$63,479,582</u>	<u>\$59,357,934</u>	<u>\$91,233,042</u>	<u>\$108,733,962</u>
(\$56,924,367)	(\$60,982,375)	(\$54,703,582)	(\$71,206,897)	(\$63,896,906)	(\$55,825,277)
6,646,282	1,560,202	6,169,619	2,061,583	3,365,524	4,448,018
<u>(\$50,278,085)</u>	<u>(\$59,422,173)</u>	<u>(\$48,533,963)</u>	<u>(\$69,145,314)</u>	<u>(\$60,531,382)</u>	<u>(\$51,377,259)</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$55,014,367	\$54,323,420	\$37,379,175	\$26,420,861
Sales Taxes	9,146,620	11,199,175	11,691,564	12,931,805
Transient Occupancy Tax	5,820,675	7,191,938	8,619,170	9,659,281
Franchise fees				
Other Taxes	6,768,753	7,071,446	7,089,687	7,588,471
Motor Vehicle In-Lieu	192,035	211,503	168,214	33,767
Property taxes in lieu of vehicle license fees	5,224,547	5,086,144	5,153,384	4,955,873
Interest Earnings	5,127,255	3,944,785	2,384,207	809,721
Gain from sale of property				
Other	1,496,744	1,891,421	9,300,137	1,965,744
Extraordinary Item			(107,717,428)	
Transfers	(1,459,296)	(11,769,393)	(785,309)	(906,857)
Special items				11,873,226
Total Government Activities	<u>87,331,700</u>	<u>79,150,439</u>	<u>(26,717,199)</u>	<u>75,331,892</u>
Business-Type Activities:				
Interest Earnings	175,188	122,283	149,242	95,177
Transfers	1,459,296	11,769,393	785,309	906,857
Total Business-Type Activities	<u>1,634,484</u>	<u>11,891,676</u>	<u>934,551</u>	<u>1,002,034</u>
Total Primary Government	<u>\$88,966,184</u>	<u>\$91,042,115</u>	<u>(\$25,782,648)</u>	<u>\$76,333,926</u>
Change in Net Position				
Governmental Activities	\$8,646,008	\$4,978,845	(\$100,946,123)	(\$2,657,637)
Business-Type Activities	5,859,075	16,090,188	6,125,161	4,318,684
Total Primary Government	<u>\$14,505,083</u>	<u>\$21,069,033</u>	<u>(\$94,820,962)</u>	<u>\$1,661,047</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$22,890,828	\$24,650,648	\$24,650,648	\$29,023,618	\$29,551,445	\$33,446,750
12,725,141	13,932,125	13,932,125	24,087,776	28,340,393	31,843,568
11,174,017	12,947,473	12,947,473	13,631,507	13,978,533	17,091,222
			4,090,073	4,403,493	4,469,808
8,141,010	8,650,056	8,650,056	5,708,187	5,871,096	4,995,404
40,074	26,995	26,995	28,933	34,452	32,200
5,319,154	5,551,651	5,551,651	6,133,230	6,438,199	7,150,867
1,108,177	629,036	629,036	622,518	1,097,916	4,808,664
					840,298
2,012,444	4,577,239	4,577,239	2,365,820	5,180,288	7,799,392
(1,041,120)	(1,429,308)	(1,429,308)	(1,105,038)	(1,997,377)	(2,101,222)
			45,205,422	(7,154,626)	(531,591)
<u>62,369,725</u>	<u>69,535,915</u>	<u>69,535,915</u>	<u>129,792,046</u>	<u>85,743,812</u>	<u>109,845,360</u>
153,353	126,874	126,874	27,710	37,072	633,704
1,041,120	1,429,308	1,429,308	1,105,038	1,997,377	2,101,222
<u>1,194,473</u>	<u>1,556,182</u>	<u>1,556,182</u>	<u>1,132,748</u>	<u>2,034,449</u>	<u>2,734,926</u>
<u>\$63,564,198</u>	<u>\$71,092,097</u>	<u>\$71,092,097</u>	<u>\$130,924,794</u>	<u>\$87,778,261</u>	<u>\$112,580,286</u>
\$5,445,358	\$8,553,540	\$8,553,540	\$58,585,149	\$21,846,906	\$54,020,083
7,840,755	3,116,384	3,116,384	3,194,331	5,399,973	7,182,944
<u>\$13,286,113</u>	<u>\$11,669,924</u>	<u>\$11,669,924</u>	<u>\$61,779,480</u>	<u>\$27,246,879</u>	<u>\$61,203,027</u>

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



	(b)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$889,186									
Unreserved	14,841,958									
Nonspendable		\$67,129	\$90,167	\$805,677	\$14,163	\$1,134	\$33,580	\$474	\$106	\$372
Restricted								20,582,335	16,725,897	19,201,948
Committed		401,797	208,054	1,406,430	3,879,451	2,536,790	3,654,283	11,780,724	16,725,897	22,619,868
Assigned		771,849	840,365	566,104	743,746	1,458,029	1,578,153	5,244,279	4,334,322	11,881,363
Unassigned		15,049,168	17,347,445	23,498,194	15,891,899	17,285,422	17,751,169	39,278,746	19,644,232	31,239,632
Total General Fund	\$15,731,144	\$16,289,943	\$18,486,031	\$26,276,405	\$20,529,259	\$21,281,375	\$23,017,185	\$56,304,223	\$61,286,892	\$84,943,183
All Other Governmental Funds										
Reserved	\$64,163,373									
Unreserved, reported in:										
Special revenue funds	11,079,390									
Debt service funds	3,198,600									
Capital project funds	69,286,211									
Nonspendable										\$39,205
Restricted		\$163,727,096	\$43,364,540	\$30,539,396	\$42,392,238	\$43,437,361	\$52,938,897	\$55,195,500	\$78,603,366	103,135,202
Assigned		2,390,904	2,076,065	1,105,320		6,188,554	367,023			
Unassigned		(14,353,252)	(1,388,956)	(1,379,895)	(521,604)	(40,459)		(88,331)	(11,073)	(2,971,345)
Total all other governmental funds	\$147,727,574	\$151,764,748	\$44,051,649	\$30,264,821	\$41,870,634	\$49,585,456	\$53,305,920	\$55,107,169	\$78,592,293	\$100,203,062

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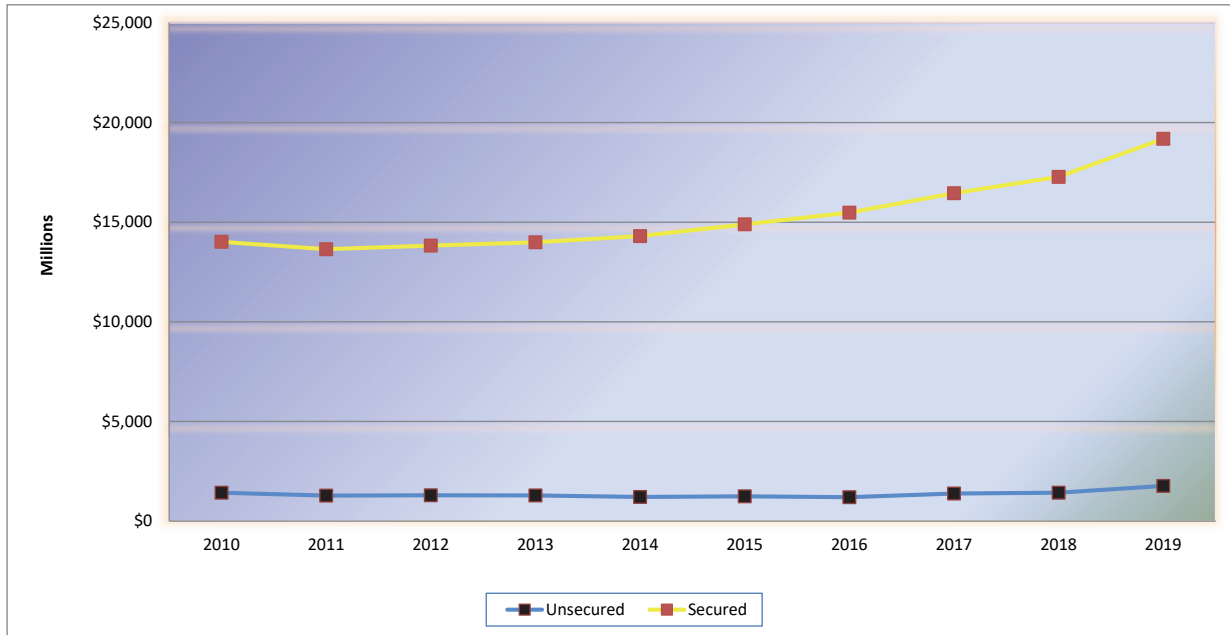
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Revenues				
Property Taxes	\$54,718,916	\$54,128,998	\$38,174,655	\$27,077,697
Other Taxes	19,771,310	23,412,992	28,866,546	31,894,811
Intergovernmental revenues	10,609,605	11,860,658	11,580,530	13,054,594
Interest and Rents	7,680,293	7,612,223	4,955,223	3,238,089
Licenses and permits	7,270,081	7,004,603	3,056,507	3,054,451
Charges for services	9,986,352	10,010,541	10,088,070	9,275,724
Fines and forfeitures	1,054,549	2,133,677	2,184,234	1,753,682
Other	2,542,492	2,261,247	3,000,563	1,837,675
Total Revenues	113,633,598	118,424,939	101,906,328	91,186,723
Expenditures				
Current:				
General government	5,916,364	6,407,094	6,485,219	6,658,532
Fire Department	16,790,834	18,140,954	18,812,861	20,877,917
Police Department	19,359,770	20,272,684	21,217,818	22,542,135
Public works	8,416,242	9,856,201	14,253,609	9,186,493
Recreation and Community Services	9,960,090	10,168,425	10,101,408	10,927,433
Library	4,342,662	4,231,762	4,272,701	4,112,570
Economic and Community Development	26,279,406	19,894,692	8,184,334	20,512,545
Other				
Capital outlay	6,724,022	6,969,052	8,894,514	
Debt service:				
Principal repayment	1,887,434	1,842,000	1,752,000	
Interest and fiscal charges	4,255,050	4,274,170	1,817,764	52,139
Total Expenditures	103,931,874	102,057,034	95,792,228	94,869,764
Excess (deficiency) of revenues over (under) expenditures	9,701,724	16,367,905	6,114,100	(3,683,041)
Other Financing Sources (Uses)				
Transfers in	18,047,351	88,175,882	108,413,018	4,467,530
Transfers (out)	(22,175,268)	(99,947,814)	(109,646,766)	(6,780,943)
Tax allocation bonds issued				
Premium on bonds				
Payments to refunded bond escrow				
Other debt proceeds				
Sale of capital assets				
Total other financing sources (uses)	(4,127,917)	(11,771,932)	(1,233,748)	(2,313,413)
Net Change in fund balances before extraordinary and special items	5,573,807	4,595,973	4,880,352	(5,996,454)
Extraordinary item			(110,397,363)	
Special item				
Net change in fund balances	\$5,573,807	\$4,595,973	(\$105,517,011)	(\$5,996,454)
Debt service as a percentage of noncapital expenditures	6.6%	6.7%	4.2%	0.1%

For The Fiscal Year Ended June 30,

2014	2015	2016	2017	2018	2019
\$23,010,136	\$24,650,648	\$26,438,620	\$35,156,848	\$35,989,644	\$40,597,617
33,931,446	38,275,478	\$41,811,097	\$49,608,385	54,597,272	60,721,378
10,757,440	10,453,071	12,360,354	4,019,771	8,433,240	13,179,593
3,632,693	3,531,966	4,207,453	3,100,692	3,524,727	7,231,303
4,366,271	4,795,158	6,896,897	7,823,403	14,674,809	15,381,416
16,864,409	13,387,712	15,386,358	14,485,367	31,961,419	41,055,659
1,528,319	1,221,413	791,756	899,118	423,604	926,729
2,249,728	4,660,668	2,439,579	2,906,625	6,454,460	7,994,701
96,340,442	100,976,114	110,332,114	118,000,209	156,059,175	187,088,396
5,970,429	7,167,969	8,469,924	9,399,930	10,403,449	10,166,977
20,163,759	21,247,989	24,175,340	25,632,366	26,059,072	27,576,879
23,309,568	23,611,743	25,458,986	25,998,097	26,970,854	28,533,292
16,791,894	15,923,071	14,846,346	12,143,965	23,859,399	38,459,963
11,552,502	11,826,407	13,234,028	14,897,157	15,468,370	16,530,603
3,987,928	4,247,650	4,681,188	5,157,355	5,379,836	5,628,693
5,972,966	5,917,508	7,907,655	8,943,111	9,338,793	9,085,390
	480,290	395,749	274,183	256,298	333,024
453,381	352,674	656,000	23,000	2,382,000	3,464,000
88,202,427	90,775,301	99,825,216	102,469,164	120,118,071	139,778,821
8,138,015	10,200,813	10,506,898	15,531,045	35,941,104	47,309,575
21,870,234	17,983,227	8,143,075	14,327,130	26,486,651	22,230,499
(24,149,582)	(19,717,102)	(13,193,699)	(16,368,499)	(30,795,941)	(24,581,721)
			1,016,276	3,990,605	840,298
(2,279,348)	(1,733,875)	(5,050,624)	(1,025,093)	(318,685)	(1,510,924)
5,858,667	8,466,938	5,456,274	14,505,952	35,622,419	45,798,651
			20,582,335	(7,154,626)	(531,591)
\$5,858,667	\$8,466,938	\$5,456,274	\$35,088,287	\$28,467,793	\$45,267,060
0.6%	0.4%	0.7%	2.0%	2.1%	2.5%

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



Fiscal Year	Real Property Net Taxable value				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
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%
2014	5,900,441,192	1,713,575,060	4,273,694,531	1,204,288,116	13,091,998,899	1,212,353,871	14,304,352,770	14,304,352,770	0.13474%
2015	6,313,393,048	2,402,335,027	4,588,967,014	345,957,716	13,650,652,805	1,244,971,467	14,895,624,272	14,895,624,272	0.13804%
2016	6,716,642,000	2,000,204,271	5,189,813,366	376,874,603	14,283,534,240	1,197,263,526	15,480,797,766	15,480,797,766	0.13634%
2017	7,087,550,257	2,160,377,671	5,414,028,340	412,344,220	15,074,300,488	1,381,715,511	16,456,015,999	16,456,015,999	0.13632%
2018	7,458,269,085	2,171,084,856	5,838,028,479	383,589,586	15,850,972,006	1,423,348,022	17,274,320,028	17,274,320,028	0.13631%
2019	7,882,766,880	2,511,501,574	6,673,522,321	353,621,189	17,421,411,964	1,765,066,449	19,186,478,413	19,186,478,413	0.13640%

Source: HdL Coren & Cone, San Mateo County Assessor 2009/10-2018/19 Combined Tax Rolls.

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

**CITY OF SOUTH SAN FRANCISCO
DIRECT AND OVERLAPPING
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>School Districts</u>	<u>Total Direct/Overlapping Tax Rates</u>	
2010	1.000	0.1600	1.1600	(1,16)
2011	1.000	0.1707	1.1707	(1,17)
2012	1.000	0.1824	1.1824	(1,18)
2013	1.000	0.1959	1.1959	(1,19)
2014	1.000	0.2046	1.2046	(1,20)
2015	1.000	0.1822	1.1822	(1,21)
2016	1.000	0.1750	1.1750	(1,22)
2017	1.000	0.1749	1.1749	(1,23)
2018	1.000	0.1642	1.1642	(1,24)
2019	1.000	0.1548	1.1548	(1,25)

Notes:

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

(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 Bruno Park 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.

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

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

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

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

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

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

Source: HDL, Coren & Cone (San mateo County Assessor 2009/10- 2018/19 Tax Rate Table).

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

Taxpayer	2018-19			2009-10		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$2,628,033,718	1	13.70%	\$2,198,149,937	1	15.68%
Slough SSF LLC	646,570,261	2	3.37%	465,349,000	3	3.32%
ARE San Francisco LLC	454,787,159	3	2.37%	255,371,399	6	1.82%
HCP Oyster Point III LLC	439,463,289	4	2.29%			--
Brittania Pointe Grand LP	309,612,762	5	1.61%	273,564,000	5	1.95%
United Airlines Inc	271,668,869	6	1.42%	289,968,749	4	2.07%
AP3-SF2 CT South LLC	216,949,238	7	1.13%			--
KR Oyster Point LLC	169,580,792	8	0.88%			--
Gateway Center LLC	149,332,226	9	0.78%	131,945,178	9	0.94%
SSF Logistics Inc	127,129,688	10	0.66%			--
Slough BTC LLC De	--	--	--	546,250,000	2	3.90%
ASN Solaire LLC	--	--	--	143,578,457	7	1.02%
Myers Peninsula Venture	--	--	--	143,394,742	8	1.02%
Oyster Point LLC	--	--	--	84,000,000	10	0.60%
Subtotal	<u>\$5,413,128,002</u>		<u>28.21%</u>	<u>\$4,531,571,462</u>		<u>32.33%</u>

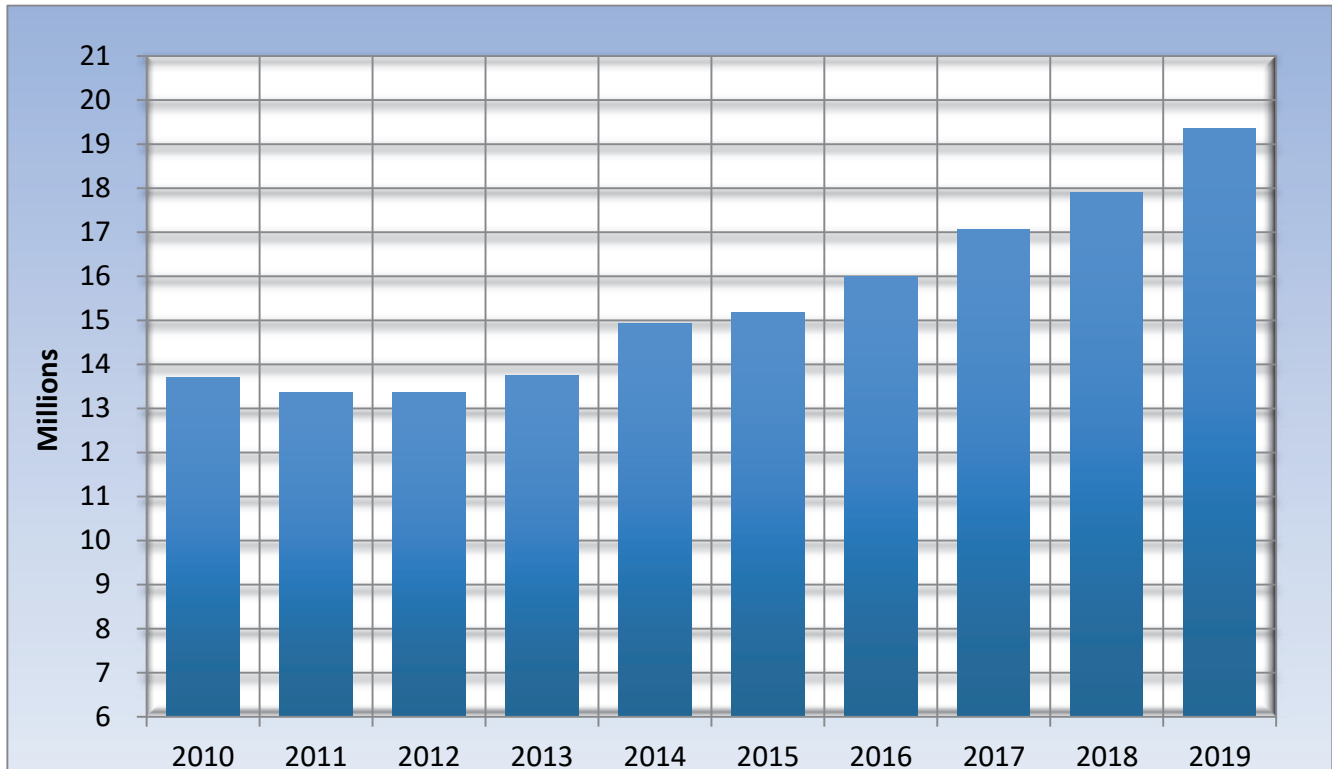
Total Net Assessed Valuation:

Fiscal Year 2018-19	\$19,186,478,413
Fiscal Year 2009-10	\$14,017,972,358

Source:

HdL Coren & Cone, 2009-10 & 2018-19 Top Ten Property Taxpayers (Net Values).
San Mateo County Assessor 2009-10 & 2018-19 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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



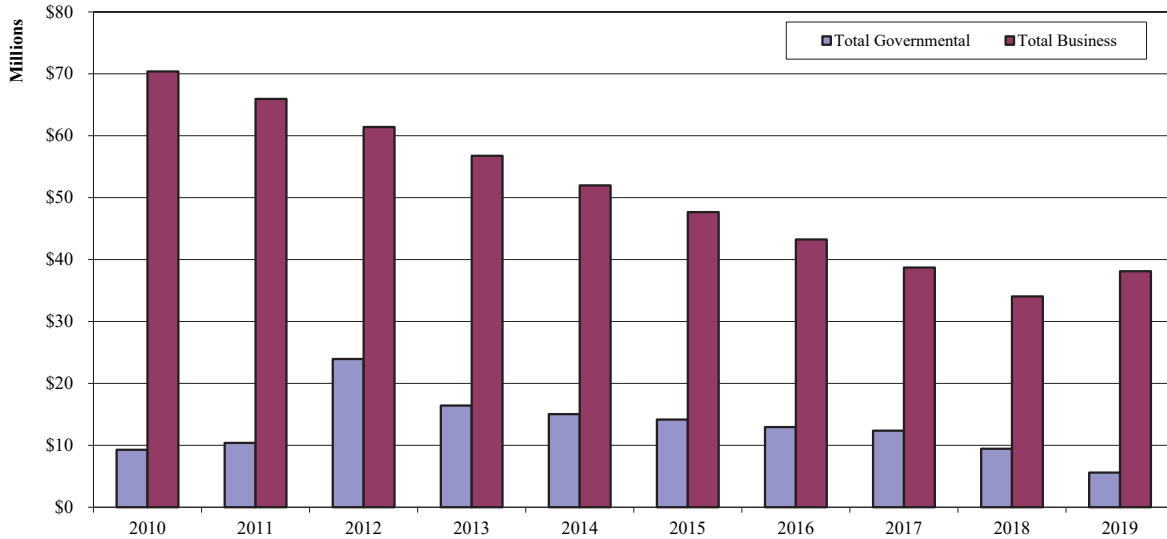
<u>Fiscal Year</u>	<u>Allocations (5)</u>	<u>Collections</u>	<u>Delinquencies</u>	<u>Percent of Delinquent taxes</u>
2010	13,697,389	(4)	(4)	0.0%
2011	13,351,506	(4)	(4)	0.0%
2012	13,360,854	(4)	(4)	0.0%
2013	13,740,246	(4)	(4)	0.0%
2014	14,928,197	(4)	(4)	0.0%
2015	15,184,788	(4)	(4)	0.0%
2016	15,994,773	(4)	(4)	0.0%
2017	17,065,875	(4)	(4)	0.0%
2018	17,894,855	(4)	(4)	0.0%
2019	19,365,814	(4)	(4)	0.0%

Notes:

- (1) Excludes State Reimbursed Exemptions and deductions for County property tax administration.
- (2) County adopted full cash value method of valuation rather than assessed valuation.
- (3) Levies include real and personal property.
- (4) Information not applicable. All general purpose property taxes are levied by the County and allocated to other governmental entities.
- (5) San Mateo County controller's Office. Adjusted estimated revenue for City of South San Francisco.

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

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



Governmental Activities

Fiscal Year	Loans from	Lease	Certificates	Capital	Loans	Total
	Successor Agency	Revenue Bonds	of Participation	Lease		
2010		0	\$4,765,000	\$961,671	\$3,548,000	\$9,274,671
2011		0	4,610,000	2,342,892	3,436,000	10,388,892
2012	\$14,120,927	0	4,445,000	2,056,382	3,324,000	23,946,309
2013	13,343,039	0	0	3,084,553	0	16,427,592
2014	11,722,826	0	0	3,316,836	0	15,039,662
2015	11,370,152	0	0	2,786,573	0	14,156,725
2016	10,714,152	0	0	2,238,998	0	12,953,150
2017	10,691,152	0	0	1,673,522	0	12,364,674
2018	8,309,152	0	0	1,135,102	0	9,444,254
2019	4,845,152	0	0	753,619	0	5,598,771

Business-Type Activities

Fiscal Year	Sewer	Certificates	State Water	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Revenue Bonds	of Participation	Resources Loans				
2010	\$5,350,000		\$65,028,410	\$70,378,410	\$79,653,081	4.15%	1,209.21
2011	5,120,000		60,831,038	65,951,038	76,339,930	3.95%	1,187.12
2012	4,885,000		56,530,946	61,415,946	85,362,255	4.31%	1,310.70
2013	4,640,000		52,118,587	56,758,587	73,186,179	3.65%	1,113.78
2014	4,385,000		47,591,019	51,976,019	67,015,681	3.30%	1,019.27
2015	4,120,000		43,543,614	47,663,614	61,820,339	2.92%	957.19
2016	3,850,000		39,392,832	43,242,832	56,195,982	2.59%	858.60
2017	3,570,000		35,136,032	38,706,032	51,070,706	2.22%	761.32
2018	3,275,000		30,770,503	34,045,503	43,489,757	1.80%	648.35
2019	2,970,000		35,148,204	38,118,204	43,716,975	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, 2019**

2018-19 Assessed Valuation:	\$19,186,478,413
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	<u>\$19,186,478,413</u>

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2019	% Applicable (1)	City's Share of Debt 6/30/19
San Mateo Community College District	\$801,050,076	8.586%	\$68,778,160
Jefferson Union High School District	237,695,639	2.154%	5,119,964
South San Francisco Unified School District	170,343,972	89.493%	152,445,931
Brisbane School District	4,835,437	14.707%	711,148
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$227,055,203

OVERLAPPING FUND DEBT:

San Mateo County General Fund Obligations	\$551,005,360	8.586%	\$47,309,320
San Mateo County Board of Education Certificates of Participation	8,140,000	8.586%	698,900
San Mateo County Flood Control District Certificates of Participation	16,815,000	58.921%	9,907,566
South San Francisco Unified School District Certificates of Participation	3,585,000	89.493%	3,208,324
Jefferson Union High School District Certificates of Participation	655,601	2.154%	\$14,122
City of South San Francisco Loans Payable	4,845,152	100.000%	4,845,152
City of South San Francisco Capital Leases	753,619	100.000%	753,629
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$66,737,013

TOTAL DIRECT DEBT \$5,598,781

Total Overlapping Debt \$288,193,435

COMBINED TOTAL DEBT \$293,792,207 (2)

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

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds, and Successor Agency Debt.

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.18%
Total Direct Debt	0.03%
Combined Total Debt	1.53%

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, 2019**

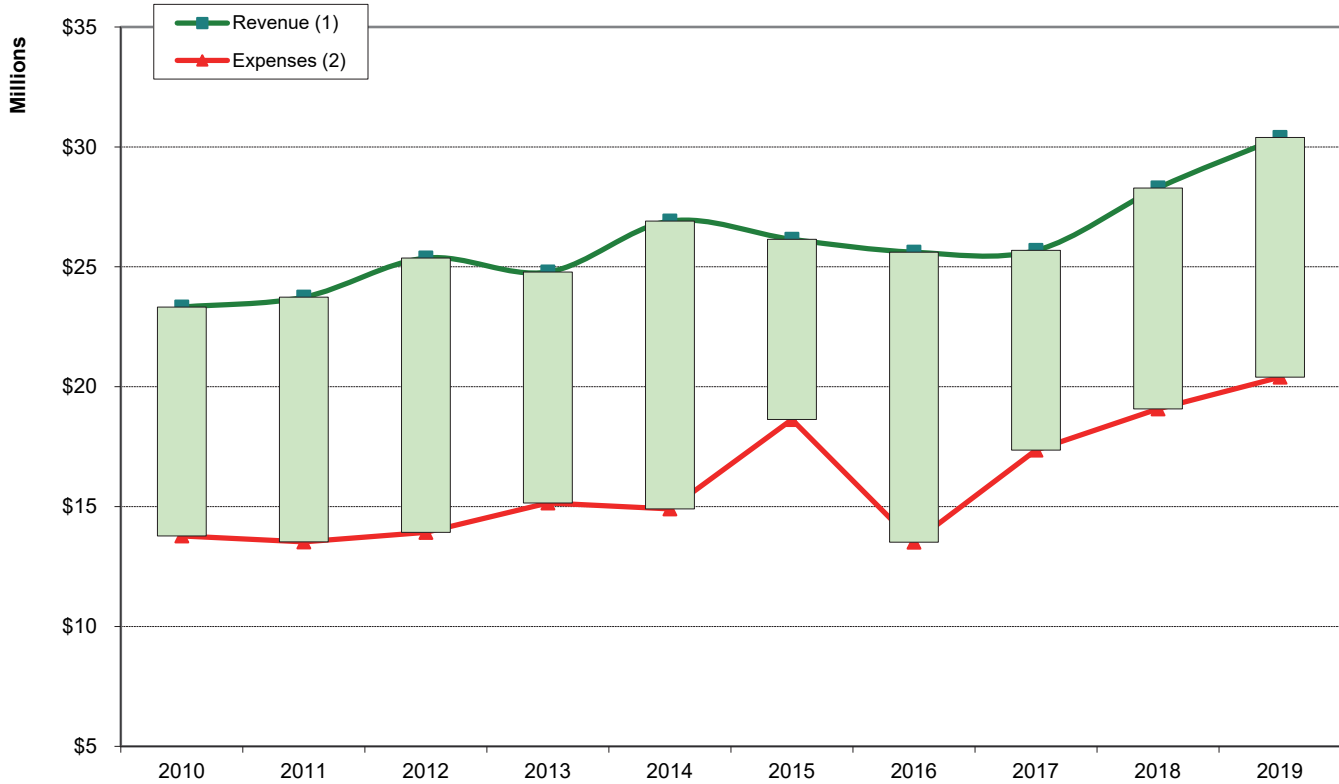
ASSESSED VALUATION:	\$19,186,478,413
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	719,492,940
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$719,492,940

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
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%
2014	536,413,229	0	536,413,229	0.00%
2015	558,585,910	0	558,585,910	0.00%
2016	580,561,386	0	580,561,386	0.00%
2017	617,102,145	0	617,102,145	0.00%
2018	647,787,001	0	647,787,001	0.00%
2019	719,492,940	0	719,492,940	0.00%

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	
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
2014	26,908,316	14,904,225	12,004,091	255,000	199,831	454,831	26.39
2015	26,147,550	18,630,672	7,516,878	265,000	190,533	455,533	16.50
2016	25,610,518	13,514,706	12,095,812	270,000	180,566	450,566	26.85
2017	25,684,966	17,357,273	8,327,693	280,000	169,976	449,976	18.51
2018	28,287,485	19,073,940	9,213,545	295,000	158,616	453,616	20.31
2019	30,393,993	20,398,157	9,995,836	305,000	146,616	451,616	22.13

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				
	2015	2016	2017	2018	2019
Revenues					
Service Charges	\$19,758,128	\$19,515,093	\$19,750,636	\$22,188,154	\$23,556,871
Connection and Other Fees	122,640	104,283	147,134	229,002	521,205
Interest Income	106,830	238,389	23,552	31,061	488,437
Developer Fees					
Other Cities' Participation (1)	6,159,937	5,752,765	5,763,644	5,834,455	5,827,480
Total Revenues	<u>\$26,147,535</u>	<u>\$25,610,530</u>	<u>\$25,684,966</u>	<u>\$28,282,672</u>	<u>\$30,393,993</u>
Operating Expenses (2)	<u>\$14,987,305</u>	<u>\$18,759,650</u>	<u>\$13,514,718</u>	<u>\$19,073,943</u>	<u>\$20,398,157</u>
Wastewater System Net Revenues	<u>\$11,160,230</u>	<u>\$6,850,880</u>	<u>\$12,170,248</u>	<u>\$9,208,729</u>	<u>\$9,995,836</u>
Parity Debt Service (3)					
State Water Resources Control Board Loans	\$5,445,162	\$5,449,692	\$5,454,747	\$5,469,175	\$5,477,075
CSCDA Series 2005D Revenue Bonds	188,148	178,036	167,284	155,706	143,608
Total Parity Debt	<u>\$5,633,310</u>	<u>\$5,627,728</u>	<u>\$5,622,031</u>	<u>\$5,624,881</u>	<u>\$5,620,683</u>
Total Parity Debt Service Coverage	<u>1.98</u>	<u>1.22</u>	<u>2.16</u>	<u>1.64</u>	<u>1.78</u>

(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

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2013		\$1,490,000	\$3,030,181	\$4,520,181	
2014		1,545,000	2,971,344	4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018					
2019					

Bond was paid off in fiscal year 2017

1999 RDA Revenue Bonds (Housing)

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
		Principal	Interest	Total	
2013		\$210,000	\$79,995	\$289,995	
2014		220,000	69,780	289,780	
2015		230,000	58,750	288,750	
2016		245,000	46,875	291,875	
2017		255,000	34,375	289,375	
2018		275,000	21,125	296,125	
2019		285,000	7,125	292,125	

1999 Certificates of Participation

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2013					
2014					
2015					
2016					
2017					
2018					
2019					

1989 Cal Health Facilities Financing Authority Revenue Bonds

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2013					
2014					
2015					
2016					
2017					
2018					
2019					

RDA All Non-housing (A)

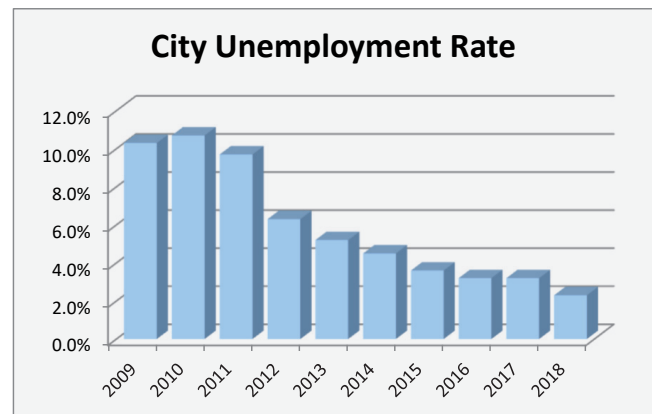
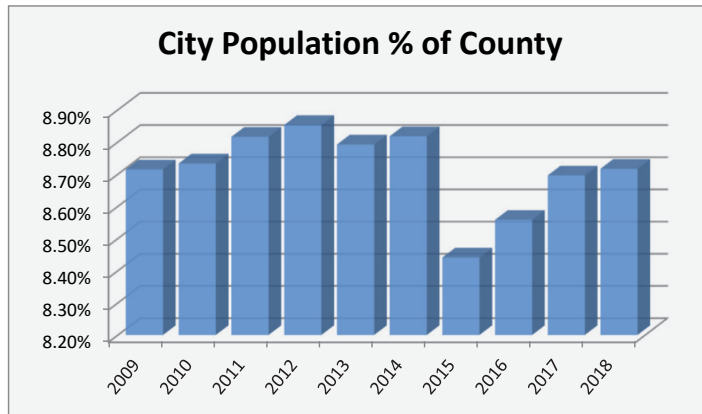
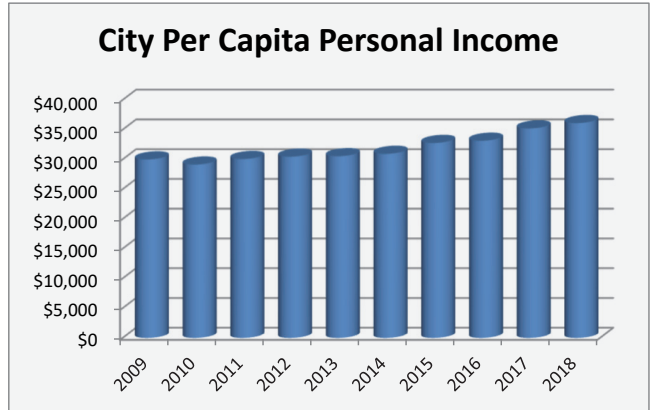
Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2013		\$1,490,000	\$3,030,181	\$4,520,181	
2014		1,545,000	2,971,344	4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018		0	0	0	
2019		0	0	0	

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 YEARS**



Year	Estimated City Population (1)	City Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (4)	City Population % of County
2009	65,000	\$1,948,798	\$29,982	10.3%	745,858	8.71%
2010	65,872	1,918,061	29,118	10.7%	754,285	8.73%
2011	64,307	1,932,618	30,053	9.7%	729,443	8.82%
2012	65,127	1,982,857	30,446	6.3%	735,678	8.85%
2013	65,710	2,005,666	30,523	5.2%	747,373	8.79%
2014	65,749	2,033,156	30,923	4.5%	745,635	8.82%
2015	64,585	2,114,826	32,744	3.6%	765,135	8.44%
2016	65,451	2,167,750	33,120	3.2%	764,797	8.56%
2017	67,082	2,303,425	35,193	3.2%	771,410	8.70%
2018	67,078	2,421,033	36,092	2.3%	769,545	8.72%

Notes:

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

Data Sources:

- (1) Population: HDL/California State Dept of Finance.
- (2) Personal and per capita income: HDL, Coren & Cone
- (3) Unemployment Data: HDL/California Employment Development Department
- (4) County population: <https://www.smcgov.org/fast-facts>

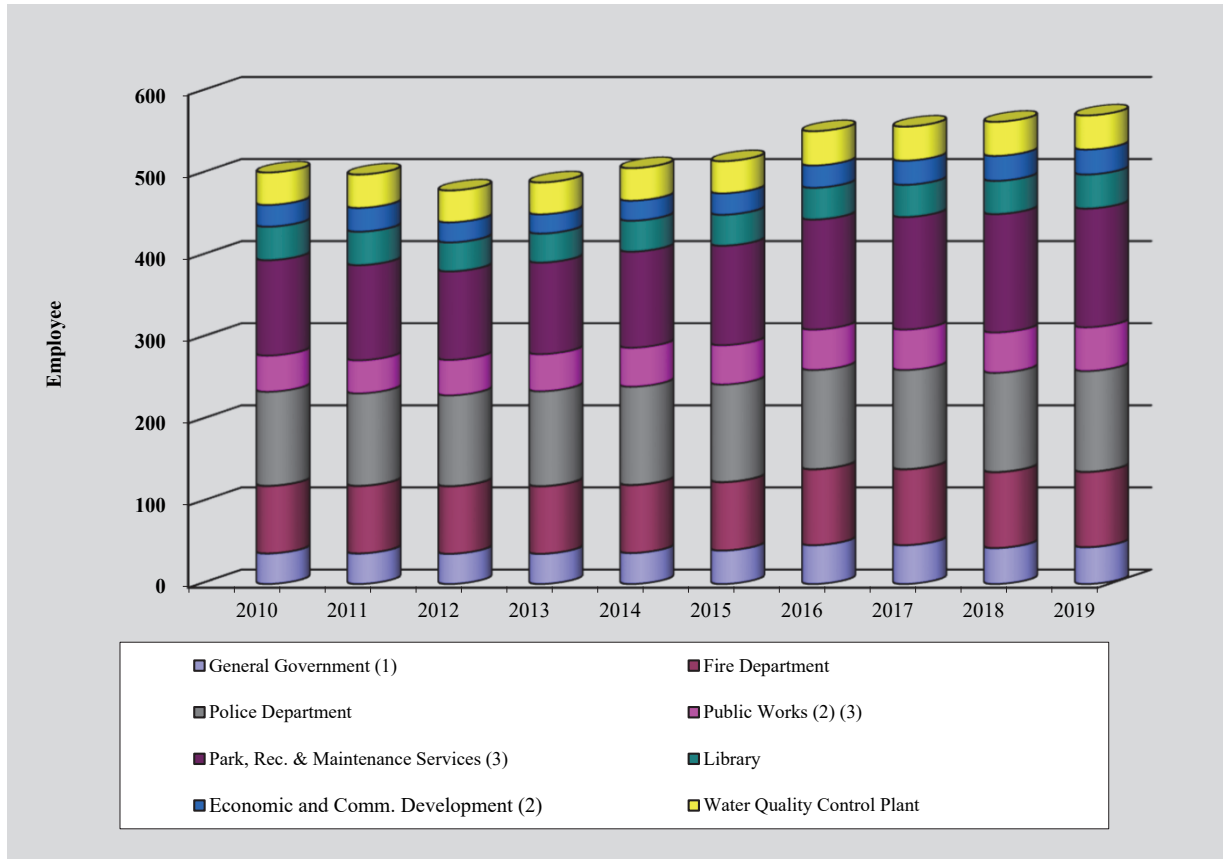
CITY OF SOUTH SAN FRANCISCO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2018-19</u>			<u>2009-10</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 Inc.	8,632	1	12.9%	8,552	1	13.0%
Costco Wholesale (3 stores)	834	2	1.2%	403	3	0.6%
Life Technologies Corporation	622	3	0.9%			
Amgen San Francisco LLC	500	4	0.7%	751	2	1.1%
MRL San Francisco LLC (2 locations)	449	5	0.7%			
Successfactors, Inc.	352	6	0.5%			
ZS Associates, Inc	300	7	0.4%			
Amazon.com Services, Inc	291	8	0.4%			
Fluidigm Corporation	223	9	0.3%			
American Etc Inc./Royal Laundry	211	10	0.3%	307	4	0.5%
Orowheat/Entenmanns				300	5	0.5%
Guckenheimer Enterprises Inc				200	6	0.3%
Columbus Manufacturing Inc				191	7	0.3%
Matagramo Inc.				183	8	0.3%
Actelion Pharmaceuticals US Inc.				176	9	0.3%
Nippon Express USA, Inc				174	10	0.3%
Subtotal	<u>12,414</u>		<u>18.5%</u>	<u>11,237</u>		<u>17.1%</u>
Total City Population	<u>67,078</u>			<u>65,872</u>		

Data Sources:

- (1) SSF Business License Database- Business licenses expiring 12/31/19.
- (2) City of South San Francisco CAFR 2009-10
- (3) Population: HDL/California State Dept of Finance

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



Functions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government (1)	37.00	37.00	36.60	36.60	37.60	40.60	47.10	47.10	43.60	44.60
Fire Department	82.48	82.48	82.48	82.48	82.98	83.48	92.68	92.68	92.68	91.93
Police Department	114.65	112.65	110.65	115.65	119.75	118.87	120.87	120.87	120.87	122.87
Park, Rec. & Maintenance Services (3)	116.34	116.05	107.86	111.66	117.21	121.31	134.16	137.19	144.29	144.79
Library	40.81	40.81	35.34	35.35	37.66	37.71	38.71	39.26	40.49	41.49
Economic and Comm. Development (2)	26.45	28.95	24.45	23.45	24.40	26.15	27.15	29.40	30.40	30.40
Public Works (2) (3)	43.85	40.05	43.03	45.02	47.21	47.68	49.00	49.00	49.00	53.00
Water Quality Control Plant	39.54	40.64	38.82	38.82	39.63	39.06	41.74	41.50	41.50	41.50
Total	501.12	498.63	479.23	489.03	506.44	514.86	551.41	557.00	562.83	570.58

Notes:

1. City Manager, Council members, City Treasurer, City Clerk, HR, IT and Finance are under General Government.
2. Oversight of the Engineering has been moved from Economic and Community Development to Public Works.
3. Oversight of Parks and Common Greens was moved from PW to Parks, Rec and Maintenance Services

Source: City of South San Francisco Adopted Operating Budget FY 2018-19

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

	2015	2016	2017	2018	2019
Function/Program					
Public safety:					
Fire:					
Inspections conducted	1,817	2,563	3,426	2,292	2,511
Police:					
Police calls for service	31,532	32,477	33,313	34,811	38,299
Law violations:					
Part I crimes	1,874	2,126	2,103	2,276	2,007
Physical arrests (adult and juvenile)	1,933	2,071	1,870	1,891	1,943
Traffic violations	3,828	4,211	3,785	3,359	3,620
Parking violations	13,378	12,006	15,291	18,339	26,228
Public works					
Street resurfacing (miles) (Eng Div)	(2) 0	2	8	3.3	7.0
Potholes repaired (square miles prior)/(square feet)	0.11	2	0	(5) 3221	410
Asphalt used for street repairs (tons)	250	151	94	148	13
Culture and recreation:					
Recreation class participants	26,879	(3) 23,399	23,939	25,688	23,394
Library:					
Total items borrowed	(1) 643,630	565,806	558,106	544,059	582,497
Items in collection	(1) 130,106	(4) 208,400	209,895	219,114	228,224
Wastewater					
Residential connections	16,470	16,491	16,488	12,556	12,559
Commercial connections	1,560	1,561	1,562	1,575	1,576
Other connections	128	131	140	140	140
Average daily sewage treatment (millions of gallons)	8.89	7.92	8.41	8.62	8.62

Note: N/A denotes information not available.

- (1) Year 2015 decrease is due to clearing out of outdated and damaged items in the collection. Prior to Grand library's remodel, most of the outdated items are already cleaned out.
- (2) Street resurfacing project estimated early next year (2016).
- (3) Registration counts have excluded all withdrawals from the classes for the year while the numbers in 2011-2015 did not.
- (4) New items added for Grand Library and electronic books are also included.
- (5) Beginning 2018, pothole repairs will be measured by square feet instead of square miles.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations (5)	1	1	1	1	1	1	1	1	1	1
Police Fleet (1)	48	52	51	51	50	53	53	52	59	63
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights (6)	4,156	4,160	4,160	4,505	4,505	4,505	4,505	4,505	4,531	4,531
Parking District lights (8)	20	20	20	20	20	20	20	16	16	16
Traffic Signals	73	74	74	74	74	74	76	76	76	76
Culture and recreation:										
Community services:										
City parks	28	28	28	28	28	28	28	28	28	28
City parks acreage	190	190	190	190	190	190	190	190	190	210
Playgrounds	24	24	24	24	24	24	24	24	24	24
City trails	6	6	6	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	4	4	4
Senior centers (3)	2	1	1	1	1	1	1	1	1	1
Skate Park (2)	1	1	1	1	1	1	1	1	1	1
Dog park (2)	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Basketball Courts	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	5	5	5	5	5	5	5	5	5	5
Library:										
City Libraries (4)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of sanitary sewers	164	164	164	164	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

- Source: ssf.net/depts/rcs; Director of Rec & Comm Services; Superintendent of parks & Maintenance
- (1) Year 2009, the 3 units added are not new. These are units that was not included on the previous Fleet count.
 - (2) Year 2010, Skate park and dog park was added on the list.
 - (3) The only senior center is Magnolia Center but programming still continues at El Camino.
 - (4) Community Learning Center not included on count as it is only a homework center not a library.
 - (5) Year 2012 the Police substation located behind Miller parking garage is not included.
 - (6) Year 2013- Includes all lights in SSF billed as LS-2 from PG&E
 - (8) Year 2017- Lot 6 sold for Rotary Plaza development.

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 *

	2017	2018	2019
Transient Occupancy Tax Detail			
9% TOT collected	\$12,256,007	\$12,580,680	\$15,535,213
1% Measure I Special Tax	1,361,779	1,397,853	1,556,009
Total TOT Collection	\$13,617,786	\$13,978,533	\$17,091,222
1% Measure I Special Tax Use			
Police	\$272,356	\$279,571	\$311,202
Fire	272,356	279,571	311,202
Library	272,356	279,571	311,202
Parks	272,356	279,571	311,202
Recreation	272,356	279,571	311,202
Total 1% Measure I Special Tax	\$1,361,779	\$1,397,853	\$1,556,009

* Note: Measure I, a one percent supplemental special tax to the already existing 9% 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.