

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF SOUTH SAN FRANCISCO CALIFORNIA

YEAR ENDED JUNE 30, 2021



**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

Prepared by:

Department of Finance

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

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CITY COUNCIL 2021

MARK NAGALES, MAYOR
BUENAFLOR NICOLAS, VICE MAYOR
MARK ADDIEGO, (AT LARGE), MEMBER
JAMES COLEMAN (DISTRICT 4), MEMBER
EDDIE FLORES, (AT LARGE), MEMBER

MIKE FUTRELL, CITY MANAGER

January 4, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the City of South San Francisco (the City) for the fiscal year ended June 30, 2021, 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 unit, for which the City is considered financially accountable. The South San Francisco Conference Center is the component unit and is included because of the significance of its 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 of South San Francisco encompasses approximately 9.5 square miles and has a population of 67,408. The City employs approximately 500 full-time regular employees and 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 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, three district Council seats are up for election in 2022.

On November 3, 2020, residents of the City of South San Francisco elected Mark Nagales as councilmember for District 2 and James Coleman as councilmember for District 4. Both councilmembers will serve a term of four years. The remaining three at-large City Council seats are up for election in 2022.

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

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

FINANCIAL INFORMATION

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

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

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

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

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

In November 2015, voters in the City passed Measure W, which increased the sales tax rate within the City by 0.50%. The tax is deposited into the City's General Fund and will be used to pay for City services. This tax revenue is partially used to pay the debt on bonds or other financings to accelerate projects. In February 2020, the City issued \$43.9 million of lease revenue bonds to finance the design and construction of a new Police facility which is due to be fully operational in early January 2022. Furthermore, in June 2021, the City issued \$86.4 million in lease revenue bonds for the construction of a new Civic Center Campus, installation of a solar roof at the City's Corporation Yard and funding of the City's Road Rehabilitation program. The Civic Center Campus will include a new building to house a community library, the City's department of Parks and Recreation, the City Council chambers, and an approximately 1.3 acre community park.

In February 2020, S&P Global Ratings assigned an issuer credit rating of triple A (“AAA”) to the City. AAA is the highest rating possible and is important as higher ratings generally results in lower borrowing costs and the City was able to benefit from this in its FY 2020-21 bond issuance. The AAA rating is a good indicator of the City's strong financial position, solid executive management, fiscally sound policies and practices, and responsible budgetary performance.

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

OTHER INFORMATION

Independent Audit

The City engaged an independent accounting firm to audit the books of accounts, financial records, transactions, and financial statements. Their report covering Fiscal Year 2020-21 is in the Financial Section of this report.

Award

The City’s ACFR for the fiscal year ended June 30, 2020, 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 ACFR 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

Janet Salisbury
Director of Finance

Mike Futrell, City Manager

Mike Futrell
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

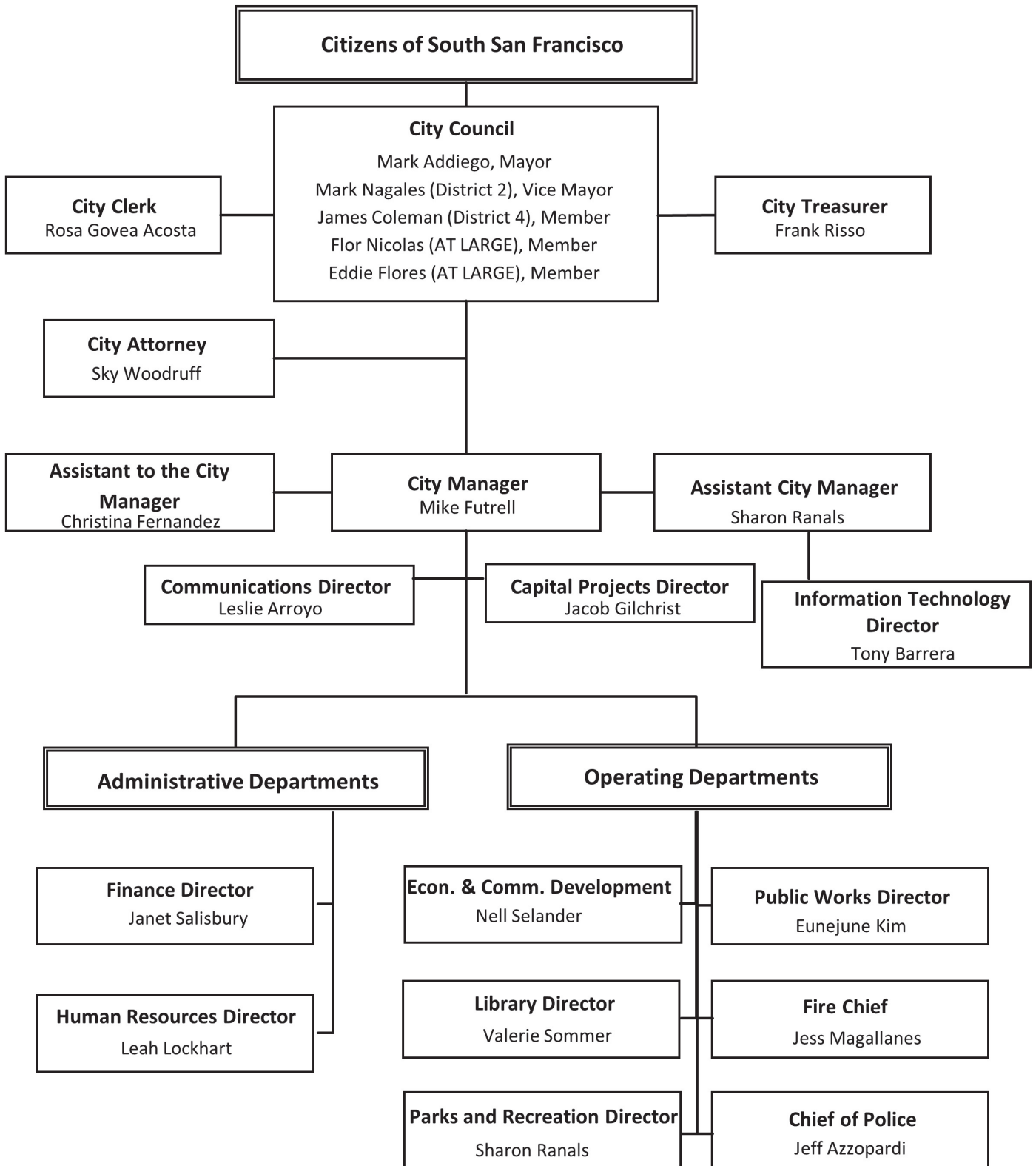
**City of South San Francisco
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



City Council & Directory of Officials*

City Council

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

Elected Officials

Rosa Govea Acosta	City Clerk
Frank Risso	City Treasurer

Appointed Officials

Mike Futrell	City Manager
Sharon Ranals	Assistant City Manager / Parks & Recreation Director
Janet Salisbury	Finance Director
Leslie Arroyo	Communications Director
Jeff Azzopardi	Chief of Police
Tony Barrera	Information Technology Director
Jacob Gilchrist	Capital Projects Director
Nell Selander	Deputy 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 November 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements of the South San Francisco Conference Center Authority (Authority), which represents 0.61%, 1.20%, and 0.77%, respectively, of the assets, net position, and revenue of the primary government. Those financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for 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.

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, 2021, 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.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which became effective during the year ended June 30, 2021 and required the restatement of net position as discussed in Note 1T to the financial statements.

Management also early-adopted the provisions of Governmental Accounting Standards Board Statement No. 98 - *The Annual Comprehensive Financial Report* for the year ended June 30, 2021, which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022 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 the effectiveness of the City's 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.

Mane & Associates

Pleasant Hill, California
January 4, 2022

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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) 2020-21 FINANCIAL HIGHLIGHTS

Summary:

Fiscal Year (FY) 2020-21 proved to be a challenging and unusual year for the City of South San Francisco, both financially and operationally, due to the continuing COVID-19 pandemic which began in early 2020. The various pandemic-related restrictions continued in one form or another well into FY 2020-21, impacting all aspects of society and leading to widespread negative economic impacts for individual citizens, businesses (hospitality, restaurant and retail industries in particular) and government agencies alike. For the City, this meant large declines in some revenue streams such as Transient Occupancy Tax (TOT). In response, the City sought to reduce expenditures, all the while trying to enhance services for the most vulnerable in the community through food drives, testing events, vaccine clinics and rental assistance programs, to name a few.

Just prior to the beginning of the COVID-19 pandemic, S&P Global Ratings (“S&P”) assigned an issuer rating of triple A (“AAA”) to the City which is the highest rating possible and generally results in lower borrowing costs. In a release announcing the rating, S&P noted the City's strong financial position, bolstered by the local economic growth and development momentum seen prior to the pandemic largely fueled by development growth from the biotechnology and housing sectors. It was this sound financial footing, along with solid executive management, fiscally sound policies and practices, and sound budgetary performance that allowed the City to weather the impacts from the COVID-19 pandemic through FY 2020-21.

Part of the federal response to the COVID-19 pandemic was to pass the American Rescue Plan Act (ARPA) in March 2021 which included \$350 billion in stimulus funds for eligible state, local, territorial and Tribal governments. The City of South San Francisco was allocated a total of \$12.3 million in ARPA funds, half of which was received in June 2021 and recorded in its own fund ready to be deployed on City Council approved projects related to the negative economic impacts caused by the pandemic. The second half of the funding is due to be received in June 2022.

The General Fund is the main fund of the City, accounting for principal revenues including taxes, licenses and permits, charges for services, grants and interest income, as well as expenditures related to delivery of public services by City departments such as Police, Fire, Public Works, Parks and Recreation, Library and Administrative Services. Performance of this fund is viewed as the main barometer of the financial health of the City. Compared to the prior year, FY 2020-21 General Funds revenues (excluding transfers in from other funds and special items) decreased by \$7.4 million, or 5.7%.

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

The negative economic impact caused by the global COVID-19 pandemic is the main driver for this reduction, primarily realized in Transient Occupancy Tax (TOT) and charges for services. This was offset partially by continuing upward trends in property tax, reflective of the strong fundamentals of the local economy.

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

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

- Total Net Position for Governmental activities in Fiscal Year (FY) 2020-21 increased by \$27.4 million, or 9.0%, from \$304.7 million to \$332.1 million in comparison to the prior year. The increase is primarily due to further investment in City assets through bond issuance backed by the underlying strength in the local economy generating Measure W tax revenue which is used to make bond repayments as well as for direct funding of public facility projects such as the new Police Station. The growth in assets of \$149.4 million is partially offset by a \$125.4 million increase in liabilities, mainly bond debt - \$100.8 million.
- Total Net Position for Business-Type activities in FY 2020-21 increased by \$16.8 million, or 14.7%, from \$114.0 million to \$130.8 million in comparison to the prior year. The growth in Net Position is due to a \$7.5 million increase in cash and receivable balances at year end as well as a \$21.7 million increase in capital assets due to construction work underway at the City's Water Quality Control Plant (WQCP). This is partially offset by a \$12.7 million increase in liabilities which is mainly due to the loans required to undertake the work at the WQCP.
- City-wide Net Pension Liability to CalPERS for FY ending June 30, 2021 increased by \$12.2 million, or 6.3%, to \$205.3 million from \$193.1 million in the prior year. The liability increase was driven by revised actuarial valuations from CalPERS taking into account member contributions and investment earnings.
- Cash and investments at year end increased \$12.4 million, or 5.0%, compared to the prior year, despite the challenges from the COVID-19 pandemic, from \$246.9 million to \$259.3 million. This reflects the underlying strength in the local economy as the City began to emerge from the impacts of the pandemic during the fiscal year and the prudent policies put in place to control expenditures.
- Expenses from Governmental Activities (excluding transfers) decreased by \$7.9 million, or 5.7%, to \$132.4 million in FY2020-21 from \$140.3 million in the prior year due to savings in the Police department, Public Works, and Parks and Recreation. Expenses from Business-Type Activities increased slightly by \$0.4 million, or 1.3%, to \$28.9 million compared to \$28.5 million in the prior year.

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

- Revenues from Governmental Activities (excluding transfers and special items) decreased by \$10.3 million, or 5.9%, to \$166.2 million in FY 2020-21 from \$176.5 million in the prior year. From a city-wide perspective, revenues from Business-Type Activities (excluding transfers and special items) partially offset this with an increase of \$6.7 million, or 20%, to \$40.7 million in FY2020-21 from \$34.0 million in the prior year.
- Property tax revenues categorized under Governmental Activities continued to increase in FY 2020-21 by \$4.2 million, or 11.0%, to \$41.6 million from \$37.4 million in the prior year. This was primarily due to a property market that remained buoyant and strengthened somewhat during the pandemic as homeowners looked to make improvements or upsize for more space while working from home.
- Sales tax increased by \$1.2 million, or 3.7% to \$33 million in FY 2020-21 from \$31.8 million in the prior year. Early in the fiscal year, shelter-in-place orders related to the COVID-19 pandemic had a negative impact on this category but as the year progressed and vaccines were rolled out, restrictions eased and the local and wider economy began to rebound and spending levels increased, driving a recovery in sales tax revenue. This increase is wholly attributable to growth in local Measure W sales tax revenues.
- Transient Occupancy Tax (“TOT”) has been the most dramatically impacted revenue category as a result of the shelter-in-place orders and travel restrictions put in place in response to the COVID-19 pandemic. Local hotels experienced very high vacancy rates which led to a large reduction in TOT collections. TOT revenue decreased by \$7.1 million, or 51.5%, to \$6.7 million in FY 2020-21 from \$13.8 million in the prior year. As vaccination levels in the population increased and restrictions began to ease during the year, hotel occupancy started to rebound and collections increased accordingly. This trend is expected to continue.
- Licenses and permits revenue for Governmental Funds decreased by a small amount in FY 2020-21 - \$0.3 million, or 2.0%, from \$15.9 million to \$15.6 million. Despite the slight reduction, revenues remain high in this category which is indicative of the continued growth and development throughout the City despite the pandemic. South San Francisco continues to see high levels of new construction, especially in the East of 101 area driven by non-residential and biotechnology companies along with high density residential in the downtown area.
- Total revenues from the City’s Sewer Enterprise increased \$2.0 million, or 6.3% to \$33.8 million from \$31.8 million in the prior year due mainly to greater contributions from other cities to which the City of South San Francisco’s WQCP provides services. The City’s Parking Enterprise experienced a \$0.3 million, or 32.0%, decrease in revenues to \$0.8 million in FY2020-21 compared to \$1.1 million in the prior year due to reduced parking activity caused by mandated restrictions put in place in response to the COVID-19 pandemic.

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

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report (ACFR) 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 of 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 distinct activities of the City.

The Fund Financial Statements report the City's operations in more detail than the government-wide statements. The Governmental Fund Financial Statements focus primarily on the short-term activities of the City's General Fund and other Major Funds and measure only current revenues, expenditures, and fund balances; they exclude capital assets, long-term debt and other long-term amounts. The Proprietary Fund Financial Statements focus on the Business-Type "enterprises" of the City, i.e. activities that are accounted for in a similar way to private sector organizations using the full accrual basis, thereby including both short-term and long-term elements.

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

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.

The Fiduciary Fund Financial Statements provide financial information about the activities of Non-Obligated Assessment Districts, for which the City acts solely as agent.

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

City-wide Financial Statements

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

- ***Governmental activities*** - All of the City's basic services are considered to be governmental activities, including General Government, Fire, Public Works, Parks and Recreation, Library, and Economic and Community Development. These services are supported by general City revenues such as taxes and by specific program revenues from grants, contributions and fees.

The City's Governmental Activities also include the City of South San Francisco Capital Improvements Financing Authority and South San Francisco Public Facilities Financing Authority, as the City Council also governs these entities.

- ***Business-Type Activities*** - All the City's enterprise activities are reported here, including Wastewater treatment (or Sewer), 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.

City-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole and account for revenues when due and expenses when incurred.

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Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually, with all non-Major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-Major funds. Major Funds present the major activities of the City for the year and may change from year to year as a result of changes in the pattern of City 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.

Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis and include all their assets, liabilities and deferred outflows/inflows of resources, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the city-wide 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 Fund Financial 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 2020-21 are presented versus FY 2019-20.

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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 and deferred outflows of resources exceed the total liabilities and deferred inflows of resources as of June 30, 2021 for Governmental Activities:

Governmental Net Position

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

			Increase / (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Cash and investments	\$ 229.1	\$ 219.6	\$ 9.5	4.3%
Other assets	148.7	90.5	58.2	64.3%
Capital assets	<u>383.1</u>	<u>301.5</u>	<u>81.6</u>	<u>27.1%</u>
Total assets	760.9	611.6	149.3	24.4%
Total outflows of resources	<u>31.2</u>	<u>29.4</u>	<u>1.8</u>	<u>6.1%</u>
Total outflow of resources	31.2	29.4	1.8	6.1%
Long-term debt outstanding	157.5	56.8	100.7	177.3%
Other liabilities	<u>301.0</u>	<u>276.3</u>	<u>24.7</u>	<u>8.9%</u>
Total liabilities	458.5	333.1	125.4	37.6%
Deferred inflows of resources	<u>1.6</u>	<u>3.2</u>	<u>(1.6)</u>	<u>(50.0%)</u>
Total deferred inflow of resources	1.6	3.2	(1.6)	(50.0%)
Net position:				
Net investment in capital assets	316.1	296.2	19.9	6.7%
Restricted	160.2	138.7	21.5	15.5%
Unrestricted	<u>(144.2)</u>	<u>(130.2)</u>	<u>(14.0)</u>	<u>10.8%</u>
Total net position	\$ 332.1	\$ 304.7	\$ 27.4	9.0%

The total net position for Governmental Activities increased by \$27.4 million in FY 2020-21 compared to the prior year, reflecting significant increases in assets as shown in table 1. Cash and investments increased by \$9.5 million. Other assets, which includes receivables, properties held for redevelopment and restricted cash and investments, increased by \$58.2 million due to additional proceeds received from issuance of a new bond for construction of the new Civic Center Campus. Capital assets increased by \$81.6 million due to a large increase in Construction-In-Progress related to the new Police Station and other Capital Improvement Plan projects. Pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of \$57.9 million and Net Pension Liability of \$184.8 million attributable to Governmental Activities.

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The following table shows the changes in net position for Governmental Activities:

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

			Increase / (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Revenues				
Program revenues:				
Charges for services	\$ 44.9	\$ 48.8	\$ (3.9)	(8.0%)
Operating grants and contributions	8.0	8.8	(0.8)	(9.1%)
Capital grants and contributions	5.5	4.9	0.6	12.2%
Total program revenues	<u>\$ 58.4</u>	<u>\$ 62.5</u>	<u>\$ (4.1)</u>	<u>(6.6%)</u>
General revenues:				
Taxes:				
Property taxes	\$ 41.6	\$ 37.4	\$ 4.2	11.2%
Sales taxes	33.0	31.8	1.2	3.8%
Transient occupancy taxes	6.7	13.8	(7.1)	(51.4%)
Other taxes	9.1	9.1	0.0	0.0%
Property taxes in lieu	4.9	7.5	(2.6)	(34.7%)
Investment earnings	0.9	6.4	(5.5)	(85.9%)
Miscellaneous	11.6	9.2	2.4	26.1%
Total general revenues	<u>\$ 107.8</u>	<u>\$ 115.2</u>	<u>\$ (7.4)</u>	<u>(6.4%)</u>
Total revenues	<u>\$ 166.2</u>	<u>\$ 177.7</u>	<u>\$ (11.5)</u>	<u>(6.5%)</u>
Expenses				
General government	\$ 19.6	\$ 15.4	\$ 4.2	27.3%
Fire department	34.5	34.5	0.0	0.0%
Police department	33.4	36.1	(2.7)	(7.5%)
Public Works	7.6	17.7	(10.1)	(57.1%)
Parks and Recreation	17.1	19.6	(2.5)	(12.8%)
Library	6.3	6.7	(0.4)	(6.0%)
Economic and Community Development	11.7	9.8	1.9	19.4%
Interest on long-term debt	2.2	0.5	1.7	340.0%
Total expenses	<u>\$ 132.4</u>	<u>\$ 140.3</u>	<u>\$ (7.9)</u>	<u>(5.6%)</u>
Excess / (deficiency) before transfers	<u>\$ 33.8</u>	<u>\$ 37.4</u>	<u>\$ (3.6)</u>	<u>(9.6%)</u>
Special Item	<u>(1.4)</u>	<u>0.3</u>	<u>(1.7)</u>	<u>(618.5%)</u>
Transfers	<u>(5.0)</u>	<u>(8.1)</u>	<u>3.1</u>	<u>(38.3%)</u>
Change in net position	<u>27.4</u>	<u>29.6</u>	<u>(2.2)</u>	<u>(7.3%)</u>
Net position - beginning	<u>304.7</u>	<u>275.1</u>	<u>29.6</u>	<u>10.8%</u>
Net position - ending	<u>\$ 332.1</u>	<u>\$ 304.7</u>	<u>\$ 27.4</u>	<u>9.0%</u>

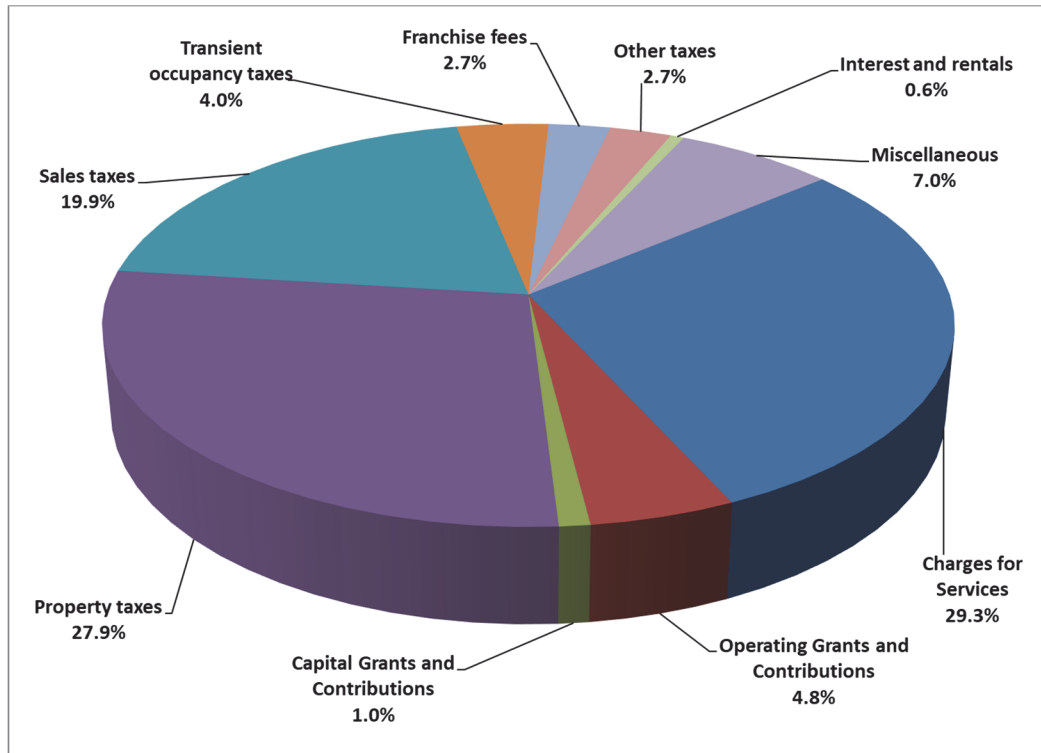
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As shown in table 2, total Governmental revenues (excluding transfers and special items) decreased by \$11.5 million compared to the prior year, primarily due to COVID-19-related impacts on TOT which accounts for more than half (\$7.1 million) of the total reduction in revenue. A decrease was also seen in Property taxes in lieu (\$2.6 million), otherwise known as the California Vehicle Licensing Fee (VLF) – all cities across San Mateo County experienced a shortfall in this category in FY 2020-21 due to a change in the ratio of basic aid to non-basic aid school districts in the county which affects the availability of VLF. Investment earnings also reduced by \$5.5 million to \$0.9 million due to the mark-to-market adjustment required by Governmental Accounting Standards Board (GASB) accounting standard #31. These reductions were partially offset by \$4.2 million and \$1.2 million respective increases in property tax and sales tax. These increases were due to a continued upward trend in property prices despite the pandemic and recovering activity in the local economy.

Chart 1 shows the distribution of revenues from Governmental Activities by category.

Governmental program expenses decreased by \$8.0 million in comparison to the prior year. This is primarily due to a significantly greater adjustment for capital assets during FY 2020-21 particularly with respect to construction in progress of the new Police Station and Civic Center Campus. There were also savings in some General Fund departments including Public Works, Parks and Recreation, and Economic and Community Development which contributed to the reduction in overall Government program expenses.

Chart 1
Revenues by Source - Governmental Activities FY 2020-21



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

Table 3

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

			Increase / (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
General government	\$ (9.8)	\$ (9.2)	\$ (0.6)	6.5%
Fire department	(28.3)	(28.4)	0.1	(0.4%)
Police department	(31.0)	(33.3)	2.3	(6.9%)
Public works department	21.4	15.7	5.7	36.3%
Recreation and community services	(15.3)	(16.0)	0.7	(4.4%)
Library	(2.0)	(5.9)	3.9	(66.1%)
Economic and community development	(6.8)	(0.3)	(6.5)	2166.7%
Interest on long-term debt	(2.2)	(0.5)	(1.7)	340.0%
Total	<u>\$ (74.0)</u>	<u>\$ (77.9)</u>	<u>\$ 3.9</u>	<u>(5.0%)</u>

In FY 2020-21, the net expense for governmental activities decreased by \$3.9 million from \$77.9 million to \$74.0 million, due to \$8.0 million in reductions in Governmental program expenses, as previously discussed, and a \$4.1 million reduction in program revenues primarily in capital grants and contributions.

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Business-Type Activities

Table 4 shows that total assets and deferred outflows of resources exceed the total liabilities and deferred inflows of resources as of June 30, 2021 for Business-Type Activities:

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

			Increase / (Decrease)	
	<u>2021</u>	<u>2020</u>	<u>Amount</u>	<u>%</u>
Cash and Investments	\$ 30.2	\$ 27.3	\$ 2.9	10.6%
Other assets	8.3	3.6	4.7	130.6%
Capital assets	186.4	164.8	21.6	13.1%
Total assets	224.9	195.7	29.2	14.9%
Deferred outflows related to pension/OPEB	3.4	3.3	0.1	3.0%
Total Deferred outflow of resources	3.4	3.3	0.1	3.0%
Long-term liabilities outstanding	57.6	47.8	9.8	20.5%
Other liabilities	39.7	36.8	2.9	7.9%
Total liabilities	97.3	84.6	12.7	15.0%
Deferred inflows related to pension/OPEB	0.2	0.4	(0.2)	(50.0%)
Total deferred inflow of resources	0.2	0.4	(0.2)	(50.0%)
Net position:				
Net investment in capital assets	123.6	112.0	11.6	10.4%
Restricted	0.0	0.0	0.0	0.0%
Unrestricted	7.2	2.0	5.2	100.0%
Total net position	\$ 130.8	\$ 114.0	\$ 16.8	14.7%

The total net position for Business-Type Activities increased by \$16.8 million compared to the prior year. Total assets increased by \$29.2 million, or 14.9%, reflecting increases of capital assets related to construction in the WQCP Wet Weather and Digester Improvements Project and other sewer-related projects. However, total liabilities increased by \$12.7 million due to drawdowns of \$15.0 million on the 2018 Clean Water State Revolving Fund and partially offset by debt service payments on the other outstanding loans. Similar to Governmental Activities and pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of \$6.4 million and Net Pension Liability of \$20.5 million attributable to Business-Type Activities.

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Table 5 below shows the changes in net position for Business-Type Activities:

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

			Increase / (Decrease)	
	2021	2020	Amount	%
Expenses				
Sewer Enterprise	\$ 26.7	\$ 26.2	\$ 0.5	1.9%
Parking District	1.3	1.1	0.2	18.2%
Storm Water	0.9	1.2	(0.3)	(25.0%)
Total expenses	<u>28.9</u>	<u>28.5</u>	<u>0.4</u>	<u>1.4%</u>
Revenues				
Program Revenues				
Charges for Services	25.8	25.7	0.1	0.4%
Operating grants and contributions	14.8	7.4	7.4	100.0%
Total program revenues	<u>40.6</u>	<u>33.1</u>	<u>7.5</u>	<u>22.7%</u>
General revenues				
Investment earnings	0.1	0.8	(0.8)	(93.8%)
Total general revenues	<u>0.1</u>	<u>0.8</u>	<u>(0.8)</u>	<u>(93.8%)</u>
Excess (deficiency) before transfers	11.8	5.4	6.4	117.6%
Transfers	5.0	8.1	(3.1)	(38.3%)
Change in net position	16.8	13.5	3.3	24.1%
Net position - beginning (as adjusted)	<u>114.0</u>	<u>100.5</u>	<u>13.5</u>	<u>13.4%</u>
Net position - ending	<u>\$ 130.8</u>	<u>\$ 114.0</u>	<u>\$ 16.8</u>	<u>14.7%</u>

Expenses from Business-Type Activities in FY2020-21 increased marginally by \$0.4 million to \$28.9 million while total revenues increased by \$6.7 million to \$40.7 million giving rise to a change in net position of \$16.8 million after transfers compared to the \$13.5 million change in net position in the prior year. This \$16.8 million change was primarily attributable to increases in operating grants and contributions which more than offset the reduction in transfers in from other funds.

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

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At June 30, 2021, the City's Governmental Funds reported combined fund balances of \$310.1 million, an increase of \$55.2 million, or 21.7%, compared to the prior year. The General Fund ending fund balance, which includes Measure W, was \$75.7 million, reflecting a decrease of \$9.4 million, or 11.0% primarily due to allocation of Measure W funds towards construction of the new Police Station.

Total Governmental Fund revenues (excluding transfers and special items) decreased by \$10.3 million, or 5.9%, from \$176.5 million to \$166.2 million, with significant decreases in TOT, interest and rentals, and charges for services, all as a direct result of the negative economic impacts of the COVID-19 pandemic.

Total Governmental Fund expenditures (excluding transfers and special items) increased by \$53.4 million or 35.0%, from \$152.7 million to \$206.1 million, primarily stemming from increased project expenditures for the new Police station and new community Civic Center Campus, the latter paid for by issuance of a new bond in FY2020-21. In addition, the City's personnel costs for salaries and benefits increased in accordance with negotiated Memorandums of Understanding and general increases in healthcare costs. These were somewhat offset by departmental savings in other areas.

Comparison of General Fund 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 expenditures 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 (including Measure W). Changes between the adopted and final budgets are shown and explained in table 6:

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Table 6
Comparison of General Fund (excluding transfers) Final Budgets to Original Adopted Budget (in Thousands)

Revenues	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
Property taxes	\$ 41,596	\$ 43,052	\$ 1,456	3.5%	
Sales taxes	29,608	31,208	1,600	5.4%	Sales tax collections proved to be stronger than originally expected - City's sales tax consultant projections indicated higher revenue for the year leading to upward revision
Transient occupancy taxes	7,873	5,904	(1,969)	-25.0%	Travel industry continued to be severely impacted by COVID-19 pandemic further into the year than originally expected leading to downward budget revision
Other taxes	3,118	3,118	-		
Franchise Fee	4,600	4,600	-		
Intergovernmental	2,223	3,261	1,038	46.7%	Reflects \$838k COVID-19 pandemic-related CARES Act federal award to the City, fire and COVID-19-related FEMA reimbursements and various other federal, state and local grants applied for during the year
Interest and rentals	3,828	3,828	-		
Licenses and permits	14,995	14,995	-		
Charges for services	8,012	7,062	(950)	-11.9%	COVID-19 pandemic proved more impactful on various Parks & Recreation services including child care, picnic rentals, and classes and events
Fines and forfeitures	789	789	-		
Other	175	175	-		
Total	\$ 116,817	\$ 117,992	\$ 1,175	1.0%	

Expenditures	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
City Council	\$ 285	\$ 285	\$ -		
City Clerk	1,097	1,097	-		
City Treasurer	145	145	-		
City Attorney	910	910	-		
City Manager	2,163	5,460	3,297	152.4%	General Plan update work, Commission on Racial & Social Equity, East of 101 Community Facilities District work and increased part-time support staff
Finance	3,239	3,640	401	12.4%	Accounts for various purchase orders carried over from the previous FY, funds for Financial Analyst II position and revenue consultant
Non-Departmental	1,044	1,737	693	66.4%	Various programs funded by CARES Act federal award
Human Resources	1,780	2,031	251	14.1%	Accounts for carryover purchase orders, Summer Jobs for Youth (internship) program, and personnel and payroll system (PDS) automation
Economic and Community Development	7,206	9,607	2,401	33.3%	Accounts for various purchase orders carried over from the previous year for plan review and building inspection services, and General Plan work
Fire	29,978	31,010	1,032	3.4%	
Police	31,882	32,020	138	0.4%	
Public Works	5,774	5,857	83	1.4%	
Library	6,048	6,246	198	3.3%	
Parks and Recreation	15,655	16,024	369	2.4%	
Total	\$ 107,206	\$ 116,069	\$ 8,863	8.3%	

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Analysis of Major Governmental Funds

General Fund

In FY 2020-21, total General Fund revenues, excluding transfers in, were \$123.5 million which was \$5.5 million, or 4.7% higher than the final amended budget. Total General Fund expenditures, excluding transfers out, ended FY 2020-21 at \$108.9 million which was \$7.2 million, or 6.2%, lower than final budget due to savings realized in multiple departments.

As of June 30, 2021, the General Fund total fund balance was \$75.7 million, \$7.9 million of which was attributable to Measure W. Of the remaining fund balance, \$21.8 million was held in reserve in accordance with city policy which is aligned with the Governmental Finance Officers Association (GFOA) recommended reserve practice of between 15-20 percent of General Fund operating revenue. The remaining \$46.0 million was held in designation/reserve accounts for various purposes including unassigned fund balance (available for operational use), encumbrances (committed expenditure items), capital projects and land held for development. The unassigned reserves are designated by the City Council based on the City's Reserves Policy and include funds for economic contingencies, potential catastrophe and budget contingencies.

Revenues. Property tax collections in FY 2020-21 were \$44.2 million, which was \$1.2 million or 2.8% over final budget. This was mainly due to higher than expected increases in assessed values and new properties added to the tax roll despite the COVID-19 pandemic.

Sales tax revenue, including Measure W, was \$32.7 million, which was \$1.5 million or 4.9% over final budget, proving much more resilient through the pandemic than originally expected, and reflecting a rebound in the local economy as restrictions eased as the fiscal year progressed.

Transient occupancy taxes came in at \$6.7 million, which was \$0.8 million or 13.7% over final budget. This category was budgeted very conservatively due to the severe impact of the pandemic on the hospitality industry seen in Q4 of FY2019-20. As vaccination rates increased during FY2020-21 and restrictions eased, TOT collections began to improve giving rise to final collections higher than budget. By way of contrast, pre-pandemic TOT levels were approximately \$17 million (FY2018-19).

Intergovernmental revenues were \$4.3 million, \$1.1 million, or 32.6%, higher than final budget mainly due to greater than expected reimbursements from the California Office of Emergency Services for fire-related activities.

Licenses and permits revenues were \$15.6 million, which was \$0.6 million or 4.0% over final budget. The continued strong demand for licenses and permits was primarily attributable to non-residential and bio-tech development in the East of 101 area and high density residential development in the downtown area.

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Charges for services was \$6.5 million, which was \$0.5 million or 7.7% below budget, due to the continued negative impacts of the pandemic with respect to classes and events, child care services and rentals.

Measure W revenue increased by \$1.7 million, or 14.5%, from \$11.7 million in FY2019-20 to \$13.4 million in FY 2020-21 largely due to the improving local economy as COVID-19 restrictions eased during the course of the year enabling spending patterns of city residents to return to more normal levels.

Expenditures. Higher than expected expenditures for the City Manager's Office is due to professional services related to updating the City's General Plan, and the Fire Department as a result of additional overtime costs related to wildfire and COVID-19 emergency response activities. Much of this was offset by savings in other departments. Compared to the prior year, General Fund expenditures, excluding transfers, increased slightly from \$113.4 million to \$114.5 million (including encumbrances), driven by a return to a more normal level of services during the year as the city opened up following easing of COVID-19-related restrictions, but yielded a \$1.6 million positive variance versus final budget.

City Housing Fund

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

As of June 30, 2021, the fund balance was \$3.2 million, a reduction from \$6 million at the end of the prior year. In FY 2020-21, the City Housing Fund received \$0.2 million in revenues. The fund had \$3.0 million in expenditures, \$2.5 million of which was for a developer loan for the development of below market rate housing units at 201-219 Grand Avenue, \$0.2 million for rental assistance to households severely impacted by the COVID-19 pandemic, and the remainder for administrative staff costs to support the City's Housing Division.

Capital Improvement Funds

The City consolidates and reports its governmental fund-type capital project expenditures in these funds. 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.

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Resources also come from federal, state, and local grants, contributions from other cities, utilities and private developers. From time to time and when financially feasible and prudent to do so, the City issues bonds which generate proceeds for large-scale public facility projects. In addition to the bond issuance in FY2019-20 for the new Police station, the City issued \$86.4 million in bonds to fund the construction of the new Civic Center Campus, installation of a solar roof at the City's Corporation Yard and for the City's Road Rehabilitation Program. Entire capital projects are appropriated in one-year, but expended over multiple years, with unspent appropriations carried forward year-to-year until completion. In FY 2020-21, combined ending fund balance for Capital Improvement Funds (excluding Impact Fee Funds) was \$136.9 million which increased \$60.7 million from the combined ending fund balance of \$76.2 million in the prior year. The increase was due to the issuance of the Civic Center Campus Phase II bonds which generated \$104 million in proceeds. This increase to fund balance was partially offset by approximately \$40 million of construction-related expenditures for the new police station during the year and \$3 million in transfers out to fund street-related capital projects from the Capital Infrastructure Reserve Fund.

Developer Impact Fees

To ensure developers pay their fair share of the impact of new developments on the City's capital and infrastructure, the City imposes impact fees. Despite the COVID-19 pandemic, in FY2020-21, South San Francisco continued to experience a robust development environment that accounted for significant collection of developer impact fees and interest earned including \$0.5 million in East of 101 Sewer Impact Fees to be used to maintain the sewer collection and treatment facilities serving the east of 101 area. This fund experienced an overall \$1.3 million decrease in fund balance from \$5.4 million to \$4.1 million due to the transfers out to fund those capital projects.

Park Construction Impact Fees received amounted to \$3.1 million which is to be used for the improvements and construction of City park facilities. After transfers out to fund these capital projects, fund balance ended at \$5.3 million, an increase from \$2.3 million in the prior year.

Commercial Linkage Impact Fees received were \$5.4 million which is to be used to provide affordable housing and to support the City's adopted 2015-2023 Housing Element. After transfers out to fund these projects, fund balance rose to \$10.2 million in FY 2020-21 from \$8.0 million in the prior year.

In FY 2020-21, the City also received \$2 million in Traffic Impact Fees to be used for expanded roadway and intersection improvements serving the east of 101 area, \$0.6 million in Child Care Impact Fees to be used for new and expanded childcare facilities in the City, \$0.2 million in Public Safety Impact Fees to be used for new and expanded public safety capital facility projects and equipment, \$0.8 million in Park Land Acquisition Fees to be used to acquire land for parks within the City, and \$8.9 million in Oyster Point Development Impact Fees to be used for interchange projects in the Oyster Point area.

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

Other Governmental Funds

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

Enterprise Funds

Sewer Enterprise Fund

The Sewer Enterprise fund reported operating revenue (before non-operating revenues and operating transfers) of \$33.8 million in FY2020-21, an increase of \$2.7 million, or 8.6%, from \$31.2 million in the prior year, reflecting an increase in the amount contributed by other cities receiving wastewater treatment services from the City of South San Francisco's Wastewater Quality Control Plant (WQCP). Operating expenses increased \$0.6 million, or 2.0%, from \$ 25.5 million to \$26.1 million, reflecting the impact of increases in employee compensation along with slight increases in normal expenses like professional services and supplies.

Parking District Fund

In FY 2020-21, the Parking District fund reported an operating loss (before non-operating revenues and operating transfers) of \$0.6 million which was an increase on the loss seen in the prior year of \$0.2 million. Operating revenues decreased by \$0.2 million, or 20.0%, from \$1.0 million to \$0.8 million, primarily due to reduced usage of parking meters during the first half of the year when COVID-19-related restrictions remained in force. Operating expenses increased by \$0.2 million, or 19.6% from \$1.1 million to \$1.3 million due to higher personnel costs and professional services expenses.

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, which is flat compared to the prior year, primarily from a levy on property owners. Transfers in from other funds totaled \$0.9 million - \$0.2 million from the General Fund and \$0.7 million from non-Major Governmental Funds. A one-off grant receivable for \$5.7 million was recorded in the year related to the Orange Memorial Park storm water capture CIP project. Operating expenses in this fund totaled \$0.9 million, down \$0.3 million, or 24.0%, from \$1.2 million in the prior year. Net position increased \$6.1 million from \$5.4 million to \$11.5 million, largely due to the grant received.

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

CAPITAL ASSETS

Generally accepted accounting principles require the City to add infrastructure to its reportable capital assets. Infrastructure includes streets, drainage systems, and traffic control and safety devices. The City has successfully reported on the depreciated value of all such assets acquired or built since 1980. The City reports the depreciated book value of other types of capital assets such as buildings, land, equipment and furniture, on the City-wide Statement of Net Position. Such information is summarized below and is more completely detailed in Note 3 to the Basic Financial Statements. The City depreciates all of its capital assets, except land and construction in progress.

At June 30, 2021, the City had \$569.5 million in capital assets, net of depreciation, representing a substantial increase of \$103.2 million from the prior year, driven primarily by in progress construction projects such as the new Police station.

The City's various capital asset types used in Governmental and Business-Type Activities, are illustrated in Table 7:

Table 7
Capital Assets (in Millions) at June 30

	2021	2020	Amount	%
Governmental Activities:				
Land	\$ 66.7	\$ 66.7	\$ -	0.0%
Buildings and improvements	97.4	96.3	1.1	1.1%
Equipment and vehicles	24.5	24.4	0.1	0.4%
Furniture and fixtures	2.6	2.6	0.0	0.0%
Infrastructure - streets	200.9	200.1	0.8	0.4%
Infrastructure - traffic control devices	12.6	12.6	0.0	0.0%
Infrastructure - storm drains	8.9	8.9	0.0	0.0%
Construction in progress	160.4	71.4	89.0	124.6%
Less accumulated depreciation	(190.9)	(181.5)	(9.4)	5.2%
Totals	<u>\$ 383.1</u>	<u>\$ 301.5</u>	<u>\$ 81.6</u>	<u>27.1%</u>
Business-Type Activities				
Land	\$ 0.8	\$ 0.8	\$ -	0.0%
Buildings and improvements	80.1	67.1	13.0	19.4%
Clean water facilities and transmission lin	79.9	79.9	0.0	0.0%
Infrastructure - storm drains	6.2	6.2	0.0	0.0%
Infrastructure - streets	7.4	7.3	0.1	1.4%
Equipment and vehicles	18.5	18.5	0.0	0.0%
Construction in progress	68.9	55.4	13.5	24.4%
Less accumulated depreciation	(75.4)	(70.4)	(5.0)	7.1%
Totals	<u>\$ 186.4</u>	<u>\$ 164.8</u>	<u>\$ 21.6</u>	<u>13.1%</u>
Total City	\$ 569.5	\$ 466.3	\$ 103.2	22.1%

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

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 shown in table 8 (excluding unamortized bond premiums):

Table 8
Outstanding Debt
(In Millions) at June 30

Governmental Activities			Increase / (Decrease)	
	2021	2020	Amount	%
Lease Revenue Bonds	\$ 129.4	\$ 43.9	\$ 85.5	100.0%
Plus: Unamortized Bond Premium	27.6	9.9	17.7	100.0%
Loan payable to Successor Agency	3.6	3.6	0.0	0.0%
Capital leases	0.3	0.5	(0.2)	(40.0%)
Total Governmental Activities Outstanding Debt	\$ 160.9	\$ 57.9	\$ 103.0	177.9%
Business-type Activities				
State Water Resources Board loans	\$ 60.5	\$ 50.1	\$ 10.4	20.8%
2005 Sewer Bonds	2.3	2.7	(0.4)	(14.8%)
Total Business-type Activities Outstanding Debt	\$ 62.8	\$ 52.8	\$ 10.0	18.9%

In June 2021, the City of South San Francisco Public Facilities Financing Authority issued \$86.4 million in lease revenue bonds, Series 2021A, for the construction of the new Civic Center Campus, installation of a solar roof at the City's Corporation Yard, and expansion and implementation of the City's Road Rehabilitation Program. The City received a total of \$104 million in proceeds from this issuance, of which \$78 million, \$2 million and \$24 million was allocated to the three projects respectively.

The increase of \$10.0 million in Business-Type Activities outstanding debt stems from the drawdown of an additional \$15.0 million State Water Resources Board loan and the retirement of \$5.0 million during FY 2020-21.

The largest remaining debt obligations are the following:

- 1999, 2004, 2008 State Water Resources Control Board Loans – Original debt: \$78,144,286; 2.4% to 2.6% interest rate; due 8/1/22, 4/30/26, 7/15/28. These loans were used to improve and expand the City's Water Quality Control Plant (WQCP). Loan proceeds were issued as projects progressed. Debt service payment commenced one year after project completion. WQCP user fees support the debt service payments. Because of the regional benefits and equity interest in these projects, the City of San Bruno shares in the loan repayments for the first two of the four current loans.

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

- 2018 State Water Resources Control Board Loan - Original debt: \$53,403,000; 1.8% interest rate; due October 3, 2042. The loan proceeds are being used for the WQCP Wet Weather and Digester project. Loan proceeds have been issued over time as projects progressed. Debt service payments are due to commence on October 3, 2023, one year after project completion. WQCP user fees support the debt service payments.

- 2020A Lease Revenue Bonds - Original debt: \$43,905,000; premium received: \$10,242,530; 4 - 5% interest rate; due June 1, 2046. The bonds were used for Phase I of the Civic Center Campus project consisting of the planning and construction of a new Police Station and Dispatch Center for the City of South San Francisco. Measure W sales tax revenue will fund the repayments.

- 2021A Lease Revenue Bonds - Original debt: \$86,410,000; premium received: \$18,116,565; 4% interest rate; due June 1, 2046. \$78,000,000 of the bond proceeds are to be used for Phase II of the Civic Center Campus project consisting of the design and construction of the new library, parks and recreation center, council chambers and landscaping of the immediate surrounding area. \$24,000,000 will be used for road pavement rehabilitation throughout the City, and \$2,000,000 will be used for solar roof installation at the City's Corporation Yard. Measure W sales tax revenue will fund the repayments.

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

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CITY OF SOUTH SAN FRANCISCO

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

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

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

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

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

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

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

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

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CITY OF SOUTH SAN FRANCISCO
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
ASSETS				
Cash and investments (Note 2)	\$229,061,652	\$30,244,358	\$259,306,010	\$3,322,418
Receivables:				
Accounts	13,502,034	7,777,434	21,279,468	211,818
Accrued interest	606,062	71,491	677,553	
Loans	1,419,000		1,419,000	
Due from Conference Center	62,516		62,516	
Deposits	309,790		309,790	20,805
Inventory	4,099		4,099	
Restricted cash and investments (Note 2)	116,473,585	339,031	116,812,616	
Properties held for redevelopment (Note 1N)	16,354,141		16,354,141	
Capital assets (Note 3):				
Nondepreciable	227,105,870	69,727,000	296,832,870	
Depreciable, net accumulated depreciation	156,018,402	116,707,401	272,725,803	2,537,986
Total Assets	<u>760,917,151</u>	<u>224,866,715</u>	<u>985,783,866</u>	<u>6,093,027</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 7)	25,259,482	2,806,609	28,066,091	
Related to OPEB (Note 9)	5,948,833	660,981	6,609,814	
Total Deferred Outflows of Resources	<u>31,208,315</u>	<u>3,467,590</u>	<u>34,675,905</u>	
LIABILITIES				
Accounts payable	10,634,035	4,468,179	15,102,214	174,980
Accrued salaries and benefits	2,835,241		2,835,241	57,771
Accrued interest payable	424,820	304,993	729,813	
Other payables	6,415,191	1,860,397	8,275,588	
Deposits	3,541,257	7,500	3,548,757	258,386
Unearned revenue	6,260,975	33,027	6,294,002	
Accrued insurance losses (Note 11):				
Due within one year	2,878,797		2,878,797	
Due in more than one year	12,871,000		12,871,000	
Compensated absences obligation (Note 1L):				
Due within one year	4,612,735	522,162	5,134,897	
Due in more than one year	4,422,038	354,833	4,776,871	
Debt and capital lease obligations (Note 5):				
Due within one year	3,330,892	5,173,954	8,504,846	
Due in more than one year	157,530,178	57,631,505	215,161,683	
Net OPEB Liability - due in more than one year (Note 9)	57,935,336	6,437,260	64,372,596	
Net pension liability - due in more than one year (Note 7)	184,769,905	20,529,990	205,299,895	
Total Liabilities	<u>458,462,400</u>	<u>97,323,800</u>	<u>555,786,200</u>	<u>491,137</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 7)	136,968	15,219	152,187	
Related to OPEB (Note 9)	1,418,330	157,592	1,575,922	
Total Deferred Inflows of Resources	<u>1,555,298</u>	<u>172,811</u>	<u>1,728,109</u>	
NET POSITION (Note 6)				
Net investment in capital assets	316,169,957	123,628,942	439,798,899	2,537,986
Restricted for:				
Debt service				
Special revenue projects	35,439,592		35,439,592	
Capital projects	108,325,323		108,325,323	
Redevelopment and community development activities	16,354,141		16,354,141	
Total Restricted Net Position	<u>160,119,056</u>		<u>160,119,056</u>	
Unrestricted	(144,181,245)	7,208,752	(136,972,493)	3,063,904
Total Net Position	<u>\$332,107,768</u>	<u>\$130,837,694</u>	<u>\$462,945,462</u>	<u>\$5,601,890</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$19,611,586	\$6,968,307	\$2,853,630	
Fire	34,492,838	5,952,872	243,934	
Police	33,376,962	1,642,726	739,919	
Public Works	7,567,745	24,859,635	2,398,574	\$1,704,698
Parks and Recreation	17,159,696	1,165,630	733,120	
Library	6,274,811	19,037	398,910	3,794,000
Economic and Community Development	11,728,168	4,275,808	653,871	
Interest on long term debt	2,200,344			
Total Governmental Activities	132,412,150	44,884,015	8,021,958	5,498,698
Business-type Activities				
Sewer	26,644,459	24,705,044	9,138,461	
Parking District	1,338,092	764,514		
Storm Water	922,057	410,745	5,676,999	
Total Business-type Activities	28,904,608	25,880,303	14,815,460	
Total Primary Government	\$161,316,758	\$70,764,318	\$22,837,418	\$5,498,698
Component Unit				
Conference Center	\$2,880,898	\$195,667		

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
- Miscellaneous

Special Item:

- Remittance of land sale proceeds to taxing entities

Transfers (Note 4)

Total general revenues, special item and transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
(\$9,789,649)		(\$9,789,649)	
(28,296,032)		(28,296,032)	
(30,994,317)		(30,994,317)	
21,395,162		21,395,162	
(15,260,946)		(15,260,946)	
(2,062,864)		(2,062,864)	
(6,798,489)		(6,798,489)	
(2,200,344)		(2,200,344)	
<u>(74,007,479)</u>		<u>(74,007,479)</u>	
	\$7,199,046	7,199,046	
	(573,578)	(573,578)	
	5,165,687	5,165,687	
	<u>11,791,155</u>	<u>11,791,155</u>	
<u>(74,007,479)</u>	<u>11,791,155</u>	<u>(62,216,324)</u>	
			<u>(\$2,685,231)</u>
41,561,039		41,561,039	
33,039,229		33,039,229	
6,710,271		6,710,271	1,385,545
4,498,202		4,498,202	
4,529,764		4,529,764	
49,785		49,785	
4,888,696		4,888,696	
941,856	52,623	994,479	458
11,602,214		11,602,214	3,800
(1,378,533)		(1,378,533)	
(4,984,746)	4,984,746		
<u>101,457,777</u>	<u>5,037,369</u>	<u>106,495,146</u>	<u>1,389,803</u>
27,450,298	16,828,524	44,278,822	(1,295,428)
<u>304,657,470</u>	<u>114,009,170</u>	<u>418,666,640</u>	<u>6,897,318</u>
<u>\$332,107,768</u>	<u>\$130,837,694</u>	<u>\$462,945,462</u>	<u>\$5,601,890</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 2021. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

LOW AND MODERATE INCOME HOUSING ASSETS SPECIAL REVENUE FUND

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

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

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

EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND

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

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 and other areas of the City.

CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND

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

DEVELOPER DEPOSIT FUND

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

CAPITAL INFRASTRUCTURE RESERVE FUND

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

CAPITAL IMPROVEMENT POLICE STATION CAPITAL PROJECTS FUND

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

FUND FINANCIAL STATEMENTS (Continued)
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CAPITAL IMPROVEMENT CIVIC CAMPUS CAPITAL PROJECTS FUND

To account for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the City's new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2021A Bonds.

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**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

Capital Projects Funds

	General Fund	Low and Moderate Income Housing Assets	Capital Improvement	East of 101 Sewer Impact Fees	Traffic Impact Fees
ASSETS					
Cash and investments (Note 2)	\$56,463,292	\$2,493,621	\$1,207,091	\$4,130,668	\$24,422,340
Receivables:					
Accounts	10,529,164	5,732	2,265,306		
Accrued interest	164,535	11,907		13,611	67,970
Due from Conference Center	62,516				
Loans		714,034			
Inventory	4,099				
Restricted cash and investments (Note 2)	152,797		26,000,000		
Properties held for redevelopment (Note 1N)	16,354,141				
Total Assets	\$83,730,544	\$3,225,294	\$29,472,397	\$4,144,279	\$24,490,310
LIABILITIES					
Liabilities:					
Accounts payable	\$3,200,919	\$100	\$1,057,542		
Accrued salaries and benefits	2,835,241				
Other payable	797,807		1,992,909		
Deposits	927,576				
Unearned revenue	210,000		171,504		
Total Liabilities	7,971,543	100	3,221,955		
FUND BALANCE					
Fund Balances (Note 6):					
Nonspendable	4,099				
Restricted	16,354,141	3,225,194	26,000,000	\$4,144,279	\$24,490,310
Committed	12,372,202				
Assigned	5,431,178		250,442		
Unassigned	41,597,381				
Total Fund Balances (Deficits)	75,759,001	3,225,194	26,250,442	4,144,279	24,490,310
Total Liabilities and Fund Balances (Deficits)	\$83,730,544	\$3,225,294	\$29,472,397	\$4,144,279	\$24,490,310

See accompanying notes to basic financial statements

Capital Projects Funds

<u>Child Care Impact Fees</u>	<u>Developer Deposit</u>	<u>Capital Infrastructure Reserve</u>	<u>Capital Improvement Police Station</u>	<u>Capital Improvement Civic Campus</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$6,770,214		\$25,813,755		\$2,941,651	\$66,875,936	\$191,118,568
					670,805	13,471,007
18,112		80,865			146,082	503,082
					704,966	1,419,000
						4,099
			\$11,651,459	78,660,144	9,185	116,473,585
						16,354,141
<u>\$6,788,326</u>		<u>\$25,894,620</u>	<u>\$11,651,459</u>	<u>\$81,601,795</u>	<u>\$68,406,974</u>	<u>\$339,405,998</u>
			\$2,602,531	\$2,941,651	\$443,737	\$10,246,480
			2,260,280	685,011	661,368	2,835,241
					2,613,681	6,397,375
					5,879,471	3,541,257
						6,260,975
			4,862,811	3,626,662	9,598,257	29,281,328
						4,099
\$6,788,326			6,788,648	77,975,133	58,808,717	224,574,748
		\$25,894,620				12,372,202
						31,576,240
						41,597,381
<u>6,788,326</u>		<u>25,894,620</u>	<u>6,788,648</u>	<u>77,975,133</u>	<u>58,808,717</u>	<u>310,124,670</u>
<u>\$6,788,326</u>		<u>\$25,894,620</u>	<u>\$11,651,459</u>	<u>\$81,601,795</u>	<u>\$68,406,974</u>	<u>\$339,405,998</u>

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021**

Total fund balances reported on the governmental funds balance sheet \$310,124,670

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. 378,171,535

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. 24,842,774

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	(160,575,541)
Interest payable	(424,820)
Deferred outflows related pension	25,259,482
Deferred outflows related to OPEB	5,948,833
Net OPEB liability	(57,935,336)
Net pension liability	(184,769,905)
Deferred inflows related to OPEB	(1,418,330)
Deferred inflows related to pension	(136,968)
Non-current portion of compensated absences	<u>(6,978,626)</u>

Net position of governmental activities \$332,107,768

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, 2021**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds		
			Capital Improvement	East of 101 Sewer Impact Fees	Traffic Impact Fees
REVENUES					
Property taxes	\$44,239,406				
Sales taxes	32,749,447				
Transient occupancy taxes	6,710,271				
Franchise Fees	4,498,202				
Other taxes	4,529,764				
Intergovernmental	4,323,151		\$1,406,253		
Interest and rentals	3,063,987	\$178,385		\$8,886	\$44,479
Licenses and permits	15,589,002				
Charges for services	6,518,254		144,241	443,483	1,962,094
Fines and forfeitures	535,750				
Other	731,752				
Total Revenues	123,488,986	178,385	1,550,494	452,369	2,006,573
EXPENDITURES					
Current:					
City Council	224,257				
City Clerk	956,698				
City Treasurer	38,705				
City Attorney	987,044				
City Manager	3,993,952				
Finance	2,917,393				
Non-departmental	1,336,201			1,850	
Human Resources	1,654,369				
Fire	31,817,325				
Police	30,959,959				
Public Works	5,731,652		22,098,648		1,850
Parks and Recreation	15,795,645				
Library	5,903,883				
Economic and Community Development	6,560,605	2,963,255			
Other					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures	108,877,688	2,963,255	22,098,648	1,850	1,850
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,611,298	(2,784,870)	(20,548,154)	450,519	2,004,723
OTHER FINANCING SOURCES (USES)					
Loss on sale of property	(818,692)				
Issuance of debt			21,470,859		
Bond premium			4,529,141		
Transfers in (Note 4B)	2,272,021		20,562,947		
Transfers out (Note 4B)	(24,041,188)			(1,714,080)	(2,530,159)
Total Other Financing Sources (Uses)	(22,587,859)		46,562,947	(1,714,080)	(2,530,159)
Net Change in Fund Balances before special items	(7,976,561)	(2,784,870)	26,014,793	(1,263,561)	(525,436)
SPECIAL ITEMS					
Remittance of land sale proceeds	(1,378,533)				
Net Change in Fund Balances	(9,355,094)	(2,784,870)	26,014,793	(1,263,561)	(525,436)
Fund balances (deficits) - July 1	85,114,095	6,010,064	235,649	5,407,840	25,015,746
Fund balances (deficits) - June 30	\$75,759,001	\$3,225,194	\$26,250,442	\$4,144,279	\$24,490,310

See accompanying notes to financial statements

Capital Projects Funds						
Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve	Capital Improvements Police Station	Capital Improvements Civic Campus	Other Governmental Funds	Total Governmental Funds
					\$2,210,329	\$46,449,735
					751,698	33,501,145
						6,710,271
						4,498,202
					1,769,050	6,298,814
\$12,236	\$890	\$54,022	\$117,606		12,137,869	17,867,273
					139,900	3,620,391
629,882		250,000				15,589,002
					13,243,459	23,191,413
						535,750
					7,161,396	7,893,148
<u>642,118</u>	<u>890</u>	<u>304,022</u>	<u>117,606</u>		<u>37,413,701</u>	<u>166,155,144</u>
						224,257
						956,698
						38,705
						987,044
						3,993,952
						2,917,393
1,850						1,339,901
						1,654,369
						31,817,325
			39,933,467		60,897	70,954,323
		672,521		\$12,444,256	10,552,327	51,501,254
						15,795,645
						5,903,883
					1,703,643	11,227,503
					3,490,091	3,490,091
						975,000
					475,260	2,307,460
<u>1,850</u>		<u>672,521</u>	<u>39,933,467</u>	<u>12,919,516</u>	<u>18,614,158</u>	<u>206,084,803</u>
<u>640,268</u>	<u>890</u>	<u>(368,499)</u>	<u>(39,815,861)</u>	<u>(12,919,516)</u>	<u>18,799,543</u>	<u>(39,929,659)</u>
					(1,899,999)	(2,718,691)
					64,939,141	86,410,000
					13,587,424	18,116,565
					12,368,084	37,970,252
(37,150)	(17,678)	(3,100,805)			(11,761,021)	(43,202,081)
<u>(37,150)</u>	<u>(17,678)</u>	<u>(3,100,805)</u>		<u>90,894,649</u>	<u>(10,893,820)</u>	<u>96,576,045</u>
603,118	(16,788)	(3,469,304)	(39,815,861)	77,975,133	7,905,723	56,646,386
						(1,378,533)
603,118	(16,788)	(3,469,304)	(39,815,861)	77,975,133	7,905,723	55,267,853
6,185,208	16,788	29,363,924	46,604,509		50,902,994	254,856,817
<u>\$6,788,326</u>		<u>\$25,894,620</u>	<u>\$6,788,648</u>	<u>\$77,975,133</u>	<u>\$58,808,717</u>	<u>\$310,124,670</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, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$55,267,853

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	90,966,379
Current year depreciation	(8,581,603)

Long-Term Debt Payments

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Proceeds from issuance of bonds	(86,410,000)
Bond premium	(18,116,565)

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	975,000
Amortization of premium is added back to fund balance	379,353

Accrual of Non-Current Items

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

Interest payable	(272,237)
Compensated absences	(559,402)
Net pension liability, deferred outflows and inflows of resources	(6,449,922)
Net OPEB liability, deferred outflows and inflows of resources	(1,073,433)

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.

1,324,875

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$27,450,298

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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Resources (inflows):				
Property taxes	\$41,595,650	\$43,051,499	\$44,239,406	\$1,187,907
Sales taxes	29,608,000	31,208,000	32,749,447	1,541,447
Transient occupancy taxes	7,872,437	5,904,328	6,710,271	805,943
Franchise fees	4,600,000	4,600,000	4,498,202	(101,798)
Other taxes	3,118,206	3,118,206	4,529,764	1,411,558
Intergovernmental	2,222,769	3,260,631	4,323,151	1,062,520
Interest and rentals	3,827,794	3,827,794	3,063,987	(763,807)
Licenses and permits	14,995,496	14,995,498	15,589,002	593,504
Charges for services	8,011,656	7,061,654	6,518,254	(543,400)
Fines and forfeitures	789,249	789,249	535,750	(253,499)
Other	175,341	175,341	731,752	556,411
	<u>116,816,598</u>	<u>117,992,200</u>	<u>123,488,986</u>	<u>5,496,786</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
City Council	284,561	284,561	224,257	60,304
City Clerk	1,096,594	1,096,593	1,016,698	79,895
City Treasurer	145,524	145,525	38,705	106,820
City Attorney	910,049	910,049	987,044	(76,995)
City Manager	2,163,106	5,459,829	6,214,173	(754,344)
Finance	3,239,292	3,639,551	3,442,495	197,056
Non-departmental	1,044,277	1,737,423	1,366,323	371,100
Human Resources	1,779,644	2,031,504	1,889,976	141,528
Fire	29,978,036	31,010,490	32,023,646	(1,013,156)
Police	31,882,490	32,020,244	30,984,959	1,035,285
Public Works	5,774,064	5,856,707	5,973,424	(116,717)
Parks and Recreation	15,654,905	16,024,167	15,978,135	46,032
Library	6,048,132	6,245,898	5,903,883	342,015
Economic and Community Development	7,205,824	9,606,747	8,415,150	1,191,597
	<u>107,206,498</u>	<u>116,069,288</u>	<u>114,458,868</u>	<u>1,610,420</u>
OTHER FINANCING SOURCES (USES)				
Loss from sale of capital assets			(818,692)	(818,692)
Transfers in (Note 4B)	1,314,915	2,323,871	2,272,021	(51,850)
Transfers out (Note 4B)	(8,443,371)	(41,616,511)	(24,041,188)	17,575,323
	<u>(7,128,456)</u>	<u>(39,292,640)</u>	<u>(22,587,859)</u>	<u>16,704,781</u>
	<u>(7,128,456)</u>	<u>(39,292,640)</u>	<u>(22,587,859)</u>	<u>16,704,781</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	2,481,644	(37,369,728)	(13,557,741)	23,811,987
SPECIAL ITEM				
Remittance of land sale proceeds			(1,378,533)	(1,378,533)
NET CHANGE IN FUND BALANCE	<u>\$2,481,644</u>	<u>(\$37,369,728)</u>	<u>(14,936,274)</u>	<u>\$22,433,454</u>
Fund Balance - July 1			85,114,095	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>5,581,180</u>	
Fund Balance - June 30			<u>\$75,759,001</u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
LOW AND MODERATE INCOME HOUSING ASSETS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest and rental	\$167,000	\$167,000	\$178,385	\$11,385
Other	<u>140,000</u>	<u>140,000</u>		<u>(140,000)</u>
Total Revenues	<u>307,000</u>	<u>307,000</u>	<u>178,385</u>	<u>(128,615)</u>
EXPENDITURES:				
Current:				
Economic and Community Development	<u>543,400</u>	<u>3,482,860</u>	<u>2,974,405</u>	<u>508,455</u>
Total Expenditures	<u>543,400</u>	<u>3,482,860</u>	<u>2,974,405</u>	<u>508,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(236,400)</u>	<u>(3,175,860)</u>	<u>(2,796,020)</u>	<u>379,840</u>
NET CHANGE IN FUND BALANCE	<u>(\$236,400)</u>	<u>(\$3,175,860)</u>	(2,796,020)	<u>\$379,840</u>
Fund balance - July 1			6,010,064	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>11,150</u>	
Fund balance - June 30			<u>\$3,225,194</u>	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

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, 2021**

	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)	\$25,660,505	\$3,593,736	\$990,117	\$30,244,358	\$37,943,084
Receivables:					
Accounts	2,902,339		4,875,095	7,777,434	31,027
Accrued interest	55,441	10,517	5,533	71,491	102,980
Deposits					309,790
Restricted cash and investments (Note 2)	339,031			339,031	
Total current assets	28,957,316	3,604,253	5,870,745	38,432,314	38,386,881
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	61,706,481	421,149	7,599,370	69,727,000	
Depreciable, net accumulated depreciation	105,329,860	9,764,615	1,612,926	116,707,401	4,952,737
Total non-current assets	167,036,341	10,185,764	9,212,296	186,434,401	4,952,737
Total Assets	195,993,657	13,790,017	15,083,041	224,866,715	43,339,618
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7)	2,806,609			2,806,609	
Related to OPEB (Note 9)	660,981			660,981	
Total Deferred Outflows of Resources	3,467,590			3,467,590	
LIABILITIES					
Current liabilities:					
Accounts payable	1,738,466	158,018	2,571,695	4,468,179	387,555
Other payable	837,388		1,023,009	1,860,397	17,816
Accrued interest payable	304,993			304,993	
Deposits payable	7,500			7,500	
Unearned revenue	33,027			33,027	
Accrued insurance loss (Note 11)					2,878,797
Compensated absences obligation (Note 1L)	506,487	6,577	9,098	522,162	834,623
Current portion of long-term debt (Note 5)	5,173,954			5,173,954	140,892
Total current liabilities	8,601,815	164,595	3,603,802	12,370,212	4,259,683
Noncurrent liabilities:					
Accrued insurance losses (Note 11)					12,871,000
Compensated absences obligation (Note 1L)	339,656	15,177		354,833	1,221,524
Noncurrent portion of long-term debt (Note 5)	57,631,505			57,631,505	144,637
Net OPEB liability (Note 9)	6,437,260			6,437,260	
Net pension liability (Note 7)	20,529,990			20,529,990	
Total noncurrent liabilities	84,938,411	15,177		84,953,588	14,237,161
Total Liabilities	93,540,226	179,772	3,603,802	97,323,800	18,496,844
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7)	15,219			15,219	
Related to OPEB (Note 9)	157,592			157,592	
Total Deferred Inflows of resources	172,811			172,811	
NET POSITION:					
Net investment in capital assets	104,230,882	10,185,764	9,212,296	123,628,942	4,667,208
Unrestricted (deficit)	1,517,328	3,424,481	2,266,943	7,208,752	20,175,566
Total Net Position	\$105,748,210	\$13,610,245	\$11,479,239	\$130,837,694	\$24,842,774

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, 2021**

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$24,526,952		\$410,145	\$24,937,097	\$28,237,878
Other cities' participation	9,138,461			9,138,461	
Permit fees	178,092			178,092	
Parking fees		\$764,514		764,514	
Total Operating Revenues	33,843,505	764,514	410,145	35,018,164	28,237,878
OPERATING EXPENSES					
Personnel expenses	10,800,247	344,617	767,141	11,912,005	17,994,279
Professional services	2,681,904	515,795	37,055	3,234,754	756,217
OPEB Expenses	535,039	97		535,136	
Program supplies	1,541,503	62,940		1,604,443	1,589,359
Insurance	210,870		3,698	214,568	2,223,844
Self-insurance and claims					2,772,644
Repair and maintenance	1,399,356		24,433	1,423,789	574,598
Rents and leases	1,689,059			1,689,059	
Utilities	1,459,453	86,732	11,533	1,557,718	126,172
Administration	1,034,931	74,679	27,669	1,137,279	
Depreciation	4,667,580	253,232	46,028	4,966,840	922,865
Other	48,970		4,500	53,470	483,302
Total Operating Expenses	26,068,912	1,338,092	922,057	28,329,061	27,443,280
Operating Income (Loss)	7,774,593	(573,578)	(511,912)	6,689,103	794,598
NONOPERATING REVENUES (EXPENSES)					
Interest income	41,888	6,994	3,741	52,623	70,583
Gain on dispositions of capital assets					1,389
Loss from dispositions of capital assets					(20,006)
Interest expense	(575,547)			(575,547)	(11,585)
Subventions and grants			5,676,999	5,676,999	
Other			600	600	242,813
Total Nonoperating Revenues (Expenses)	(533,659)	6,994	5,681,340	5,154,675	283,194
Income (loss) before transfers	7,240,934	(566,584)	5,169,428	11,843,778	1,077,792
TRANSFERS					
Transfers in (Note 4C)	4,052,198		934,632	4,986,830	250,000
Transfers (out) (Note 4C)		(2,084)		(2,084)	(2,917)
Change in Net Position	11,293,132	(568,668)	6,104,060	16,828,524	1,324,875
Net Position (Deficits) - July 1	94,455,078	14,178,913	5,375,179	114,009,170	23,517,899
Net Position (Deficits) - June 30	\$105,748,210	\$13,610,245	\$11,479,239	\$130,837,694	\$24,842,774

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	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	\$32,873,383	\$764,514	(\$4,656,028)	\$28,981,869	
Cash payments to suppliers for goods and services	(12,540,984)	(598,271)	(224,444)	(13,363,699)	(\$5,396,149)
Cash payments to employees for services	(9,829,507)	(344,401)	(774,378)	(10,948,286)	(18,134,977)
Cash received from interfund service provided					28,447,341
Cash payments for judgments and claims					(1,988,071)
Net Cash Provided by (Used in) Operating Activities	<u>10,502,892</u>	<u>(178,158)</u>	<u>(5,654,850)</u>	<u>4,669,884</u>	<u>2,928,144</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subventions and grants			5,676,999	5,676,999	
Transfers in	4,052,198		934,632	4,986,830	250,000
Transfers in		(2,084)		(2,084)	(2,917)
Net Cash Provided by Noncapital Financing Activities	<u>4,052,198</u>	<u>(2,084)</u>	<u>6,611,631</u>	<u>10,661,745</u>	<u>247,083</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	15,038,527			15,038,527	
Principal paid on long-term debt	(5,038,675)			(5,038,675)	(204,252)
Interest paid on long-term debt	(667,827)			(667,827)	(11,585)
Acquisition of capital assets, net	(20,941,033)		(2,096,893)	(23,037,926)	(574,701)
Proceeds from the sale of capital assets					16,509
Net Cash Used in Capital and Related Financing Activities	<u>(11,609,008)</u>		<u>(2,096,893)</u>	<u>(13,705,901)</u>	<u>(774,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	(143,588)	(25,955)	(13,681)	(183,224)	(262,602)
Changes in fair value of investments	209,996	39,836	20,958	270,790	390,064
Net Cash Provided by Investing Activities	<u>66,408</u>	<u>13,881</u>	<u>7,277</u>	<u>87,566</u>	<u>127,462</u>
Net Increase (Decrease) in cash and cash equivalents	3,012,490	(166,361)	(1,132,835)	1,713,294	2,528,660
Cash and cash equivalents, beginning	22,987,046	3,760,097	2,122,952	28,870,095	35,414,424
Cash and cash equivalents, ending	<u>\$25,999,536</u>	<u>\$3,593,736</u>	<u>\$990,117</u>	<u>\$30,583,389</u>	<u>\$37,943,084</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$7,774,593	(\$573,578)	(\$511,912)	\$6,689,103	\$794,598
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	4,667,580	253,232	46,028	4,966,840	922,865
Other non-operating revenue (expenses)			600	600	242,813
Net change in assets and liabilities:					
Accounts and lease receivables	(970,122)		(4,861,470)	(5,831,592)	(13,350)
Deposit					(20,000)
Prepaid items					1,074,537
Accounts payable	(1,046,642)	142,038	(115,557)	(1,020,161)	(838,200)
Other payable	(893,257)	(66)	1	(893,322)	(156,843)
Unearned revenue			(205,303)	(205,303)	
Accrued insurance losses					784,573
(Decrease) increase due to OPEB	119,271			119,271	
Compensated absence obligations	134,810	216	(7,237)	127,789	137,151
(Decrease) increase due to retirement system	716,659			716,659	
Net Cash Provided by (Used in) Operating Activities	<u>\$10,502,892</u>	<u>(\$178,158)</u>	<u>(\$5,654,850)</u>	<u>\$4,669,884</u>	<u>\$2,928,144</u>
NONCASH TRANSACTIONS					
Retirement of capital assets					<u>(\$35,126)</u>

See accompanying notes to basic financial statements

FIDUCIARY FUNDS

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

SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

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

SSF EMPLOYEE DEFERRED COMP TRUST OVERSIGHT CUSTODIAL 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, 2021**

	Successor Agency Private Purpose Trust Fund	Custodial Fund SSF Employee Deferred Comp Trust Oversight
ASSETS		
Cash and investments (Note 2)	\$4,347,412	\$129,827
Accounts receivable	3,071	
Interest receivable	17,033	342
Prepaid items	25,601	
Advances to the City (Note 5)	3,595,152	
Loans receivable (Note 13B)	96,796	
Restricted cash and investments (Note 2)	25,420,934	
Capital assets (Note 13C):		
Nondepreciable	111,219	
Depreciable, net accumulated depreciation	244,718	
	33,861,936	130,169
NET POSITION		
Held in trust for other purposes	\$33,861,936	
Restricted for others		\$130,169

See accompanying notes to financial statements

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

	Successor Agency Private Purpose Trust Fund	Custodial Fund SSF Employee Deferred Comp Trust Oversight
ADDITIONS		
Intergovernmental	\$1,816,900	
Plan contributions		\$32,081
Interest and rentals	56,662	238
Total Additions	<u>1,873,562</u>	<u>32,319</u>
DEDUCTIONS		
Economic and Community Development	13,701,211	
Professional services		7,900
Depreciation	6,593	
Total Deductions	<u>13,707,804</u>	<u>7,900</u>
Change in net position	(11,834,242)	24,419
NET POSITION HELD IN TRUST OR RESTRICTED FOR OTHER PURPOSES		
Beginning of the year, as restated (Note 1T)	<u>45,696,178</u>	<u>105,750</u>
End of the year	<u><u>\$33,861,936</u></u>	<u><u>\$130,169</u></u>

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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description of the Financial Reporting Entity*

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

B. *Description of Blended Component Units*

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

The **City of South San Francisco Capital Improvements Financing Authority** is a joint exercise of powers authority created in 1991 between the City and the City of South San Francisco former Redevelopment Agency. The Capital Improvements Financing Authority is authorized to borrow money through the purchase or issuance of bonds, notes, or other obligations for the purpose of making loans to the City and other public entities to finance capital improvements. The City Council members serve as the Board of Directors. The financial activities of the Capital Improvements Financing Authority are included in the Capital Improvement Police Station Capital Projects Fund. Separate financial statements are not issued for the Capital Improvements Financing Authority.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Description of Discrete Component Unit

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

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

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

D. Basis of Presentation

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Major Funds

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

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

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

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

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

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

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 and other areas within the City.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Improvement Civic Campus – Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the City’s new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2021A Bonds.

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

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

Parking District Fund – Accounts for meter and parking permit fees used to acquire and maintain parking facilities.

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

The City also reports the following fund types:

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

Fiduciary Funds – A custodial fund is used to account for assets held by the City for the SSF Employee Deferred Comp Trust Oversight Fund, which is outside of the City’s reporting entity. 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, fiduciary, 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.

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*.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. *Budgets, Budgetary Accounting, and Encumbrances*

The City is not legally required to budget any of its funds, but does so to enhance City management's effectiveness in their financial planning efforts and to enhance control over the City's operations. Budgets are adopted on a modified accrual basis, except for encumbrances and for the Capital Improvement Fund. Encumbrances are considered expenditures in the year of the purchase order issuance. The Capital Improvement Fund is adopted on a multi-year project basis with unexpended and unencumbered budgets reappropriated in the following year. The City operates under the general laws of the State of California (the State) and annually adopts a budget effective July 1 for the ensuing fiscal year for the General fund; Special Revenue funds, except the American Recovery Plan Act Special Revenue Fund, Developer Contributions Special Revenue Fund, Supplemental Law Enforcement Services Special Revenue Fund, City Programs Special Revenue Fund, and Affordable Housing Trust Special Revenue; Capital Projects funds except for the Developer Deposit Capital Projects Fund, Non-obligated Capital Projects Fund, Oyster Point Improvement Impact Fees Capital Projects Fund, Oyster Point Development Impact Fees Capital Projects Fund, Park Land Acquisition Capital Projects Fund, Bicycle and Pedestrian Impact Fee Capital Projects Fund and Commercial Linkage Impact Fee 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021.

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 and other funds had expenditures in excess of appropriations for the year ended June 30, 2021:

	Expenditures in Excess of Budget (Non GAAP Legal Basis)
General Fund:	
City Attorney	\$76,995
City Manager	754,344
Fire	1,013,156
Public Works	116,717
Capital Improvements Civic Campus Capital Projects Fund	161,364
Solid Waste Reduction Special Revenue Fund	27,301

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021

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	\$8,338,220	\$749,206	\$9,087,426
Additions	5,860,424	720,793	6,581,217
Payments	(5,163,871)	(593,004)	(5,756,875)
Ending Balance	<u>\$9,034,773</u>	<u>\$876,995</u>	<u>\$9,911,768</u>
Current Portion	<u>\$4,612,735</u>	<u>\$522,162</u>	<u>\$5,134,897</u>

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

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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Q. *Fair Value Measurements*

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

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

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

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

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

R. *Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

S. *New, Closed and Renamed Funds*

In fiscal year 2020-2021, the City established the following funds:

The Capital Improvements Civic Campus Capital Projects Fund is used to account for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the City’s new Civic Center Campus, and related improvements, facilities and equipment’s, and pay the costs incurred in connection with the issuance of the Series 2021A Bonds.

The American Rescue Plan Act Special Revenue Fund is used to account for the City’s allocation of American Rescue Plan federal stimulus funds, as part of the federal government’s response to the impacts of the COVID-19 pandemic.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Federal Aviation Grants Special Revenue Fund, Developer Deposit Capital Projects Fund, Non-obligated Capital Projects Fund were closed as of June 30, 2021.

The East of 101 Traffic Impact Fees Capital Projects Fund was renamed to the Traffic Impact Fees Capital Projects Fund.

T. *New Accounting Pronouncement*

In January 2017, GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of this Statement were implemented during fiscal year 2021. As part of the implementation of this Statement, it was determined that the SSF Employee Deferred Comp Trust Oversight Fund, formerly reported as an Agency Fund, be accounted for and reported as a Custodial Fund, which required the restatement of beginning net position of the fund in the amount of \$105,750.

NOTE 2 - CASH AND INVESTMENTS

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

A. *Policies*

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

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

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

B. *Classification*

Cash and investments as of June 30, 2021 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Financial Statement Presentation:	
Statement of Net Position:	
City of South San Francisco:	
Cash and investments available for operations	\$259,306,010
Restricted cash and investments	116,812,616
Total Primary Government cash and investments	376,118,626
Statement of Fiduciary Assets:	
Cash and investments available for operations	4,477,239
Restricted cash and investments	25,420,934
Total Fiduciary cash and investments	29,898,173
Conference Center:	
Cash and investments available for operations	3,322,418
Total South San Francisco	
Conference Center cash and investments	3,322,418
Total cash and investments	\$409,339,217

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:

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>
U.S. Treasury Obligations	N/A	N/A	No Limit
Federal Agency or U.S. Government Sponsored Enterprise Obligations	N/A	N/A	No Limit
Federal Housing Administration Debentures	N/A	N/A	No Limit
Bankers Acceptances	30 days	A-1 or A-2	No Limit
Commercial Paper	270 days	A1,P1	No Limit
Negotiable Certificates of Deposit	5 years	A-1 or A	No Limit
Guaranteed Investment Agreements	N/A	A1,P1	No Limit
Municipal Obligations	N/A	Aaa	No Limit
State Obligations	N/A	A2	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit
Repurchase Agreements	90 days	AA	No Limit
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	No Limit

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, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

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

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

	Remaining maturity		Total
	Less than 1 year	One to Five Years	
City and Fiduciary:			
U.S. Treasury Notes	\$11,782,745	\$45,345,470	\$57,128,215
Federal Agency Securities	4,478,162	52,542,612	57,020,774
Local Agency Investment Fund	78,574,384		78,574,384
Money Market Funds	23,227,570		23,227,570
Corporate Medium Term Notes	5,846,426	29,679,785	35,526,211
Negotiable Certificates of Deposit	4,499,904		4,499,904
Asset-Backed Securities	1,661,088	20,931,654	22,592,742
Supranational Obligations	3,057,219	7,206,371	10,263,590
South San Francisco Conference Center:			
Local Agency Investment Fund	2,904,202		2,904,202
Total Investments	\$136,031,700	\$155,705,892	291,737,592
Cash in Banks and on Hand - City of South San Francisco			117,183,409
Cash in Banks and on Hand - South San Francisco Conference Center			418,216
Total Cash and Investments			\$409,339,217

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2021, these investments have an average maturity of 291 days.

Money market funds are available for withdrawal on demand and as of June 30, 2021 have an average maturity of 25 days.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021, 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
<i>City and Fiduciary:</i>						
Federal Agency Securities	\$57,020,774					\$57,020,774
Money Market Funds		\$23,227,570				23,227,570
Corporate Medium Term Notes	715,168		\$2,820,760	\$31,990,283		35,526,211
Negotiable Certificates of Deposit					\$4,499,904	4,499,904
Asset-Backed Securities	13,869,001					13,869,001
Supranational Obligations	10,263,590					10,263,590
Totals	<u>\$81,868,533</u>	<u>\$ 23,227,570</u>	<u>\$ 2,820,760</u>	<u>\$ 31,990,283</u>	<u>\$ 4,499,904</u>	144,407,050
<i>City and Fiduciary:</i>						
<i>Not rated:</i>						
Federal Agency Securities						
Asset-Backed Securities						8,723,741
Local Agency Investment Fund						78,574,384
<i>Exempt from credit rating disclosure:</i>						
U.S. Treasury Notes						57,128,215
<i>South San Francisco Conference Center:</i>						
<i>Not rated:</i>						
Local Agency Investment Fund						<u>2,904,202</u>
Total Investments						<u>\$291,737,592</u>

H. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2021, the book value of the City's cash with banks and petty cash was \$117,183,409 and the associated bank balances were \$119,581,015. Of the City's bank balance, \$103,801,305 was exposed to custodial credit risk, because it was not FDIC insured or collateralized by securities as noted in Note 2A above.

I. 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, 2021:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$23,979,080
Federal Home Loan Mortgage Corporation	Federal Agency Securities	25,131,510

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

J. 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, 2021:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
City and Fiduciary:		
U.S. Treasury Notes	\$57,128,215	\$57,128,215
Federal Agency Securities	57,020,774	57,020,774
Corporate Medium Term Notes	35,526,211	35,526,211
Negotiable Certificates of Deposit	4,499,904	4,499,904
Asset Backed Securities	22,592,742	22,592,742
Supranational Obligations	10,263,590	10,263,590
Totals	\$187,031,436	187,031,436
<i>Investments Measured at Amortized Cost:</i>		
City and Fiduciary:		
Money Market Mutual Funds		23,227,570
<i>Investments Exempt from Fair Value Hierarchy:</i>		
City and Fiduciary:		
Local Agency Investment Fund		78,574,384
South San Francisco Conference Center:		
Local Agency Investment Fund		2,904,202
Total Investments		\$291,737,592

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 - CAPITAL ASSETS

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

	Balance 6/30/2020	Additions and Adjustments	Retirements and Adjustments	Transfers	Balance 6/30/2021
Governmental activities					
Capital assets not being depreciated:					
Land	\$66,729,001				\$66,729,001
Construction in Progress	71,235,808	\$90,966,379		(\$1,825,318)	160,376,869
Total capital assets not being depreciated	137,964,809	90,966,379		(1,825,318)	227,105,870
Capital assets being depreciated:					
Buildings and Improvements	96,271,652			1,098,986	97,370,638
Infrastructure - Streets	200,138,942			726,332	200,865,274
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	12,591,370				12,591,370
Equipment and Vehicle	7,407,729		(\$17,130)		7,390,599
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	327,951,400		(17,130)	1,825,318	329,759,588
Less accumulated depreciation for:					
Buildings and Improvements	(42,320,722)	(2,557,003)			(44,877,725)
Infrastructure - Streets	(111,465,285)	(5,066,113)			(116,531,398)
Infrastructure - Storm Drains	(3,775,561)	(204,500)			(3,980,061)
Infrastructure - Traffic Control Devices	(4,216,790)	(512,448)			(4,729,238)
Equipment and Vehicle	(6,554,620)	(146,503)	17,130		(6,683,993)
Furniture and Fixtures	(1,796,472)	(95,036)			(1,891,508)
Total accumulated depreciation	(170,129,450)	(8,581,603)	17,130		(178,693,923)
Net Governmental Fund Capital Assets Being Depreciated	157,821,950	(8,581,603)		1,825,318	151,065,665
Internal Service Fund Capital Assets					
Capital assets not being depreciated:					
Construction in Progress	80,951			(80,951)	
Total capital assets not being depreciated	80,951			(80,951)	
Capital assets being depreciated:					
Equipment and Vehicle	17,004,543	214,019	(160,654)	80,951	17,138,859
Accumulated depreciation	(11,388,785)	(922,865)	125,528		(12,186,122)
Net Internal Service Fund Capital Assets Being Depreciated	5,615,758	(708,846)	(35,126)	80,951	4,952,737
Governmental activities capital assets, net	\$301,483,468	\$81,675,930	(\$35,126)		\$383,124,272
Total capital assets not being depreciated	\$138,045,760	\$90,966,379		(\$1,906,269)	\$227,105,870
Net capital assets being depreciated	163,437,708	(9,290,449)	(\$35,126)	1,906,269	156,018,402
Governmental activities capital assets, net	\$301,483,468	\$81,675,930	(\$35,126)		\$383,124,272

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Business-type activities					
Capital assets, not being depreciated:					
Land	\$794,587				\$794,587
Construction in Progress	55,402,308	\$26,627,306		(\$13,097,201)	68,932,413
Total capital assets not being depreciated	56,196,895	26,627,306		(13,097,201)	69,727,000
Capital assets being depreciated:					
Buildings and Improvements	67,075,858			13,097,201	80,173,059
Clean Water Facilities and Lines	79,862,094				79,862,094
Infrastructure - Storm Drains	6,216,365				6,216,365
Infrastructure - Streets	7,377,546				7,377,546
Equipment and Vehicle	18,470,728		(\$15,182)		18,455,546
Furniture and Fixtures	31,154				31,154
Total capital assets being depreciated	179,033,745		(15,182)	13,097,201	192,115,764
Less accumulated depreciation for:					
Buildings and Improvements	(20,981,917)	(1,834,131)			(22,816,048)
Clean Water Facilities and Lines	(33,091,933)	(1,962,279)			(35,054,212)
Infrastructure - Storm Drains	(1,382,750)	(187,982)			(1,570,732)
Infrastructure - Streets	(2,259,831)	(209,570)			(2,469,401)
Equipment and Vehicle	(12,709,120)	(772,878)	15,182		(13,466,816)
Furniture and Fixtures	(31,154)				(31,154)
Total accumulated depreciation	(70,456,705)	(4,966,840)	15,182		(75,408,363)
Net capital assets being depreciated	108,577,040	(4,966,840)		13,097,201	116,707,401
Business-type activities capital assets, net	\$164,773,935	\$21,660,466			\$186,434,401

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Component Unit:				
South San Francisco Conference Center				
Construction in Progress	\$77,670		(\$77,670)	
Buildings and Improvements	10,909,288			\$10,909,288
Furniture and Fixtures	950,814			950,814
Machinery and Equipment	479,698	\$103,024		582,722
Total	12,417,470	103,024	(77,670)	12,442,824
Less accumulated depreciation	(9,306,201)	(598,637)		(9,904,838)
Component Unit Capital Assets, Net	\$3,111,269	(\$495,613)	(\$77,670)	\$2,537,986

B. Capital Asset Contributions - Some capital assets may have been acquired using federal and State grant funds, or were contributed by developers or other governments. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Generally accepted accounting principles require that these contributions be accounted for as revenues at the time the capital assets are contributed.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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	\$742,137
Fire	333,069
Police	101,676
Public works	6,730,394
Parks and recreation	546,691
Library	76,027
Economic and community development	51,609
Total Governmental Functions	8,581,603
Internal Service Funds	922,865
Total Governmental Activities	\$9,504,468
<i>Business-Type Activities</i>	
Sewer Enterprise	\$4,667,580
Parking District	253,232
Storm Water	46,028
Total Business-Type Activities	\$4,966,840

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 4 - INTER-FUND TRANSACTIONS (Continued)

B. Transfers

Transfers between funds during the fiscal year ended June 30, 2021 were as follows:

<u>FROM FUND (OUT)</u>	<u>TO FUND (IN)</u>	<u>AMOUNT</u>
General Fund	Capital Improvements Capital Projects Fund	\$8,405,904
	Capital Improvements Civic Campus Capital Projects Fund	12,368,084
	Storm Water Enterprise Fund	250,000
	Non-Major Governmental Funds	2,767,200
	Internal Service Fund	250,000
East of 101 Sewer Impact Fees Capital Project Fund	Sewer Enterprise Fund	1,714,080
Traffic Impact Fees Capital Projects Fund	Capital Improvement Capital Projects Fund	2,530,159
Child Care Impact Fees Capital Projects Fund	Capital Improvement Capital Projects Fund	37,150
Developer Deposit Capital Projects Fund	General Fund	17,678
Capital Infrastructure Reserve Capital Projects Fund	Capital Improvement Capital Projects Fund	3,100,805
Non-Major Governmental Funds	General Fund	2,254,343
	Capital Improvement Capital Projects Fund	6,483,928
	Sewer Enterprise Fund	2,338,118
	Storm Water Enterprise Fund	684,632
Parking District Enterprise Fund	Capital Improvement Capital Projects Fund	2,084
Internal Service Fund	Capital Improvement Capital Projects Fund	2,917
	Total	<u>\$43,207,082</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021 follows:

	Authorized and Issued	Balance at June 30, 2020	Additions	Retirement	Balance at June 30, 2021	Current Portion
Governmental Activities						
Lease Revenue Bonds:						
2020A Police Station Project, 4.00 to 5.00% (1)	\$43,905,000	\$43,905,000		\$935,000	\$42,970,000	\$980,000
Plus: Unamortized bond premium		9,863,177		379,353	9,483,824	
2021A Community Civic Campus Project, 4.00% (2)	86,410,000		\$86,410,000		86,410,000	2,210,000
Plus: Unamortized bond premium			18,116,565		18,116,565	
Total Lease Revenue Bonds	130,315,000	53,768,177	104,526,565	1,314,353	156,980,389	3,190,000
Direct Borrowing:						
2007 Loans Payable to the Successor Agency (3)		3,635,152		40,000	3,595,152	
Capital Leases (4):						
2010 Two Fire Trucks		67,006		67,006		
2013 Fire Truck		422,775		137,246	285,529	140,892
Total Capital Leases		489,781		204,252	285,529	140,892
Total Direct Borrowing		4,124,933		244,252	3,880,681	140,892
Net Governmental Long-Term Debt	\$130,315,000	\$57,893,110	\$104,526,565	\$1,558,605	\$160,861,070	\$3,330,892
Business-Type Activities						
Revenue Bonds:						
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (5)	\$6,000,000	\$2,655,000		\$330,000	\$2,325,000	\$345,000
Direct Borrowing:						
1999 State Water Resources Loan, 2.6%, due 8/1/22 (6)	47,721,252	9,330,903		3,030,817	6,300,086	3,109,618
2004 State Water Resources Loan, 2.5%, due 1/1/27 (6)	21,258,529	7,722,677		1,208,985	6,513,692	1,239,209
2008 State Water Resources Loan, 2.4%, (7)	9,164,505	4,648,492		468,873	4,179,619	480,127
2018 State Water Resources Loan, 1.8% (8)	53,403,000	28,448,535	\$15,038,527		43,487,062	
Total Direct Borrowing	131,547,286	50,150,607	15,038,527	4,708,675	60,480,459	4,828,954
Net Business-Type Long-Term Debt	\$137,547,286	\$52,805,607	\$15,038,527	\$5,038,675	\$62,805,459	\$5,173,954

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 - LONG-TERM DEBT (Continued)

(2) **2021A Lease Revenue Bonds** – In May 2021, the City of South San Francisco Public Facilities Financing Authority entered into a \$86.4 million lease agreement to finance costs of the acquisition, construction, and installation of certain capital improvements constituting a new City library, council chamber, parks and recreation facilities, and a community theater to be located within the City’s new Civic Center Campus, street and roadway improvements located within the City, solar equipment to be located on City property, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2021A Bonds. The Series 2021A Bonds are equally and ratably payable from base rental payments to be made by the City for the right to use certain real property consisting of the same City-owned parking garage and City-owned park pledged under the 2020A Bonds and six additional properties, including the property on which the first two phases of the Community Civic Campus project is being constructed. The lease agreement contains provisions that in an event of default, the lessor may exercise any and all remedies available to it under the lease agreement, including the right to enforce the terms of the lease.

(3) As of June 30, 2021, the Oyster Point Improvements Impact Fund owed the Successor Agency (formerly the Merged Redevelopment Project Area Capital Project Fund) for developer fees in the amount of \$3,595,152 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 - LONG-TERM DEBT (Continued)

(4) 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.

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

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

The 1999 and 2004 State Water Resources Loans and the 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Sewer Enterprise Fund. Net Revenues available for debt service amounted to \$13.3 million which represented coverage of 2.6 over the \$5,124,491 in total debt service.

(6) 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.

(7) **2008 State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with the SWRCB to finance the City's Wet Weather Program project. Under the terms of the contract, the City has agreed to repay \$11.8 million to the State in exchange for receiving \$9.2 million in proceeds to be used to fund the Project. The difference between the repayment obligation and proceeds amounted to \$2.6 million and represents in-substance interest on the outstanding balance. Debt service payments commenced on August 15, 2009.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 - LONG-TERM DEBT (Continued)

(8) **2018 State Water Resources Control Board Loan** – In September 2018, the City entered into a \$53.4 million loan agreement with the SWRCB to finance the South San Francisco/San Bruno’s Water Quality Control Plant Wet Weather and Digester Project. A portion of this amount, \$4 million, is anticipated to be forgiven on the date of completion of construction. For the remaining \$49.4 million, under the terms of the loan agreement the City has agreed to repay \$59.2 million to the State. The difference between the repayment obligation and proceeds amounted to \$9.8 million and represents in-substance interest on the outstanding balance.

As of June 30, 2021, the City has drawn down \$43.5 million from SWRCB, with the remaining balance of \$9.9 million expected to be drawn down in fiscal year 2022. There was no debt service payment required in fiscal year 2021, with the first debt service payment due in fiscal year ending 2024. Future debt service is expected to average \$3 million per year through fiscal year 2043.

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

The 2008 and 2018 loans are secured by a pledge of sewer service charge revenues of the City’s Sewer Enterprise Fund. Sewer service charge revenues available for debt service amounted to \$24.5 million which represented coverage of 45.9 over the \$533,952 in debt service.

B. Debt Service Requirements

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

For the Year Ended June 30	Governmental Activities		Business-Type Activities	
	Lease Revenue Bonds		2005 Water and Wastewater Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$3,190,000	\$5,097,833	\$345,000	\$106,331
2023	3,185,000	5,104,450	360,000	90,000
2024	3,320,000	4,966,750	375,000	71,625
2025	3,465,000	4,823,150	395,000	52,375
2026	3,615,000	4,673,200	415,000	32,125
2027-2031	20,475,000	20,960,700	435,000	10,875
2032-2036	24,920,000	16,510,800		
2037-2041	30,320,000	11,111,400		
2042-2046	36,890,000	4,542,600		
	129,380,000	\$77,790,883	\$2,325,000	\$363,331
Plus: Unamortized bond premium	27,600,389			
	<u>\$156,980,389</u>			

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 - LONG-TERM DEBT (Continued)

Future debt service requirements, including interest and capital leases, but excluding the 2007 Loan payable to the Redevelopment Successor Agency and the 2018 State Water Resources Loan at June 30, 2021, were as follows:

For the Year Ended June 30	Direct Borrowings			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$140,892	\$6,614	\$4,828,954	\$385,159
2023	144,637	2,870	4,952,309	266,607
2024			1,805,393	145,017
2025			1,850,025	105,421
2026			1,895,761	64,842
2027-2031			1,660,955	46,874
Totals	<u>285,529</u>	<u>\$9,484</u>	<u>16,993,397</u>	<u>\$1,013,920</u>
2007 Loans Payable	3,595,152			
2018 State Water Resources Loan			43,487,062	
	<u>\$3,880,681</u>		<u>\$60,480,459</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>\$5,842,799</u>

C. Legal Debt Margin

The City is subject to a debt limit that is 3.75% of the total assessed value of property, net of exempt real property. At June 30, 2021, that amount was \$870,065,495. As of June 30, 2021, the City did not have any outstanding debt applicable to the limit.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 generally accepted accounting principles which require the City to classify its fund balances based on spending constraints imposed on the use of resources.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021, are below:

Fund Balance Classifications	General Fund	Low and Moderate Income Housing Assets	Capital Project Funds		
			Capital Improvement	East of 101 Sewer Impact Fees	Traffic Impact Fees
Nonspendables:					
Items not in spendable form:					
Inventory and prepaid items	\$4,099				
Total Nonspendable Fund Balances	4,099				
Restricted for:					
Sewer Impact Fees				\$4,144,279	
Traffic impact fees projects					\$24,490,310
Civic campus projects			\$26,000,000		
Low and moderate housing projects		\$3,225,194			
Redevelopment and community development activities	16,354,141				
Total Restricted Fund Balances	16,354,141	3,225,194	26,000,000	4,144,279	24,490,310
Committed for:					
Capital projects	4,451,157				
Local services	7,921,045				
Total Committed Fund Balances	12,372,202				
Assigned to:					
Capital projects	5,431,178		250,442		
Total Assigned Fund Balances	5,431,178		250,442		
Unassigned:					
General fund	41,597,381				
Total Unassigned Fund Balances	41,597,381				
Total Fund Balances	\$75,759,001	\$3,225,194	\$26,250,442	\$4,144,279	\$24,490,310

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 6 - NET POSITION AND FUND BALANCE (Continued)

Fund Balance Classifications (continued)	Capital Project Funds					Capital Improvements Civic Campus	Other Governmental Funds
	Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve Fund	Capital Improvements Police Station			
Restricted for:							
Child Care impact fees projects	\$6,788,326						
Developer deposit fees projects							
Police station projects				\$6,788,648			
Civic campus projects					\$77,975,133		
Gas Tax projects							\$330,272
Developer contributions projects							6,444,901
Community Development Block Grant projects							108,386
Maintenance districts projects							4,816,402
Transportation sales tax projects							2,524,599
City programs projects							11,401,167
Other Special Revenues projects							6,588,671
Capital projects activities							26,594,319
Total Restricted Fund Balances	<u>6,788,326</u>			<u>6,788,648</u>	<u>77,975,133</u>		<u>58,808,717</u>
Assigned to:							
Capital infrastructure projects			\$25,894,620				
Total Assigned Fund Balances			<u>25,894,620</u>				
Total Fund Balances	<u>\$6,788,326</u>		<u>\$25,894,620</u>	<u>\$6,788,648</u>	<u>\$77,975,133</u>		<u>\$58,808,717</u>

C. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year. Encumbrances outstanding in governmental funds as of June 30, 2021, were as listed below:

Governmental funds:	Amount
General Fund	\$5,581,180
Capital Improvement Capital Projects Fund	11,563,114
Capital Infrastructure Reserve Capital Projects Fund	963,000
Capital Improvements Police Station Capital Projects Fund	6,029,988
Capital Improvements Civic Campus Capital Projects Fund	2,241,848
Other Governmental Funds	1,769,105
Total	<u>\$28,148,235</u>

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 - PENSION PLAN (Continued)

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.

The Plans’ provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous		
	<u>Classic Plan*</u>	<u>Tier 2 Plan*</u>	<u>PEPRA Plan</u>
	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Hire date	April 25, 2010	April 25, 2010	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	10.277%	10.277%	10.277%
Required Unfunded Actuarial Liability Contribution		\$5,845,814	

*Effective July 2020, Classic Plan members in the Executive Management Unit were required to pay an additional 1% for their share of pension costs.

	Safety		
	<u>Classic Plan</u>	<u>Tier 2 Plan</u>	<u>PEPRA Plan</u>
	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Hire date	April 25, 2010	April 25, 2010	January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	21.214%	21.214%	21.214%
Required Unfunded Actuarial Liability Contribution		\$7,829,383	

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 - PENSION PLAN (Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City’s required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2021 were \$5,845,814 and \$7,829,383, respectively, which were made under the lump sum payment option.

Employees Covered – As of the June 30, 2019 actuarial valuation date and the June 30, 2020 measurement date, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	473	291
Inactive employees entitled to but not yet receiving benefits	381	106
Active employees	290	163
Total	1,144	560

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

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 - PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liabilities as of the June 30, 2020 measurement date were based on the following actuarial assumptions:

	Miscellaneous and Safety (1)
Valuation Date	6/30/2019
Measurement Date	6/30/2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increase	(2)
Investment Rate of Return	7.15% (3)
Mortality	Derived using CalPERS Membership Data for all Funds (4)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPR A)

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expenses, including inflation.

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 - PENSION PLAN (Continued)

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

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

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

(a) In the CalPERS's Comprehensive Annual Financial Reports, 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, 2021

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, 2019 (Measurement Date)	\$244,816,128	\$163,510,764	\$81,305,364
Changes in the year:			
Service cost	4,267,487		4,267,487
Interest on the total pension liability	17,306,781		17,306,781
Changes of benefit terms			
Changes of assumptions			
Differences between actual and expected experience	1,771,483		1,771,483
Plan to plan resource movement		(32)	32
Contribution - employer		7,823,463	(7,823,463)
Contribution - employees		1,883,698	(1,883,698)
Net investment income		8,084,207	(8,084,207)
Benefit payments, including refunds of employee contributions	(13,336,957)	(13,336,957)	
Administrative expenses		(230,510)	230,510
Other Miscellaneous Income/(Expense)			
Net changes	<u>10,008,794</u>	<u>4,223,869</u>	<u>5,784,925</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$254,824,922</u>	<u>\$167,734,633</u>	<u>\$87,090,289</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	\$343,645,905	\$231,869,470	\$111,776,435
Changes in the year:			
Service cost	6,880,000		6,880,000
Interest on the total pension liability	24,284,010		24,284,010
Changes of benefit terms			
Changes of assumptions			
Differences between actual and expected experience	742,624		742,624
Plan to plan resource movement		32	(32)
Contribution - employer		11,402,434	(11,402,434)
Contribution - employees		2,890,991	(2,890,991)
Net investment income		11,506,885	(11,506,885)
Benefit payments, including refunds of employee contributions	(16,384,059)	(16,384,059)	
Administrative expenses		(326,879)	326,879
Other Miscellaneous Income/(Expense)			
Net changes	<u>15,522,575</u>	<u>9,089,404</u>	<u>6,433,171</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$359,168,480</u>	<u>\$240,958,874</u>	<u>\$118,209,606</u>
Grand Total - Both Plans	<u>\$613,993,402</u>	<u>\$408,693,507</u>	<u>\$205,299,895</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 - PENSION PLAN (Continued)

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$119,735,409	\$166,899,641
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$87,090,289	\$118,209,606
1% Increase	8.15%	8.15%
Net Pension Liability	\$60,053,403	\$78,199,917

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, 2021, the City recognized pension expense of \$11,032,435 and \$17,164,451 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$28,196,886. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,616,536	
Changes of assumptions		
Differences between actual and expected experience	1,930,792	
Net differences between projected and actual earnings on plan investments	1,303,366	
Total	\$11,850,694	\$0

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$12,413,770	
Changes of assumptions		(\$152,187)
Differences between actual and expected experience	1,742,850	
Net differences between projected and actual earnings on plan investments	2,058,777	
Total	\$16,215,397	(\$152,187)
Grand Total	\$28,066,091	(\$152,187)

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 - PENSION PLAN (Continued)

\$21,030,306 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, 2022. 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
2022	\$762,512	2022	\$228,393
2023	926,075	2023	1,116,594
2024	856,702	2024	1,310,769
2025	688,869	2025	993,684

E. Subsequent Event – Reduction of CalPERS Discount Rates

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 8 - DEFERRED COMPENSATION PLAN

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

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

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

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

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

B. *Defined Benefit Plan Description*

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

<i>Eligibility</i>	<ul style="list-style-type: none"> • Hired < 4/25/2010 • Retire directly from City and elect coverage: <ul style="list-style-type: none"> • Age 50 and 5 years City service or • Disability retirement with 5 years City service
<i>Benefit</i>	<ul style="list-style-type: none"> • City pays single premium up to largest HMO single premium <p>Cap for 2019/20:</p> <ul style="list-style-type: none"> - \$1,430.80/month pre-65 (Blue Shield) - \$785.04/month post-65 Medicare eligible (Blue Shield) - \$1,971.53/ month post-65 not Medicare eligible (Kaiser) <ul style="list-style-type: none"> • Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65
<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, 2021, the City’s contributions to the Plan were \$4,810,361.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active employees	196
Inactive employees or beneficiaries currently receiving benefit payments	360
Total	556

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, rolled forward to June 30, 2020 using standard updated procedures, based on the following actuarial methods and assumptions:

Actuarial Assumptions	
Valuation Date	• June 30, 2019
Measurement Date	• June 30, 2020
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 22 years remaining for 2020/21
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.75% at June 30, 2020 • 6.75% at June 30, 2019 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.75% per annum
Salary Increases	• Aggregate - 3% annually • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination Mortality Improvement	• CalPERS 1997-2015 Experience Study • Mortality projected fully generational with Scale MP-2019
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	59.0%	4.82%
Fixed income	25.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Total	100.0%	

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

E. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2018 Measurement Date	\$88,596,000	\$24,240,000	\$64,356,000
Changes Recognized for the Measurement Period:			
Service Cost	1,604,244		1,604,244
Interest on the total OPEB liability	5,951,761		5,951,761
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions	(1,858,796)		(1,858,796)
Contributions from the employer		4,854,000	(4,854,000)
Net investment income		838,481	(838,481)
Benefit payments	(4,052,000)	(4,052,000)	
Administrative expenses		(11,868)	11,868
Net changes	1,645,209	1,628,613	16,596
Balance at June 20, 2019 Measurement Date	\$90,241,209	\$25,868,613	\$64,372,596

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

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

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$76,569,553	\$64,372,596	\$54,326,961

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

Net OPEB Liability/(Asset)		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$52,802,929	\$64,372,596	\$78,567,339

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 201, the City recognized OPEB expense of \$6,003,065. At June 30, 2021, 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	\$4,810,361	
Differences between actual and expected experience	1,309,000	
Changes of assumptions		(\$1,575,922)
Net differences between projected and actual earnings on plan investments	490,453	
Total	\$6,609,814	(\$1,575,922)

\$4,810,361 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, 2022. 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
2022	\$72,239
2023	(72,761)
2024	63,939
2025	160,114

H. Defined Contribution Plan Description

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

The plan is administered by Matrix Trust Company. Employee contributions for the fiscal year totaled \$478,173. Employer contributions of \$425,683 were paid into the Defined Contribution Plan. No liability for the defined contribution has been included in the report since the City fully paid the annual required contribution. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, the assets have been excluded from these financial statements.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021, the City paid PLAN JPA \$1,752,289 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 Public Risk, Innovation, Solutions and Management (PRISM) (formerly CSAC Excess Insurance Authority (CSAC-EIA)). PRISM provides coverage up to statutory limits in excess of the City's \$500,000 self-insured retention. For the past five fiscal years, general liability and worker compensation settlements did not exceed insurance coverage.

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, 2021			Fiscal Year
	Workers' Compensation	General Liability	Total	2019-2020 Total
Balance, beginning of year	\$14,884,000	\$81,224	\$14,965,224	\$14,451,253
Current year claims and changes in estimates of prior years claims	3,612,071	25,534	3,637,605	2,969,958
Claims Paid	(2,800,071)	(52,961)	(2,853,032)	(2,455,987)
Balance, end of year	<u>\$15,696,000</u>	<u>\$53,797</u>	<u>\$15,749,797</u>	<u>\$14,965,224</u>
Current portion	<u>\$2,825,000</u>	<u>\$53,797</u>	<u>\$2,878,797</u>	<u>\$643,224</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. *Litigation*

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

B. *Federal and State Grant Programs*

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

C. *Rental Revenues from Use of City Property*

The Conference Center Authority, a discrete component unit, leases land from the City under an operating lease commencing on January 1, 1999, with a 30-year term from February 1, 1999, to January 31, 2029. The rent amount is subject to re-negotiation at the option of either party between January 1 and February 28, 2009 and 2019. These leases are considered for accounting purposes to be operating leases. Property lease revenue from the Conference Center Authority during the year fiscal year ended June 30, 2021 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
2022	\$420,000
2023	420,000
2024	420,000
2025	420,000
2026	420,000
2027-2029	1,085,000
Total	\$3,185,000

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 2021, 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 2021, lease payments were \$51,800.

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021**

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
2022	\$400,000	\$51,800	\$451,800
2023	400,000	51,800	451,800
2024	400,000	51,800	451,800
2025	400,000	51,800	451,800
2026	400,000	51,800	451,800
2027-2031	2,000,000	259,000	2,259,000
2032-2036	1,200,000	259,000	1,459,000
2037-2041		259,000	259,000
2042-2046		259,000	259,000
2047-2051		259,000	259,000
2052-2056		259,000	259,000
2057-2061		259,000	259,000
2062		51,800	51,800
	<u>\$5,200,000</u>	<u>\$2,123,800</u>	<u>\$7,323,800</u>

D. Miller Parking Garage

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

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

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.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 13 - FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2021 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, 2021.

B. Loans Receivable

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

C. Capital Assets

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

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

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

	Balance June 30, 2020	Retirement	Balance June 30, 2021
Fiduciary activities			
Capital assets not being depreciated:			
Land	\$111,219		\$111,219
Total capital assets not being depreciated	111,219		111,219
Capital assets being depreciated:			
Buildings and Improvements	329,671		329,671
Equipment and Vehicle	242,190		242,190
Furniture and Fixtures	21,506		21,506
Total capital assets being depreciated	593,367		593,367
Less accumulated depreciation for:			
Buildings and Improvements	(78,360)	(\$6,593)	(84,953)
Equipment and Vehicle	(242,190)		(242,190)
Furniture and Fixtures	(21,506)		(21,506)
Total accumulated depreciation	(342,056)	(6,593)	(348,649)
Net capital assets being depreciated	251,311	(6,593)	244,718
Fiduciary activity capital assets, net	\$362,530	(\$6,593)	\$355,937

D. POLLUTION REMEDIATION

In fiscal year 2009-10, the former Redevelopment Agency purchased an unimproved parcel adjacent to the Caltrain Commuter Rail station from the State of California. The Successor Agency's purchase includes use of the 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 from the 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 with respect to the previous existence of underground petroleum storage tanks. This amount was recorded in the Successor Agency accounts in fiscal year 2011-12 as a liability for future remediation efforts. In fiscal year 2013-14, it was determined by the San Mateo County Health System, in response to investigative reports provided and corrective action by the City of South San Francisco, that no further remediation action with respect to the petroleum tanks was required. In fiscal year 2020-21, the City released the liability from the Successor Agency accounts.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

As of June 30, 2021, the outstanding balance of defeased debt was \$4,445,000 for the 1997 Downtown /Central Redevelopment Tax Allocation Bonds.

F. *COMMITMENTS AND CONTINGENCIES*

State Approval of Enforceable Obligations

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

State Asset Transfer Review

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021

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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total Pension Liability							
Service cost	\$3,449,973	\$3,075,813	\$3,079,994	\$3,922,518	\$4,001,207	\$4,118,735	\$4,267,487
Interest on total pension liability	13,930,544	14,393,013	14,870,988	15,430,998	15,885,315	16,624,514	17,306,781
Changes of benefit terms							
Changes of assumptions		(3,374,655)		12,421,358	(1,361,078)		
Difference between expected and actual experience		(1,567,798)	(476,337)	1,958,164	187,342	2,853,948	1,771,483
Benefit payments, including refunds of employee contributions	(9,287,975)	(10,407,243)	(11,085,829)	(11,565,392)	(12,164,689)	(12,756,888)	(13,336,957)
Net change in total pension liability	8,092,542	2,119,130	6,388,816	22,167,646	6,548,097	10,840,309	10,008,794
Total pension liability - beginning	188,659,588	196,752,130	198,871,260	205,260,076	227,427,722	233,975,819	244,816,128
Total pension liability - ending (a)	\$196,752,130	\$198,871,260	\$205,260,076	\$227,427,722	\$233,975,819	\$244,816,128	\$254,824,922
Plan fiduciary net position							
Contributions - employer	\$4,235,454	\$4,546,984	\$5,726,981	\$5,228,454	\$6,165,764	\$6,851,659	\$7,823,463
Contributions - employee	1,466,176	1,411,273	1,622,453	1,720,600	1,727,041	1,816,507	1,883,698
Net investment income	21,712,340	3,221,551	687,860	15,616,363	12,458,090	10,240,873	8,084,207
Benefit payments, including refunds of employee contributions	(9,287,975)	(10,407,243)	(11,085,829)	(11,565,392)	(12,164,689)	(12,756,888)	(13,336,957)
Plan to plan resource movement		(50,555)	229		(365)	(20)	(32)
Administrative expense		(160,268)	(86,726)	(205,472)	(233,683)	(112,374)	(230,510)
Other miscellaneous income					(443,767)	365	
Net change in plan fiduciary net position	18,125,995	(1,438,258)	(3,135,032)	10,794,553	7,508,391	6,040,122	4,223,869
Plan fiduciary net position - beginning	125,614,993	143,740,988	142,302,730	139,167,698	149,962,251	157,470,642	163,510,764
Plan fiduciary net position - ending (b)	\$143,740,988	\$142,302,730	\$139,167,698	\$149,962,251	\$157,470,642	\$163,510,764	\$167,734,633
Net pension liability - ending (a)-(b)	\$53,011,142	\$56,568,530	\$66,092,378	\$77,465,471	\$76,505,177	\$81,305,364	\$87,090,289
Plan fiduciary net position as a percentage of the total pension liability	73.06%	71.56%	67.80%	65.94%	67.30%	66.79%	65.82%
Covered payroll	\$17,725,581	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270	\$26,275,955
Net pension liability as percentage of covered payroll	299.07%	317.83%	308.71%	263.57%	323.76%	325.31%	331.44%

Notes to Schedule:

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

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, and 2020, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$4,210,973	\$5,399,856	\$5,228,454	\$6,166,024	\$6,851,659	\$7,831,598	\$8,616,536
Contributions in relation to the actuarially determined contributions	<u>4,210,973</u>	<u>5,399,856</u>	<u>5,228,454</u>	<u>6,166,024</u>	<u>6,851,659</u>	<u>7,831,598</u>	<u>8,616,536</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270	\$26,275,955	\$27,681,286
Contributions as a percentage of covered payroll	23.66%	25.22%	17.79%	26.09%	27.41%	29.81%	31.13%
Notes to Schedule							
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry age						
Amortization method	Level percentage of payroll						
Asset valuation method	Fair value of assets						
Inflation	2.75% for 2015 to 2019, and 2.625% for 2020, and 2.50% for 2021						
Salary increases	Varies by entry age and service						
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7.00% for 2021, net of administrative expenses, including inflation						
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.						
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020 and 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.						

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021

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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total Pension Liability							
Service cost	\$5,143,842	\$4,968,087	\$5,329,842	\$6,264,307	\$6,511,672	\$6,379,124	\$6,880,000
Interest on total pension liability	18,899,544	19,398,484	20,134,558	21,238,842	22,129,483	23,249,091	24,284,010
Changes of benefit terms							
Changes of assumptions		(4,789,129)		18,010,606	(1,293,579)		
Difference between expected and actual experience		(4,226,388)	(915,267)	4,520,149	1,318,613	2,853,684	742,624
Benefit payments, including refunds of employee contributions	(13,161,296)	(13,556,606)	(14,463,995)	(14,760,979)	(15,629,698)	(15,909,734)	(16,384,059)
Net change in total pension liability	10,882,090	1,794,448	10,085,138	35,272,925	13,036,491	16,572,165	15,522,575
Total pension liability - beginning	256,002,648	266,884,738	268,679,186	278,764,324	314,037,249	327,073,740	343,645,905
Total pension liability - ending (a)	\$266,884,738	\$268,679,186	\$278,764,324	\$314,037,249	\$327,073,740	\$343,645,905	\$359,168,480
Plan fiduciary net position							
Contributions - employer	\$6,535,399	\$7,191,715	\$8,535,737	\$8,071,060	\$9,323,936	\$10,164,921	\$11,402,434
Contributions - employee	2,151,163	1,714,039	1,961,907	1,980,507	2,134,552	2,486,989	2,890,991
Net investment income	29,348,051	4,264,997	950,612	21,553,126	17,363,158	14,404,633	11,506,885
Benefit payments, including refunds of employee contributions	(13,161,296)	(13,556,606)	(14,463,995)	(14,760,979)	(15,629,698)	(15,909,734)	(16,384,059)
Plan to plan resource movement			(229)		(512)	20	32
Administrative expense		(219,696)	(118,968)	(283,579)	(325,104)	(157,625)	(326,879)
Other miscellaneous income					(617,378)	512	
Net change in plan fiduciary net position	24,873,317	(605,551)	(3,134,936)	16,560,135	12,248,954	10,989,716	9,089,404
Plan fiduciary net position - beginning	170,937,835	195,811,152	195,205,601	192,070,665	208,630,800	220,879,754	231,869,470
Plan fiduciary net position - ending (b)	\$195,811,152	\$195,205,601	\$192,070,665	\$208,630,800	\$220,879,754	\$231,869,470	\$240,958,874
Net pension liability - ending (a)-(b)	\$71,073,586	\$73,473,585	\$86,693,659	\$105,406,449	\$106,193,986	\$111,776,435	\$118,209,606
Plan fiduciary net position as a percentage of the total pension liability	73.37%	72.65%	68.90%	66.44%	67.53%	67.47%	67.09%
Covered payroll	\$15,994,412	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254	\$24,264,339
Net pension liability as percentage of covered payroll	444.37%	440.49%	456.60%	538.79%	484.19%	486.51%	499.47%

Notes to Schedule:

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

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019 and 2020, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$7,191,715	\$8,538,138	\$8,071,060	\$9,322,781	\$10,164,821	\$11,401,783	\$12,413,770
Contributions in relation to the actuarially determined contributions	<u>7,191,715</u>	<u>8,538,138</u>	<u>8,071,060</u>	<u>9,322,781</u>	<u>10,164,821</u>	<u>11,401,783</u>	<u>12,413,770</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254	\$24,264,339	\$24,378,494
Contributions as a percentage of covered payroll	43.12%	44.97%	41.26%	42.51%	44.24%	46.99%	50.92%
Notes to Schedule							
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry age						
Amortization method	Level percentage of payroll						
Asset valuation method	Fair value of assets						
Inflation	2.75% for 2015 to 2019, and 2.625% for 2020, and 2.50% for 2021						
Salary increases	Varies by entry age and service						
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7.00% for 2021, net of pension plan investment expense, including inflation.						
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.						
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, and 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.						

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Retiree Healthcare OPEB Plan - Agent Multiple Employer

Last 10 fiscal years*

(Amounts in 000's)

Measurement Date	6/30/17	6/30/18	6/30/2019	6/30/2020
Total OPEB Liability				
Service Cost	\$1,574	\$1,535	\$1,558	\$1,604
Interest	5,087	5,325	5,568	5,952
Changes in benefit terms				
Differences between expected and actual experience		91	2,895	
Changes of assumptions			(672)	(1,859)
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)
Net change in total OPEB liability	3,760	3,625	5,971	1,645
Total OPEB liability - beginning	75,240	79,000	82,625	88,596
Total OPEB liability - ending (a)	\$79,000	\$82,625	\$88,596	\$90,241
Plan fiduciary net position				
Contributions - employer	\$3,703	\$4,128	\$4,180	\$4,854
Contributions - employee				
Net investment income	1,803	1,566	1,402	838
Administrative expense	(9)	(37)	(5)	(12)
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)
Net change in plan fiduciary net position	2,596	2,331	2,199	1,628
Plan fiduciary net position - beginning	17,114	19,710	22,041	24,240
Plan fiduciary net position - ending (b)	\$19,710	\$22,041	\$24,240	\$25,868
Net OPEB liability - ending (a)-(b)	\$59,290	\$60,584	\$64,356	\$64,373
Plan fiduciary net position as a percentage of the total OPEB liability	24.95%	26.68%	27.36%	28.67%
Covered-employee payroll	\$26,539	\$26,986	\$27,662	\$28,215
Net OPEB liability as a percentage of covered-employee payroll	223.41%	224.50%	232.65%	228.15%

* Fiscal year 2018 was the first year of implementation.

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2021

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

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially determined contribution	\$6,279	\$6,839	\$6,995	\$7,253
Contributions in relation to the actuarially determined contribution	4,128	4,180	4,854	4,810
Contribution deficiency (excess)	\$2,151	\$2,659	\$2,141	\$2,443
Covered-employee payroll	\$26,986	\$27,662	\$28,215	\$26,824
Contributions as a percentage of covered-employee payroll	7.97%	9.61%	7.59%	9.11%

* 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, 2019
Contribution Policy	• City contributes \$802,000 per year into trust
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level dollar
Amortization Period	• Average of 22 years remaining for 2020/21
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.75% at June 30, 2020 • 6.75% at June 30, 2019 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.75% per annum
Salary Increases	• Aggregate - 3% annually
Healthcare/Medical Trend	• Merit - CalPERS 1997-2015 Experience Study • Non-Medicare - 7.00% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality projected fully generational with Scale MP-2019
Healthcare participation for future retirees	• 100% if covered, 95% if waived

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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, 2021**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
ASSETS			
Cash and investments	\$51,412,156	\$5,051,136	\$56,463,292
Receivables:			
Accounts	7,646,580	2,882,584	10,529,164
Accrued interest	164,535		164,535
Due from other funds			
Due from Conference Center	62,516		62,516
Advances to other funds			
Inventory	4,099		4,099
Restricted cash and investments	152,797		152,797
Properties held for redevelopment	16,354,141		16,354,141
Total Assets	<u>\$75,796,824</u>	<u>\$7,933,720</u>	<u>\$83,730,544</u>
LIABILITIES			
Accounts payable	\$3,200,919		\$3,200,919
Accrued salaries and benefits	2,835,241		2,835,241
Other payable	797,807		797,807
Deposits	927,576		927,576
Unearned revenue	210,000		210,000
Total Liabilities	<u>7,971,543</u>		<u>7,971,543</u>
FUND BALANCES			
Nonspendable	4,099		4,099
Restricted	16,354,141		16,354,141
Committed	4,451,157	\$7,921,045	12,372,202
Assigned	5,418,503	12,675	5,431,178
Unassigned	41,597,381		41,597,381
Total Fund Balances	<u>67,825,281</u>	<u>7,933,720</u>	<u>75,759,001</u>
Total Liabilities and Fund Balances	<u>\$75,796,824</u>	<u>\$7,933,720</u>	<u>\$83,730,544</u>

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
REVENUES			
Property taxes	\$44,239,406		\$44,239,406
Sales taxes	19,370,155	\$13,379,292	32,749,447
Transient occupancy taxes	6,710,271		6,710,271
Franchise Fees	4,498,202		4,498,202
Other taxes	4,529,764		4,529,764
Intergovernmental	4,323,151		4,323,151
Interest and rentals	3,063,987		3,063,987
Licenses and permits	15,589,002		15,589,002
Charges for services	6,518,254		6,518,254
Fines and forfeitures	535,750		535,750
Other	731,752		731,752
	<u>110,109,694</u>	<u>13,379,292</u>	<u>123,488,986</u>
Total Revenues			
EXPENDITURES			
Current:			
City Council	224,257		224,257
City Clerk	956,698		956,698
City Treasurer	38,705		38,705
City Attorney	987,044		987,044
City Manager	3,725,991	267,961	3,993,952
Finance	2,917,393		2,917,393
Non-departmental	1,336,201		1,336,201
Human Resources	1,654,369		1,654,369
Fire	31,817,325		31,817,325
Police	30,959,959		30,959,959
Public Works	5,731,652		5,731,652
Parks and Recreation	15,795,645		15,795,645
Library	5,903,883		5,903,883
Economic and Community Development	6,560,605		6,560,605
	<u>108,609,727</u>	<u>267,961</u>	<u>108,877,688</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,499,967</u>	<u>13,111,331</u>	<u>14,611,298</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	(818,692)		(818,692)
Transfers in	2,272,021		2,272,021
Transfers out	(3,884,196)	(20,156,992)	(24,041,188)
	<u>(2,430,867)</u>	<u>(20,156,992)</u>	<u>(22,587,859)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances before special items	(930,900)	(7,045,661)	(7,976,561)
SPECIAL ITEMS			
Proceeds from sale of common interest			
Remittance of land sale proceeds	(1,378,533)		(1,378,533)
	<u>(1,378,533)</u>		<u>(1,378,533)</u>
Net Change in Fund Balances	(2,309,433)		(9,355,094)
Fund balance - July 1	70,134,714	14,979,381	85,114,095
Fund balance - June 30	<u>\$67,825,281</u>	<u>\$7,933,720</u>	<u>\$75,759,001</u>

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	General Purpose			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$41,595,650	\$43,051,499	\$44,239,406	\$1,187,907
Sales taxes	16,900,000	18,500,000	19,370,155	870,155
Transient occupancy taxes	7,872,437	5,904,328	6,710,271	805,943
Franchise fees	4,600,000	4,600,000	4,498,202	(101,798)
Other taxes	3,118,206	3,118,206	4,529,764	1,411,558
Intergovernmental	2,222,769	3,260,631	4,323,151	1,062,520
Interest and rentals	3,827,794	3,827,794	3,063,987	(763,807)
Licenses and permits	14,995,496	14,995,498	15,589,002	593,504
Charges for services	8,011,656	7,061,654	6,518,254	(543,400)
Fines and forfeitures	789,249	789,249	535,750	(253,499)
Other	175,341	175,341	731,752	556,411
Amounts available for appropriation	<u>104,108,598</u>	<u>105,284,200</u>	<u>110,109,694</u>	<u>4,825,494</u>
Charges to appropriations (outflows)				
City Council	284,561	284,561	224,257	60,304
City Clerk	1,096,594	1,096,593	1,016,698	79,895
City Treasurer	145,524	145,525	38,705	106,820
City Attorney	910,049	910,049	987,044	(76,995)
City Manager	2,163,106	5,132,003	5,933,537	(801,534)
Finance	3,239,292	3,639,551	3,442,495	197,056
Non-departmental	1,044,277	1,737,423	1,366,323	371,100
Human Resources	1,779,644	2,031,504	1,889,976	141,528
Fire	29,978,036	31,010,490	32,023,646	(1,013,156)
Police	31,882,490	32,020,244	30,984,959	1,035,285
Public Works	5,774,064	5,856,707	5,973,424	(116,717)
Parks and Recreation	15,654,905	16,024,167	15,978,135	46,032
Library	6,048,132	6,245,898	5,903,883	342,015
Economic and Community Development	7,205,824	9,606,747	8,415,150	1,191,597
Total charges to appropriations	<u>107,206,498</u>	<u>115,741,462</u>	<u>114,178,232</u>	<u>1,563,230</u>
OTHER FINANCING SOURCES (USES)				
Proceeds (Loss) from sale of capital assets			(818,692)	(818,692)
Transfers in	1,314,915	2,323,871	2,272,021	(51,850)
Transfers out	(5,009,171)	(8,029,073)	(3,884,196)	4,144,877
Total Other Financing Sources (Uses)	<u>(3,694,256)</u>	<u>(5,705,202)</u>	<u>(2,430,867)</u>	<u>3,274,335</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	(6,792,156)	(16,162,464)	(6,499,405)	9,663,059
SPECIAL ITEMS				
Remittance of land sale proceeds			(1,378,533)	(1,378,533)
Net Change in Fund Balances	<u>(\$6,792,156)</u>	<u>(\$16,162,464)</u>	<u>(7,877,938)</u>	<u>\$8,284,526</u>
Fund Balance - July 1			70,134,714	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>5,568,505</u>	
Fund Balance - June 30			<u>\$67,825,281</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, 2021**

	Measure W			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes				
Sales taxes	\$12,708,000	\$12,708,000	\$13,379,292	\$671,292
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
	<u>12,708,000</u>	<u>12,708,000</u>	<u>13,379,292</u>	<u>671,292</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager		327,826	280,636	47,190
Finance				
Non-departmental				
Human Resources				
Fire				
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
		<u>327,826</u>	<u>280,636</u>	<u>47,190</u>
Total charges to appropriations				
OTHER FINANCING SOURCES (USES)				
Proceeds (Loss) from sale of capital assets				
Transfers in				
Transfers out	(3,434,200)	(33,587,438)	(20,156,992)	13,430,446
	<u>(3,434,200)</u>	<u>(33,587,438)</u>	<u>(20,156,992)</u>	<u>13,430,446</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	9,273,800	(21,207,264)	(7,058,336)	14,148,928
SPECIAL ITEMS				
Remittance of land sale proceeds				
Net Change in Fund Balances	<u>\$9,273,800</u>	<u>(\$21,207,264)</u>	(7,058,336)	<u>\$14,148,928</u>
Fund Balance - July 1			14,979,381	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>12,675</u>	
Fund Balance - June 30			<u>\$7,933,720</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, 2021**

	<u>Total</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		Actual Amount	
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Property taxes	\$41,595,650	\$43,051,499	\$44,239,406	\$1,187,907
Sales taxes	29,608,000	31,208,000	32,749,447	1,541,447
Transient occupancy taxes	7,872,437	5,904,328	6,710,271	805,943
Franchise fees	4,600,000	4,600,000	4,498,202	(101,798)
Other taxes	3,118,206	3,118,206	4,529,764	1,411,558
Intergovernmental	2,222,769	3,260,631	4,323,151	1,062,520
Interest and rentals	3,827,794	3,827,794	3,063,987	(763,807)
Licenses and permits	14,995,496	14,995,498	15,589,002	593,504
Charges for services	8,011,656	7,061,654	6,518,254	(543,400)
Fines and forfeitures	789,249	789,249	535,750	(253,499)
Other	175,341	175,341	731,752	556,411
	<u>116,816,598</u>	<u>117,992,200</u>	<u>123,488,986</u>	<u>5,496,786</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council	284,561	284,561	224,257	60,304
City Clerk	1,096,594	1,096,593	1,016,698	79,895
City Treasurer	145,524	145,525	38,705	106,820
City Attorney	910,049	910,049	987,044	(76,995)
City Manager	2,163,106	5,459,829	6,214,173	(754,344)
Finance	3,239,292	3,639,551	3,442,495	197,056
Non-departmental	1,044,277	1,737,423	1,366,323	371,100
Human Resources	1,779,644	2,031,504	1,889,976	141,528
Fire	29,978,036	31,010,490	32,023,646	(1,013,156)
Police	31,882,490	32,020,244	30,984,959	1,035,285
Public Works	5,774,064	5,856,707	5,973,424	(116,717)
Parks and Recreation	15,654,905	16,024,167	15,978,135	46,032
Library	6,048,132	6,245,898	5,903,883	342,015
Economic and Community Development	7,205,824	9,606,747	8,415,150	1,191,597
	<u>107,206,498</u>	<u>116,069,288</u>	<u>114,458,868</u>	<u>1,610,420</u>
OTHER FINANCING SOURCES (USES)				
Proceeds (Loss) from sale of capital assets			(818,692)	(818,692)
Transfers in	1,314,915	2,323,871	2,272,021	(51,850)
Transfers out	(8,443,371)	(41,616,511)	(24,041,188)	17,575,323
	<u>(7,128,456)</u>	<u>(39,292,640)</u>	<u>(22,587,859)</u>	<u>16,704,781</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	2,481,644	(37,369,728)	(13,557,741)	23,811,987
SPECIAL ITEMS				
Remittance of land sale proceeds			(1,378,533)	(1,378,533)
Net Change in Fund Balances	<u>\$2,481,644</u>	<u>(\$37,369,728)</u>	<u>(14,936,274)</u>	<u>\$22,433,454</u>
Fund Balance - July 1			85,114,095	
Adjustment to budgetary basis:				
Encumbrance adjustments			5,581,180	
Fund Balance - June 30			<u>\$75,759,001</u>	

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

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

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 and other areas within the City.

CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND

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

DEVELOPER DEPOSIT CAPITAL PROJECTS FUND

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

CAPITAL INFRASTRUCTURE RESERVE FUND

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

CAPITAL IMPROVEMENT POLICE STATION CAPITAL PROJECTS FUND

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

CAPITAL IMPROVEMENT CIVIC CAMPUS CAPITAL PROJECTS FUND

Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the City's new Civic Center Campus, and related improvements, facilities and equipment's, and pay the costs incurred in connection with the issuance of the Series 2021A Bonds.

CITY OF SOUTH SAN FRANCISCO
EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$8,886	\$8,886
Charges for services		443,483	443,483
Total Revenues		<u>452,369</u>	<u>452,369</u>
EXPENDITURES:			
Current:			
Non-departmental	\$1,850	1,850	
Total Expenditures	<u>1,850</u>	<u>1,850</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,850)</u>	<u>450,519</u>	<u>452,369</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(6,686,470)</u>	<u>(1,714,080)</u>	<u>4,972,390</u>
Total other financing sources (uses)	<u>(6,686,470)</u>	<u>(1,714,080)</u>	<u>4,972,390</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$6,688,320)</u></u>	<u>(1,263,561)</u>	<u><u>\$5,424,759</u></u>
Fund balance (deficit) - July 1		<u>5,407,840</u>	
Fund balance (deficit) - June 30		<u><u>\$4,144,279</u></u>	

CITY OF SOUTH SAN FRANCISCO
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, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$44,479	\$44,479
Charges for services		1,962,094	1,962,094
Total Revenues		<u>2,006,573</u>	<u>2,006,573</u>
EXPENDITURES:			
Current:			
Public works	\$1,850	1,850	
Total Expenditures	<u>1,850</u>	<u>1,850</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,850)</u>	<u>2,004,723</u>	<u>2,006,573</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(22,949,612)</u>	<u>(2,530,159)</u>	<u>20,419,453</u>
Total other financing sources (uses)	<u>(22,949,612)</u>	<u>(2,530,159)</u>	<u>20,419,453</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$22,951,462)</u></u>	<u>(525,436)</u>	<u><u>\$22,426,026</u></u>
Fund balance - July 1		<u>25,015,746</u>	
Fund balance - June 30		<u><u>\$24,490,310</u></u>	

**CITY OF SOUTH SAN FRANCISCO
CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$12,236	\$12,236
Charges for services		629,882	629,882
Total Revenues		<u>642,118</u>	<u>642,118</u>
EXPENDITURES:			
Current:			
Non-departmental	\$1,850	1,850	
Total Expenditures	<u>1,850</u>	<u>1,850</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,850)</u>	<u>640,268</u>	<u>642,118</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(5,500,000)</u>	<u>(37,150)</u>	<u>5,462,850</u>
Total other financing sources (uses)	<u>(5,500,000)</u>	<u>(37,150)</u>	<u>5,462,850</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$5,501,850)</u></u>	603,118	<u><u>\$6,104,968</u></u>
Fund balance - July 1		<u>6,185,208</u>	
Fund balance - June 30		<u><u>\$6,788,326</u></u>	

**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, 2021**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$890	\$890
Total Revenues		890	890
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		890	890
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(17,678)	(17,678)
Total other financing sources (uses)		(17,678)	(17,678)
NET CHANGE IN FUND BALANCE		(16,788)	(\$16,788)
Fund balance - July 1		16,788	
Fund balance - June 30			

**CITY OF SOUTH SAN FRANCISCO
CAPITAL INFRASTRUCTURE RESERVE 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, 2021**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Charges for services		\$250,000	\$250,000
Interest and rental		54,022	54,022
Total Revenues		<u>304,022</u>	<u>304,022</u>
EXPENDITURES			
Current:			
Public Works	\$1,638,521	1,635,521	3,000
Total Expenditures	<u>1,638,521</u>	<u>1,635,521</u>	<u>3,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,638,521)</u>	<u>(1,331,499)</u>	<u>307,022</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	<u>(5,630,817)</u>	<u>(3,100,805)</u>	<u>2,530,012</u>
Total other financing sources (uses)	<u>(5,630,817)</u>	<u>(3,100,805)</u>	<u>2,530,012</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$7,269,338)</u></u>	<u>(4,432,304)</u>	<u><u>\$2,837,034</u></u>
Fund balance - July 1		29,363,924	
Adjustment to budgetary basis:			
Encumbrance adjustments		<u>963,000</u>	
Fund balance - June 30		<u><u>\$25,894,620</u></u>	

**CITY OF SOUTH SAN FRANCISCO
CAPITAL IMPROVEMENTS POLICE STATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental	<u>\$57,615</u>	<u>\$117,606</u>	<u>\$59,991</u>
Total Revenues	<u>57,615</u>	<u>117,606</u>	<u>59,991</u>
EXPENDITURES			
Current:			
Police	<u>46,639,582</u>	<u>45,963,455</u>	<u>676,127</u>
Total Expenditures	<u>46,639,582</u>	<u>45,963,455</u>	<u>676,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(46,581,967)</u>	<u>(45,845,849)</u>	<u>736,118</u>
NET CHANGE IN FUND BALANCE	<u>(\$46,581,967)</u>	<u>(45,845,849)</u>	<u>\$736,118</u>
Fund balance - July 1		46,604,509	
Adjustment to budgetary basis:			
Encumbrance adjustments		<u>6,029,988</u>	
Fund balance - June 30		<u><u>\$6,788,648</u></u>	

CITY OF SOUTH SAN FRANCISCO
CAPITAL IMPROVEMENTS CIVIC CAMPUS 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, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Current:			
Public Works	\$15,000,000	\$14,686,104	\$313,896
Debt service:			
Interest and fiscal charges		475,260	(475,260)
Total Expenditures	<u>15,000,000</u>	<u>15,161,364</u>	<u>(161,364)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,000,000)</u>	<u>(15,161,364)</u>	<u>(161,364)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt		64,939,141	64,939,141
Bond premium		13,587,424	13,587,424
Transfers in	15,000,000	12,368,084	(2,631,916)
Total other financing sources (uses)	<u>15,000,000</u>	<u>90,894,649</u>	<u>75,894,649</u>
NET CHANGE IN FUND BALANCE		<u><u>75,733,285</u></u>	<u><u>\$75,733,285</u></u>
Fund balance - July 1			
Adjustment to budgetary basis:			
Encumbrance adjustments		<u>2,241,848</u>	
Fund balance - June 30		<u><u>\$77,975,133</u></u>	

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

Maintenance Districts – Accounts for a portion of property tax dedicated to provide for the maintenance of landscaped areas within housing developments.

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

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

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

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

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

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

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

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

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

American Rescue Plan Act – Accounts for the City’s allocation of American Rescue Plan federal stimulus funds, as part of the federal government’s response to the impacts of the COVID-19 pandemic.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

SPECIAL REVENUE FUNDS

	Gas Tax	Developer Contributions	Federal Aviation Grant	Community Development Block Grant	Maintenance Districts
ASSETS					
Cash and investments	\$329,254	\$8,972,389			\$4,787,169
Receivables:					
Accounts		214,001		\$2,750	67,746
Accrued interest	1,018	28,837			
Loans				688,888	
Restricted cash and investments				9,185	
Total Assets	\$330,272	\$9,215,227		\$700,823	\$4,854,915
LIABILITIES					
Liabilities:					
Accounts payable		\$119,158		\$43,457	\$38,513
Other payable		37,487		548,980	
Deposits		2,613,681			
Unearned revenue					
Total Liabilities		2,770,326		592,437	38,513
Fund Balances:					
Restricted	\$330,272	6,444,901		108,386	4,816,402
Total Fund Balances	330,272	6,444,901		108,386	4,816,402
Total Liabilities and Fund Balances	\$330,272	\$9,215,227		\$700,823	\$4,854,915

SPECIAL REVENUE FUNDS

Transportation Sales Tax	Solid Waste Reduction	Supplemental Law Enforce- ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee
\$2,516,047	\$759,499	\$981	\$11,521,916	\$815,747	\$1,593,114	\$1,770,815
8,552	17,191	118	30,647	331 4,669 16,078	38,874 4,363	6,150
<u>\$2,524,599</u>	<u>\$776,690</u>	<u>\$1,099</u>	<u>\$11,552,563</u>	<u>\$836,825</u>	<u>\$1,636,351</u>	<u>\$1,776,965</u>
	\$80 74,849		\$151,344 52	\$7,800		
	74,929		151,396	7,800		
<u>\$2,524,599</u>	<u>701,761</u>	<u>\$1,099</u>	<u>11,401,167</u>	<u>829,025</u>	<u>\$1,636,351</u>	<u>\$1,776,965</u>
<u>2,524,599</u>	<u>701,761</u>	<u>1,099</u>	<u>11,401,167</u>	<u>829,025</u>	<u>1,636,351</u>	<u>1,776,965</u>
<u>\$2,524,599</u>	<u>\$776,690</u>	<u>\$1,099</u>	<u>\$11,552,563</u>	<u>\$836,825</u>	<u>\$1,636,351</u>	<u>\$1,776,965</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	Road Maintenance and Rehabilitation	SMC Measure W 1/2 Cent Sales Tax	American Rescue Plan Act	Non-obligated Capital Projects	Public Safety Impact Fee
ASSETS					
Cash and investments	\$901,622	\$459,438	\$5,879,471		\$1,495,466
Receivables:					
Accounts	122,667	153,148			
Accrued interest	4,920	1,675			3,920
Loans					
Restricted cash and investments					
Total Assets	\$1,029,209	\$614,261	\$5,879,471		\$1,499,386
LIABILITIES					
Liabilities:					
Accounts payable					
Other payable					
Deposits					
Unearned revenue			\$5,879,471		
Total Liabilities			5,879,471		
Fund Balances:					
Restricted	\$1,029,209	\$614,261			\$1,499,386
Total Fund Balances	1,029,209	614,261			1,499,386
Total Liabilities and Fund Balances	\$1,029,209	\$614,261	\$5,879,471		\$1,499,386

CAPITAL PROJECTS FUNDS

Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee
\$38,596	\$7,703,134	\$62,061	\$1,600,996	\$5,336,002	\$116,578	\$10,215,641
113	22,994	54,097	2,777	8,780	235	16,314
<u>\$38,709</u>	<u>\$7,726,128</u>	<u>\$116,158</u>	<u>\$1,603,773</u>	<u>\$5,344,782</u>	<u>\$116,813</u>	<u>\$10,231,955</u>
		\$63,055				\$20,330
		63,055				20,330
<u>\$38,709</u>	<u>\$7,726,128</u>	<u>53,103</u>	<u>\$1,603,773</u>	<u>\$5,344,782</u>	<u>\$116,813</u>	<u>10,211,625</u>
38,709	7,726,128	53,103	1,603,773	5,344,782	116,813	10,211,625
<u>\$38,709</u>	<u>\$7,726,128</u>	<u>\$116,158</u>	<u>\$1,603,773</u>	<u>\$5,344,782</u>	<u>\$116,813</u>	<u>\$10,231,955</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	DEBT SERVICE FUND	Total Nonmajor Governmental Funds
	2020A Bonds	Total Nonmajor Governmental Funds
ASSETS		
Cash and investments		\$66,875,936
Receivables:		
Accounts		670,805
Accrued interest		146,082
Loans		704,966
Restricted cash and investments		9,185
Total Assets		\$68,406,974
 LIABILITIES		
Liabilities:		
Accounts payable		\$443,737
Other payable		661,368
Deposits		2,613,681
Unearned revenue		5,879,471
Total Liabilities		9,598,257
Fund Balances:		
Restricted		58,808,717
Total Fund Balances		58,808,717
		\$68,406,974

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**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Federal Aviation Grants	Community Development Block Grant	Maintenance Districts
REVENUES					
Property taxes					\$2,210,329
Sales taxes					
Other taxes					
Intergovernmental	\$1,806,304			\$653,871	
Interest and rentals	642	\$16,274	\$1,252	18,826	
Charges for services		1,134,536		30,000	
Other		11,109			
Total Revenues	1,806,946	1,161,919	1,252	702,697	2,210,329
EXPENDITURES					
Current:					
Economic and community development		616,973		903,801	
Public works					1,667,899
Police					
Other		500,000			
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures		1,116,973		903,801	1,667,899
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,806,946	44,946	1,252	(201,104)	542,430
OTHER FINANCING SOURCES (USES)					
Loss on sale of property					
Transfers in					
Transfers out	(1,916,433)	(1,538,895)	(1,252)	(43,096)	
Total Other Financing Sources (Uses)	(1,916,433)	(1,538,895)	(1,252)	(43,096)	
Net Change in Fund Balances	(109,487)	(1,493,949)		(244,200)	542,430
Fund balance - July 1	439,759	7,938,850		352,586	4,273,972
Fund balance - June 30	\$330,272	\$6,444,901		\$108,386	\$4,816,402

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
\$1,608,269		\$160,781				
5,729	\$206,295	116	\$44,186	\$4,132	\$2,974	\$4,099
			6,747,552	4,500	154,348	
1,613,998	206,295	160,897	6,791,738	8,632	157,322	4,099
	182,869					
		60,897	1,370,081	1,238,299		
	182,869	60,897	1,370,081	1,238,299		
1,613,998	23,426	100,000	5,421,657	(1,229,667)	157,322	4,099
				(1,899,999)		
(1,889,208)	(14,632)	(100,000)	(567,270)			(475,659)
(1,889,208)	(14,632)	(100,000)	(567,270)	(1,899,999)		(475,659)
(275,210)	8,794		4,854,387	(3,129,666)	157,322	(471,560)
2,799,809	692,967	1,099	6,546,780	3,958,691	1,479,029	2,248,525
\$2,524,599	\$701,761	\$1,099	\$11,401,167	\$829,025	\$1,636,351	\$1,776,965

(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, 2021**

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	Road				
	Maintenance and Rehabilitation	SMC Measure W 1/2 Cent Sales Tax	American Rescue Plan Act	Non-obligated Capital Projects	Public Safety Impact Fee
REVENUES					
Property taxes					
Sales taxes		\$751,698			
Other taxes					
Intergovernmental	\$1,245,493		\$260,000		
Interest and rentals	3,263	1,022			\$2,580
Charges for services					
Other					243,887
Total Revenues	<u>1,248,756</u>	<u>752,720</u>	<u>260,000</u>		<u>246,467</u>
EXPENDITURES					
Current:					
Economic and community development					
Public works					
Police					
Other			260,000		
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures			<u>260,000</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,248,756</u>	<u>752,720</u>			<u>246,467</u>
OTHER FINANCING SOURCES (USES)					
Loss on sale of property					
Transfers in					
Transfers out	(1,921,293)	(733,382)		(\$41,857)	(143,753)
Total Other Financing Sources (Uses)	<u>(1,921,293)</u>	<u>(733,382)</u>		<u>(41,857)</u>	<u>(143,753)</u>
Net Change in Fund Balances	(672,537)	19,338		(41,857)	102,714
Fund balance - July 1	<u>1,701,746</u>	<u>594,923</u>		<u>41,857</u>	<u>1,396,672</u>
Fund balance - June 30	<u>\$1,029,209</u>	<u>\$614,261</u>			<u>\$1,499,386</u>

CAPITAL PROJECTS FUNDS

Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee
		\$8,172,201				
\$75	15,652	92	\$1,918	\$6,469	\$174	\$10,425
	1,900,697	723,211	769,296	3,063,248	50,727	5,365,449
75	1,916,349	8,895,504	771,214	3,069,717	50,901	5,375,874
	1,850	8,882,578				
40,000						121,711
40,000	1,850	8,882,578				121,711
(39,925)	1,914,499	12,926	771,214	3,069,717	50,901	5,254,163
	(2,338,118)		(36,173)			
	(2,338,118)		(36,173)			
(39,925)	(423,619)	12,926	735,041	3,069,717	50,901	5,254,163
78,634	8,149,747	40,177	868,732	2,275,065	65,912	4,957,462
\$38,709	\$7,726,128	\$53,103	\$1,603,773	\$5,344,782	\$116,813	\$10,211,625

(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, 2021**

	DEBT SERVICE FUND	Total Nonmajor Governmental Funds
	2020A Bonds	Funds
REVENUES		
Property taxes		\$2,210,329
Sales taxes		751,698
Other taxes		1,769,050
Intergovernmental		12,137,869
Interest and rentals		139,900
Charges for services		13,243,459
Other		7,161,396
Total Revenues		37,413,701
EXPENDITURES		
Current:		
Economic and community development		1,703,643
Public works		10,552,327
Police		60,897
Other		3,490,091
Debt service:		
Principal repayments	\$935,000	975,000
Interest and fiscal charges	1,832,200	1,832,200
Total Expenditures	2,767,200	18,614,158
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,767,200)	18,799,543
OTHER FINANCING SOURCES (USES)		
Loss on sale of property		(1,899,999)
Transfers in	2,767,200	2,767,200
Transfers out		(11,761,021)
Total Other Financing Sources (Uses)	2,767,200	(10,893,820)
Net Change in Fund Balances		7,905,723
Fund balance - July 1		50,902,994
Fund balance - June 30		\$58,808,717

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**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, 2021**

	GAS TAX			FEDERAL AVIATION GRANT		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental	\$1,989,358	\$1,806,304	(\$183,054)			
Interest and rentals	15,000	642	(14,358)	\$4,000	\$1,252	(\$2,748)
Charges for services						
Other						
Total Revenues	<u>2,004,358</u>	<u>1,806,946</u>	<u>(197,412)</u>	<u>4,000</u>	<u>1,252</u>	<u>(2,748)</u>
EXPENDITURES						
Current:						
City Council						
Economic and community development						
Public works						
Fire						
Police						
Other						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,004,358</u>	<u>1,806,946</u>	<u>(197,412)</u>	<u>4,000</u>	<u>1,252</u>	<u>(2,748)</u>
OTHER FINANCING SOURCES (USES)						
Loss on sale of property						
Transfers in						
Transfers out	<u>(2,486,329)</u>	<u>(1,916,433)</u>	<u>569,896</u>		<u>(1,252)</u>	<u>(1,252)</u>
Total Other Financing Sources (Uses)	<u>(2,486,329)</u>	<u>(1,916,433)</u>	<u>569,896</u>		<u>(1,252)</u>	<u>(1,252)</u>
NET CHANGE IN FUND BALANCES	<u>(\$481,971)</u>	<u>(109,487)</u>	<u>\$372,484</u>	<u>\$4,000</u>		<u>(\$4,000)</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>439,759</u>				
Fund balance - June 30		<u>\$330,272</u>				

COMMUNITY DEVELOPMENT BLOCK GRANT			MAINTENANCE DISTRICTS			TRANSPORTATION SALES TAX		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$1,798,633	\$2,210,329	\$411,696			
\$700,000	\$653,871	(\$46,129)				\$1,527,755	\$1,608,269	\$80,514
120,000	18,826	(101,174)				25,000	5,729	(19,271)
574,525	30,000	(544,525)						
<u>1,394,525</u>	<u>702,697</u>	<u>(691,828)</u>	<u>1,798,633</u>	<u>2,210,329</u>	<u>411,696</u>	<u>1,552,755</u>	<u>1,613,998</u>	<u>61,243</u>
1,815,292	1,282,890	532,402	2,224,835	1,706,402	518,433			
<u>1,815,292</u>	<u>1,282,890</u>	<u>532,402</u>	<u>2,224,835</u>	<u>1,706,402</u>	<u>518,433</u>			
<u>(420,767)</u>	<u>(580,193)</u>	<u>(159,426)</u>	<u>(426,202)</u>	<u>503,927</u>	<u>930,129</u>	<u>1,552,755</u>	<u>1,613,998</u>	<u>61,243</u>
<u>(43,096)</u>	<u>(43,096)</u>					<u>(4,202,484)</u>	<u>(1,889,208)</u>	<u>2,313,276</u>
<u>(43,096)</u>	<u>(43,096)</u>					<u>(4,202,484)</u>	<u>(1,889,208)</u>	<u>2,313,276</u>
<u>(\$463,863)</u>	<u>(623,289)</u>	<u>(\$159,426)</u>	<u>(\$426,202)</u>	<u>503,927</u>	<u>\$930,129</u>	<u>(\$2,649,729)</u>	<u>(275,210)</u>	<u>\$2,374,519</u>
	379,089			38,503				
	<u>352,586</u>			<u>4,273,972</u>			<u>2,799,809</u>	
	<u>\$108,386</u>			<u>\$4,816,402</u>			<u>\$2,524,599</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, 2021**

	SOLID WASTE REDUCTION			PEG EQUIPMENT AND ACCESS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental						
Interest and rentals				\$5,000	\$2,974	(\$2,026)
Charges for services	\$180,000	\$206,295	\$26,295			
Other				125,000	154,348	29,348
Total Revenues	180,000	206,295	26,295	130,000	157,322	27,322
EXPENDITURES						
Current:						
City Council						
Economic and community development	238,309	265,610	(27,301)			
Public works						
Fire						
Police						
Other						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures	238,309	265,610	(27,301)			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(58,309)	(59,315)	(1,006)	130,000	157,322	27,322
OTHER FINANCING SOURCES (USES)						
Loss on sale of property						
Transfers in						
Transfers out	(121,258)	(14,632)	106,626			
Total Other Financing Sources (Uses)	(121,258)	(14,632)	106,626			
NET CHANGE IN FUND BALANCES	(\$179,567)	(73,947)	\$105,620	\$130,000	157,322	\$27,322
Adjustment to budgetary basis:						
Encumbrance adjustments		82,741				
Fund balance - July 1		692,967			1,479,029	
Fund balance - June 30		<u>\$701,761</u>			<u>\$1,636,351</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, 2021**

	PUBLIC SAFETY IMPACT FEE			SEWER CAPACITY CHARGES		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental						
Interest and rentals		\$2,580	\$2,580		\$15,652	\$15,652
Charges for services				\$200,000	1,900,697	1,700,697
Other		243,887	243,887			
Total Revenues		246,467	246,467	200,000	1,916,349	1,716,349
EXPENDITURES						
Current:						
City Council						
Economic and community development						
Public works				1,850	1,850	
Fire	\$9,446	9,446				
Police						
Other						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures	9,446	9,446		1,850	1,850	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,446)	237,021	246,467	198,150	1,914,499	1,716,349
OTHER FINANCING SOURCES (USES)						
Loss on sale of property						
Transfers in						
Transfers out	(276,150)	(143,753)	132,397	(3,794,783)	(2,338,118)	1,456,665
Total Other Financing Sources (Uses)	(276,150)	(143,753)	132,397	(3,794,783)	(2,338,118)	1,456,665
NET CHANGE IN FUND BALANCES	(\$285,596)	93,268	\$378,864	(\$3,596,633)	(423,619)	\$3,173,014
Adjustment to budgetary basis:						
Encumbrance adjustments		9,446				
Fund balance - July 1		1,396,672			8,149,747	
Fund balance - June 30		<u>1,499,386</u>			<u>7,726,128</u>	

PARK LAND ACQUISITION FEE			PARK CONSTRUCTION FEE			2020A BONDS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$1,918	\$1,918		\$6,469	\$6,469			
	769,296	769,296		3,063,248	3,063,248			
	771,214	771,214		3,069,717	3,069,717			
						\$935,000	\$935,000	
						1,832,200	1,832,200	
						2,767,200	2,767,200	
	771,214	771,214		3,069,717	3,069,717	(2,767,200)	(2,767,200)	
(\$60,000)	(36,173)	23,827	(\$98,177)		98,177	2,767,200	2,767,200	
(60,000)	(36,173)	23,827	(98,177)		98,177	2,767,200	2,767,200	
(\$60,000)	735,041	\$795,041	(\$98,177)	3,069,717	\$3,167,894			
	868,732			2,275,065				
	\$1,603,773			\$5,344,782				

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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, 2021

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$2,764,616	\$17,440,935	\$11,927,701	\$5,809,832	\$37,943,084
Receivables:					
Accounts	31,027				31,027
Accrued interest	7,253	45,720	34,738	15,269	102,980
Deposit		216,000	93,790		309,790
Prepaid items					
Total current assets	<u>2,802,896</u>	<u>17,702,655</u>	<u>12,056,229</u>	<u>5,825,101</u>	<u>38,386,881</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation				4,952,737	4,952,737
Total non-current assets				<u>4,952,737</u>	<u>4,952,737</u>
Total Assets	<u>2,802,896</u>	<u>17,702,655</u>	<u>12,056,229</u>	<u>10,777,838</u>	<u>43,339,618</u>
LIABILITIES					
Current liabilities:					
Accounts payable	107,508	107,707	122,253	50,087	387,555
Other payable	17,813			3	17,816
Current portion of accrued insurance loss		2,878,797			2,878,797
Current portion of compensated absences	72,148		762,475		834,623
Current portion of long-term debt				140,892	140,892
Total current liabilities	<u>197,469</u>	<u>2,986,504</u>	<u>884,728</u>	<u>190,982</u>	<u>4,259,683</u>
Noncurrent liabilities:					
Accrued insurance loss		12,871,000			12,871,000
Compensated absences obligation	137,454		1,084,070		1,221,524
Noncurrent portion of long-term debt				144,637	144,637
Total noncurrent liabilities	<u>137,454</u>	<u>12,871,000</u>	<u>1,084,070</u>	<u>144,637</u>	<u>14,237,161</u>
Total Liabilities	<u>334,923</u>	<u>15,857,504</u>	<u>1,968,798</u>	<u>335,619</u>	<u>18,496,844</u>
NET POSITION:					
Net investment in capital assets				4,667,208	4,667,208
Unrestricted	2,467,973	1,845,151	10,087,431	5,775,011	20,175,566
Total Net Position	<u>\$2,467,973</u>	<u>\$1,845,151</u>	<u>\$10,087,431</u>	<u>\$10,442,219</u>	<u>\$24,842,774</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, 2021**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$5,537,007	\$6,323,537	\$14,938,761	\$1,438,573	\$28,237,878
Total Operating Revenues	<u>5,537,007</u>	<u>6,323,537</u>	<u>14,938,761</u>	<u>1,438,573</u>	<u>28,237,878</u>
OPERATING EXPENSES					
Personnel expenses	2,201,877	887,450	14,904,952		17,994,279
Professional services	701,191	52,961	2,065		756,217
Program supplies	1,556,093		500	32,766	1,589,359
Insurance	12,988	2,210,856			2,223,844
Self-insurance and claims		2,772,644			2,772,644
Repair and maintenance	455,308			119,290	574,598
Utilities	126,172				126,172
Depreciation				922,865	922,865
Other	14,901		468,401		483,302
Total Operating Expenses	<u>5,068,530</u>	<u>5,923,911</u>	<u>15,375,918</u>	<u>1,074,921</u>	<u>27,443,280</u>
Operating Income (Loss)	<u>468,477</u>	<u>399,626</u>	<u>(437,157)</u>	<u>363,652</u>	<u>794,598</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	5,214	31,801	23,089	10,479	70,583
Interest expense				(11,585)	(11,585)
Gain from disposal of capital assets	1,389				1,389
Loss on disposal of capital assets				(20,006)	(20,006)
Other	40,414	202,399			242,813
Total Nonoperating Revenues (Expenses)	<u>47,017</u>	<u>234,200</u>	<u>23,089</u>	<u>(21,112)</u>	<u>283,194</u>
Net income (loss) before transfers	515,494	633,826	(414,068)	342,540	1,077,792
TRANSFERS					
Transfers in			250,000		250,000
Transfers (out)				(2,917)	(2,917)
Change in Net Position	515,494	633,826	(164,068)	339,623	1,324,875
Net Position - July 1	<u>1,952,479</u>	<u>1,211,325</u>	<u>10,251,499</u>	<u>10,102,596</u>	<u>23,517,899</u>
Net Position - June 30	<u>\$2,467,973</u>	<u>\$1,845,151</u>	<u>\$10,087,431</u>	<u>\$10,442,219</u>	<u>\$24,842,774</u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	\$5,564,071	\$6,525,936	\$14,918,761	\$1,438,573	\$28,447,341
Cash payments to suppliers for goods and services	(2,866,653)	(2,296,492)		(233,004)	(5,396,149)
Cash payments to employees for services	(2,263,830)		(14,941,420)		(18,134,977)
Cash payments for judgments and claims		(1,988,071)			(1,988,071)
Net Cash Provided by Operating Activities	<u>433,588</u>	<u>1,311,646</u>	<u>(22,659)</u>	<u>1,205,569</u>	<u>2,928,144</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			250,000		250,000
Transfers (out)				(2,917)	(2,917)
Net Cash Provided by Noncapital Financing Activities			<u>250,000</u>	<u>(2,917)</u>	<u>247,083</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease				(204,252)	(204,252)
Interest payments				(11,585)	(11,585)
Acquisition of capital assets, net				(574,701)	(574,701)
Proceeds from the sale of capital assets	1,389			15,120	16,509
Net Cash Used in Capital and Related Financing Activities	<u>1,389</u>			<u>(775,418)</u>	<u>(774,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	(20,141)	(115,602)	(88,286)	(38,573)	(262,602)
Changes in fair values of investments	27,472	173,176	131,580	57,836	390,064
Net Cash Provided by Investing Activities	<u>7,331</u>	<u>57,574</u>	<u>43,294</u>	<u>19,263</u>	<u>127,462</u>
Net Increase (Decrease) in cash and cash equivalents	442,308	1,369,220	270,635	446,497	2,528,660
Cash and cash equivalents, beginning	<u>2,322,308</u>	<u>16,071,715</u>	<u>11,657,066</u>	<u>5,363,335</u>	<u>35,414,424</u>
Cash and cash equivalents, ending	<u><u>\$2,764,616</u></u>	<u><u>\$17,440,935</u></u>	<u><u>\$11,927,701</u></u>	<u><u>\$5,809,832</u></u>	<u><u>\$37,943,084</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$468,477	\$399,626	(\$437,157)	\$363,652	\$794,598
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation				922,865	922,865
Other non-operating revenue (expenses)	40,414	202,399			242,813
Net change in assets and liabilities:					
Accounts and lease receivables	(13,350)				(13,350)
Deposit			(20,000)		(20,000)
Prepaid items			1,074,537		1,074,537
Accounts payable	(51,087)	(42,277)	(744,836)		(838,200)
Other payable		(32,675)	(43,220)	(80,948)	(156,843)
Accrued insurance losses		784,573			784,573
Compensated absence obligations	(10,866)		148,017		137,151
Net Cash Provided by (Used in) Operating Activities	<u><u>\$433,588</u></u>	<u><u>\$1,311,646</u></u>	<u><u>(22,659)</u></u>	<u><u>\$1,205,569</u></u>	<u><u>\$2,928,144</u></u>
NONCASH TRANSACTIONS					
Retirement of capital assets				(\$35,126)	(\$35,126)

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed Value and Estimated Market Value of Taxable Property
2. All Overlapping Property Tax Rates
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

STATISTICAL SECTION - (Continued)
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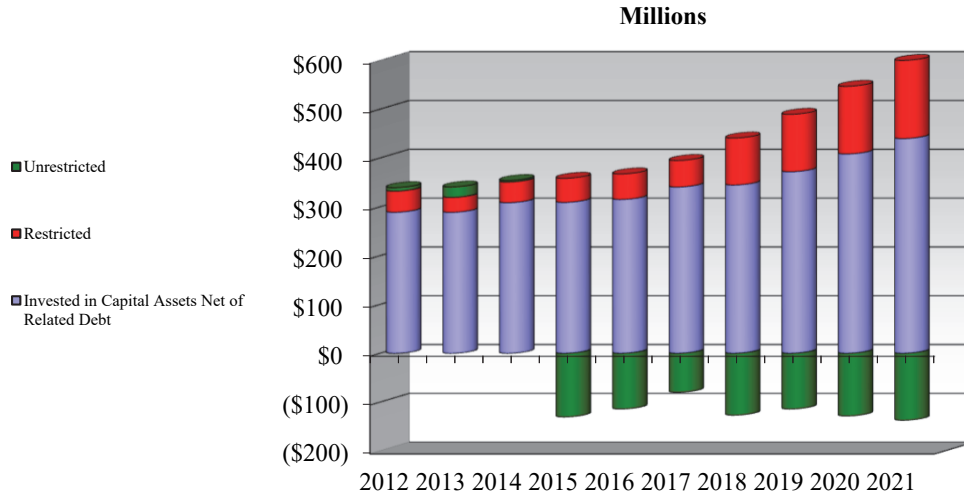
Miscellaneous Information

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

Sources

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

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



	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net investment in capital assets	\$218,218,696	\$216,508,668	\$230,440,390	\$230,517,037	\$231,142,079
Restricted	43,321,286	30,514,986	42,367,623	49,311,828	52,406,602
Unrestricted	(3,837,201)	8,021,490	(12,317,511)	(134,389,522)	(120,119,617)
Total governmental activities net position	<u>\$257,702,781</u>	<u>\$255,045,144</u>	<u>\$260,490,502</u>	<u>\$145,439,343</u>	<u>\$163,429,064</u>
Business-type activities					
Net investment in capital assets	\$70,653,841	\$72,217,660	\$78,045,318	\$78,598,277	\$83,930,073
Restricted					
Unrestricted	10,877,105	13,353,988	15,367,085	4,196,654	6,243,225
Total business-type activities net position	<u>\$81,530,946</u>	<u>\$85,571,648</u>	<u>\$93,412,403</u>	<u>\$82,794,931</u>	<u>\$90,173,298</u>
Primary government					
Net investment in capital assets	\$288,872,537	\$288,726,328	\$308,485,708	\$309,115,314	\$315,072,152
Restricted	43,321,286	30,514,986	42,367,623	49,311,828	52,406,602
Unrestricted	7,039,904	21,375,478	3,049,574	(130,192,868)	(113,876,392)
Total primary government net position	<u>\$339,233,727</u>	<u>\$340,616,792</u>	<u>\$353,902,905</u>	<u>\$228,234,274</u>	<u>\$253,602,362</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities					
Net investment in capital assets	\$254,344,554	\$254,570,044	\$271,349,364	\$296,243,640	\$316,169,957
Restricted	54,478,093	96,316,988	117,752,590	138,701,991	160,119,056
Unrestricted	(86,808,434)	(129,833,581)	(114,028,420)	(130,288,161)	(144,181,245)
Total governmental activities net position	<u>\$222,014,213</u>	<u>\$221,053,451</u>	<u>\$275,073,534</u>	<u>\$304,657,470</u>	<u>\$332,107,768</u>
Business-type activities					
Net investment in capital assets	\$86,167,704	\$90,097,907	\$100,463,280	\$111,968,328	\$123,628,942
Restricted					
Unrestricted	7,199,925	3,227,395	44,966	2,040,842	7,208,752
Total business-type activities net position	<u>\$93,367,629</u>	<u>\$93,325,302</u>	<u>\$100,508,246</u>	<u>\$114,009,170</u>	<u>\$130,837,694</u>
Primary government					
Net investment in capital assets	\$340,512,258	\$344,667,951	\$371,812,644	\$408,211,968	\$439,798,899
Restricted	54,478,093	96,316,988	117,752,590	138,701,991	160,119,056
Unrestricted	(79,608,509)	(126,606,186)	(113,983,454)	(128,247,319)	(136,972,493)
Total primary government net position	<u>\$315,381,842</u>	<u>\$314,378,753</u>	<u>\$375,581,780</u>	<u>\$418,666,640</u>	<u>\$462,945,462</u>

Source: City of South San Francisco, Department of Finance

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental Activities:				
General Government	\$7,801,328	\$8,360,945	\$7,155,035	\$8,421,857
Fire Department	20,749,323	22,746,291	21,200,903	22,005,883
Police Department	23,330,208	24,756,958	24,376,379	23,910,436
Public Works	21,269,281	15,773,710	14,980,417	14,493,039
Park, Recreation and Maintenance Services	11,641,892	12,570,236	12,658,309	12,383,880
Library	4,754,760	4,615,967	4,310,550	4,300,885
Economic and Community Development	8,702,949	16,126,427	5,525,541	5,928,316
Interest on Long -Term Debt	3,328,244	52,139		
Total Governmental Activities Expenses	<u>101,577,985</u>	<u>105,002,673</u>	<u>90,207,134</u>	<u>91,444,296</u>
Business-Type Activities:				
Sewer Rental	19,446,739	20,870,522	19,301,103	23,969,579
Parking District	769,117	792,609	943,859	503,014
Storm Water	1,010,093	1,655,950	1,078,868	1,234,616
Total Business-Type Activities Expenses	<u>21,225,949</u>	<u>23,319,081</u>	<u>21,323,830</u>	<u>25,707,209</u>
Total Primary Government Expenses	<u>\$122,803,934</u>	<u>\$128,321,754</u>	<u>\$111,530,964</u>	<u>\$117,151,505</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$2,032,292	\$1,951,016	\$5,785,598	\$3,946,302
Fire Department	3,697,665	2,987,956	3,304,952	3,520,275
Police Department	2,599,149	2,640,146	2,805,640	2,370,736
Public Works	3,607,224	2,926,227	4,734,813	5,071,729
Park, Recreation and Maintenance Services	3,178,276	3,433,567	3,571,947	3,708,272
Library	143,971	125,416	138,827	120,850
Economic and Community Development	4,968,383	3,457,020	5,800,849	5,337,177
Operating Grants and Contributions	5,650,685	5,455,010	5,601,916	5,753,845
Capital Grants and Contributions	1,471,416	4,036,786	1,538,225	632,735
Total Government Activities Program Revenues	<u>27,349,061</u>	<u>27,013,144</u>	<u>33,282,767</u>	<u>30,461,921</u>
Business-Type Activities:				
Charges for Services:				
Sewer Rental	19,310,286	19,338,107	19,155,467	19,798,033
Parking District	760,248	732,932	785,586	819,051
Storm Water	409,498	427,291	409,458	407,640
Operating Grants and Contributions	5,936,527	6,137,401	7,619,601	6,242,687
Capital Grants and Contributions				
Total Business-Type Activities Program Revenue	<u>26,416,559</u>	<u>26,635,731</u>	<u>27,970,112</u>	<u>27,267,411</u>
Total Primary Government Program Revenues	<u>\$53,765,620</u>	<u>\$53,648,875</u>	<u>\$61,252,879</u>	<u>\$57,729,332</u>
Net (Expense)/Revenue				
Governmental Activities	(\$74,228,924)	(\$77,989,529)	(\$56,924,367)	(\$60,982,375)
Business-Type Activities	5,190,610	3,316,650	6,646,282	1,560,202
Total Primary Government Net Expense	<u>(\$69,038,314)</u>	<u>(\$74,672,879)</u>	<u>(\$50,278,085)</u>	<u>(\$59,422,173)</u>

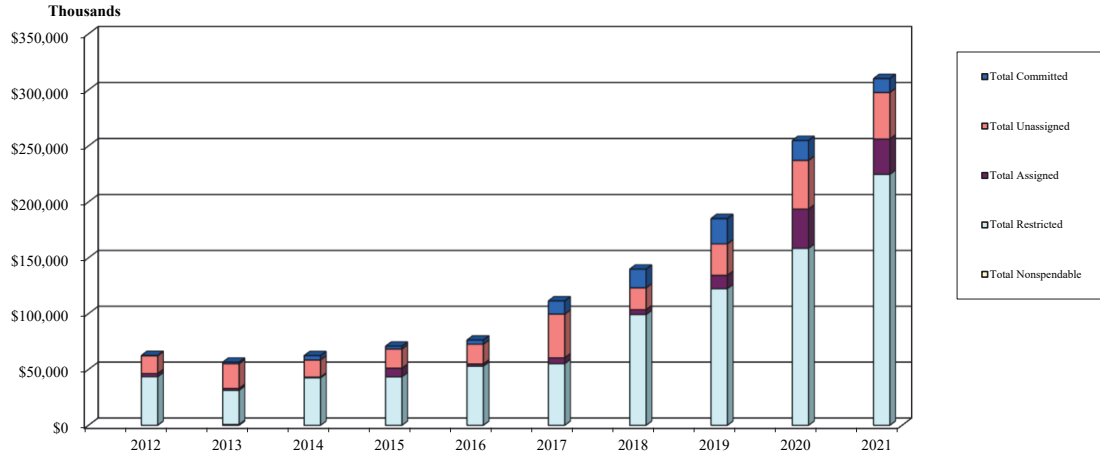
2016	2017	2018	2019	2020	2021
\$9,044,518	\$10,253,403	\$12,506,188	\$12,139,671	\$15,378,452	\$19,611,586
22,488,964	25,750,126	30,352,387	31,986,738	34,442,874	34,492,838
23,158,168	25,838,242	30,732,288	32,994,122	36,095,698	33,376,962
11,916,572	12,396,998	18,379,278	20,425,958	17,737,243	7,567,745
12,901,657	15,217,677	17,162,377	17,962,298	19,620,848	17,159,696
4,442,577	5,184,282	5,910,406	6,241,093	6,728,102	6,274,811
7,603,275	8,927,162	10,094,626	10,557,116	9,837,938	11,728,168
				512,376	2,200,344
<u>91,555,731</u>	<u>103,567,890</u>	<u>125,137,550</u>	<u>132,306,996</u>	<u>139,841,155</u>	<u>132,412,150</u>
18,273,580	22,661,768	24,397,607	25,719,049	26,213,885	26,644,459
894,769	940,181	1,202,319	896,994	1,116,840	1,338,092
1,289,465	1,333,409	1,026,948	1,188,182	1,206,694	922,057
<u>20,457,814</u>	<u>24,935,358</u>	<u>26,626,874</u>	<u>27,804,225</u>	<u>28,537,419</u>	<u>28,904,608</u>
<u>\$112,013,545</u>	<u>\$128,503,248</u>	<u>\$151,764,424</u>	<u>\$160,111,221</u>	<u>\$168,378,574</u>	<u>\$161,316,758</u>
\$4,194,563	\$2,225,049	\$1,966,755	\$7,930,983	\$5,217,199	\$6,968,307
3,450,524	4,242,940	6,327,921	6,052,804	6,073,247	5,952,872
2,076,837	2,146,909	2,230,824	2,351,491	2,092,791	1,642,726
10,361,525	10,869,608	24,727,897	27,811,701	23,355,636	24,859,635
3,744,137	3,756,369	4,489,665	4,293,474	2,872,786	1,165,630
164,271	96,987	102,124	105,466	97,603	19,037
6,131,463	3,911,597	13,052,441	14,214,991	9,067,781	4,275,808
5,581,492	4,533,539	5,827,149	12,091,079	8,757,554	8,021,958
1,147,337	577,995	2,515,868	1,629,730	4,930,640	5,498,698
<u>36,852,149</u>	<u>32,360,993</u>	<u>61,240,644</u>	<u>76,481,719</u>	<u>62,465,237</u>	<u>58,404,671</u>
19,569,341	19,897,769	22,417,156	24,078,076	24,296,811	24,705,044
843,199	916,687	1,084,472	1,180,538	1,003,222	764,514
412,105	418,840	656,315	540,679	412,707	410,745
5,802,788	5,763,645	5,834,455	6,452,950	7,440,041	14,815,460
<u>26,627,433</u>	<u>26,996,941</u>	<u>29,992,398</u>	<u>32,252,243</u>	<u>33,152,781</u>	<u>40,695,763</u>
<u>\$63,479,582</u>	<u>\$59,357,934</u>	<u>\$91,233,042</u>	<u>\$108,733,962</u>	<u>\$95,618,018</u>	<u>\$99,100,434</u>
(\$54,703,582)	(\$71,206,897)	(\$63,896,906)	(\$55,825,277)	(\$77,375,918)	(\$74,007,479)
6,169,619	2,061,583	3,365,524	4,448,018	4,615,362	11,791,155
<u>(\$48,533,963)</u>	<u>(\$69,145,314)</u>	<u>(\$60,531,382)</u>	<u>(\$51,377,259)</u>	<u>(\$72,760,556)</u>	<u>(\$62,216,324)</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$37,379,175	\$26,420,861	\$22,890,828	\$24,650,648
Sales Taxes	11,691,564	12,931,805	12,725,141	13,932,125
Transient Occupancy Tax	8,619,170	9,659,281	11,174,017	12,947,473
Franchise fees				
Other Taxes	7,089,687	7,588,471	8,141,010	8,650,056
Motor Vehicle In-Lieu	168,214	33,767	40,074	26,995
Property taxes in lieu of vehicle license fees	5,153,384	4,955,873	5,319,154	5,551,651
Interest Earnings	2,384,207	809,721	1,108,177	629,036
Gain from sale of property				
Other	9,300,137	1,965,744	2,012,444	4,577,239
Extraordinary Item	(107,717,428)			
Transfers	(785,309)	(906,857)	(1,041,120)	(1,429,308)
Special items		11,873,226		
Total Government Activities	<u>(26,717,199)</u>	<u>75,331,892</u>	<u>62,369,725</u>	<u>69,535,915</u>
Business-Type Activities:				
Interest Earnings	149,242	95,177	153,353	126,874
Transfers	785,309	906,857	1,041,120	1,429,308
Total Business-Type Activities	<u>934,551</u>	<u>1,002,034</u>	<u>1,194,473</u>	<u>1,556,182</u>
Total Primary Government	<u>(\$25,782,648)</u>	<u>\$76,333,926</u>	<u>\$63,564,198</u>	<u>\$71,092,097</u>
Change in Net Position				
Governmental Activities	(\$100,946,123)	(\$2,657,637)	\$5,445,358	\$8,553,540
Business-Type Activities	6,125,161	4,318,684	7,840,755	3,116,384
Total Primary Government	<u>(\$94,820,962)</u>	<u>\$1,661,047</u>	<u>\$13,286,113</u>	<u>\$11,669,924</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$26,438,620	\$29,023,618	\$29,551,445	\$33,446,750	\$37,415,367	\$41,561,039
15,188,686	24,087,776	28,340,393	31,843,568	31,855,027	33,039,229
13,393,437	13,631,507	13,978,533	17,091,222	13,829,025	6,710,271
3,982,092	4,090,073	4,403,493	4,469,808	4,594,577	4,498,202
5,124,574	5,708,187	5,871,096	4,995,404	4,515,376	4,529,764
26,708	28,933	34,452	32,200	53,089	49,785
5,770,060	6,133,230	6,438,199	7,150,867	7,457,005	4,888,696
1,354,266	622,518	1,097,916	4,808,664	6,384,253	941,856
			840,298		
2,334,407	2,365,820	5,180,288	7,799,392	9,152,218	11,602,214
(919,547)	(1,105,038)	(1,997,377)	(2,101,222)	(8,060,646)	(4,984,746)
	45,205,422	(7,154,626)	(531,591)	276,939	(1,378,533)
<u>72,693,303</u>	<u>129,792,046</u>	<u>85,743,812</u>	<u>109,845,360</u>	<u>107,472,230</u>	<u>101,457,777</u>
289,201	27,710	37,072	633,704	824,916	52,623
919,547	1,105,038	1,997,377	2,101,222	8,060,646	4,984,746
1,208,748	1,132,748	2,034,449	2,734,926	8,885,562	5,037,369
<u>\$73,902,051</u>	<u>\$130,924,794</u>	<u>\$87,778,261</u>	<u>\$112,580,286</u>	<u>\$116,357,792</u>	<u>\$106,495,146</u>
\$17,989,721	\$58,585,149	\$21,846,906	\$54,020,083	\$30,096,312	\$27,450,298
7,378,367	3,194,331	5,399,973	7,182,944	13,500,924	16,828,524
<u>\$25,368,088</u>	<u>\$61,779,480</u>	<u>\$27,246,879</u>	<u>\$61,203,027</u>	<u>\$43,597,236</u>	<u>\$44,278,822</u>

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



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$90,167	\$805,677	\$14,163	\$1,134	\$33,580	\$474	\$106	\$372	\$574	\$4,099
Restricted							20,582,335	19,201,948	18,372,633	16,354,141
Committed	208,054	1,406,430	3,879,451	2,536,790	3,654,283	11,780,724	16,725,897	22,619,868	17,723,338	12,372,202
Assigned	840,365	566,104	743,746	1,458,029	1,578,153	5,244,279	4,334,322	11,881,363	5,720,788	5,431,178
Unassigned	17,347,445	23,498,194	15,891,899	17,285,422	17,751,169	39,278,746	19,644,232	31,239,632	43,296,762	41,597,381
Total General Fund	\$18,486,031	\$26,276,405	\$20,529,259	\$21,281,375	\$23,017,185	\$56,304,223	\$61,286,892	\$84,943,183	\$85,114,095	\$75,759,001 (a)
All Other Governmental Funds										
Nonspendable								\$39,205		
Restricted	\$43,364,540	\$30,539,396	\$42,392,238	\$43,437,361	\$52,938,897	\$55,195,500	\$78,603,366	103,135,202	\$140,143,149	\$208,220,607
Assigned	2,076,065	1,105,320		6,188,554	367,023				29,363,924	26,145,062
Unassigned	(1,388,956)	(1,379,895)	(521,604)	(40,459)		(88,331)	(11,073)	(2,971,345)	235,649	
Total all other governmental funds	\$44,051,649	\$30,264,821	\$41,870,634	\$49,585,456	\$53,305,920	\$55,107,169	\$78,592,293	\$100,203,062	\$169,742,722	\$234,365,669

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

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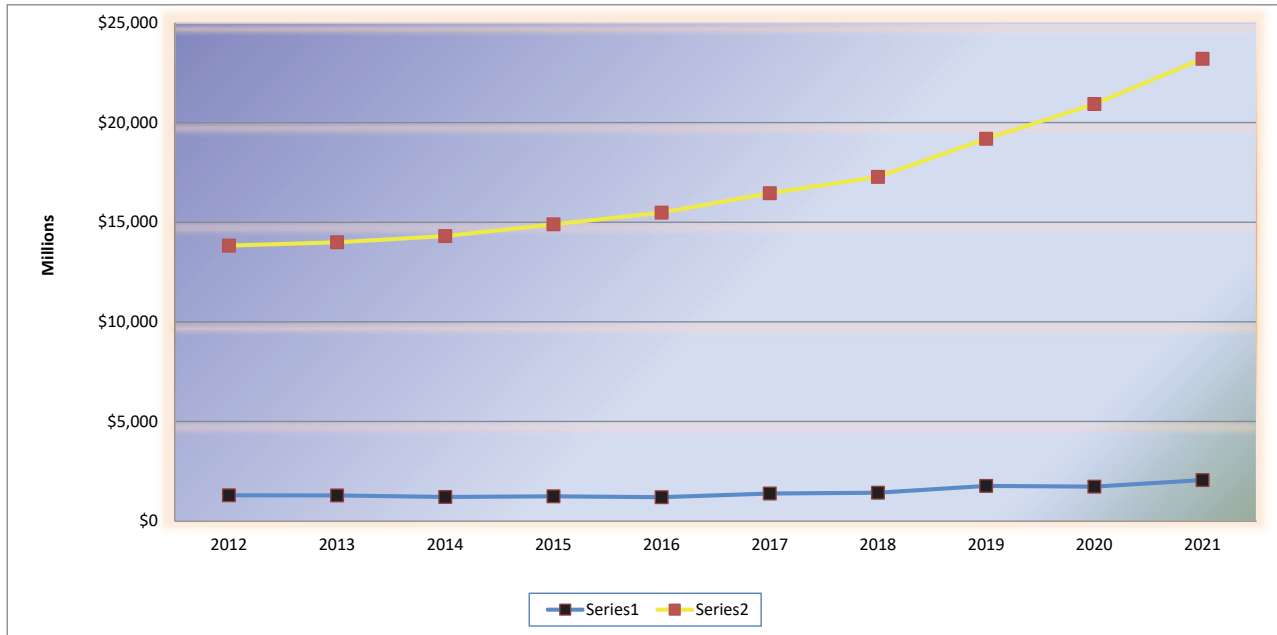
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	2012	2013	2014	2015
Revenues				
Property Taxes	\$38,174,655	\$27,077,697	\$23,010,136	\$24,650,648
Other Taxes	28,866,546	31,894,811	33,931,446	38,275,478
Intergovernmental revenues	11,580,530	13,054,594	10,757,440	10,453,071
Interest and Rents	4,955,223	3,238,089	3,632,693	3,531,966
Licenses and permits	3,056,507	3,054,451	4,366,271	4,795,158
Charges for services	10,088,070	9,275,724	16,864,409	13,387,712
Fines and forfeitures	2,184,234	1,753,682	1,528,319	1,221,413
Other	3,000,563	1,837,675	2,249,728	4,660,668
Total Revenues	101,906,328	91,186,723	96,340,442	100,976,114
Expenditures				
Current:				
General government	6,485,219	6,658,532	5,970,429	7,167,969
Fire Department	18,812,861	20,877,917	20,163,759	21,247,989
Police Department	21,217,818	22,542,135	23,309,568	23,611,743
Public works	14,253,609	9,186,493	16,791,894	15,923,071
Recreation and Community Services	10,101,408	10,927,433	11,552,502	11,826,407
Library	4,272,701	4,112,570	3,987,928	4,247,650
Economic and Community Development	8,184,334	20,512,545	5,972,966	5,917,508
Other				480,290
Capital outlay	8,894,514			
Debt service:				
Principal repayment	1,752,000		453,381	352,674
Interest and fiscal charges	1,817,764	52,139		
Total Expenditures	95,792,228	94,869,764	88,202,427	90,775,301
Excess (deficiency) of revenues over (under) expenditures	6,114,100	(3,683,041)	8,138,015	10,200,813
Other Financing Sources (Uses)				
Transfers in	108,413,018	4,467,530	21,870,234	17,983,227
Transfers (out)	(109,646,766)	(6,780,943)	(24,149,582)	(19,717,102)
Lease revenue bonds issued				
Premium on bonds				
Sale of capital assets				
Total other financing sources (uses)	(1,233,748)	(2,313,413)	(2,279,348)	(1,733,875)
Net Change in fund balances				
before extraordinary and special items	4,880,352	(5,996,454)	5,858,667	8,466,938
Extraordinary item	(110,397,363)			
Special item				
Net change in fund balances	(\$105,517,011)	(\$5,996,454)	\$5,858,667	\$8,466,938
Debt service as a percentage of				
noncapital expenditures	4.1%	0.1%	0.6%	0.4%

For The Fiscal Year Ended June 30,

2016	2017	2018	2019	2020	2021
\$26,438,620	\$35,156,848	\$35,989,644	\$40,597,617	\$44,872,372	\$46,449,735
41,811,097	49,608,385	54,597,272	60,721,378	57,214,783	51,008,432
12,360,354	4,019,771	8,433,240	13,179,593	18,317,060	17,867,273
4,207,453	3,100,692	3,524,727	7,231,303	8,864,998	3,620,391
6,896,897	7,823,403	14,674,809	15,381,416	15,900,500	15,589,002
15,386,358	14,485,367	31,961,419	41,055,659	27,442,005	23,191,413
791,756	899,118	423,604	926,729	814,354	535,750
2,439,579	2,906,625	6,454,460	7,994,701	3,067,691	7,893,148
110,332,114	118,000,209	156,059,175	187,088,396	176,493,763	166,155,144
8,469,924	9,399,930	10,403,449	10,166,977	12,453,262	12,112,319
24,175,340	25,632,366	26,059,072	27,576,879	28,161,459	31,817,325
25,458,986	25,998,097	26,970,854	28,533,292	37,468,430	70,954,323
14,846,346	12,143,965	23,859,399	38,459,963	40,070,330	51,501,254
13,234,028	14,897,157	15,468,370	16,530,603	17,130,302	15,795,645
4,681,188	5,157,355	5,379,836	5,628,693	5,940,870	5,903,883
7,907,655	8,943,111	9,338,793	9,085,390	8,780,903	11,227,503
395,749	274,183	256,298	333,024	723,901	3,490,091
656,000	23,000	2,382,000	3,464,000	1,210,000	975,000
				739,146	2,307,460
99,825,216	102,469,164	120,118,071	139,778,821	152,678,603	206,084,803
10,506,898	15,531,045	35,941,104	47,309,575	23,815,160	(39,929,659)
8,143,075	14,327,130	26,486,651	22,230,499	38,117,966	37,970,252
(13,193,699)	(16,368,499)	(30,795,941)	(24,581,721)	(46,647,023)	(43,202,081)
				43,905,000	86,410,000
				10,242,530	18,116,565
	1,016,276	3,990,605	840,298		(2,718,691)
(5,050,624)	(1,025,093)	(318,685)	(1,510,924)	45,618,473	96,576,045
5,456,274	14,505,952	35,622,419	45,798,651	69,433,633	56,646,386
	20,582,335	(7,154,626)	(531,591)	276,939	(1,378,533)
\$5,456,274	\$35,088,287	\$28,467,793	\$45,267,060	\$69,710,572	\$55,267,853
0.7%	0.0%	2.2%	3.0%	1.7%	2.9%

**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					
2012	\$5,579,044,758	\$1,581,852,456	\$4,967,158,758	\$403,895,119	\$12,531,951,091	\$1,295,085,027	\$13,827,036,118	\$13,827,036,118	0.37860%
2013	5,606,400,603	1,628,754,902	5,050,279,321	418,927,733	12,704,362,559	1,288,434,392	13,992,796,951	13,992,796,951	0.42174%
2014	5,900,441,192	1,713,575,060	4,273,694,531	1,204,288,116	13,091,998,899	1,212,353,871	14,304,352,770	14,304,352,770	0.13474%
2015	6,313,393,048	2,402,335,027	4,588,967,014	345,957,716	13,650,652,805	1,244,971,467	14,895,624,272	14,895,624,272	0.13804%
2016	6,716,642,000	2,000,204,271	5,189,813,366	376,874,603	14,283,534,240	1,197,263,526	15,480,797,766	15,480,797,766	0.13634%
2017	7,087,550,257	2,160,377,671	5,414,028,340	412,344,220	15,074,300,488	1,381,715,511	16,456,015,999	16,456,015,999	0.13632%
2018	7,458,269,085	2,171,084,856	5,838,028,479	383,589,586	15,850,972,006	1,423,348,022	17,274,320,028	17,274,320,028	0.13631%
2019	7,882,766,880	2,511,501,574	6,673,522,321	353,621,189	17,421,411,964	1,765,066,449	19,186,478,413	19,186,478,413	0.13640%
2020	8,459,303,983	2,717,851,133	7,535,473,093	491,981,925	19,204,610,134	1,727,590,717	20,932,200,851	20,932,200,851	0.13638%
2021	9,020,710,463	2,872,601,136	8,744,250,213	507,383,957	21,144,945,769	2,056,800,753	23,201,746,522	23,201,746,522	0.13622%

Source: HdL Coren & Cone, San Mateo County Assessor 2011/12-2020/21 Tax Property Values.

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

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

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>School Districts</u>	<u>Total Direct/Overlapping Tax Rates</u>	
2012	1.000	0.1824	1.1824	(1,18)
2013	1.000	0.1959	1.1959	(1,19)
2014	1.000	0.2046	1.2046	(1,20)
2015	1.000	0.1822	1.1822	(1,21)
2016	1.000	0.1750	1.1750	(1,22)
2017	1.000	0.1749	1.1749	(1,23)
2018	1.000	0.1642	1.1642	(1,24)
2019	1.000	0.1548	1.1548	(1,25)
2020	1.000	0.1648	1.1648	(1,26)
2021	1.000	0.1893	1.1893	(1,27)

Notes:

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

(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.

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

(27) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0563, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.1543 which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.1112, 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 2010/11- 2020/21 Tax Rate Table).

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

Taxpayer	2020-21			2011-12		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$2,953,030,213	1	12.73%	\$1,918,102,967	1	13.87%
HCP Oyster Point III LLC	795,928,157	2	3.43%	--	--	--
ARE San Francisco LLC	738,355,548	3	3.18%	--	--	--
Slough SSF LLC	685,393,965	4	2.95%	--	--	--
GNS South Tower LP	633,313,121	5	2.73%	--	--	--
United Airlines Inc	426,814,705	6	1.84%	157,685,825	6	1.14%
Britannia Pointe Grand LP	322,530,116	7	1.39%	274,970,686	5	1.99%
ARE East Grand Avenue Owner LLC	240,428,480	8	1.04%	--	--	--
KP Oyster Point LLC	224,702,833	9	0.97%	--	--	--
BMR 1000 Gateway LP	217,352,597	10	0.94%	--	--	--
Slough BTC LLC	--	--	--	549,058,893	2	3.97%
Slough SSF LLC De	--	--	--	467,741,887	3	3.38%
ARE San Francisco	--	--	--	355,928,252	4	2.57%
ASN Solaire LLC	--	--	--	144,242,296	7	1.04%
Gateway Center LLC De	--	--	--	132,623,657	8	0.96%
Britannia Biotech Gateway LP	--	--	--	129,898,536	9	0.94%
Myers Peninsula Venture LLC	--	--	--	121,804,011	10	0.88%
Subtotal	<u>\$7,237,849,735</u>		<u>31.20%</u>	<u>\$4,252,057,010</u>		<u>30.75%</u>

Total Net Assessed Valuation:

Fiscal Year 2020-21 \$23,201,746,522

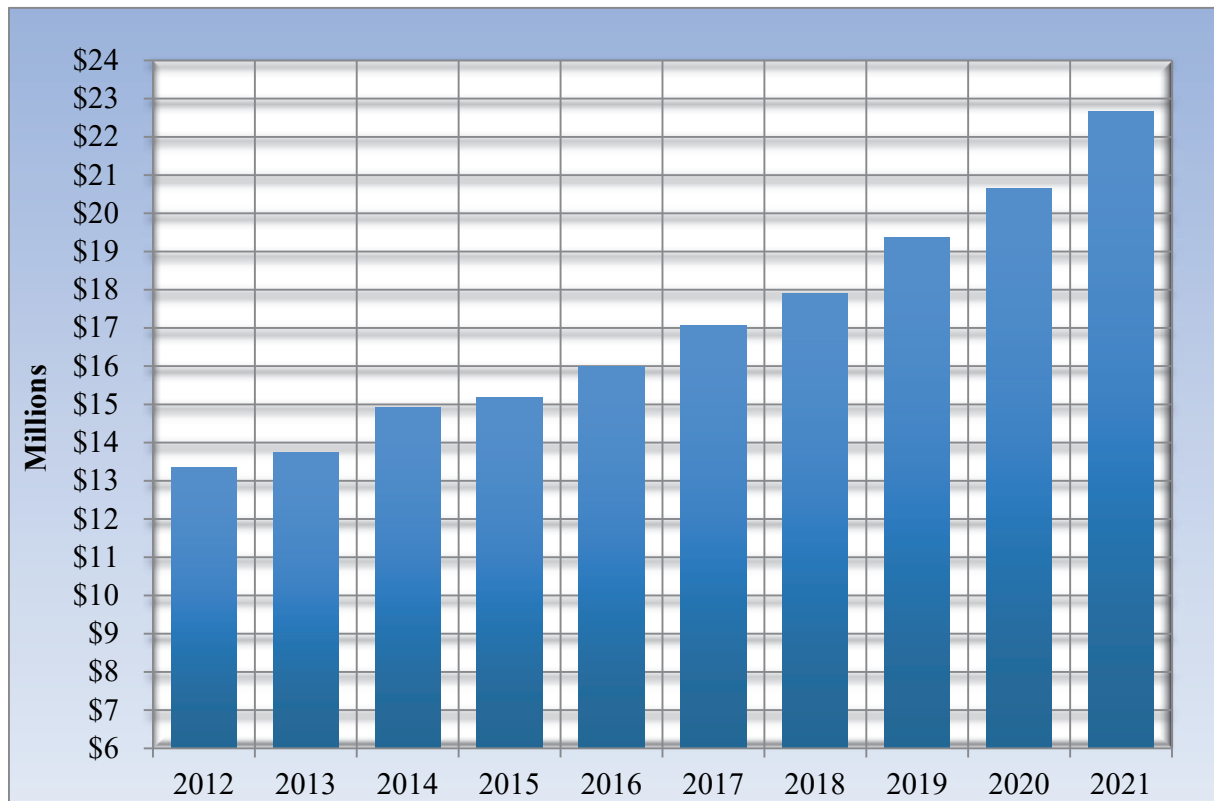
Fiscal Year 2011-12 \$13,827,036,118

Source:

HdL Coren & Cone, 2011/12 & 2020/21 Top Ten Property Taxpayers (Net Values).

San Mateo County Assessor 2011/12 & 2020/21 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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



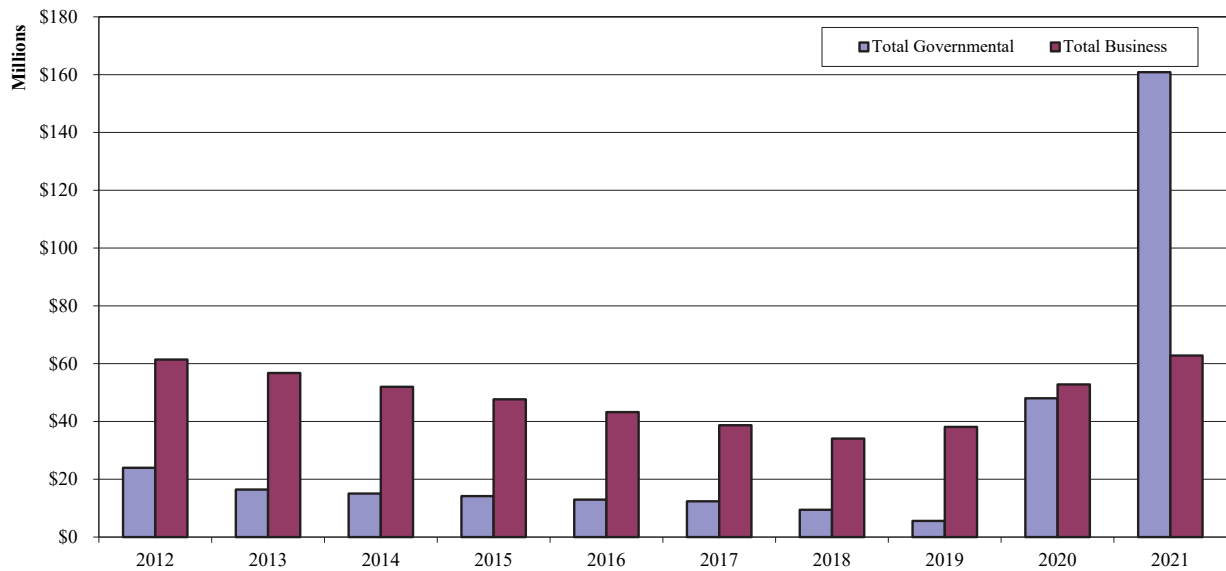
Fiscal Year	Allocations (5)	Collections	Delinquencies	Percent of Delinquent taxes
2012	\$13,360,854	(4)	(4)	0.0%
2013	13,740,246	(4)	(4)	0.0%
2014	14,928,197	(4)	(4)	0.0%
2015	15,184,788	(4)	(4)	0.0%
2016	15,994,773	(4)	(4)	0.0%
2017	17,065,875	(4)	(4)	0.0%
2018	17,894,855	(4)	(4)	0.0%
2019	19,365,814	(4)	(4)	0.0%
2020	20,651,650	(4)	(4)	0.0%
2021	22,660,544	(4)	(4)	0.0%

Notes:

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

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

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



Governmental Activities

Fiscal Year	Loans from Successor Agency	Lease Revenue Bonds	Certificates of Participation	Capital Lease	Loans	Total
2012	\$14,120,927		\$4,445,000	\$2,056,382	\$3,324,000	\$23,946,309
2013	13,343,039			3,084,553		16,427,592
2014	11,722,826			3,316,836		15,039,662
2015	11,370,152			2,786,573		14,156,725
2016	10,714,152			2,238,998		12,953,150
2017	10,691,152			1,673,522		12,364,674
2018	8,309,152			1,135,102		9,444,254
2019	4,845,152			753,619		5,598,771
2020	3,635,152	\$43,905,000		489,781		48,029,933
2021	3,595,152	156,980,389		285,529		160,861,070

Business-Type Activities

Fiscal Year	Sewer Revenue Bonds	Certificates of Participation	State Water Resources Loans	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2012	\$4,885,000		\$56,530,946	\$61,415,946	\$85,362,255	4.31%	1,310.70
2013	4,640,000		52,118,587	56,758,587	73,186,179	3.65%	1,113.78
2014	4,385,000		47,591,019	51,976,019	67,015,681	3.30%	1,019.27
2015	4,120,000		43,543,614	47,663,614	61,820,339	2.92%	957.19
2016	3,850,000		39,392,832	43,242,832	56,195,982	2.59%	858.60
2017	3,570,000		35,136,032	38,706,032	51,070,706	2.22%	761.32
2018	3,275,000		30,770,503	34,045,503	43,489,757	1.80%	648.35
2019	2,970,000		35,148,205	38,118,205	43,716,976	1.63%	644.04
2020	2,655,000		50,150,607	52,805,607	100,835,540	3.48%	1,501.98
2021	2,325,000		60,480,459	62,805,459	223,666,529	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, 2021**

2019-20 Assessed Valuation:	\$23,201,746,522
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	\$23,201,746,522

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2021	% Applicable (1)	City's Share of Debt 6/30/21
San Mateo Community College District	\$761,305,961	9.062%	\$68,989,546
Jefferson Union High School District	265,554,630	3.416	9,071,346
South San Francisco Unified School District	163,485,887	90.949	148,688,779
Brisbane School District	15,356,439	20.302	3,117,664
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$229,867,335

OVERLAPPING FUND DEBT:

San Mateo County General Fund Obligations	\$640,119,345	9.062%	\$58,007,615
San Mateo County Board of Education Certificates of Participation	6,840,000	9.062	619,841
San Mateo County Flood Control and Sea LRR District General Fund Obligations	15,425,000	61.030	9,413,878
South San Francisco Unified School District General Fund Obligations	3,185,000	90.949	2,896,726
Jefferson Union High School District Certificates of Participation	47,490,000	3.416	\$1,622,258
City of South San Francisco Lease Revenue Bonds	156,980,389	100.000	129,380,000
City of South San Francisco Loans Payable	3,595,152	100.000	\$3,595,152
City of South San Francisco Capital Leases	285,529	100.000	285,529
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$205,820,999

TOTAL DIRECT DEBT 133,260,681

Total Overlapping Debt \$302,427,653

COMBINED TOTAL DEBT \$435,688,334 (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	0.99%
Total Direct Debt	0.57%
Combined Total Debt	1.88%

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, 2021**

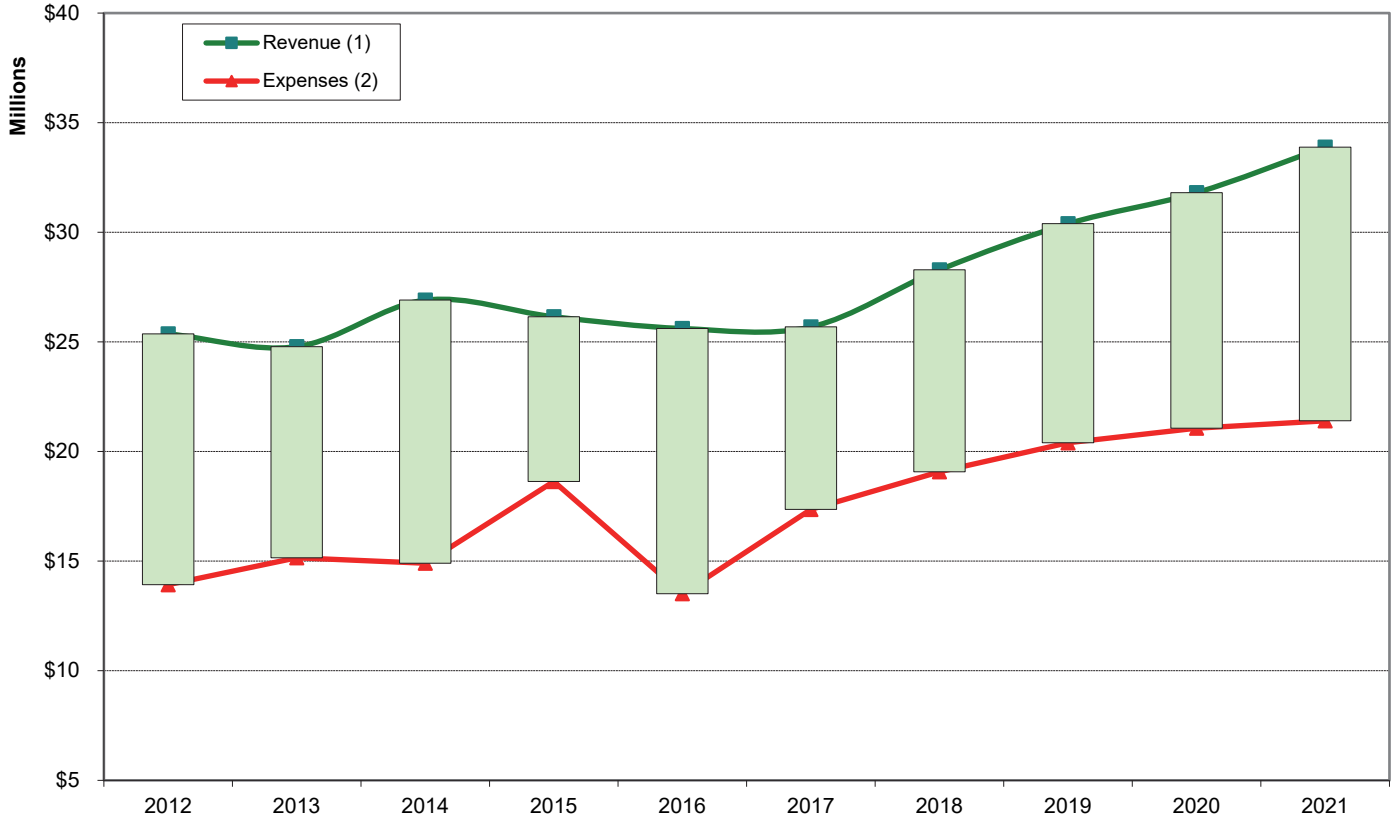
ASSESSED VALUATION:	\$23,201,746,522
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$870,065,495
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$870,065,495

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
2012	\$518,513,854	0	\$518,513,854	0.00%
2013	524,729,886	0	524,729,886	0.00%
2014	536,413,229	0	536,413,229	0.00%
2015	558,585,910	0	558,585,910	0.00%
2016	580,561,386	0	580,561,386	0.00%
2017	617,102,145	0	617,102,145	0.00%
2018	647,787,001	0	647,787,001	0.00%
2019	719,492,940	0	719,492,940	0.00%
2020	784,957,532	0	784,957,532	0.00%
2021	870,065,495	0	870,065,495	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	
2012	\$25,365,824	\$13,924,334	\$11,441,490	\$235,000	\$216,501	\$451,501	25.34
2013	24,782,587	15,151,968	9,630,619	245,000	208,459	453,459	21.24
2014	26,908,316	14,904,225	12,004,091	255,000	199,831	454,831	26.39
2015	26,147,550	18,630,672	7,516,878	265,000	190,533	455,533	16.50
2016	25,610,518	13,514,706	12,095,812	270,000	180,566	450,566	26.85
2017	25,684,966	17,357,273	8,327,693	280,000	169,976	449,976	18.51
2018	28,287,485	19,073,940	9,213,545	295,000	158,616	453,616	20.31
2019	30,393,993	20,398,157	9,995,836	305,000	146,616	451,616	22.13
2020	31,807,110	21,064,165	10,742,945	315,000	134,019	449,019	23.93
2021	33,885,393	21,401,332	12,484,061	330,000	120,593	450,593	27.71

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

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

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

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

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

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

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
Revenues						
Service Charges	\$19,515,093	\$19,750,636	\$22,188,154	\$23,556,871	\$24,150,139	\$24,526,952
Connection and Other Fees	104,283	147,134	229,002	521,205	146,672	178,092
Interest Income	238,389	23,552	31,061	488,437	623,256	41,888
Developer Fees						
Other Cities' Participation (1)	5,752,765	5,763,644	5,834,455	5,827,480	6,887,043	9,138,461
Total Revenues	<u>\$25,610,530</u>	<u>\$25,684,966</u>	<u>\$28,282,672</u>	<u>\$30,393,993</u>	<u>\$31,807,110</u>	<u>\$33,885,393</u>
Operating Expenses (2)	<u>\$18,759,650</u>	<u>\$13,514,718</u>	<u>\$19,073,943</u>	<u>\$20,398,147</u>	<u>\$21,064,167</u>	<u>\$21,401,332</u>
Wastewater System Net Revenues	<u>\$6,850,880</u>	<u>\$12,170,248</u>	<u>\$9,208,729</u>	<u>\$9,995,846</u>	<u>\$10,742,943</u>	<u>\$12,484,061</u>
Parity Debt Service (3)						
State Water Resources Control Board Loans	\$5,449,692	\$5,454,747	\$5,469,175	\$5,477,075	\$5,485,587	\$5,497,048
CSCDA Series 2005D Revenue Bonds	178,036	167,284	155,706	143,608	130,815	117,175
Total Parity Debt	<u>\$5,627,728</u>	<u>\$5,622,031</u>	<u>\$5,624,881</u>	<u>\$5,620,683</u>	<u>\$5,616,402</u>	<u>\$5,614,223</u>
Total Parity Debt Service Coverage	<u>1.22</u>	<u>2.16</u>	<u>1.64</u>	<u>1.78</u>	<u>1.91</u>	<u>2.22</u>

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

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

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

(4) Reflects an adopted increase in rates for Fiscal Year 2004-05 of 25% per Resolution No. 68-2004, adopted by the City Council on July 14, 2004 and effective on and after July 1, 2004 and an adopted increase in rates for Fiscal Year 2005-06 of 9% per Resolution No. 68-2005, adopted by the City Council on June 22, 2005 and effective on and after June 22, 2005.

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

2006 RDA Revenue Bonds						1999 RDA Revenue Bonds (Housing)					
Funding Source: RDA tax increment revenues						Funding Source: RDA Gateway and Low Moderate Income Housing tax increment revenues. Gateway bonds defeased in FY 05-06.					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2014		\$1,545,000	\$2,971,344	\$4,516,344		2014		\$220,000	\$69,780	\$289,780	
2015		1,605,000	2,904,331	4,509,331		2015		230,000	58,750	288,750	
2016		1,680,000	2,834,619	4,514,619		2016		245,000	46,875	291,875	
2017		1,745,000	2,761,756	4,506,756		2017		255,000	34,375	289,375	
2018						2018		275,000	21,125	296,125	
2019						2019		285,000	7,125	292,125	
2020						2020					
2021						2021					

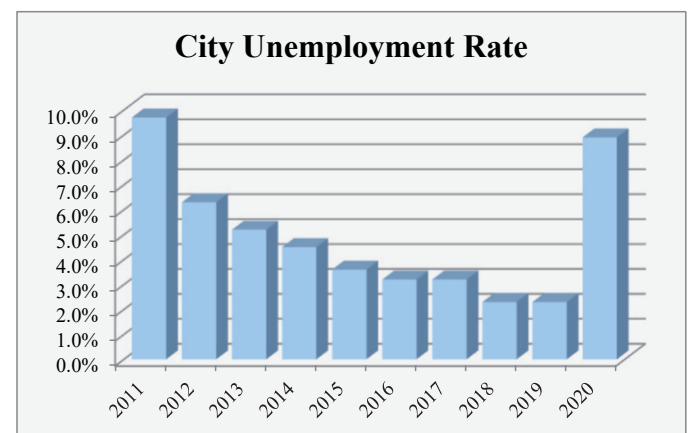
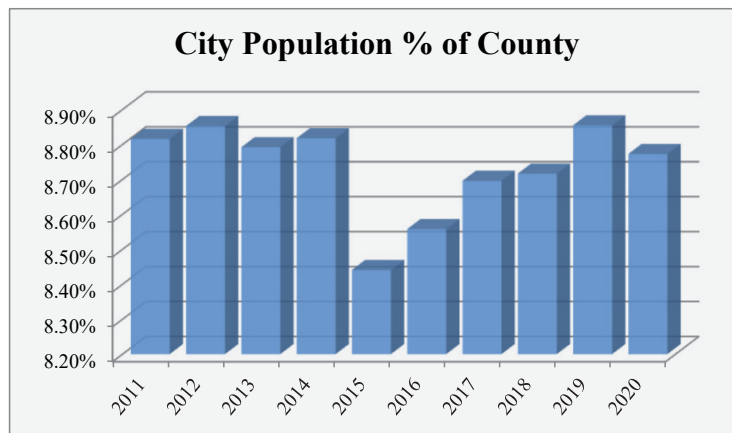
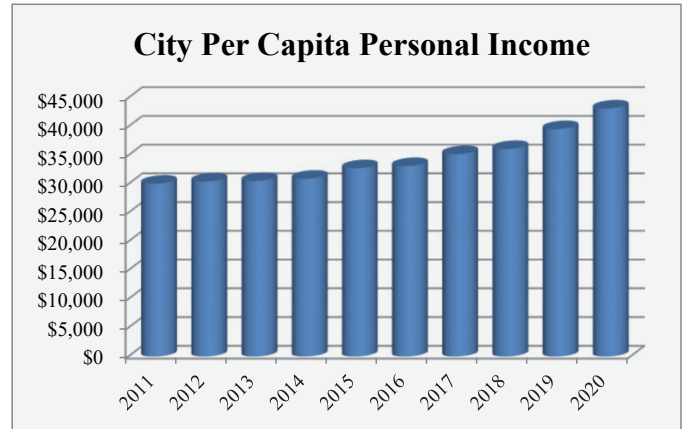
Bond was paid off in fiscal year 2017

RDA All Non-housing (A)					
Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2014		\$1,545,000	\$2,971,344	\$4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018		0	0	0	
2019		0	0	0	
2020		0	0	0	
2021		0	0	0	

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

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

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



Year	Estimated City Population (1)	City Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (4)	City Population % of County
2011	64,307	\$1,932,618	\$30,053	9.7%	729,443	8.82%
2012	65,127	1,982,857	30,446	6.3%	735,678	8.85%
2013	65,710	2,005,666	30,523	5.2%	747,373	8.79%
2014	65,749	2,033,156	30,923	4.5%	745,635	8.82%
2015	64,585	2,114,826	32,744	3.6%	765,135	8.44%
2016	65,451	2,167,750	33,120	3.2%	764,797	8.56%
2017	67,082	2,303,425	35,193	3.2%	771,410	8.70%
2018	67,078	2,421,033	36,092	2.3%	769,545	8.72%
2019	67,879	2,684,438	39,547	2.3%	766,573	8.85%
2020	67,135	2,895,980	43,136	8.9%	765,245	8.77%

Notes:

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

Data Sources:

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

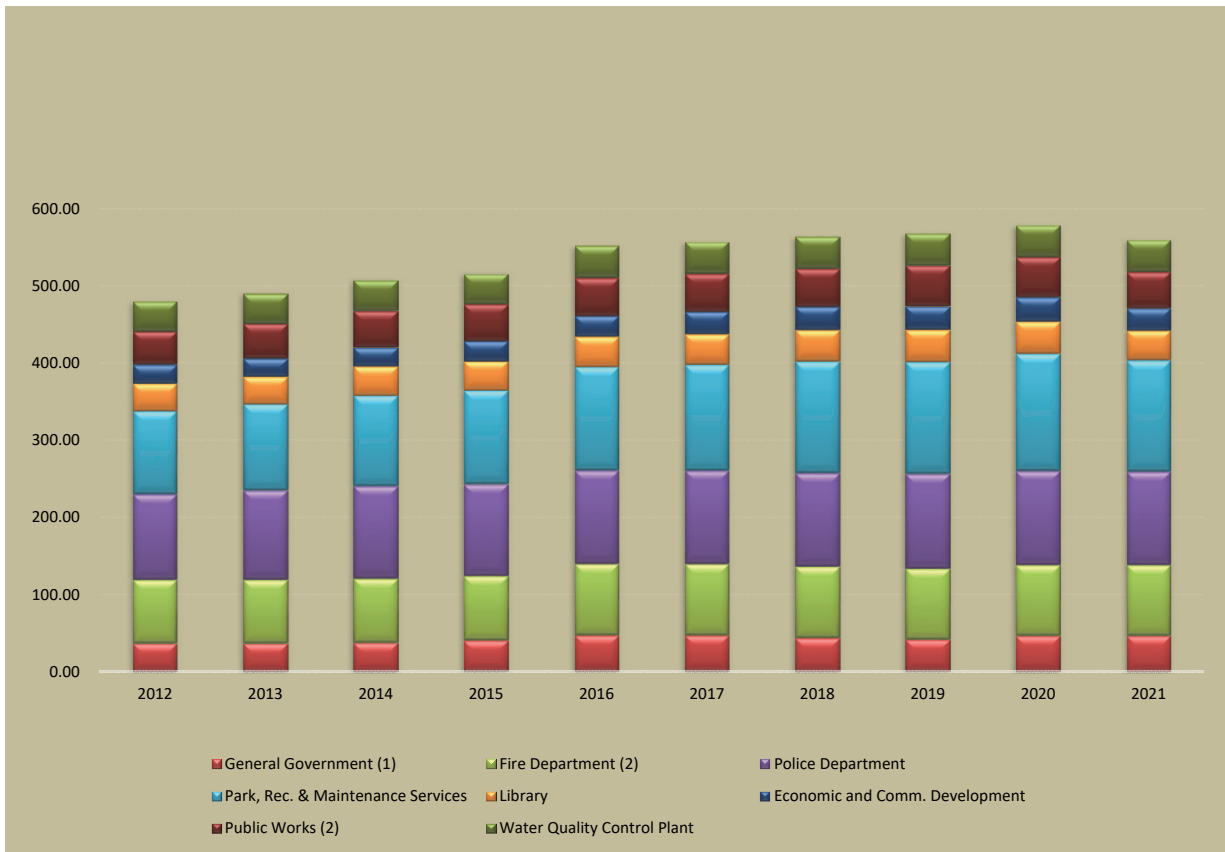
CITY OF SOUTH SAN FRANCISCO
Principal Employers
Current Year and Nine Years Ago

Employer	2020-21			2011-12		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Genentech Inc.	8,632	1	12.9%	8,451	1	13.2%
ABBVIE	1,000	2	1.5%			0.0%
Costco Wholesale (4 stores)	834	3	1.2%	485	2	
Amazon.com Services, Inc	706	4	1.1%			0.0%
Life Technologies Corporation	622	5	0.9%			
Verily Life Sciences LLC	555	6	0.8%			
Goodwill Industries of SF	375	7	0.6%			
Sutro Biopharma, Inc	321	8	0.5%			
MRL San Francisco, LLC	317	9	0.5%			
ZS Associates, Inc	317	9	0.5%			
Frank & Grossman Landscape Contractors	265	10	0.4%			0.0%
Amgen San Francisco LLC				451	3	0.7%
Guardsmark LLC				347	4	0.5%
American Etc Inc/ Royal Laundry				321	5	0.5%
Bay Bread LLC (2 stores)				288	6	0.4%
Elan Pharmaceuticals (3 locations)				283	7	0.4%
DBI Beverage				232	8	0.4%
SBM Site Services, LLC				232	8	0.4%
Oroweat/ Entenmann's				233	9	0.4%
Monogram Biosciences Inc				210	10	0.3%
Subtotal	<u>13,944</u>		<u>20.8%</u>	<u>11,533</u>		<u>18.0%</u>
Total City Population	<u>67,135</u>			<u>64,067</u>		

Data Sources:

- (1) SSF Business License Database- Business licenses expiring 12/31/21.
- (2) City of South San Francisco CAFR 2011-12
- (3) Population: HDL/California State Dept of Finance 2020.

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



Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government (1)	36.60	36.60	37.60	40.60	47.10	47.10	43.60	41.60	46.60	46.60
Fire Department (2)	82.48	82.48	82.98	83.48	92.68	92.68	92.68	91.93	91.68	91.68
Police Department	110.65	115.65	119.75	118.87	120.87	120.87	120.87	122.87	121.87	120.92
Park, Rec. & Maintenance Services	107.86	111.66	117.21	121.31	134.16	137.19	144.29	144.79	151.75	143.84
Library	35.34	35.35	37.66	37.71	38.71	39.26	40.49	41.49	41.49	38.56
Economic and Comm. Development	24.45	23.45	24.40	26.15	27.15	29.40	30.40	30.40	31.40	29.00
Public Works (2)	43.03	45.02	47.21	47.68	49.00	49.00	49.00	53.00	52.00	47.00
Water Quality Control Plant	38.82	38.82	39.63	39.06	41.74	41.50	41.50	41.50	41.50	41.50
Total	479.23	489.03	506.44	514.86	551.41	557.00	562.83	567.58	578.29	559.10

Notes:

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

Source: City of South San Francisco's FY2012-FY2021 Adopted Operating budget.

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

	2015	2016	2017	2018	2019	2020	2021
Function/Program							
Public safety:							
Fire:							
Inspections conducted	1,817	2,563	3,426	2,292	2,511	2,375	3,888
Police:							
Police calls for service	31,532	32,477	33,313	34,811	38,299	38,541	40,503
Law violations:							
Part I crimes	1,874	2,126	2,103	2,276	2,007	2,070	3,481
Physical arrests (adult and juvenile)	1,933	2,071	1,870	1,891	1,943	1,871	1,635
Traffic violations	3,828	4,211	3,785	3,359	3,620	4,172	2,119
Parking violations	13,378	12,006	15,291	18,339	26,228	12,269	13,276
Public works							
Street resurfacing (miles) (Eng Div)	0	2	8	3.3	7.0	7.9	19.57
Potholes repaired (square miles prior)/(square feet)	0.11	2	0	(2) 3221	410	190	165
Asphalt used for street repairs (tons)	250	151	94	148	13	46	69
Culture and recreation:							
Recreation class participants	(5) 26,879	23,399	23,939	25,688	23,394	17,333	(4) 5,282
Library:							
Total items borrowed	643,630	565,806	558,106	544,059	582,497	(3) 450,637	(3) 245,869
Items in collection	130,106	(1) 208,400	209,895	219,114	228,224	247,393	260,205
Wastewater							
Residential connections	16,470	16,491	16,488	12,556	12,559	12,549	12,571
Commercial connections	1,560	1,561	1,562	1,575	1,576	1,582	1,575
Other connections	128	131	140	140	140	140	140
Average daily sewage treatment (millions of gallons)	8.89	7.92	8.41	8.62	8.62	7.12	6.76

Note: N/A denotes information not available.

- (1) New items added for Grand Library and electronic books are also included.
- (2) Beginning 2018, pothole repairs will be measured by square feet instead of square miles.
- (3) Fewer items borrowed in FY2020 and FY2021 due to COVID-19 closures.
- (4) Summer camp and traditional sports programs included. Lower participant counts due to COVID-19 limitations and closures.
- (5) Registration counts have excluded all withdrawals from the classes for the year while the numbers in 2015 did not.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations (2)	1	1	1	1	1	1	1	1	1	1
Police Fleet	51	51	50	53	53	52	59	63	60	63
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights (5)	4,160	4,505	4,505	4,505	4,505	4,505	4,531	4,531	4,531	4,581
Parking District lights (6)	20	20	20	20	20	16	16	16	16	16
Traffic Signals	74	74	74	74	76	76	76	76	76	80
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	210	210	210
Playgrounds (7)	24	24	24	24	24	24	24	24	34	34
City trails	6	6	6	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	4	4	4
Senior centers (3)	1	1	1	1	1	1	1	1	1	1
Skate Park (4)	1	1	1	1	1	1	1	1	1	1
Dog park (4)	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Basketball Courts	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	5	5	5	5	5	5	5	5	5	5
Library:										
City Libraries (1)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of sanitary sewers	164	164	164	164	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

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

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

CITY OF SOUTH SAN FRANCISCO
Miscellaneous Information
Last Three Fiscal Years

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

	2019	2020	2021
Transient Occupancy Tax Detail			
13% TOT collected	\$15,535,213	\$12,591,459	\$6,215,172
1% Measure I Special Tax	1,556,009	1,114,911	495,099
Total TOT Collection	<u>\$17,091,222</u>	<u>\$13,706,371</u>	<u>\$6,710,270</u>
1% Measure I Special Tax Use			
Police	311,202	222,982	99,020
Fire	311,202	222,982	99,020
Library	311,202	222,982	99,020
Parks	311,202	222,982	99,020
Recreation	311,202	222,982	99,020
Total 1% Measure I Special Tax	<u>\$1,556,009</u>	<u>\$1,114,911</u>	<u>\$495,099</u>

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