



COMPREHENSIVE ANNUAL FINANCIAL REPORT

# CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

YEAR ENDED JUNE 30, 2018

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

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CITY COUNCIL 2018

LIZA NORMANDY, MAYOR  
KARYL MATSUMOTO, MAYOR PRO TEMPORE  
RICHARD A. GARBARINO, COUNCILMEMBER  
MARK ADDIEGO, COUNCILMEMBER  
PRADEEP GUPTA, PH.D., COUNCILMEMBER

MIKE FUTRELL, CITY MANAGER

FINANCE DEPARTMENT  
650-877-8507

December 13, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the City of South San Francisco (the City) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

## **BACKGROUND OF THE CITY**

The City encompasses approximately 9.5 square miles and has a population of 67,082. It employs approximately 464 full-time regular employees. South San

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

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

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

## **FINANCIAL INFORMATION**

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

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

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

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



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

At a high level, there are two notable changes to the financial condition of the City compared to the prior fiscal year. The first is due to implementation of GASB 75, which recognized the full liability for other post-employment benefits (OPEB). GASB 75 supplanted GASB 45, which only recognized the amortized OPEB obligation. As such, the OPEB liability increased from \$26 million to \$59 million. In addition, the City's pension liability, pursuant to GASB 68, increased from \$152 million to \$183 million, principally due to interest on the total pension liability.

The second notable change is in the City's cash balance, which increased from \$138 million to \$170 million. The change is a manifestation of two factors. The first is the pace of development in South San Francisco, primarily high density residential development in the downtown area, and research and development facilities in the East of 101 area. During FY 2017-18, the City had over 1,100 high density residential units under construction, with another 2,000 units under consideration, which is a reflection of the extreme demand for housing in the San Francisco Bay Area. The City also has over five million square feet of non-residential development that is either entitled, permitted, or under construction in the East of 101 area, which affirms the City's heritage as not only the Birthplace of Biotech, but also its status as the Biotech Capital of the world.

There are two financial policies that had a significant impact on the current period's financial statement. The first is the City's Reserves Policy, which is aligned with the Government Finance Officers Association (GFOA) best practices recommendation for reserves, setting aside 15-20 percent of operating revenues. The City's revenue base continues to expand through residential and non-residential development. The palette and depth of taxes were broadened as approved by South San Francisco voters in the November 2018 election via Measure FF and Measure LL, which will increase Transient Occupancy Tax and establish a cannabis business license tax, respectively. As such, the City's General Fund unassigned fund balance will continue to grow commensurately.

The second policy that had a significant impact reflected the City Council's alignment with best practices to complete a comprehensive review and update of its fees via a cost allocation plan (CAP) and fee study every five to seven years. The results of the fee study indicated that the City was only recovering 57 percent of its costs through fees due the period of time that had lapsed since the last CAP was completed. The City Council further supported a cost recovery rate of at least 80 percent. As such, the policy, coupled with the record-breaking development climate, increased permit and developer impact fee revenues to an unheralded level.

## 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 2017-18 is in the Financial Section of this report.

### Award

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report's attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

### Acknowledgments

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

Respectfully submitted,



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Richard Lee  
Director of Finance



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Mike Futrell  
City Manager



Government Finance Officers Association

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

Presented to

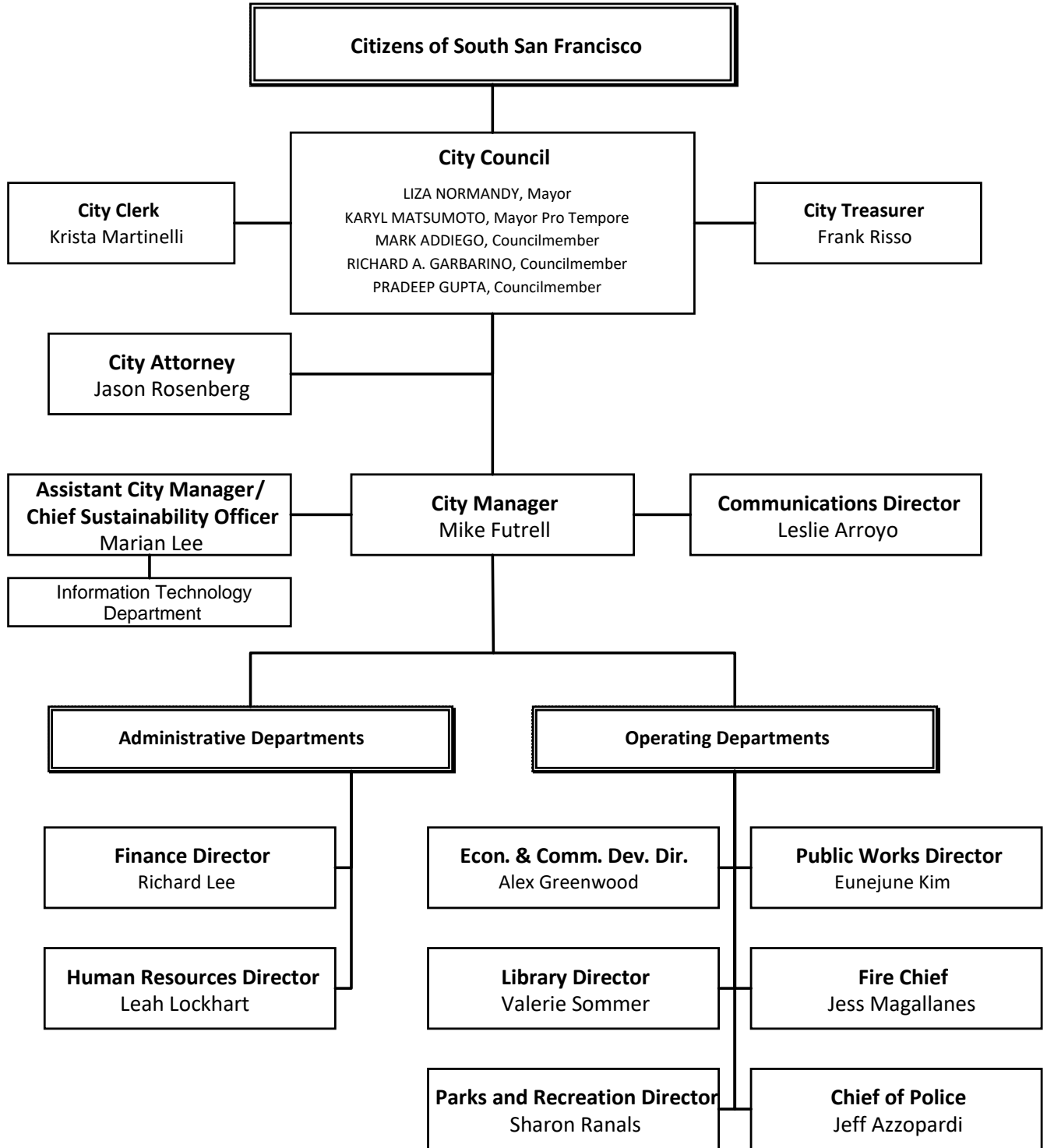
**City of South San Francisco  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



## City Council & Directory of Officials

### City Council

Liza Normandy  
Karyl Matsumoto  
Mark N. Addiego  
Richard A. Garbarino  
Pradeep Gupta, Ph.D.

Mayor  
Mayor Pro Tempore  
Councilmember  
Councilmember  
Councilmember

### Elected Officials

Krista Martinelli  
Frank Risso

City Clerk  
City Treasurer

### Appointed Officials

Mike Futrell  
Marian Lee  
Leslie Arroyo  
Richard Lee  
Leah Lockhart  
Tony Barrera  
Alex Greenwood  
Jess Magallanes  
Jeff Azzopardi  
Valerie Sommer  
Eunejune Kim  
Sharon Ranals

City Manager  
Assistant City Manager / Chief Sustainability Officer  
Communication Director  
Finance Director  
Human Resources Director  
Chief Innovation Officer  
Economic & Community Development Director  
Fire Chief  
Chief of Police  
Library Director  
Public Works Director  
Parks & Recreation Director

### Budget Subcommittee

Pradeep Gupta, Ph.D.  
Liza Normandy

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We did not audit the component unit financial statements of the South San Francisco Conference Center Authority (Authority), which is discretely presented and represents 1%, 2%, and 2%, respectively, of the assets, net position, and revenue of the primary government.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Authority were audited by other auditors, whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 1S.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California  
December 13, 2018

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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) 2017-18 FINANCIAL HIGHLIGHTS**

**Summary:**

The outcome of Fiscal Year 2017-18 largely reflected the robust economic and development climate in South San Francisco. The General Fund, excluding transfers, generated an operating surplus of \$26.2 million. General Fund reserves were fully funded in accordance with the City's Reserves Policy, which follows the Government Finance Officers' Association (GFOA) best practice of 15 to 20 percent of operating revenues. After meeting the City's reserves requirement, the City Council authorized transfer of \$10.0 million to the Capital Infrastructure Fund to proactively position the City to address future infrastructure funding needs, and \$1.0 million to the CalPERS Stabilization Reserve to address escalating pension costs and pension liabilities.

General Fund revenues (excluding operating transfers in and \$20.6 million in property held for redevelopment from FY 2016-17) increased by \$17.9 million, or 17.1 percent compared to the prior year. The primary drivers of the year-over-year increase were sales tax and permit revenues. FY 2017-18 represents the second full fiscal year of Measure W, the City's half-cent transactions and use tax. Coupled with growth in nearly every business category, sales and use tax revenues increased \$4.3 million, or 17.4 percent compared to the prior year. Permit revenues increased \$6.9 million compared to FY 2016-17. The principal contributing factors were the demand for residential and non-residential development in South San Francisco, primarily in the downtown and East of 101 areas, and the City Council's approval of a comprehensive fee study, which improved the City's cost recovery rate from 57 to 81 percent.

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

- Total Net Position for Governmental Activities in FY 2017-18 remained largely static, decreasing nominally from \$222.0 million to \$221.1 million. Total assets, driven by a significant increase in cash and investments, increased by \$33.7 million. However, total citywide liabilities increased by \$53.5 million, largely driven by implementation of Government Accounting Standards Board (GASB) 75, which shifted from an amortized value for the City's Other Post-Employment Benefits (OPEB) obligation, valued at \$26.2 million in FY 2016-17 pursuant to GASB 45, to the full OPEB liability of \$59.3 million in FY 2017-18 pursuant to GASB 75.
- Net pension liability increased from \$152.8 million to \$182.9 million. The change was largely driven by interest on the Total Pension Liability and changes in actuarial assumptions.
- Cash and investments increased and Net Expenses decreased for Governmental Activities significantly compared to the prior year, reflecting a record-breaking development climate in South San Francisco. Cash and investments increased from \$116.9 million to \$146.6 million, while Net Expenses decreased from \$71.2 million to \$63.9 million.

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

- The City purchased land from the Successor Agency to the Former Redevelopment Agency to serve as the site of the future community civic campus in the amount of \$7.1 million, which increased General Fund expenditures.
- Sales tax revenues increased from \$24.5 million to \$28.7 million, an increase of 17.4 percent, reflecting the diversity and breadth of the City's economy.
- Revenue from licenses and permits for Governmental Funds increased from \$7.8 million to \$14.7 million, which was a manifestation of the active development environment in South San Francisco, primarily non-residential development in the East of 101 area, and high density residential in the downtown area.
- Intergovernmental revenues for Governmental Funds increased from \$4.0 million to \$8.4 million, largely due to the South Airport Bridge project, which the City received federal grant funds through the State of California's Local Highway Bridge Program (HBP). The City also received grant revenue from the County of San Mateo for the US-101 Produce Avenue Interchange. The South San Francisco Fire Department responded to a number of mutual aid events throughout the State of California due to a particularly severe fire season. As such, the California Office of Emergency Services (CalOES) reimbursed the City \$0.9 million for employee and equipment costs.

**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is in six parts:

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

**Basic Financial Statements**

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



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

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

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

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

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

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

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

***City-wide Financial Statements***

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

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

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

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

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

- **Component Unit** - The City of South San Francisco Conference Center Authority comprises the component unit. The Authority serves the City and other interests and it has a governing body separate from the City Council.

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

***Fund Financial Statements***

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

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

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

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

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

**Fiduciary Statements**

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

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

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

This analysis focuses on net position and changes in net position of the City's Governmental Activities (Table and Charts 1 through 3) and Business-type Activities (Tables 4 and 5) presented in the City-wide Statement of Net Position and Statement of Activities. A comparative analysis is presented for fiscal years 2017-18 and 2016-17.

**Governmental Activities**

***Governmental Net Position***

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

	2018	2017
Cash and investments	\$ 146.6	\$ 117.0
Other assets	35.9	31.5
Capital assets	255.7	256.0
<b>Total assets</b>	438.2	404.5
Total outflows of resources	44.0	28.3
<b>Total outflow of resources</b>	44.0	28.3
Long-term debt outstanding	9.1	11.8
Other liabilities	250.0	193.8
<b>Total liabilities</b>	259.1	205.6
Deferred inflows of resources	2.0	5.2
<b>Total deferred inflow of resources</b>	2.0	5.2
Net position:		
Net investment in capital assets	254.6	254.3
Restricted	96.3	54.5
Unrestricted	(129.8)	(86.8)
<b>Total net position</b>	\$ 221.1	\$ 222.0

The total net position for Governmental Activities nominally decreased by \$0.9 million in FY 2017-18 compared to the prior year, reflecting significant increases in assets, primarily in cash and investments, offset by increases in liabilities due to increases in pension and OPEB liabilities.

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The increase in assets was largely within cash and investments, and was due to the robust development in South San Francisco, which generated record-breaking permit revenues and over \$18 million in developer impact fees. Pursuant to GASB 75, the City recognized the full OPEB liability of \$59.3 million in FY 2017-18. The City's net pension liability also increased from \$152.8 million to \$182.9 million, an increase of \$30.1 million, or 19.7 percent.

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

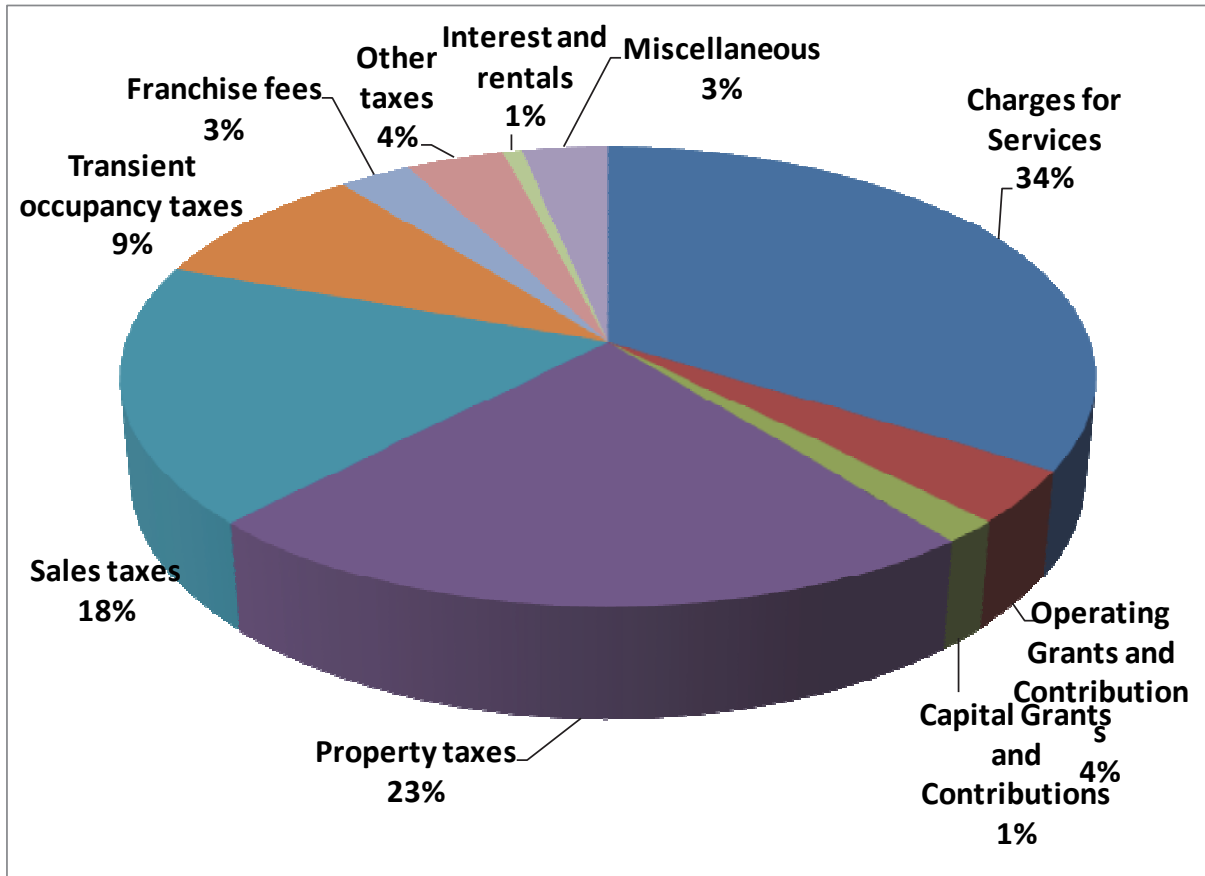
	2017-18	2016-17
<b>Expenses</b>		
General government	\$12.5	\$10.3
Fire department	30.3	25.8
Police department	30.7	25.8
Public works department	18.4	12.4
Recreation and community services	17.2	15.2
Library	5.9	5.2
Economic and community development	10.1	8.9
Interest on long-term debt		
Total expenses	\$125.1	\$103.6
<b>Revenues</b>		
Program revenues:		
Charges for services	\$52.9	\$27.3
Operating grants and contributions	5.8	4.5
Capital grants and contributions	2.5	0.6
Total program revenues	\$61.2	\$32.4
General revenues:		
Taxes:		
Property taxes	\$29.6	\$29.1
Sales taxes	28.4	24.1
Transient occupancy taxes	14.0	13.6
Other taxes	10.3	9.8
Motor vehicle in lieu	-	-
Property taxes in lieu	6.4	6.1
Investment earnings	1.1	0.6
Miscellaneous	5.2	2.4
Extraordinary Item	(7.2)	45.2
Total general revenues	\$87.8	\$130.9
Total revenues	\$149.0	\$163.3
Excess (deficiency) before transfers	\$23.9	\$59.7
Transfers	(2.0)	(1.1)
<b>Change in net position</b>	<b>21.9</b>	<b>58.6</b>
Net position - beginning*	199.2	163.4
Net position - ending	\$221.1	\$222.0

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Governmental program expenses increased by \$21.5 million in comparison to the prior year, primarily due an increase in the net pension liability of \$30.1 million and the implementation of GASB 75, which recognized the full OPEB liability of \$59.3 million. Governmental program revenues increased by \$28.8 million compared to the prior year, reflecting the level of development activity in the City.

General revenues decreased by \$43.1 million from the prior year, primarily due to the transfer of land and property from the Successor Agency to the City valued at \$45.2 million in the prior year.

**Chart 1**  
**Revenues by Source - Governmental Activities 2017-18**



As noted in Chart 1, the most notable change in proportional Governmental Activities revenues was in charges for services, which increased from 23 to 34 percent of Governmental Activities revenue, which was indicative of the high level of development in FY 2017-18.

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

In FY 2017-18, the net expense for governmental activities decreased from \$71.2 million to \$63.9 million. The decrease was primarily due to the impact of significant development tempered by additional pension and OPEB liabilities.

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**Table 3**

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

	2017-18	2016-17
General government	\$ (9.4)	\$ (7.7)
Fire department	(24.0)	(21.5)
Police department	(27.8)	(23.1)
Public works department	10.8	1.1
Recreation and community services	(11.9)	(10.7)
Library	(5.4)	(4.7)
Economic and community development	3.8	(4.6)
Interest on long-term debt		
<b>Total</b>	<u>\$ (63.9)</u>	<u>\$ (71.2)</u>



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**Business-type Activities**

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

	2018	2017
Cash and Investments	\$ 24.3	\$ 21.8
Other assets	0.5	0.2
Capital assets	124.1	124.9
Total assets	148.9	146.9
Deferred outflows related to pension	4.9	3.1
Total Deferred outflow of resources	4.9	3.1
Long-term liabilities outstanding	29.3	34.0
Other liabilities	31.0	22.1
Total liabilities	60.3	56.1
Deferred inflows related to pension	0.2	0.6
Total deferred inflow of resources	0.2	0.6
Net position:		
Net investment in capital assets	90.1	86.2
Restricted	-	-
Unrestricted	3.2	7.2
<b>Total net position</b>	<b>\$ 93.3</b>	<b>\$ 93.4</b>

The total net position for business-type activities decreased slightly by \$0.1 million compared to the prior year. Total assets increased by \$2.0 million, or 1.4 percent, reflecting the rate increase for sewer service, as manifest through the increase in cash and investments. However, total liabilities increased by \$4.2 million as a result of the implementation of GASB 75, which accounted for the full OPEB liability.

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

	<u>2017-18</u>	<u>2016-17</u>
Expenses		
Sewer Enterprise	\$ 24.4	\$ 22.7
Parking District	1.2	0.9
Storm Water	1.0	1.3
Total expenses	26.6	24.9
Revenues		
Program Revenues		
Charges for Services	24.2	21.2
Operating grants and contributions	5.8	5.8
Total program revenues	30.0	27.0
General revenues		
Investment earnings	0.0	0.0
Total general revenues	0.0	0.0
Excess (deficiency) before transfers	3.4	2.1
Transfers	2.0	1.1
Change in net position	5.4	3.2
Net position - beginning (as adjusted)	87.9	90.2
Net position - ending	\$ 93.3	\$ 93.4

Business activity expenses increased \$1.7 million compared to the prior year, particularly in Sewer Enterprise activities, largely due to the increase in the Sewer Fund's share of the net OPEB liability. The Business-type Activities' share of the Net OPEB liability, in compliance with GASB 75, was \$5.9 million. Business activity revenues increased by \$3.0 million, reflecting a sanitary sewer service fee rate increase.

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

**Governmental Funds**

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

At June 30, 2018, the City's governmental funds reported combined fund balances of \$139.9 million, an increase of \$28.5 million, or 25.6 percent compared to the prior year.

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The General Fund ending fund balance was \$61.3 million, reflecting an increase of \$5.0 million, or 8.9 percent. The change in fund balance was largely attributable to the robust development climate in South San Francisco.

Total governmental fund revenues increased by \$38.1 million, from \$118.0 million to \$156.1 million, primarily due to increases in sales tax and charges for services, which were indicative of the vitality of the local economy and development environment.

Total governmental fund expenditures increased by \$17.6 million, from \$102.5 million to \$120.1, or 17.2 percent, largely due to the purchase of land from the Successor Agency for the site of the future community civic campus in the amount of \$7.1 million. In addition, the City's personnel costs for salaries and pensions increased in accordance with negotiated increases and increases in the cost for various benefits, primarily pensions and healthcare.

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

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

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

Revenues	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Pct Change</u>	<u>Discussion: (Items of more than 5% and \$100,000 variance)</u>
Property taxes	\$ 26,878	\$ 33,761	\$ 6,883	25.6%	Reflects reclassification of Property Tax In Lieu of VLF from Intergovernmental category
Sales taxes	25,448	25,448	-		
Transient occupancy taxes	14,800	14,800	-		
Other taxes	6,043	5,343	(700)	-11.6%	Account for prevalence of transportation network companies, such as Uber and Lyft, and their impact on the City's commercial parking tax revenues.
Franchise Fee	4,000	4,000	-		
Intergovernmental	7,025	2,021	(5,004)	-71.2%	Reflects reclassification of Property Tax In Lieu of VLF to Property Taxes category offset by cost reimbursement from California Office of Emergency Services (CalOES) for mutual aid provided by the Fire Department.
Interest and rentals	6,481	7,001	520	8.0%	Amended budget to account for sale of a City-owned property.
Licenses and permits	9,232	10,232	1,000	10.8%	Increased permit revenue due to robust development.
Charges for services	8,934	9,329	395	4.4%	

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

Expenditures	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
City Council	\$ 247	\$ 247	\$ -		
City Clerk	643	667	24	3.7%	
City Treasurer	131	136	5	3.8%	
City Attorney	913	1,038	125	13.7%	The robust pace of business required the City Attorney to invest a significant number of billable hours to meet demand.
City Manager	1,961	3,167	1,206	61.5%	Accounts for carryover purchase orders for professional services primarily related to the Oyster Point development.
Finance	2,596	3,424	828	31.9%	Accounts for carryover purchase orders for implementation of the new Human Capital Management System (HCMS).
Non-Departmental	1,081	1,108	27	2.5%	
Human Resources	1,625	1,699	74	4.6%	
Fire	28,814	29,348	534	1.9%	
Police	27,865	27,654	(211)	-0.8%	
Public Works	4,315	5,340	1,025	23.8%	Carryover purchase orders from prior year for operation of South City Shuttle.
Parks and Recreation	15,553	15,929	376	2.4%	
Library	5,361	5,575	214	4.0%	
Economic and Community Development	7,216	10,773	3,557	49.3%	Accounts for carryover purchase orders from prior year for plan review and building inspection professional services.
<b>Total</b>	<b>\$ 98,321</b>	<b>\$ 106,105</b>	<b>\$ 7,784</b>	<b>7.9%</b>	

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

***General Fund***

In FY 2017-18, total General Fund revenues, excluding transfers in, were \$122.9 million, which was \$10.6 million, or 9.4 percent over the final amended budget. Total General Fund expenditures, excluding transfers out, ended FY 2017-18 at \$96.7 million, which was \$1.8 million, or 1.7 percent under budget. Overall, including transfers, the General Fund ended FY 2017-18 with a surplus of \$5.0 million, predominantly due to the items discussed below.

Sales tax revenues, including Measure W, was \$3.3 million over budget, which was indicative of the strong economic base in South San Francisco, where each nearly every business category increased its taxable sales on a year-over-year basis.

Permit revenues were \$4.4 million over budget, setting an all-time record for a fiscal year, largely attributable to non-residential development in the East of 101 area and high density residential development in the downtown area. The increase in revenue also reflected the City Council's approval of a comprehensive fee study that improved the cost recovery rate from 57 to 81 percent.

Intergovernmental revenue was \$590 thousand over budget largely due to the South San Francisco Fire Department's participation in mutual aid activities during a particularly active fire season.

Charges for services was \$1.6 million over budget, reflecting the Fire Department's efforts to refine its ambulance billing practices, which generated \$3.2 million in revenue, compared to the \$2.2 million in budget.

General Fund expenditures, excluding transfers out, were \$1.8 million under budget, largely reflecting salary savings due to staff vacancies in the Police Department and Economic and Community Development Department. Compared to the prior year, General Fund expenditures increased from \$92.4 million to \$103.8 million. However, the latter figure includes the purchase of land from the Successor Agency to the Former Redevelopment Agency in the amount of \$7.1 million for the future location of the City's community civic campus. Excluding the latter, General Fund expenditures increased by \$4.3 million, or 4.7 percent, largely due to increases in employee salary and benefits.

As of June 30, 2018, the General Fund total fund balance was \$61.3 million, which included \$16.7 million in committed reserves, \$20.6 million in restricted reserves, and \$19.6 million in unassigned reserves. The unassigned reserves are designated by the City Council based on the City's Reserves Policy, which follows best practices from the Government Finance Officers' Association (GFOA) of between 15-20 percent of General Fund operating revenue. Within the City's unassigned reserves, the City Council designated funds for economic contingencies, potential catastrophe and budget contingencies.



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***City Housing Fund***

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

In FY 2017-18, the City Housing Fund received for \$1.2 million in revenues, which included \$171 thousand in rent, \$53 thousand in interest income, and \$408 thousand in loan repayments. Excluding a year-end entry to account for repayment of a loan that was written off in a prior fiscal year, the fund had \$90 thousand in expenses, the majority of which was for administrative staff costs to support the City's Housing Division.

***Capital Improvement Fund***

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

***Developer Impact Fees***

In FY 2017-18, commensurate with the robust development climate in South San Francisco, and to ensure that new development pays its fair share of the impact on the City's capital and infrastructure, the City accounted for over \$18 million in developer impact fees, including \$2.3 million in East of 101 Sewer Impact Fees, \$5.7 million in East of 101 Traffic Impact Fees, \$1.3 million in Child Care Impact Fees, and \$2.4 million in Oyster Point Interchange Impact Fees.

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***Other Governmental Funds***

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

**Enterprise Funds**

***Sewer Enterprise Fund***

The Sewer Enterprise fund reported operating income (before non-operating revenues and operating transfers) of \$4.8 million in FY 2017-18. Operating revenues increased from \$25.7 million to \$28.3 million, an increase of 10.1 percent, which reflected the increase in sewer service fees needed to support significant capital improvements, including wet weather capacity and digester replacement. Operating expenses increased from \$21.5 million to \$23.5 million, primarily within personnel expenses, which increased by \$1.8 million, reflecting the impact of negotiated increases in employee salaries as well as pension costs, which is primarily the byproduct of the disparity between CalPERS' discount rate and actual interest earnings.

***Parking District Fund***

In FY 2017-18, operating revenues increased from \$917 thousand to \$1.1 million principally due to additional revenues from parking meters, reflecting the City's investment in smart meter technology. Operating expenses increased from \$937 thousand to \$1.3 million due to the purchase and implementation of smart meters. Net position decreased slightly by \$115 thousand to \$13.8 million.

***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 \$406 thousand, primarily from a levy on property owners. Transfers in totaled \$2.0 million, which came from the Gas Tax Fund in the amount of \$670 thousand, \$1.2 million from the General Fund, and \$161 thousand from the Solid Waste Fund. Expenses totaled \$1.0 million, which was largely static compared to the prior fiscal year. Net position increased from \$1.4 million to \$3.0 million, an increase of \$1.6 million. Service fee revenues remain static in this fund without a ballot measure to increase assessed fees.

**CAPITAL ASSETS**

GASB Statement 34 requires the City to add infrastructure to its reportable capital assets. Infrastructure includes streets, drainage systems, and traffic control and safety devices. Previously, governments excluded the value of such property from their reports of capital assets. The City has successfully reported on the depreciated value of all such assets acquired or built since 1980.

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The City reports the depreciated book value of other types of capital assets such as buildings, land, equipment and furniture, on the City-wide Statement of Net Assets. Such information is summarized below and is more completely detailed in Note 3 to the Basic Financial Statements. The City depreciates all its capital assets, except land and construction in progress.

At June 30, 2018, the City had \$379.9 million in capital assets, net of depreciation, representing a slight decrease of \$1.0 million from the prior year, as the depreciation recorded in FY 2017-18 was greater than the capital additions.

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

**Table 7**  
**Capital Assets (in Millions) at June 30**

	<u>2018</u>	<u>2017</u>
<b>Governmental Activities:</b>		
Land	\$ 67.2	\$ 70.2
Buildings and improvements	94.9	91.5
Equipment and vehicles	21.9	21.6
Furniture and fixtures	2.6	2.6
Infrastructure - streets*	195.0	195.0
Infrastructure - traffic control devices*	10.1	9.5
Infrastructure - storm drains*	8.9	8.9
Construction in progress	18.0	10.8
Less accumulated depreciation	<u>(162.9)</u>	<u>(154.1)</u>
Totals	<u>\$ 255.7</u>	<u>\$ 256.0</u>
* Additions during the fiscal year only		
<b>Business-type Activities</b>		
Land	\$ 0.8	\$ 1.4
Buildings and improvements	66.9	66.7
Clean water facilities and transmission line	75.5	75.5
Infrastructure - storm drains	4.8	4.8
Infrastructure - streets	7.4	7.4
Equipment and vehicles	18.5	18.5
Construction in progress	11.2	6.9
Less accumulated depreciation	<u>(61.0)</u>	<u>(56.3)</u>
Totals	<u>\$ 124.1</u>	<u>\$ 124.9</u>
Total City	<u>\$ 379.8</u>	<u>\$ 380.9</u>

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**DEBT ADMINISTRATION**

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

**Table 8**  
**Outstanding Debt**  
**(In Millions) at June 30**

<i><b>Governmental Activities</b></i>	<u>2018</u>	<u>2017</u>
Loan payable to Successor Agency	\$ 8.3	\$ 10.7
Capital leases	<u>1.1</u>	<u>1.7</u>
Total Governmental Activities Outstanding Debt	<u>\$ 9.4</u>	<u>\$ 12.4</u>
<i><b>Business-type Activities</b></i>		
State Water Resources Board loans	\$ 30.8	\$ 35.1
2005 Sewer Bonds	<u>3.2</u>	<u>3.6</u>
Total Business-type Activities Outstanding Debt	<u>\$ 34.0</u>	<u>\$ 38.7</u>

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

The largest remaining debt obligations are the following:

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

**ECONOMIC OUTLOOK AND MAJOR ACCOMPLISHMENTS**

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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**CITY OF SOUTH SAN FRANCISCO**

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

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

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

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

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

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

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

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

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**CITY OF SOUTH SAN FRANCISCO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Unit South San Francisco Conference Center
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments (Note 2)	\$146,586,423	\$24,340,291	\$170,926,714	\$3,844,563
Receivables:				
Accounts	10,131,428	402,726	10,534,154	315,398
Accrued interest	672,965	95,268	768,233	
Loans	1,937,912		1,937,912	
Deposit	203,510		203,510	7,397
Inventory	106		106	
Other				
Restricted cash and investments (Note 2)	449,017	40	449,057	482,596
Internal balances (Note 4A)	17,670	(17,670)		
Properties held for redevelopment (Note 1N)	22,482,335		22,482,335	
Capital assets (Note 3):				
Nondepreciable	85,260,542	11,957,484	97,218,026	43,289
Depreciable, net accumulated depreciation	170,444,603	112,185,925	282,630,528	3,534,888
Total Assets	<u>438,186,511</u>	<u>148,964,064</u>	<u>587,150,575</u>	<u>8,228,131</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Related to pension (Note 7)	40,301,062	4,477,896	44,778,958	
Related to OPEB (Note 9)	3,714,780	412,753	4,127,533	
Total Deferred Outflow of Resources	<u>44,015,842</u>	<u>4,890,649</u>	<u>48,906,491</u>	
<b>LIABILITIES</b>				
Accounts payable	3,527,973	691,010	4,218,983	432,698
Accrued salaries and benefits	3,027,256		3,027,256	72,949
Accrued interest payable		572,643	572,643	
Other payable	3,220,009	212,419	3,432,428	
Deposits	1,721,453	7,500	1,728,953	422,999
Unearned revenue	855,541		855,541	
Accrued insurance losses (Note 11):				
Due within one year	660,356		660,356	
Due in more than one year	12,133,000		12,133,000	
Compensated absences obligation (Note 1L):				
Due within one year	4,113,425	462,143	4,575,568	
Due in more than one year	2,459,623	95,304	2,554,927	
Debt and capital lease obligations (Note 5):				
Due within one year	381,482	4,782,037	5,163,519	460,000
Due in more than one year	9,062,771	29,263,465	38,326,236	
Net OPEB Liability - due in more than one year (Note 9)	53,361,000	5,929,000	59,290,000	
Net pension liability - due in more than one year (Note 7)	164,584,728	18,287,192	182,871,920	
Total Liabilities	<u>259,108,617</u>	<u>60,302,713</u>	<u>319,411,330</u>	<u>1,388,646</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Related to pension (Note 7)	1,610,985	178,998	1,789,983	
Related to OPEB (Note 9)	429,300	47,700	477,000	
Total Deferred Inflow of Resources	<u>2,040,285</u>	<u>226,698</u>	<u>2,266,983</u>	
<b>NET POSITION (Note 6)</b>				
Net investment in capital assets	254,570,044	90,097,907	344,667,951	3,118,177
Restricted for:				
Debt service				482,596
Special revenue projects	26,536,005		26,536,005	
Capital projects	49,198,648		49,198,648	
Redevelopment and community development activities	20,582,335		20,582,335	
Total Restricted Net Position	<u>96,316,988</u>		<u>96,316,988</u>	<u>482,596</u>
Unrestricted	(129,833,581)	3,227,395	(126,606,186)	3,238,712
Total Net Position	<u>\$221,053,451</u>	<u>\$93,325,302</u>	<u>\$314,378,753</u>	<u>\$6,839,485</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$12,506,188	\$1,966,755	\$1,121,145	
Fire	30,352,387	6,327,921	8,748	
Police	30,732,288	2,230,824	712,190	
Public Works	18,379,278	24,727,897	1,925,278	\$2,515,868
Parks and Recreation	17,162,377	4,489,665	802,098	
Library	5,910,406	102,124	438,966	
Economic and Community Development	10,094,626	13,052,441	818,724	
Total Governmental Activities	<u>125,137,550</u>	<u>52,897,627</u>	<u>5,827,149</u>	<u>2,515,868</u>
Business-type Activities				
Sewer	24,397,607	22,417,156	5,834,455	
Parking District	1,202,319	1,084,472		
Storm Water	1,026,948	656,315		
Total Business-type Activities	<u>26,626,874</u>	<u>24,157,943</u>	<u>5,834,455</u>	
Total Primary Government	<u>\$151,764,424</u>	<u>\$77,055,570</u>	<u>\$11,661,604</u>	<u>\$2,515,868</u>
<b>Component Unit</b>				
Conference Center	<u>\$3,690,910</u>	<u>\$2,146,762</u>		

**General revenues:**

Taxes:

Property taxes  
Sales taxes  
Transient occupancy taxes  
Franchise Fees  
Other taxes  
Motor vehicle in lieu, unrestricted  
Property taxes in lieu of vehicle license fees  
Investment earnings  
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, as adjusted (Note 1S)

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
(\$9,418,288)		(\$9,418,288)	
(24,015,718)		(24,015,718)	
(27,789,274)		(27,789,274)	
10,789,765		10,789,765	
(11,870,614)		(11,870,614)	
(5,369,316)		(5,369,316)	
3,776,539		3,776,539	
<u>(63,896,906)</u>		<u>(63,896,906)</u>	
	\$3,854,004	3,854,004	
	(117,847)	(117,847)	
	<u>(370,633)</u>	<u>(370,633)</u>	
	3,365,524	3,365,524	
<u>(63,896,906)</u>	<u>3,365,524</u>	<u>(60,531,382)</u>	
			<u>(\$1,544,148)</u>
29,551,445		29,551,445	
28,340,393		28,340,393	
13,978,533		13,978,533	2,150,818
4,403,493		4,403,493	
5,871,096		5,871,096	
34,452		34,452	
6,438,199		6,438,199	
1,097,916	37,072	1,134,988	27,795
5,180,288		5,180,288	
(7,154,626)		(7,154,626)	
<u>(1,997,377)</u>	<u>1,997,377</u>		
<u>85,743,812</u>	<u>2,034,449</u>	<u>87,778,261</u>	<u>2,178,613</u>
21,846,906	5,399,973	27,246,879	634,465
<u>199,206,545</u>	<u>87,925,329</u>	<u>287,131,874</u>	<u>6,205,020</u>
<u>\$221,053,451</u>	<u>\$93,325,302</u>	<u>\$314,378,753</u>	<u>\$6,839,485</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 2018. Individual non-major funds may be found in the Supplemental section.

### **GENERAL FUND**

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

### **LOW AND MODERATE INCOME HOUSING ASSETS SPECIAL REVENUE FUND**

To account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City of South San Francisco.

### **CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND**

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

### **EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND**

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

### **EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND**

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

### **CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND**

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

### **DEVELOPER DEPOSIT FUND**

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

### **CAPITAL INFRASTRUCTURE RESERVE FUND**

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

**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
<b>ASSETS</b>				
Cash and investments (Note 2)	\$37,648,050	\$4,730,196	\$1,759,943	\$2,824,513
Receivables:				
Accounts	7,734,046	6,989	1,943,123	
Accrued interest	213,239	20,905		14,389
Loans		1,020,193		
Due from other funds (Note 4B)	70,000			
Inventory	106			
Restricted cash and investments (Note 2)	200,000			
Properties held for redevelopment (Note 1N)	20,582,335			
	<u>\$66,447,776</u>	<u>\$5,778,283</u>	<u>\$3,703,066</u>	<u>\$2,838,902</u>
Total Assets				
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$1,307,966	\$34	\$1,649,802	
Accrued salaries and benefits	3,027,256			
Other payable	290,552		1,855,848	
Deposits	411,025			
Unearned revenue	124,085			
Due to other funds (Note 4B)				
	<u>5,160,884</u>	<u>34</u>	<u>3,505,650</u>	
Total Liabilities				
Fund Balances (Note 6):				
Nonspendable	106			
Restricted	20,582,335	5,778,249		\$2,838,902
Committed	16,725,897			
Assigned	4,334,322			
Unassigned	19,644,232		197,416	
	<u>61,286,892</u>	<u>5,778,249</u>	<u>197,416</u>	<u>2,838,902</u>
Total Fund Balances (Deficits)				
Total Liabilities and Fund Balances (Deficits)	<u>\$66,447,776</u>	<u>\$5,778,283</u>	<u>\$3,703,066</u>	<u>\$2,838,902</u>

See accompanying notes to basic financial statements

**Capital Projects Funds**

<u>East of 101 Traffic Impact Fees</u>	<u>Child Care Impact Fees</u>	<u>Developer Deposit</u>	<u>Capital Infrastructure Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$12,404,652	\$4,670,804	\$241	\$21,517,290	\$30,837,598	\$116,393,287
55,153	21,607	4,004	68,196	447,270	10,131,428
				140,149	537,642
				917,719	1,937,912
					70,000
					106
				249,017	449,017
				1,900,000	22,482,335
<u>\$12,459,805</u>	<u>\$4,692,411</u>	<u>\$4,245</u>	<u>\$21,585,486</u>	<u>\$34,491,753</u>	<u>\$152,001,727</u>
				\$345,271	\$3,303,073
					3,027,256
				998,819	3,145,219
				1,310,428	1,721,453
				731,456	855,541
		\$1,000		69,000	70,000
		1,000		3,454,974	12,122,542
\$12,459,805	\$4,692,411	3,245	\$21,585,486	31,245,268	106
					99,185,701
					16,725,897
					4,334,322
				(208,489)	19,633,159
<u>12,459,805</u>	<u>4,692,411</u>	<u>3,245</u>	<u>21,585,486</u>	<u>31,036,779</u>	<u>139,879,185</u>
<u>\$12,459,805</u>	<u>\$4,692,411</u>	<u>\$4,245</u>	<u>\$21,585,486</u>	<u>\$34,491,753</u>	<u>\$152,001,727</u>

**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL  
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2018**

Total fund balances reported on the governmental funds balance sheet	\$139,879,185
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.	250,261,241
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.	20,230,623
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	(8,309,152)
Deferred outflows related pension	40,301,062
Deferred outflows related to OPEB	3,714,780
Net OPEB liability	(53,361,000)
Net pension liability	(164,584,728)
Deferred inflows related to OPEB	(429,300)
Deferred inflows related to pension	(1,610,985)
Non-current portion of compensated absences	(5,038,275)
Net position of governmental activities	\$221,053,451

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, 2018**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
<b>REVENUES</b>				
Property taxes	\$34,143,627			
Sales taxes	28,728,427			
Transient occupancy taxes	13,978,533			
Franchise Fees	4,403,493			
Other taxes	5,871,096			
Intergovernmental	2,610,233		\$3,079,247	
Interest and rentals	2,846,967	\$585,166		\$2,654
Licenses and permits	14,674,809			
Charges for services	10,924,668			2,262,536
Fines and forfeitures	423,604			
Other	266,872	625,000		
<b>Total Revenues</b>	<b>118,872,329</b>	<b>1,210,166</b>	<b>3,079,247</b>	<b>2,265,190</b>
<b>EXPENDITURES</b>				
Current:				
City Council	239,264			
City Clerk	660,306			
City Treasurer	135,218			
City Attorney	996,380			
City Manager	2,691,066			
Finance	3,080,769			
Non-departmental	1,049,187			2,575
Human Resources	1,541,524			
Fire	26,059,072			
Police	26,639,009			
Public Works	5,014,343		13,010,889	
Parks and Recreation	15,468,370			
Library	5,379,836			
Economic and Community Development	7,722,689	90,095		
Other				
Debt service:				
Principal repayments				
<b>Total Expenditures</b>	<b>96,677,033</b>	<b>90,095</b>	<b>13,010,889</b>	<b>2,575</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>22,195,296</b>	<b>1,120,071</b>	<b>(9,931,642)</b>	<b>2,262,615</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,990,605			
Transfers in (Note 4C)	6,269,262		10,217,389	
Transfers out (Note 4C)	(20,317,868)			(111,936)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,058,001)</b>		<b>10,217,389</b>	<b>(111,936)</b>
Net Change in Fund Balances before special items	12,137,295	1,120,071	285,747	2,150,679
<b>SPECIAL ITEMS</b>				
Remittance of land sale proceeds	(7,154,626)			
Net Change in Fund Balances	4,982,669	1,120,071	285,747	2,150,679
Fund balances (deficits) - July 1	56,304,223	4,658,178	(88,331)	688,223
Fund balances (deficits) - June 30	\$61,286,892	\$5,778,249	\$197,416	\$2,838,902

See accompanying notes to financial statements

**Capital Projects Funds**

<b>East of 101 Traffic Impact Fees</b>	<b>Child Care Impact Fees</b>	<b>Developer Deposit</b>	<b>Capital Infrastructure Reserve Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
				\$1,846,017	\$35,989,644
					28,728,427
					13,978,533
					4,403,493
				1,615,723	7,486,819
				2,743,760	8,433,240
\$17,423	\$5,928		\$14,864	51,725	3,524,727
					14,674,809
5,698,649	1,289,382			11,786,184	31,961,419
					423,604
				5,562,588	6,454,460
<u>5,716,072</u>	<u>1,295,310</u>		<u>14,864</u>	<u>23,605,997</u>	<u>156,059,175</u>
					239,264
					660,306
					135,218
					996,380
					2,691,066
					3,080,769
	2,575			4,585	1,058,922
					1,541,524
					26,059,072
				331,845	26,970,854
2,575	12	\$69,639		5,761,941	23,859,399
					15,468,370
					5,379,836
				1,526,009	9,338,793
				256,298	256,298
				2,382,000	2,382,000
<u>2,575</u>	<u>2,587</u>	<u>69,639</u>		<u>10,262,678</u>	<u>120,118,071</u>
<u>5,713,497</u>	<u>1,292,723</u>	<u>(69,639)</u>	<u>14,864</u>	<u>13,343,319</u>	<u>35,941,104</u>
					3,990,605
			10,000,000		26,486,651
<u>(299,685)</u>			<u>(2,954,823)</u>	<u>(7,111,629)</u>	<u>(30,795,941)</u>
<u>(299,685)</u>			<u>7,045,177</u>	<u>(7,111,629)</u>	<u>(318,685)</u>
5,413,812	1,292,723	(69,639)	7,060,041	6,231,690	35,622,419
					(7,154,626)
5,413,812	1,292,723	(69,639)	7,060,041	6,231,690	28,467,793
7,045,993	3,399,688	72,884	14,525,445	24,805,089	111,411,392
<u>\$12,459,805</u>	<u>\$4,692,411</u>	<u>\$3,245</u>	<u>\$21,585,486</u>	<u>\$31,036,779</u>	<u>\$139,879,185</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, 2018**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$28,467,793

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	12,294,753
Retirement and adjustment of capital assets	(3,623,353)
Current year depreciation	(8,636,132)

**Long-Term Debt Payments**

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

Repayment of principal is added back to fund balance	2,382,000
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**Accrual of Non-Current Items**

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

Compensated absences	(26,863)
Net pension liability, deferred outflows and inflows of resources	(11,500,500)
Net OPEB liability, deferred outflows and inflows of resources	(1,094,820)

**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.

3,584,028

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$21,846,906

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Resources (inflows):</b>				
Property taxes	\$26,877,714	\$33,760,827	\$34,143,627	\$382,800
Sales taxes	25,448,309	25,448,309	28,728,427	3,280,118
Transient occupancy taxes	14,800,000	14,800,000	13,978,533	(821,467)
Franchise fees	4,000,000	4,000,000	4,403,493	403,493
Other taxes	6,043,065	5,343,065	5,871,096	528,031
Intergovernmental	7,024,542	2,020,600	2,610,233	589,633
Interest and rentals	3,010,263	3,010,263	2,846,967	(163,296)
Licenses and permits	9,232,477	10,232,477	14,674,809	4,442,332
Charges for services	8,934,001	9,329,002	10,924,668	1,595,666
Fines and forfeitures	818,500	163,500	423,604	260,104
Other	174,991	174,991	266,872	91,881
	<u>106,363,862</u>	<u>108,283,034</u>	<u>118,872,329</u>	<u>10,589,295</u>
<b>Amounts available for appropriation</b>				
<b>Charges to appropriations (outflows)</b>				
City Council	246,918	246,917	239,264	7,653
City Clerk	642,681	666,810	660,306	6,504
City Treasurer	130,861	135,861	135,218	643
City Attorney	913,092	1,038,092	996,380	41,712
City Manager	1,960,599	3,167,257	2,937,733	229,524
Finance	2,595,665	3,423,768	3,423,017	751
Non-departmental	1,080,967	1,108,503	1,107,187	1,316
Human Resources	1,625,221	1,699,257	1,698,958	299
Fire	28,814,471	29,347,734	26,763,505	2,584,229
Police	27,864,737	27,654,237	26,639,009	1,015,228
Public Works	4,315,409	5,339,637	5,339,181	456
Parks and Recreation	15,553,369	15,929,220	15,649,568	279,652
Library	5,361,133	5,575,195	5,394,725	180,470
Economic and Community Development	7,216,002	10,772,828	10,027,304	745,524
	<u>98,321,125</u>	<u>106,105,316</u>	<u>101,011,355</u>	<u>5,093,961</u>
<b>Total charges to appropriations</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,470,600	3,990,600	3,990,605	5
Transfers in (Note 4C)	1,772,505	1,800,705	6,269,262	4,468,557
Transfers out (Note 4C)	(12,089,033)	(20,493,106)	(20,317,868)	175,238
	<u>(6,845,928)</u>	<u>(14,701,801)</u>	<u>(10,058,001)</u>	<u>4,643,800</u>
<b>Total Other Financing Sources (Uses)</b>				
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	1,196,809	(12,524,083)	7,802,973	20,327,056
Special Item (Note 13G)		(7,154,626)	(7,154,626)	
NET CHANGE IN FUND BALANCE	<u>\$1,196,809</u>	<u>(\$19,678,709)</u>	648,347	<u>\$20,327,056</u>
<b>Fund Balance - July 1</b>			56,304,223	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>4,334,322</u>	
<b>Fund Balance - June 30</b>			<u>\$61,286,892</u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
LOW AND MODERATE INCOME HOUSING ASSETS  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental	\$167,000	\$585,166	\$418,166
Other	140,000	625,000	485,000
	307,000	1,210,166	903,166
Total Revenues	307,000	1,210,166	903,166
EXPENDITURES:			
Current:			
Economic and Community Development	543,597	90,095	453,502
	543,597	90,095	453,502
Total Expenditures	543,597	90,095	453,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(236,597)	1,120,071	1,356,668
NET CHANGE IN FUND BALANCE	(\$236,597)	1,120,071	\$1,356,668
Fund balance - July 1		4,658,178	
Fund balance - June 30		\$5,778,249	

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, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Sewer Enterprise</b>	<b>Parking District</b>	<b>Storm Water</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and investments (Note 2)	\$20,364,113	\$2,906,567	\$1,069,611	\$24,340,291	\$30,193,136
Receivables:					
Accounts	180,476		222,250	402,726	
Accrued interest	77,379	12,295	5,594	95,268	135,323
Deposit					203,510
Restricted cash and investments (Note 2)	40			40	
<b>Total current assets</b>	<b>20,622,008</b>	<b>2,918,862</b>	<b>1,297,455</b>	<b>24,838,325</b>	<b>30,531,969</b>
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	9,950,018	421,149	1,586,317	11,957,484	
Depreciable, net accumulated depreciation	101,379,368	10,525,499	281,058	112,185,925	5,443,904
<b>Total non-current assets</b>	<b>111,329,386</b>	<b>10,946,648</b>	<b>1,867,375</b>	<b>124,143,409</b>	<b>5,443,904</b>
<b>Total Assets</b>	<b>131,951,394</b>	<b>13,865,510</b>	<b>3,164,830</b>	<b>148,981,734</b>	<b>35,975,873</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension (Note 7)	4,477,896			4,477,896	
Related to OPEB (Note 9)	412,753			412,753	
<b>Total Deferred Outflows of Resources</b>	<b>4,890,649</b>			<b>4,890,649</b>	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	548,848	40,799	101,363	691,010	224,900
Other payable	139,325	12,595	60,499	212,419	74,790
Accrued interest payable	572,643			572,643	
Deposits payable	7,500			7,500	
Accrued insurance loss (Note 11)					660,356
Compensated absences obligation (Note 1L)	442,017	3,852	16,274	462,143	782,399
Current portion of long-term debt (Note 5)	4,782,037			4,782,037	381,482
<b>Total current liabilities</b>	<b>6,492,370</b>	<b>57,246</b>	<b>178,136</b>	<b>6,727,752</b>	<b>2,123,927</b>
Noncurrent liabilities:					
Accrued insurance losses (Note 11)					12,133,000
Compensated absences obligation (Note 1L)	76,860	14,252	4,192	95,304	752,374
Noncurrent portion of long-term debt (Note 5)	29,263,465			29,263,465	753,619
Net OPEB liability (Note 9)	5,929,000			5,929,000	
Net pension liability (Note 7)	18,287,192			18,287,192	
<b>Total noncurrent liabilities</b>	<b>53,556,517</b>	<b>14,252</b>	<b>4,192</b>	<b>53,574,961</b>	<b>13,638,993</b>
<b>Total Liabilities</b>	<b>60,048,887</b>	<b>71,498</b>	<b>182,328</b>	<b>60,302,713</b>	<b>15,762,920</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pension (Note 7)	178,998			178,998	
Related to OPEB (Note 9)	47,700			47,700	
<b>Total Deferred Inflows of resources</b>	<b>226,698</b>			<b>226,698</b>	
<b>NET POSITION:</b>					
Net investment in capital assets	77,283,884	10,946,648	1,867,375	90,097,907	4,308,803
Unrestricted (deficit)	(717,426)	2,847,364	1,115,127	3,245,065	15,904,150
<b>Total Net Position</b>	<b>\$76,566,458</b>	<b>\$13,794,012</b>	<b>\$2,982,502</b>	<b>93,342,972</b>	<b>\$20,212,953</b>

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

(17,670)  
\$93,325,302

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, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$22,188,154		\$406,064	\$22,594,218	\$24,202,306
Other cities' participation	5,834,455			5,834,455	
Permit fees	229,002			229,002	
Parking fees		\$1,084,472		1,084,472	
	<u>28,251,611</u>	<u>1,084,472</u>	<u>406,064</u>	<u>29,742,147</u>	<u>24,202,306</u>
Total Operating Revenues					
<b>OPERATING EXPENSES</b>					
Personnel expenses	9,994,530	312,306	738,170	11,045,006	16,276,600
Professional services	1,402,393	545,367	104,526	2,052,286	834,441
OPEB Expenses	535,039			535,039	
Program supplies	1,279,487	34,038	97,758	1,411,283	1,122,727
Insurance	187,983		3,297	191,280	1,594,759
Self-insurance and claims					1,486,551
Repair and maintenance	1,266,432			1,266,432	424,366
Rents and leases	1,639,863			1,639,863	
Utilities	1,369,865	52,317	11,025	1,433,207	29,271
Administration	1,344,292	103,927	65,422	1,513,641	
Depreciation	4,414,042	253,826	14,779	4,682,647	838,208
Other	54,056		175	54,231	351,645
	<u>23,487,982</u>	<u>1,301,781</u>	<u>1,035,152</u>	<u>25,824,915</u>	<u>22,958,568</u>
Total Operating Expenses					
Operating Income (Loss)	<u>4,763,629</u>	<u>(217,309)</u>	<u>(629,088)</u>	<u>3,917,232</u>	<u>1,243,738</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	31,058	4,071	1,943	37,072	34,256
Gain on dispositions of capital assets	4,816	97,829		102,645	43,028
Interest expense	(964,352)			(964,352)	(47,430)
Other			250,251	250,251	58,271
	<u>(928,478)</u>	<u>101,900</u>	<u>252,194</u>	<u>(574,384)</u>	<u>88,125</u>
Total Nonoperating Revenues (Expenses)					
Income (loss) before transfers	3,835,151	(115,409)	(376,894)	3,342,848	1,331,863
<b>TRANSFERS</b>					
Transfers in (Note 4C)	111,936		2,023,518	2,135,454	2,496,000
Transfers out (Note 4C)	(54,549)		(83,528)	(138,077)	(184,087)
	<u>3,892,538</u>	<u>(115,409)</u>	<u>1,563,096</u>	<u>5,340,225</u>	<u>3,643,776</u>
Change in Net Position					
Net Position (Deficits) - July 1, as adjusted (Note 1S)	<u>72,673,920</u>	<u>13,909,421</u>	<u>1,419,406</u>	<u>88,002,747</u>	<u>16,569,177</u>
Net Position (Deficits) - June 30	<u>\$76,566,458</u>	<u>\$13,794,012</u>	<u>\$2,982,502</u>	<u>\$93,342,972</u>	<u>\$20,212,953</u>

Change in Net Position \$5,340,225

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

Change in Net Position of Business-Type Activities \$5,399,973

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Enterprise</b>	<b>Parking District</b>	<b>Storm Water</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$28,330,736	\$1,084,472	\$434,065	\$29,849,273	
Cash payment to suppliers for goods and services	(9,281,263)	(101,100)	(160,632)	(9,542,995)	(\$4,738,364)
Cash payment to employees for services	(8,531,421)	(313,852)	(731,323)	(9,576,596)	(16,130,836)
Cash received from interfund service provided					24,270,705
Cash payment for judgments and claims					(1,666,137)
Net Cash Provided by (Used in) Operating Activities	<u>10,518,052</u>	<u>669,520</u>	<u>(457,890)</u>	<u>10,729,682</u>	<u>1,735,368</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	111,936		2,023,518	2,135,454	2,496,000
Transfers out	(54,549)		(83,528)	(138,077)	(184,087)
Net Cash Provided by Noncapital Financing Activities	<u>57,387</u>		<u>1,939,990</u>	<u>1,997,377</u>	<u>2,311,913</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on long-term debt	(4,660,530)			(4,660,530)	(538,422)
Interest paid on long-term debt	(1,048,997)			(1,048,997)	(47,430)
Acquisition of capital assets, net	(3,162,193)		(1,392,298)	(4,554,491)	(493,263)
Proceeds from the sale of capital assets	4,816	97,829		102,645	46,283
Net Cash Used in Capital and Related Financing Activities	<u>(8,866,904)</u>	<u>97,829</u>	<u>(1,392,298)</u>	<u>(10,161,373)</u>	<u>(1,032,832)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	180,692	26,873	12,720	220,285	292,956
Changes in market value of investments	(174,303)	(27,695)	(12,600)	(214,598)	(304,825)
Net Cash Provided by Investing Activities	<u>6,389</u>	<u>(822)</u>	<u>120</u>	<u>5,687</u>	<u>(11,869)</u>
Net Increase (Decrease) in cash and cash equivalents	1,714,924	766,527	89,922	2,571,373	3,002,580
Cash and cash equivalents, beginning	18,649,229	2,140,040	979,689	21,768,958	27,190,556
Cash and cash equivalents, ending	<u>\$20,364,153</u>	<u>\$2,906,567</u>	<u>\$1,069,611</u>	<u>\$24,340,331</u>	<u>\$30,193,136</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$4,763,629	(\$217,309)	(\$629,088)	\$3,917,232	\$1,243,738
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	4,414,042	253,826	14,779	4,682,647	838,208
Other non-operating revenue (expenses)			250,251	250,251	58,271
Net change in assets and liabilities:					
Accounts and lease receivables	79,125		(222,250)	(143,125)	10,128
Accounts payable	(160,757)	627,428	61,072	527,743	35,417
Other payable	(41,096)	7,121	60,499	26,524	(302,688)
Accrued insurance losses					(179,586)
(Decrease) increase due to OPEB	121,647			121,647	
Compensated absence obligations	63,629	(1,546)	6,847	68,930	31,880
(Decrease) increase due to retirement system	1,277,833			1,277,833	
Net Cash Provided by (Used in) Operating Activities	<u>\$10,518,052</u>	<u>\$669,520</u>	<u>(\$457,890)</u>	<u>\$10,729,682</u>	<u>\$1,735,368</u>

See accompanying notes to basic financial statements

<b>FIDUCIARY FUND</b>
-----------------------

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

**SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND**

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

**SSF EMPLOYEE DEFERRED COMP TRUST OVERSIGHT FUND**

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

**CITY OF SOUTH SAN FRANCISCO  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018**

	<b>Successor Agency Private Purpose Trust Fund</b>	<b>Agency Fund SSF Employee Def Comp Trust Oversight</b>
<b>ASSETS</b>		
Cash and investments (Note 2)	\$4,334,021	\$82,265
Accounts receivable	2,943	
Interest receivable	24,201	400
Advances to the City (Note 5)	8,309,152	
Loans receivable (Note 13B)	189,167	
Restricted cash and investments (Note 2)	37,087,907	
Capital assets (Note 13C):		
Nondepreciable	940,534	
Depreciable, net accumulated depreciation	264,723	
	<b>\$51,152,648</b>	<b>\$82,665</b>
Total Assets	<b>\$51,152,648</b>	<b>\$82,665</b>
<b>LIABILITIES</b>		
Accounts payable	\$8,990	\$2,602
Accrued interest payable	4,750	
Deposits	37,519	
Other accrued liabilities		80,063
Noncurrent portion of pollution remediation (Note 13E)	537,000	
Long-term debt (Note 13D):		
Due within one year	285,000	
	<b>873,259</b>	<b>\$82,665</b>
Total Liabilities	<b>873,259</b>	<b>\$82,665</b>
<b>NET POSITION</b>		
Held in trust for other purposes	<b>\$50,279,389</b>	

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, 2018**

	<b>Successor Agency Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Intergovernmental	\$9,966,945
Interest and rentals	660,489
Total Additions	10,627,434
 <b>DEDUCTIONS</b>	
Economic and Community Development	3,868,549
Interest expense	18,412
Depreciation	27,408
Total Deductions	3,914,369
 <b>SPECIAL ITEMS</b>	
Loss from conveyance of property to County (Note 13C)	1,809,008
Total Special Items	1,809,008
Change in net position	4,904,057
 <b>NET POSITION HELD IN TRUST FOR OTHER PURPOSES</b>	
Beginning of the year	45,375,332
End of the year	\$50,279,389

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, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Description of the Financial Reporting Entity***

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

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

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

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**D. Basis of Presentation**

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

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

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

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

**E. Major Funds**

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

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

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



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**Low and Moderate Income Housing Asset Special Revenue Fund** – This fund was established to account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City.

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

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

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

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

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

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

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

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

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

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

The City also reports the following fund types:

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

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

**F. Basis of Accounting**

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

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

All appropriations lapse at year-end, except for capital projects and encumbrances. Original adopted budgets and final amended budgets are presented in the basic financial statements. Supplementary budget appropriations were necessary during the year ended June 30, 2018.

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

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

**J. *Capital Assets*** - 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.

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$6,514,305	\$488,517	\$7,002,822
Additions	4,721,179	554,826	5,276,005
Payments	(4,662,436)	(485,896)	(5,148,332)
Ending Balance	\$6,573,048	\$557,447	\$7,130,495
Current Portion	\$4,113,425	\$462,143	\$4,575,568

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

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

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

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

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

- M. *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).
- N. *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, 2018**

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

**O. 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.

**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. New Accounting Pronouncements**

Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This statement is effective for the 2017-2018 fiscal year. The City has implemented this statement. See Notes 1S and 9 for additional information.

Governmental Accounting Standards Board (GASB) Statement No. 81 – *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. This statement is effective for the 2017-2018 fiscal year and had no effect on the City’s financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This statement is effective for the 2017-2018 fiscal year. The City has implemented this statement. See Notes 7 and 9 for additional information.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

Governmental Accounting Standards Board (GASB) Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement is effective for the 2017-2018 fiscal year and had no effect on the City’s financial statements.

**R. *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.

**S. *Prior Period Adjustment***

The implementation of GASB Statement No. 75 required the City to make prior period adjustments. In addition, the City also determined that as of July 1, 2017, OPEB liability will no longer be reported in the Health and Retirement Benefits Internal Service Fund. As a result, as of July 1, 2017, the beginning net position of the Health and Retirement Benefits Internal Service Fund was increased by \$26,173,032, the beginning net position of the Governmental Activities Fund was reduced by \$22,807,668, the beginning net positions of the Business-type Activities and Sewer Enterprise Fund were both reduced by \$5,442,300. See additional information in Note 9.

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 2 - CASH AND INVESTMENTS**

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

**A. Policies**

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

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

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

**B. Classification**

Cash and investments as of June 30, 2018 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:

Statement of Net Position:

City of South San Francisco:

Cash and investments available for operations	\$170,926,714
Restricted cash and investments	449,057
Total Primary Government cash and investments	171,375,771

Statement of Fiduciary Assets:

Cash and investments available for operations	4,416,286
Restricted cash and investments	37,087,907
Total Fiduciary cash and investments	41,504,193

Conference Center:

Cash and investments available for operations	3,844,563
Restricted cash and investments	482,596
Total South San Francisco Conference Center cash and investments	4,327,159
Total cash and investments	\$217,207,123



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**D. Investments Authorized by Debt Agreements**

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**E. Interest Rate Risk**

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

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	
<b>City and Fiduciary:</b>			
U.S. Agency Securities			
Non-callable		\$23,963,841	\$23,963,841
U.S. Treasury Notes		21,446,719	21,446,719
Local Agency Investment Fund	\$54,780,939		54,780,939
Money Market Funds	33,898,582		33,898,582
Guaranteed Investment Agreements		276,872	276,872
Corporate Notes	6,728,488	24,240,569	30,969,057
Commercial Paper	5,978,334		5,978,334
Negotiable Certificates of Deposit	7,079,925		7,079,925
Asset-Backed Securities	69,264	12,580,059	12,649,323
Supranational Obligations	1,759,841	6,621,501	8,381,342
<b>South San Francisco Conference Center:</b>			
Local Agency Investment Fund	3,167,864		3,167,864
Money Market Funds	482,596		482,596
	\$113,945,833	\$89,129,561	203,075,394
Cash in Banks and on Hand - City of South San Francisco			13,455,030
Cash in Banks and on Hand - South San Francisco Conference Center			676,699
Total Cash and Investments			\$217,207,123

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments have an average maturity of 193 days.

Money market funds are available for withdrawal on demand and as of June 30, 2018 have an average maturity of 24 days.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**F. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2017, 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
<b>City and Fiduciary:</b>						
U.S. Agency Securities						
Non-callable	\$23,963,841					\$23,963,841
Money Market Funds		\$33,898,582				33,898,582
Corporate Notes	2,090,329		\$3,994,168	\$24,884,560		30,969,057
Commercial Paper					\$5,978,334	5,978,334
Negotiable Certificates of Deposit					7,079,925	7,079,925
Asset-Backed Securities	9,112,578					9,112,578
Supranational Obligations	7,902,503					7,902,503
<b>South San Francisco Conference Center:</b>						
Money Market Funds		482,596				482,596
Totals	<u>\$43,069,251</u>	<u>\$34,381,178</u>	<u>\$3,994,168</u>	<u>\$24,884,560</u>	<u>\$13,058,259</u>	119,387,416
<b>City and Fiduciary:</b>						
<i>Not rated:</i>						
Guaranteed Investment Agreements						276,872
Asset Backed Securities						3,536,745
Supranational Obligations						478,839
Local Agency Investment Fund						54,780,939
<i>Exempt from credit rate disclosure:</i>						
U.S. Treasury Notes						21,446,719
<b>South San Francisco Conference Center:</b>						
<i>Not rated:</i>						
Local Agency Investment Fund						<u>3,167,864</u>
Total Investments						<u>\$203,075,394</u>

**G. Concentration of Credit Risk**

The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U. S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total Entity-wide investments are as follows at June 30, 2018:

Issuer	Investment Type	Amount
Federal National Mortgage Association	U.S. Agency Securities	\$11,182,875

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**H. 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, 2018:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
<b>City and Fiduciary:</b>		
U.S. Agency Securities		
Non-callable	\$23,963,841	\$23,963,841
U.S. Treasury Notes	21,446,719	21,446,719
Corporate Notes	30,969,057	30,969,057
Commercial Paper	5,978,334	5,978,334
Negotiable Certificates of Deposit	7,079,925	7,079,925
Asset Backed Securities	12,649,323	12,649,323
Supranational Obligations	8,381,342	8,381,342
Totals	\$110,468,541	110,468,541
 <i>Investments Measured at Amortized Cost:</i>		
<b>City and Fiduciary:</b>		
Guaranteed Investment Agreements		276,872
Money Market Mutual Funds		33,898,582
<b>South San Francisco Conference Center:</b>		
Money Market Mutual Funds		482,596
 <i>Investments Exempt from Fair Value Hierarchy:</i>		
<b>City and Fiduciary:</b>		
Local Agency Investment Fund		54,780,939
<b>South San Francisco Conference Center:</b>		
Local Agency Investment Fund		3,167,864
Total Investments		\$203,075,394

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 3 - CAPITAL ASSETS**

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

	Balance 6/30/2017	Additions	Retirements and Adjustments	Transfers	Balance 6/30/2018
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$70,235,985	\$22,500	(\$3,085,484)		\$67,173,001
Construction in Progress	10,660,336	12,244,942	(213,316)	(\$4,604,421)	18,087,541
Total capital assets not being depreciated	80,896,321	12,267,442	(3,298,800)	(4,604,421)	85,260,542
Capital assets being depreciated:					
Buildings and Improvements	91,451,509		(543,081)	3,950,732	94,859,160
Infrastructure - Streets	194,928,165				194,928,165
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	9,541,649			653,689	10,195,338
Equipment and Vehicle	6,665,053	27,311	(38,043)		6,654,321
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	314,128,083	27,311	(581,124)	4,604,421	318,178,691
Less accumulated depreciation for:					
Buildings and Improvements	(35,174,437)	(2,411,933)	255,694		(37,330,676)
Infrastructure - Streets	(96,012,555)	(5,346,412)			(101,358,967)
Infrastructure - Storm Drains	(3,162,061)	(204,500)			(3,366,561)
Infrastructure - Traffic Control Devices	(2,879,609)	(414,270)			(3,293,879)
Equipment and Vehicle	(6,060,430)	(163,231)	877		(6,222,784)
Furniture and Fixtures	(1,509,339)	(95,786)			(1,605,125)
Total accumulated depreciation	(144,798,431)	(8,636,132)	256,571		(153,177,992)
Net Governmental Fund Capital Assets Being Depreciated	169,329,652	(8,608,821)	(324,553)	4,604,421	165,000,699
<b>Internal Service Fund Capital Assets</b>					
Capital assets not being depreciated:					
Construction in Progress	162,140			(162,140)	
Total capital assets not being depreciated	162,140			(162,140)	
Capital assets being depreciated:					
Equipment and Vehicle	14,887,438	493,263	(363,652)	162,140	15,179,189
Accumulated depreciation	(9,257,474)	(838,208)	360,397		(9,735,285)
Net Internal Service Fund Capital Assets Being Depreciated	5,629,964	(344,945)	(3,255)	162,140	5,443,904
Governmental activity capital assets, net	\$256,018,077	\$3,313,676	(\$3,626,608)		\$255,705,145

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$1,396,758		(\$602,171)		\$794,587
Construction in Progress	6,848,544	\$4,554,491		(\$240,138)	11,162,897
<b>Total capital assets not being depreciated</b>	<b>8,245,302</b>	<b>4,554,491</b>	<b>(602,171)</b>	<b>(240,138)</b>	<b>11,957,484</b>
Capital assets being depreciated:					
Buildings and Improvements	66,715,639			240,138	66,955,777
Clean Water Facilities and Lines	75,522,774				75,522,774
Infrastructure - Storm Drains	4,773,977				4,773,977
Infrastructure - Streets	7,377,546				7,377,546
Equipment and Vehicle	18,515,002		(9,496)		18,505,506
Furniture and Fixtures	31,154				31,154
<b>Total capital assets being depreciated</b>	<b>172,936,092</b>		<b>(9,496)</b>	<b>240,138</b>	<b>173,166,734</b>
Less accumulated depreciation for:					
Buildings and Improvements	(16,155,673)	(1,606,327)			(17,762,000)
Clean Water Facilities and Lines	(27,277,883)	(1,888,069)			(29,165,952)
Infrastructure - Storm Drains	(875,226)	(159,132)			(1,034,358)
Infrastructure - Streets	(1,631,121)	(209,570)			(1,840,691)
Equipment and Vehicle	(10,336,601)	(819,549)	9,496		(11,146,654)
Furniture and Fixtures	(31,154)				(31,154)
<b>Total accumulated depreciation</b>	<b>(56,307,658)</b>	<b>(4,682,647)</b>	<b>9,496</b>		<b>(60,980,809)</b>
<b>Net capital assets being depreciated</b>	<b>116,628,434</b>	<b>(4,682,647)</b>		<b>240,138</b>	<b>112,185,925</b>
<b>Business-type activity capital assets, net</b>	<b>\$124,873,736</b>	<b>(\$128,156)</b>	<b>(\$602,171)</b>		<b>\$124,143,409</b>

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<b>Component Unit:</b>				
South San Francisco Conference Center				
Construction in Progress		\$43,289		\$43,289
Buildings and Improvements	\$10,822,457	325,808		11,148,265
Furniture and Fixtures	781,465	98,703		880,168
Machinery and equipment	237,557	29,594		267,151
<b>Total:</b>	<b>11,841,479</b>	<b>497,394</b>		<b>12,338,873</b>
Less accumulated depreciation	(8,221,906)	(538,790)		(8,760,696)
<b>Component unit, net</b>	<b>\$3,619,573</b>	<b>(\$41,396)</b>		<b>\$3,578,177</b>

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



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**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	\$656,598
Fire	378,897
Police	88,310
Public works	6,913,360
Parks and recreation	470,932
Library	60,001
Economic and community development	68,034
<b>Total Governmental Functions</b>	8,636,132
Internal Service Funds	838,208
<b>Total Governmental Activities</b>	\$9,474,340
<i>Business-Type Activities</i>	
Sewer Enterprise	\$4,414,042
Parking District	253,826
Storm Water	14,779
<b>Total Business-Type Activities</b>	\$4,682,647

**NOTE 4 - INTER-FUND TRANSACTIONS**

A. **Internal Balances**

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

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

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

Due From Other Fund	Due to Other Fund	Amount
General Fund	Developer Deposit	
	Capital Projects Fund	\$1,000
	Non-major Governmental Funds	69,000
		\$70,000

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**C. Transfers**

Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

<u>FROM FUND (OUT)</u>	<u>TO FUND (IN)</u>	<u>AMOUNT</u>
<b>General Fund</b>	Capital Improvement Capital Projects Fund	\$7,400,855
	Capital Infrastructure Reserve Capital Projects Fund	10,000,000
	Storm Water Enterprise Fund	1,192,213
	Internal Service Funds	1,724,800
<b>East of 101 Sewer Impact Fees Capital Project Fund</b>	Sewer Enterprise Fund	111,936
<b>East of 101 Traffic Impact Fees Capital Project Fund</b>	Capital Improvement Capital Projects Fund	299,685
<b>Capital Infrastructure Reserve Capital Projects Fund</b>	General Fund	2,502,915
	Capital Improvement Capital Projects Fund	451,908
<b>Sewer Rental Enterprise Fund</b>	Capital Improvement Capital Projects Fund	54,549
<b>Storm Water Enterprise Fund</b>	Capital Improvement Capital Projects Fund	83,528
<b>Non-major Governmental Funds</b>	General Fund	3,766,347
	Capital Improvement Capital Projects Fund	1,742,777
	Storm Water Enterprise Fund	831,305
	Internal Service funds	771,200
<b>Internal Service Funds</b>	Capital Improvement Capital Projects Fund	184,087
	<b>Total</b>	<u>\$31,118,105</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**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, 2018 follows:

	Authorized and Issued	Balance at June 30, 2017	Retirement	Balance at June 30, 2018	Current Portion
<b>Governmental Activities:</b>					
2007 Loans Payable to the Successor Agency (1)		\$10,691,152	\$2,382,000	\$8,309,152	
<b>Total Governmental Activities Debt</b>		<u>10,691,152</u>	<u>2,382,000</u>	<u>8,309,152</u>	
<b>Capital Leases (2):</b>					
2008 Two Fire Trucks		159,172	105,061	54,111	\$54,111
2010 Two Ambulances		44,769	44,769		
2010 Two Fire Trucks		442,659	120,353	322,306	125,154
2013 Fire Truck		813,559	126,860	686,699	130,232
2014 Sweeper		213,364	141,379	71,985	71,985
<b>Total Capital Leases</b>		<u>1,673,523</u>	<u>538,422</u>	<u>1,135,101</u>	<u>381,482</u>
<b>Net Governmental Long-Term Debt</b>		<u>\$12,364,675</u>	<u>\$2,920,422</u>	<u>\$9,444,253</u>	<u>\$381,482</u>
<b>Business-Type Activities:</b>					
1999 State Water Resources Loan, 2.6%, due 8/1/22 (3)	\$47,721,252	\$17,970,264	\$2,806,194	\$15,164,070	\$2,879,155
2004 State Water Resources Loan, 2.5%, due 1/1/27 (3)	21,258,529	11,175,566	1,122,663	10,052,903	1,150,729
2008 State Water Resources Loan, 2.4%, (4)	9,164,505	5,990,202	436,673	5,553,529	447,153
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (5)	6,000,000	3,570,000	295,000	3,275,000	305,000
<b>Total Enterprise Fund Long-Term Debt</b>	<u>\$84,144,286</u>	<u>\$38,706,032</u>	<u>\$4,660,530</u>	<u>\$34,045,502</u>	<u>\$4,782,037</u>
<b>Component Unit - Conference Center:</b>					
2003 Revenue Bonds, 2.25% to 4.0%, due 9/1/18 (6)	\$5,865,000	\$905,000	\$445,000	\$460,000	\$460,000
Unamortized refunding loss on 2003 bonds		(24,304)	(24,304)		
<b>Total Conference Center</b>	<u>\$5,865,000</u>	<u>\$880,696</u>	<u>\$420,696</u>	<u>\$460,000</u>	<u>\$460,000</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

(1) As of June 30, 2018, the Oyster Point Improvements Impact Fund owed Successor Agency (formerly the Merged Redevelopment Project Area Capital Project Fund) for developer fees in the amount of \$8,309,152 for the Flyover and Hookramps Projects that were completed in prior years. The outstanding balance will be paid off from the future developer fees. With the dissolution of the Agency effective January 31, 2012, the Successor Agency assumed the asset which the City is to repay. This payable is recorded as a long-term obligation (see also Note 13). Prior to the dissolution of all Redevelopment Agencies in California by the State, the former Redevelopment Agency (Agency) advanced \$12,176,207 to the Oyster Point Improvement Impact Fee Capital Projects Fund (the Oyster Point Fund). The impact fees are collected according to a fee methodology adopted under the terms of AB 1600. The fees are assessed against commercial development in a specific geographic area that is primarily east of Highway 101 to repay the former Agency for the funds it advanced to the Oyster Point Fund to pay for freeway interchange improvements at Highway 101 and Oyster Point Blvd, and are assessed per an adopted Engineering report's formula that measures each new development's impact on the area's trip traffic. While the former Agency advanced the funds, the impact fee was put in place specifically to charge future developers for their share of traffic trips generated prior to the construction of the improvements. When the Agency was dissolved, the Successor Agency, and therefore, all local taxing entities, are entitled to receive future Oyster Point Impact fees collected by the City from developers. Future developers, not the City of South San Francisco, are legally obligated to pay the future fees until the liability owed to the Successor Agency is paid off as long as the fee continues to be levied and is in place. The repayment has significantly slowed since 2007, as development has subsided and fees assessed have therefore dropped. Management believes it may take 10-30 years or more before the Successor Agency is fully paid back.

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

(3) The two loans were authorized by the **State Water Resources Control Board** to improve and expand the City's wastewater treatment plant. Loan proceeds were issued as the projects progressed and debt service payments commenced one year after project completion.

(4) **State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Wet Weather Program project. Under the terms of the contract, the City has agreed to repay \$11.8 million to the State in exchange for receiving \$9.2 million in proceeds to be used to fund the Project. The difference between the repayment obligation and proceeds amounted to \$2.6 million and represents in-substance interest on the outstanding balance. Debt service payments commenced on August 15, 2009. The loan is 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 \$22.2 million which represented coverage of 42.63 over the \$520,536 in debt service.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

(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 debt is \$6,000,000. Proceeds were used to finance sewer system capital improvement. The principal payment on the debt commenced in October 2006 and is due each October 1. Final principal payment is due on October 1, 2026. Interest payment ranging from the rates of 2.75% to 4.75% is payable semi-annually each April 1 and October 1.

The 1999 and 2004 State Water Resources Loans and the 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Enterprise system. Net Revenues available for debt service amounted to \$9.3 million which represented coverage of 1.8 over the \$5,129,089 in total debt service.

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

**B. Debt Service Requirements**

Future debt service requirements, including interest and capital leases, but excludes the 2007 and 2008 Loans payable to the Redevelopment Successor Agency at June 30, 2018, were as follows:

For the Year Ended June 30	Governmental Activities		Business-Type Activities		Component Unit Conference Center Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$381,483	\$30,743	\$4,782,037	\$475,688	\$460,000	\$18,400
2020	263,839	20,330	4,906,394	822,328		
2021	204,251	11,582	5,038,676	698,146		
2022	140,892	6,614	5,173,954	570,292		
2023	144,636	2,870	5,312,309	437,457		
2024-2028			8,265,301	604,174		
2026-2029			566,831	7,936		
<b>Totals</b>	<b>\$1,135,101</b>	<b>\$72,139</b>	<b>\$34,045,502</b>	<b>\$3,616,021</b>	<b>\$460,000</b>	<b>\$18,400</b>

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

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

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

Leasing Arrangement	Fund/Activity	Original Cost
Capital Leases	Governmental Activity	<u>\$5,860,216</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 6 - NET POSITION AND FUND BALANCES**

**A. *Net Position***

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

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

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

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

**B. *Fund Balance***

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources.

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**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, 2018, are below:

Fund Balance Classifications	General Fund	Low and Moderate Income Housing Assets	Capital Project Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
<b>Nonspendables:</b>				
Items not in spendable form:				
Inventory and prepaid items	\$106			
<b>Total Nonspendable Fund Balances</b>	<b>106</b>			
<b>Restricted for:</b>				
Sewer Impact Fees				\$2,838,902
Low and moderate housing projects		\$5,778,249		
Redevelopment and community development activities	20,582,335			
<b>Total Restricted Fund Balances</b>	<b>20,582,335</b>	<b>5,778,249</b>		<b>2,838,902</b>
<b>Committed for:</b>				
Capital projects	2,934,541			
Local services	13,791,356			
<b>Total Committed Fund Balances</b>	<b>16,725,897</b>			
<b>Assigned to:</b>				
Capital projects	4,334,322			
<b>Total Assigned Fund Balances</b>	<b>4,334,322</b>			
<b>Unassigned:</b>				
<b>General fund</b>	19,644,232			
<b>Capital Improvement Fund</b>			\$197,416	
<b>Total Unassigned Fund Balances</b>	<b>19,644,232</b>		<b>197,416</b>	
<b>Total Fund Balances</b>	<b>\$61,286,892</b>	<b>\$5,778,249</b>	<b>\$197,416</b>	<b>\$2,838,902</b>

(Continued)



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 6 – NET POSITION AND FUND BALANCE (Continued)**

Fund Balance Classifications (continued)	Capital Project Funds				Other Governmental Funds
	East of 101 Traffic Impact Fees	Child Care Impact Fees	Developer Deposit	Capital Infrastructure Reserve Fund	
<b>Restricted for:</b>					
Traffic impact fees projects	\$12,459,805				
Child Care impact fees projects		\$4,692,411			
Developer deposit fees projects			\$3,245		
Capital infrastructure projects				\$21,585,486	
Gas Tax projects					\$527,222
Developer contributions projects					6,329,063
Community Development Block Grant projects					269,352
Maintenance districts projects					3,142,104
Transportation sales tax projects					2,965,930
City programs projects					1,375,041
Other Special Revenues projects					6,149,044
Capital projects activities					10,487,512
<b>Total Restricted Fund Balances</b>	<u>12,459,805</u>	<u>4,692,411</u>	<u>3,245</u>	<u>21,585,486</u>	<u>31,245,268</u>
<b>Unassigned:</b>					
Capital projects activities					(208,489)
<b>Total Unassigned Fund Balances</b>					<u>(208,489)</u>
<b>Total Fund Balances</b>	<u>\$12,459,805</u>	<u>\$4,692,411</u>	<u>\$3,245</u>	<u>\$21,585,486</u>	<u>\$31,036,779</u>

**C. Net Deficit**

The Oyster Point Development Impact Fees Capital Projects Fund had net deficit in the amount of \$208,489. Future revenues are expected to offset the deficit.

**D. Encumbrances**

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year. Encumbrances outstanding in governmental funds as of June 30, 2018, were as listed below:

Governmental funds:	Amount
General Fund	\$4,334,322
Capital Improvement Capital Projects Fund	14,197,099
Other Governmental Funds	1,876,951
<b>Total</b>	<u><u>\$20,408,372</u></u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLANS**

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

**A. *General Information about the Pension Plans***

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLAN (Continued)**

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<b>Miscellaneous</b>		
	<u>Classic Plan</u>	<u>Classic Plan</u>	<u>PEPRA Plan</u>
Hire date	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-67	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	29.191%	29.191%	6.5%

	<b>Safety</b>		
	<u>Classic Plan</u>	<u>Classic Plan</u>	<u>PEPRA Plan</u>
Hire date	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	45.051%	45.051%	11.5%

**Employees Covered** – As of the June 30, 2016 actuarial valuation date and the June 30, 2017 measurement date, the following employees were covered by the benefit terms for the Plans:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	422	276
Inactive employees entitled to but not yet receiving benefits	325	109
Active employees	277	153
Total	<u>1,024</u>	<u>538</u>

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLAN (Continued)**

**B. Net Pension Liability**

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment Expenses, includes Inflation
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter
Mortality	Derived using CalPers Membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLAN (Continued)**

*Change of Assumptions* – For the measurement date of June 30, 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows.

Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLAN (Continued)**

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	0.90%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**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)
<b>Balance at June 30, 2016</b>	\$205,260,076	\$139,167,698	\$66,092,378
<b>Changes in the year:</b>			
Service cost	3,922,518		3,922,518
Interest on the total pension liability	15,430,998		15,430,998
Changes of benefit terms			
Changes of assumptions	12,421,358		
Differences between actual and expected experience	1,958,164		1,958,164
Plan to plan resource movement			
Contribution - employer		5,228,454	(5,228,454)
Contribution - employees		1,720,600	(1,720,600)
Net investment income		15,616,363	(15,616,363)
Benefit payments, including refunds of employee contributions	(11,565,392)	(11,565,392)	
Administrative expenses		(205,472)	205,472
<b>Net changes</b>	<u>22,167,646</u>	<u>10,794,553</u>	<u>11,373,093</u>
<b>Balance at June 30, 2017</b>	<u>\$227,427,722</u>	<u>\$149,962,251</u>	<u>\$77,465,471</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLAN (Continued)**

*Safety Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2016</b>	\$278,764,324	\$192,070,665	\$86,693,659
<b>Changes in the year:</b>			
Service cost	6,264,307		6,264,307
Interest on the total pension liability	21,238,842		21,238,842
Changes of benefit terms			
Changes of assumptions	18,010,606		18,010,606
Differences between actual and expected experience	4,520,149		4,520,149
Plan to plan resource movement			
Contribution - employer		8,071,060	(8,071,060)
Contribution - employees		1,980,507	(1,980,507)
Net investment income		21,553,126	(21,553,126)
Benefit payments, including refunds of employee contributions	(14,760,979)	(14,760,979)	
Administrative expenses		(283,579)	283,579
<b>Net changes</b>	<u>35,272,925</u>	<u>16,560,135</u>	<u>18,712,790</u>
<b>Balance at June 30, 2017</b>	<u>\$314,037,249</u>	<u>\$208,630,800</u>	<u>\$105,406,449</u>
<b>Grand Total</b>			<u>\$182,871,920</u>

*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	\$107,218,047	\$149,176,559
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$77,465,471	\$105,406,449
1% Increase	8.15%	8.15%
Net Pension Liability	\$52,885,704	\$69,609,717

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 7 – PENSION PLAN (Continued)**

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

For the year ended June 30, 2018, the City recognized pension expenses of \$5,919,028 and \$6,859,930 for the Miscellaneous and Safety Plans, respectively. At June 30, 2017, 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	\$6,166,024	
Changes of assumptions	7,820,855	
Differences between actual and expected experience	1,232,918	(\$95,267)
Net differences between projected and actual earnings on plan investments	1,819,769	
Total	\$17,039,566	(\$95,267)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$9,322,781	
Changes of assumptions	12,552,847	(\$684,160)
Differences between actual and expected experience	3,150,407	(1,010,556)
Net differences between projected and actual earnings on plan investments	2,713,357	
Total	\$27,739,392	(\$1,694,716)
Grand Total	\$44,778,958	(\$1,789,983)

\$15,488,805 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**Miscellaneous Plan:**

Year Ended June 30	Annual Amortization
2019	\$5,067,744
2020	6,061,420
2021	824,918
2022	(1,175,807)

**Safety Plan:**

Year Ended June 30	Annual Amortization
2019	\$5,194,078
2020	9,929,223
2021	3,203,162
2022	(1,604,568)



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 8 - DEFERRED COMPENSATION PLAN**

**A. *Deferred Compensation Plan***

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

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

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

*Benefits provided* – The following is a summary of Plan benefits by employee group as of June 30, 2018:

<b><i>Eligibility</i></b>	<ul style="list-style-type: none"> <li>• Hired &lt; 4/25/2010</li> <li>• Retire directly from City and elect coverage: <ul style="list-style-type: none"> <li>• Age 50 and 5 years City service or</li> <li>• Disability retirement with 5 years City service</li> </ul> </li> </ul>
<b><i>Benefit</i></b>	<ul style="list-style-type: none"> <li>• City pays single premium up to largest HMO single premium</li> </ul> <p>Cap for 2017/18:</p> <ul style="list-style-type: none"> <li>- \$1,184.63/month pre-65 (Blue Shield)</li> <li>- \$649.97/month post-65 Medical eligible (Blue Shield)</li> <li>- \$1,746.70/ month post-65 not Medicare eligible (Kaiser)</li> </ul> <ul style="list-style-type: none"> <li>• Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65</li> </ul>
<b><i>Surviving Spouse Benefit</i></b>	<ul style="list-style-type: none"> <li>• Participation with premium payment</li> <li>• AFSCME, Local 1569, Mid-Management, IAFF <ul style="list-style-type: none"> <li>• surviving spouses covered 2 months following death of retiree</li> </ul> </li> </ul>
<b><i>Other OPEB</i></b>	<ul style="list-style-type: none"> <li>• City also reimburses Medicare Part B</li> <li>• No City-paid contribution for dental, vision, or life</li> </ul>

For the year ended June 30, 2018, the City’s contributions to the Plan were \$4,127,553.

*Employees Covered by Benefit Terms* – Membership in the plan consisted of the following at the measurement date of June 30, 2017:

Active employees	240
Inactive employees or beneficiaries currently receiving benefit payments	348
Total	588

**CITY OF SOUTH SAN FRANCISCO  
 NOTES TO BASIC FINANCIALS STATEMENTS  
 For the Fiscal Year Ended June 30, 2018**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

**B. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The City’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions</b>	
Valuation Date	• June 30, 2017 Measurement Date
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 22.5 years remaining for 2017/18
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.75% at June 30, 2017 • 6.75% at June 30, 2016  • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.75% per annum
Salary Increases	• Aggregate - 3% • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2011 Experience Study
Mortality Improvement	• Pre-retirement mortality: projected 15-year static with 90% of MP-2016 • Post-retirement mortality: projected fully generational with Scale MP-2017
Healthcare participation for future retirees	• 100% if covered, 95% if waived

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	57.0%	4.9%
Fixed income	27.0%	1.5%
TIPS	5.0%	1.3%
Commodities	3.0%	0.8%
REITs	8.0%	3.8%
Total	100.0%	

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

**C. Changes in Net OPEB Liability**

The changes in the net OPEB liability follows:

	Increase (Decrease) Amounts in 000's		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2016 Measurement Date	\$75,240	\$17,114	\$58,126
Changes Recognized for the Measurement Period:			
Service Cost	1,574		1,574
Interest on the total OPEB liability	5,087		5,087
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		3,703	(3,703)
Net investment income		1,803	(1,803)
Benefit payments	(2,901)	(2,901)	
Administrative expenses		(9)	9
Net changes	3,760	2,596	1,164
Balance at June 20, 2017 Measurement Date	\$79,000	\$19,710	\$59,290

The Plan does not issue separate financial statements.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

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

Net OPEB Liability/(Asset) (Amounts in 000's)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$70,593	\$59,290	\$50,047

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

Net OPEB Liability/(Asset) (Amounts in 000's)		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$49,237	\$59,290	\$71,711

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$5,322,668. At June 30, 2018, 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	\$4,127,533	
Differences between actual and expected experience		
Changes of assumptions		
Net differences between projected and actual earnings on plan investments		\$477,000
Total	\$4,127,533	\$477,000

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

\$4,127,553 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, 2019. 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
2019	(\$119,000)
2020	(119,000)
2021	(119,000)
2022	(120,000)

**NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS**

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

**A. *Oyster Point Marina***

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

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

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

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

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

**NOTE 11 - RISK MANAGEMENT**

**A. *Insurance Coverage***

The City participates in Association of Bay Area Governments (ABAG) Plan Corporation, a non profit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. ABAG Plan provides \$5,000,000 of general liability and automobile coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. The City's liability coverage through ABAG is a total of \$30 million, with the first \$5 million covered out of ABAG's financial reserves, and with the next \$25 million covered from two excess insurance policies acquired by ABAG. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. For the year ended June 30, 2018, the City paid ABAG Plan \$1,191,434 in premiums and did not receive a refund of premiums paid in prior years. ABAG Plan has not determined the value of the City's interest in its net position. Financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94694-2050.

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 11 - RISK MANAGEMENT (Continued)**

**B. Liability for Uninsured Claims**

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

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

	June 30, 2018			Fiscal Year
	Workers' Compensation	General Liability	Total	2016-2017 Total
Balance, beginning of year	\$12,695,000	\$277,942	\$12,972,942	\$11,400,947
Current year claims and changes in estimates of prior years claims	1,660,181	190,940	1,851,121	3,563,911
Claims Paid	(1,660,181)	(370,526)	(2,030,707)	(1,991,916)
Balance, end of year	<u>\$12,695,000</u>	<u>\$98,356</u>	<u>\$12,793,356</u>	<u>\$12,972,942</u>
Current portion	<u>\$562,000</u>	<u>\$98,356</u>	<u>\$660,356</u>	<u>\$712,000</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

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

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



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)**

**A. Rental Revenues From Use of City Property**

The Conference Center Authority, a discrete component unit, leases land from the City under an operating lease commencing on January 1, 1999, with a 30-year term from February 1, 1999, to January 31, 2029. The rent amount is subject to re-negotiation at the option of either party between January 1 and February 28, 2009 and 2019. These leases are considered for accounting purposes to be operating leases. Property lease revenue from the Conference Center Authority during the year fiscal year ended June 30, 2018, 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
2019	\$420,000
2020	420,000
2021	420,000
2022	420,000
2023	420,000
2024-2028	2,100,000
2029	150,000
Total	\$4,350,000

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 2018 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 2018 lease payments were \$51,800.

**CITY OF SOUTH SAN FRANCISCO  
NOTES TO BASIC FINANCIALS STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

**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
2019	\$400,000	\$51,800	\$451,800
2020	400,000	51,800	451,800
2021	400,000	51,800	451,800
2022	400,000	51,800	451,800
2023	400,000	51,800	451,800
2024-2028	2,000,000	259,000	2,259,000
2029-2033	2,000,000	259,000	2,259,000
2034-2038	400,000	259,000	659,000
2039-2043		259,000	259,000
2044-2048		259,000	259,000
2049-2053		259,000	259,000
2054-2058		259,000	259,000
2059-2062		207,200	207,200
	<u>\$6,400,000</u>	<u>\$2,279,200</u>	<u>\$8,679,200</u>

**NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

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

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

**A. Cash and Investments**

Cash and investments of the Successor Agency as of June 30, 2018 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, 2018.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

<b>NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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**B.     *Loans Receivable***

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

**C.     *Capital Assets***

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

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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

Capital assets recorded at June 30 are comprised of:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<b>Fiduciary activities</b>				
Capital assets not being depreciated:				
Land	\$2,520,264		(\$1,579,730)	\$940,534
Total capital assets not being depreciated	2,520,264		(1,579,730)	940,534
Capital assets being depreciated:				
Buildings and Improvements	927,790		(598,119)	329,671
Equipment and Vehicle	242,190			242,190
Furniture and Fixtures	21,506			21,506
Total capital assets being depreciated	1,191,486		(598,119)	593,367
Less accumulated depreciation for:				
Buildings and Improvements	(407,484)	(\$26,531)	368,741	(65,274)
Equipment and Vehicle	(241,088)	(877)		(241,965)
Furniture and Fixtures	(21,505)			(21,505)
Total accumulated depreciation	(670,077)	(27,408)	368,741	(328,744)
Net capital assets being depreciated	521,409	(27,408)	(229,378)	264,623
<b>Fiduciary activity capital assets, net</b>	<b>\$3,041,673</b>	<b>(\$27,408)</b>	<b>(\$1,809,108)</b>	<b>\$1,205,157</b>

Current year retirements represent properties transferred to the County of San Mateo, which has been reported as a Special Item.

**D. Long-Term Debt**

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

Type of Obligation	Balance June 30, 2017	Retirements	Balance June 30, 2018	Current Portion
1999 Revenue Bonds, 3.3 to 5.0%, due 9/1/18 (1)	\$560,000	(\$275,000)	\$285,000	\$285,000
Total Successor Agency	\$560,000	(\$275,000)	\$285,000	\$285,000

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

<b>NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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*Debt Service Requirements*

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

For the Year Ended June 30	Successor Agency Activities	
	Principal	Interest
2019	\$285,000	\$7,125
Totals	\$285,000	\$7,125

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

*Pledged Revenues*

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

<b>NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)</b>
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**E.***POLLUTION REMEDIATION*

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

**F.***COMMITMENTS AND CONTINGENCIES*

*State Approval of Enforceable Obligations*

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

*State Asset Transfer Review*

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller’s Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SOUTH SAN FRANCISCO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2018**

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

**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 actuarial 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 assumption.** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

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



**CITY OF SOUTH SAN FRANCISCO  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2018**

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

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

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

**CITY OF SOUTH SAN FRANCISCO  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2018**

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

**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 actuarial valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumption.** In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

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

**CITY OF SOUTH SAN FRANCISCO  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2018**

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

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

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

**CITY OF SOUTH SAN FRANCISCO  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2018**

**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)

<b>Measurement Date</b>	<b>6/30/17</b>
<b>Total OPEB Liability</b>	
Service Cost	\$1,574
Interest	5,087
Changes in benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments	(2,901)
<b>Net change in total OPEB liability</b>	3,760
<b>Total OPEB liability - beginning</b>	75,240
<b>Total OPEB liability - ending (a)</b>	\$79,000
<b>Plan fiduciary net position</b>	
Contributions - employer	\$3,703
Contributions - employee	
Net investment income	1,803
Administrative expense	(9)
Benefit payments	(2,901)
<b>Net change in plan fiduciary net position</b>	2,596
<b>Plan fiduciary net position - beginning</b>	17,114
<b>Plan fiduciary net position - ending (b)</b>	\$19,710
Net OPEB liability - ending (a)-(b)	\$59,290
Plan fiduciary net position as a percentage of the total OPEB liability	24.95%
Covered-employee payroll	\$26,539,044
Net OPEB liability as a percentage of covered-employee payroll	0.22%

\* Fiscal year 2018 was the first year of implementation.

**CITY OF SOUTH SAN FRANCISCO  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2018**

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

<b>Fiscal Year Ended June 30,</b>	<b>2018</b>
Actuarially determined contribution	\$6,279
Contributions in relation to the actuarially determined contribution	4,128
Contribution deficiency (excess)	\$2,151
Covered-employee payroll	\$26,986,309
Contributions as a percentage of covered-employee payroll	0.01%

\* Fiscal year 2018 was the first year of implementation.

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar
Amortization Period	Average of 22.5 years remaining for 2017/18
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	Select and Ultimate: 5.22% FYE phasing into 7.25% FYE 2028
General Inflation	2.75%
	<ul style="list-style-type: none"> <li>• Non-Medicare - 7.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years</li> </ul>
Medical Trend	<ul style="list-style-type: none"> <li>• Medicare - 6.7% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years</li> </ul>
Mortality, Retirement, Disability, Termination	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> <li>• Mortality projected fully generational with Scale MP-2014, modified to converge to ultimate rates in 2022</li> </ul>
Mortality Improvement	

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**SUPPLEMENTARY INFORMATION**

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<b>GENERAL FUND</b>
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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, 2018**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$25,762,213	\$11,885,837	\$37,648,050
Receivables:			
Accounts	5,774,877	1,959,169	7,734,046
Accrued interest	213,239		213,239
Due from other funds	70,000		70,000
Inventory	106		106
Restricted cash and investments	200,000		200,000
Properties held for redevelopment	20,582,335		20,582,335
<b>Total Assets</b>	<b><u><u>\$52,602,770</u></u></b>	<b><u><u>\$13,845,006</u></u></b>	<b><u><u>\$66,447,776</u></u></b>
<b>LIABILITIES</b>			
Accounts payable	\$1,307,966		\$1,307,966
Accrued salaries and benefits	3,027,256		3,027,256
Other payable	290,552		290,552
Deposits	411,025		411,025
Unearned revenue	124,085		124,085
<b>Total Liabilities</b>	<b><u><u>5,160,884</u></u></b>		<b><u><u>5,160,884</u></u></b>
<b>FUND BALANCES</b>			
Nonspendable	106		106
Restricted	20,582,335		20,582,335
Committed	2,934,541	\$13,791,356	16,725,897
Assigned	4,280,672	53,650	4,334,322
Unassigned	19,644,232		19,644,232
<b>Total Fund Balances</b>	<b><u><u>47,441,886</u></u></b>	<b><u><u>13,845,006</u></u></b>	<b><u><u>61,286,892</u></u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u><u>\$52,602,770</u></u></b>	<b><u><u>\$13,845,006</u></u></b>	<b><u><u>\$66,447,776</u></u></b>

**CITY OF SOUTH SAN FRANCISCO**  
**GENERAL FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Intra-Fund Transactions Elimination</u>	<u>Total</u>
<b>REVENUES</b>				
Property taxes	\$34,143,627			\$34,143,627
Sales taxes	17,566,189	\$11,162,238		28,728,427
Transient occupancy taxes	13,978,533			13,978,533
Franchise Fees	4,403,493			4,403,493
Other taxes	5,871,096			5,871,096
Intergovernmental	2,610,233			2,610,233
Interest and rentals	2,846,967			2,846,967
Licenses and permits	14,674,809			14,674,809
Charges for services	10,924,668			10,924,668
Fines and forfeitures	423,604			423,604
Other	266,872			266,872
	<u>107,710,091</u>	<u>11,162,238</u>		<u>118,872,329</u>
<b>EXPENDITURES</b>				
Current:				
City Council	239,264			239,264
City Clerk	660,306			660,306
City Treasurer	135,218			135,218
City Attorney	996,380			996,380
City Manager	2,668,715	22,351		2,691,066
Finance	3,080,769			3,080,769
Non-departmental	1,049,187			1,049,187
Human Resources	1,541,524			1,541,524
Fire	26,059,072			26,059,072
Police	26,639,009			26,639,009
Public Works	5,014,343			5,014,343
Parks and Recreation	15,468,370			15,468,370
Library	5,379,836			5,379,836
Economic and Community Development	7,722,689			7,722,689
	<u>96,654,682</u>	<u>22,351</u>		<u>96,677,033</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,055,409</u>	<u>11,139,887</u>		<u>22,195,296</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,990,605			3,990,605
Transfers in	6,269,262		(2,440,861)	3,828,401
Transfers out	(13,732,838)	(6,585,030)	2,440,861	(17,877,007)
	<u>(3,472,971)</u>	<u>(6,585,030)</u>		<u>(10,058,001)</u>
Net Change in Fund Balances before special items	7,582,438	4,554,857		12,137,295
Special Item	<u>(7,154,626)</u>			<u>(7,154,626)</u>
Net Change in Fund Balances	427,812			4,982,669
Fund balances (deficits) - July 1	<u>47,014,074</u>	<u>9,290,149</u>		<u>56,304,223</u>
Fund balances (deficits) - June 30	<u>\$47,441,886</u>	<u>\$13,845,006</u>		<u>\$61,286,892</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, 2018**

	General Purpose			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
<b>Resources (inflows):</b>				
Property taxes	\$26,877,714	\$33,760,827	\$34,143,627	\$382,800
Sales taxes	16,279,876	16,279,876	17,566,189	1,286,313
Transient occupancy taxes	14,800,000	14,800,000	13,978,533	(821,467)
Franchise fees	4,000,000	4,000,000	4,403,493	403,493
Other taxes	6,043,065	5,343,065	5,871,096	528,031
Intergovernmental	7,024,542	2,020,600	2,610,233	589,633
Interest and rentals	3,010,263	3,010,263	2,846,967	(163,296)
Licenses and permits	9,232,477	10,232,477	14,674,809	4,442,332
Charges for services	8,934,001	9,329,002	10,924,668	1,595,666
Fines and forfeitures	818,500	163,500	423,604	260,104
Other	174,991	174,991	266,872	91,881
	<u>97,195,429</u>	<u>99,114,601</u>	<u>107,710,091</u>	<u>8,595,490</u>
Amounts available for appropriation				
<b>Charges to appropriations (outflows)</b>				
City Council	246,918	246,917	239,264	7,653
City Clerk	642,681	666,810	660,306	6,504
City Treasurer	130,861	135,861	135,218	643
City Attorney	913,092	1,038,092	996,380	41,712
City Manager	1,960,599	3,091,257	2,861,732	229,525
Finance	2,595,665	3,423,768	3,423,017	751
Non-departmental	1,080,967	1,108,503	1,107,187	1,316
Human Resources	1,625,221	1,699,257	1,698,958	299
Fire	26,373,610	26,906,873	26,763,505	143,368
Police	27,864,737	27,654,237	26,639,009	1,015,228
Public Works	4,315,409	5,339,637	5,339,181	456
Parks and Recreation	15,553,369	15,929,220	15,649,568	279,652
Library	5,361,133	5,575,195	5,394,725	180,470
Economic and Community Development	7,216,002	10,772,828	10,027,304	745,524
	<u>95,880,264</u>	<u>103,588,455</u>	<u>100,935,354</u>	<u>2,653,101</u>
Total charges to appropriations				
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,470,600	3,990,600	3,990,605	5
Transfers in	1,772,505	1,800,705	6,269,262	4,468,557
Transfers out	(2,920,600)	(6,592,401)	(13,732,838)	(7,140,437)
	<u>2,322,505</u>	<u>(801,096)</u>	<u>(3,472,971)</u>	<u>(2,671,875)</u>
Total Other Financing Sources (Uses)				
<b>NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS</b>	3,637,670	(5,274,950)	3,301,766	8,576,716
Special Item			(7,154,626)	(7,154,626)
Net Change in Fund Balances	<u>\$3,637,670</u>	<u>(\$5,274,950)</u>	<u>(3,852,860)</u>	<u>\$1,422,090</u>
<b>Fund Balance - July 1</b>			47,014,074	
Adjustment to budgetary basis:				
Encumbrance adjustments			4,280,672	
<b>Fund Balance - June 30</b>			<u>\$47,441,886</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, 2018**

	Measure W			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
<b>Resources (inflows):</b>				
Property taxes				
Sales taxes	\$9,168,433	\$9,168,433	\$11,162,238	\$1,993,805
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
	<u>9,168,433</u>	<u>9,168,433</u>	<u>11,162,238</u>	<u>1,993,805</u>
Amounts available for appropriation				
<b>Charges to appropriations (outflows)</b>				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager		76,000	76,001	(1)
Finance				
Non-departmental				
Human Resources				
Fire	2,440,861	2,440,861		2,440,861
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
	<u>2,440,861</u>	<u>2,516,861</u>	<u>76,001</u>	<u>2,440,860</u>
Total charges to appropriations				
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets				
Transfers in				
Transfers out	(9,168,433)	(13,900,705)	(6,585,030)	7,315,675
	<u>(9,168,433)</u>	<u>(13,900,705)</u>	<u>(6,585,030)</u>	<u>7,315,675</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	(2,440,861)	(7,249,133)	4,501,207	11,750,340
Special Item				
Net Change in Fund Balances	<u>(\$2,440,861)</u>	<u>(\$7,249,133)</u>	4,501,207	<u>\$11,750,340</u>
<b>Fund Balance - July 1</b>			9,290,149	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>53,650</u>	
<b>Fund Balance - June 30</b>			<u>\$13,845,006</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, 2018**

	<b>Total</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amount</b>	
	<b>Original</b>	<b>Final</b>		
<b>Resources (inflows):</b>				
Property taxes	\$26,877,714	\$33,760,827	\$34,143,627	\$382,800
Sales taxes	25,448,309	25,448,309	28,728,427	3,280,118
Transient occupancy taxes	14,800,000	14,800,000	13,978,533	(821,467)
Franchise fees	4,000,000	4,000,000	4,403,493	403,493
Other taxes	6,043,065	5,343,065	5,871,096	528,031
Intergovernmental	7,024,542	2,020,600	2,610,233	589,633
Interest and rentals	3,010,263	3,010,263	2,846,967	(163,296)
Licenses and permits	9,232,477	10,232,477	14,674,809	4,442,332
Charges for services	8,934,001	9,329,002	10,924,668	1,595,666
Fines and forfeitures	818,500	163,500	423,604	260,104
Other	174,991	174,991	266,872	91,881
	<u>106,363,862</u>	<u>108,283,034</u>	<u>118,872,329</u>	<u>10,589,295</u>
Amounts available for appropriation				
<b>Charges to appropriations (outflows)</b>				
City Council	246,918	246,917	239,264	7,653
City Clerk	642,681	666,810	660,306	6,504
City Treasurer	130,861	135,861	135,218	643
City Attorney	913,092	1,038,092	996,380	41,712
City Manager	1,960,599	3,167,257	2,937,733	229,524
Finance	2,595,665	3,423,768	3,423,017	751
Non-departmental	1,080,967	1,108,503	1,107,187	1,316
Human Resources	1,625,221	1,699,257	1,698,958	299
Fire	28,814,471	29,347,734	26,763,505	2,584,229
Police	27,864,737	27,654,237	26,639,009	1,015,228
Public Works	4,315,409	5,339,637	5,339,181	456
Parks and Recreation	15,553,369	15,929,220	15,649,568	279,652
Library	5,361,133	5,575,195	5,394,725	180,470
Economic and Community Development	7,216,002	10,772,828	10,027,304	745,524
	<u>98,321,125</u>	<u>106,105,316</u>	<u>101,011,355</u>	<u>5,093,961</u>
Total charges to appropriations				
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,470,600	3,990,600	3,990,605	5
Transfers in	1,772,505	1,800,705	6,269,262	4,468,557
Transfers out	(12,089,033)	(20,493,106)	(20,317,868)	175,238
	<u>(6,845,928)</u>	<u>(14,701,801)</u>	<u>(10,058,001)</u>	<u>4,643,800</u>
Total Other Financing Sources (Uses)				
<b>NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS</b>	1,196,809	(12,524,083)	7,802,973	20,327,056
Special Item			(7,154,626)	(7,154,626)
Net Change in Fund Balances	<u>\$1,196,809</u>	<u>(\$12,524,083)</u>	648,347	<u>\$13,172,430</u>
<b>Fund Balance - July 1</b>			56,304,223	
Adjustment to budgetary basis:				
Encumbrance adjustments			4,334,322	
<b>Fund Balance - June 30</b>			<u>\$61,286,892</u>	

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

**CAPITAL IMPROVEMENT FUND**

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

**EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND**

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

**EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND**

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

**CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND**

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

**DEVELOPER DEPOSIT CAPITAL PROJECTS FUND**

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

**CAPITAL INFRASTRUCTURE RESERVE FUND**

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

**CITY OF SOUTH SAN FRANCISCO  
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$13,837,689	\$3,079,247	(\$10,758,442)
Other	474,991		(474,991)
	14,312,680	3,079,247	(11,233,433)
Total Revenues			
EXPENDITURES:			
Current:			
Public works	52,687,832	27,207,988	25,479,844
	52,687,832	27,207,988	25,479,844
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,375,152)	(24,128,741)	14,246,411
OTHER FINANCING SOURCES (USES)			
Transfers in	37,866,546	10,217,389	(27,649,157)
	37,866,546	10,217,389	(27,649,157)
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE	(\$508,606)	(13,911,352)	(\$13,402,746)
Fund balance - July 1		(88,331)	
Adjustment to budgetary basis:			
Encumbrance adjustments		14,197,099	
Fund balance - June 30		\$197,416	



**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, 2018**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$2,654	\$2,654
Charges for services	\$2,265,000	2,262,536	(2,464)
Total Revenues	<u>2,265,000</u>	<u>2,265,190</u>	<u>190</u>
EXPENDITURES:			
Current:			
Non-departmental	<u>2,575</u>	<u>2,575</u>	
Total Expenditures	<u>2,575</u>	<u>2,575</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,262,425</u>	<u>2,262,615</u>	<u>190</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(339,331)</u>	<u>(111,936)</u>	<u>227,395</u>
Total other financing sources (uses)	<u>(339,331)</u>	<u>(111,936)</u>	<u>227,395</u>
NET CHANGE IN FUND BALANCE	<u>\$1,923,094</u>	2,150,679	<u>\$227,585</u>
Fund balance (deficit) - July 1		<u>688,223</u>	
Fund balance (deficit) - June 30		<u>\$2,838,902</u>	

**CITY OF SOUTH SAN FRANCISCO**  
**EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$17,423	\$17,423
Charges for services	\$5,716,000	5,698,649	(17,351)
Total Revenues	5,716,000	5,716,072	72
EXPENDITURES:			
Current:			
Public works	2,575	2,575	
Total Expenditures	2,575	2,575	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,713,425	5,713,497	72
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(3,539,503)	(299,685)	3,239,818
Total other financing sources (uses)	(3,539,503)	(299,685)	3,239,818
NET CHANGE IN FUND BALANCE	\$2,173,922	5,413,812	\$3,239,890
Fund balance - July 1		7,045,993	
Fund balance - June 30		\$12,459,805	

**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, 2018**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$5,928	\$5,928
Charges for services	\$1,167,000	1,289,382	122,382
Total Revenues	<u>1,167,000</u>	<u>1,295,310</u>	<u>128,310</u>
EXPENDITURES:			
Current:			
Non-departmental	2,575	2,575	
Public Works	100,000	12	(99,988)
Total Expenditures	<u>102,575</u>	<u>2,587</u>	<u>(99,988)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,064,425</u>	<u>1,292,723</u>	<u>228,298</u>
NET CHANGE IN FUND BALANCE	<u>\$1,064,425</u>	1,292,723	<u>\$228,298</u>
Fund balance - July 1		<u>3,399,688</u>	
Fund balance - June 30		<u><u>\$4,692,411</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, 2018**

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Current:			
Public works	<u>\$69,000</u>	<u>\$69,639</u>	<u>(\$639)</u>
Total Revenues	<u>69,000</u>	<u>69,639</u>	<u>(639)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(1,525,129)</u>		<u>1,525,129</u>
Total other financing sources (uses)	<u>(1,525,129)</u>		<u>1,525,129</u>
NET CHANGE IN FUND BALANCE	<u><u>\$1,594,129</u></u>	<u>(69,639)</u>	<u><u>\$1,524,490</u></u>
Fund balance - July 1		<u>72,884</u>	
Fund balance - June 30		<u><u>\$3,245</u></u>	

**CITY OF SOUTH SAN FRANCISCO  
CAPITAL INFRASTRUCTURE RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental	\$14,800	\$14,864	\$64
Total Revenues	14,800	14,864	64
EXPENDITURES			
Current:			
Public Works	3,502,915		3,502,915
Total Expenditures	3,502,915		3,502,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,488,115)	14,864	3,502,979
OTHER FINANCING SOURCES (USES)			
Transfers in	1,220,600	10,000,000	8,779,400
Transfers out	(4,200,015)	(2,954,823)	1,245,192
Total other financing sources (uses)	(2,979,415)	7,045,177	10,024,592
NET CHANGE IN FUND BALANCE	(\$6,467,530)	7,060,041	\$13,527,571
Fund balance - July 1		14,525,445	
Fund balance - June 30		\$21,585,486	

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## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

**Maintenance District** - Accounts for a portion of property tax dedicated to provide for the maintenance of landscaped areas within housing developments.

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

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

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

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

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

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

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

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

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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Capital projects funds are used to account for resources used for the acquisition and construction of capital facilities or major capital equipment, except for capital improvements financed by proprietary funds. Capital projects funds used at the City of South San Francisco include:

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

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

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

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

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

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

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

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



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**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

**SPECIAL REVENUE FUNDS**

	<b>Gas Tax</b>	<b>Developer Contributions</b>	<b>Federal Aviation Grant</b>	<b>Community Development Block Grant</b>	<b>Maintenance Districts</b>
<b>ASSETS</b>					
Cash and investments	\$403,847	\$7,668,406	\$727,752		\$3,154,914
Receivables:					
Accounts	119,577			\$159,349	
Accrued interest	3,798	36,990	3,704		
Loans				898,485	
Restricted cash and investments				249,017	
Land held for resale					
<b>Total Assets</b>	<b>\$527,222</b>	<b>\$7,705,396</b>	<b>\$731,456</b>	<b>\$1,306,851</b>	<b>\$3,154,914</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable		\$36,059		\$82,293	\$12,810
Other payable		29,846		955,206	
Deposits		1,310,428			
Due to other funds					
Unearned revenue			\$731,456		
<b>Total Liabilities</b>		<b>1,376,333</b>	<b>731,456</b>	<b>1,037,499</b>	<b>12,810</b>
Fund Balances:					
Restricted	\$527,222	6,329,063		269,352	3,142,104
Unassigned					
<b>Total Fund Balances</b>	<b>527,222</b>	<b>6,329,063</b>		<b>269,352</b>	<b>3,142,104</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$527,222</b>	<b>\$7,705,396</b>	<b>\$731,456</b>	<b>\$1,306,851</b>	<b>\$3,154,914</b>

**SPECIAL REVENUE FUNDS**

<b>Transportation Sales Tax</b>	<b>Solid Waste Reduction</b>	<b>Supplemental Law Enforce- ment Services</b>	<b>City Programs</b>	<b>Affordable Housing Trust</b>	<b>PEG Equipment and Access</b>	<b>Transit Station Enhancement In-Lieu Fee</b>
\$2,951,683	\$422,869	\$715	\$1,382,014	\$1,723,006	\$1,089,639	\$656,611
14,247	16,255	388	18,486	328 8,531 19,234	47,588 5,014	2,919
				1,900,000		
<u>\$2,965,930</u>	<u>\$439,124</u>	<u>\$1,103</u>	<u>\$1,400,500</u>	<u>\$3,651,099</u>	<u>\$1,142,241</u>	<u>\$659,530</u>
	\$34 \$13,638		\$25,330 129		\$330	
		\$1,000				
	13,672	1,000	25,459		330	
\$2,965,930	425,452	103	1,375,041	\$3,651,099	\$1,141,911	\$659,530
2,965,930	425,452	103	1,375,041	3,651,099	1,141,911	659,530
<u>\$2,965,930</u>	<u>\$439,124</u>	<u>\$1,103</u>	<u>\$1,400,500</u>	<u>\$3,651,099</u>	<u>\$1,142,241</u>	<u>\$659,530</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2018**

	<b>SPECIAL REVENUE FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>			
	<b>Road Maintenance and Rehabilitation</b>	<b>Non-obligated Capital Projects</b>	<b>Public Safety Impact Fee</b>	<b>Oyster Point Improvement Impact Fees</b>	<b>Sewer Capacity Charges</b>
<b>ASSETS</b>					
Cash and investments	\$213,494	\$41,857	\$831,131	\$22,138	\$9,473,922
Receivables:					
Accounts	56,915				
Accrued interest	540		4,907	7,673	32,675
Loans					
Restricted cash and investments					
Land held for resale					
<b>Total Assets</b>	<b>\$270,949</b>	<b>\$41,857</b>	<b>\$836,038</b>	<b>\$29,811</b>	<b>\$9,506,597</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable					
Other payable					
Deposits					
Due to other funds					
Unearned revenue					
<b>Total Liabilities</b>					
Fund Balances:					
Restricted	\$270,949	\$41,857	\$836,038	\$29,811	\$9,506,597
Unassigned					
<b>Total Fund Balances</b>	<b>270,949</b>	<b>41,857</b>	<b>836,038</b>	<b>29,811</b>	<b>9,506,597</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$270,949</b>	<b>\$41,857</b>	<b>\$836,038</b>	<b>\$29,811</b>	<b>\$9,506,597</b>

**CAPITAL PROJECTS FUNDS**

<b>Oyster Point Development Impact Fees</b>	<b>Park Land Acquisition Fee</b>	<b>Park Construction Fee</b>	<b>Bicycle and Pedestrian Impact Fee</b>	<b>Total Nonmajor Governmental Funds</b>
\$668	\$54,466	\$17,543	\$923	\$30,837,598
47,258	198	76	3	447,270 140,149 917,719 249,017 1,900,000
<u>\$47,926</u>	<u>\$54,664</u>	<u>\$17,619</u>	<u>\$926</u>	<u>\$34,491,753</u>
\$188,415				\$345,271 998,819 1,310,428 69,000 731,456
68,000				
<u>256,415</u>				<u>3,454,974</u>
(208,489)	\$54,664	\$17,619	\$926	31,245,268 (208,489)
<u>(208,489)</u>	<u>54,664</u>	<u>17,619</u>	<u>926</u>	<u>31,036,779</u>
<u>\$47,926</u>	<u>\$54,664</u>	<u>\$17,619</u>	<u>\$926</u>	<u>\$34,491,753</u>

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>SPECIAL REVENUE FUNDS</b>					
	<b>Gas Tax</b>	<b>Developer Contributions</b>	<b>Federal Aviation Grants</b>	<b>Community Development Block Grant</b>	<b>Maintenance Districts</b>
<b>REVENUES</b>					
Property taxes					\$1,846,017
Other taxes					
Intergovernmental	\$1,531,782		\$5,345	\$818,724	
Interest and rentals	547	\$10,347	880	22,133	
Charges for services		2,474,089			
Other		32,911			
<b>Total Revenues</b>	<b>1,532,329</b>	<b>2,517,347</b>	<b>6,225</b>	<b>840,857</b>	<b>1,846,017</b>
<b>EXPENDITURES</b>					
Current:					
Economic and community development		382,193	6,225	1,050,395	
Public works					1,266,282
Non-departmental					
Police					
Other					
Debt service:					
Principal repayments					
<b>Total Expenditures</b>		<b>382,193</b>	<b>6,225</b>	<b>1,050,395</b>	<b>1,266,282</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,532,329</b>	<b>2,135,154</b>		<b>(209,538)</b>	<b>579,735</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers out	(1,936,652)	(683,959)			
<b>Total Other Financing Sources (Uses)</b>	<b>(1,936,652)</b>	<b>(683,959)</b>			
<b>Net Change in Fund Balances</b>	<b>(404,323)</b>	<b>1,451,195</b>		<b>(209,538)</b>	<b>579,735</b>
Fund balance - July 1	931,545	4,877,868		478,890	2,562,369
Fund balance - June 30	<u>\$527,222</u>	<u>\$6,329,063</u>		<u>\$269,352</u>	<u>\$3,142,104</u>

**SPECIAL REVENUE FUNDS**

<b>Transportation Sales Tax</b>	<b>Solid Waste Reduction</b>	<b>Supplemental Law Enforce- ment Services</b>	<b>City Programs</b>	<b>Affordable Housing Trust</b>	<b>PEG Equipment and Access</b>	<b>Transit Station Enhancement In-Lieu Fee</b>
\$1,476,167		\$139,556				
4,544	\$195,059	231	\$3,251	\$3,372	\$1,351	\$903
			780,230		173,849	599,718
1,480,711	195,059	139,787	783,481	3,372	175,200	600,621
	87,196					
		139,787	192,058		4,585	
			255,671			
	87,196	139,787	447,729		4,585	
1,480,711	107,863		335,752	3,372	170,615	600,621
(704,199)	(225,408)		(3,096,156)			(72)
(704,199)	(225,408)		(3,096,156)			(72)
776,512	(117,545)		(2,760,404)	3,372	170,615	600,549
2,189,418	542,997	103	4,135,445	3,647,727	971,296	58,981
\$2,965,930	\$425,452	\$103	\$1,375,041	\$3,651,099	\$1,141,911	\$659,530

(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, 2018**

	<b>SPECIAL REVENUE FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>			
	<b>Road Maintenance and Rehabilitation</b>	<b>Non-obligated Capital Projects</b>	<b>Public Safety Impact Fee</b>	<b>Oyster Point Improvement Impact Fees</b>	<b>Sewer Capacity Charges</b>
<b>REVENUES</b>					
Property taxes					
Other taxes					
Intergovernmental	\$301,706				\$86,203
Interest and rentals			\$1,537	\$2,629	
Charges for services				2,379,998	5,552,734
Other			867,870		
<b>Total Revenues</b>	<b>301,706</b>		<b>869,407</b>	<b>2,382,627</b>	<b>5,638,937</b>
<b>EXPENDITURES</b>					
Current:					
Economic and community development					
Public works					75,615
Non-departmental					
Police					
Other	627				
Debt service:					
Principal repayments				2,382,000	
<b>Total Expenditures</b>	<b>627</b>			<b>2,382,000</b>	<b>75,615</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>301,079</b>		<b>869,407</b>	<b>627</b>	<b>5,563,322</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers out	(30,130)		(427,503)		
<b>Total Other Financing Sources (Uses)</b>	<b>(30,130)</b>		<b>(427,503)</b>		
<b>Net Change in Fund Balances</b>	<b>270,949</b>		<b>441,904</b>	<b>627</b>	<b>5,563,322</b>
Fund balance - July 1		\$41,857	394,134	29,184	3,943,275
Fund balance - June 30	\$270,949	\$41,857	\$836,038	\$29,811	\$9,506,597



**CAPITAL PROJECTS FUNDS**

<b>Oyster Point Development Impact Fees</b>	<b>Park Land Acquisition Fee</b>	<b>Park Construction Fee</b>	<b>Bicycle and Pedestrian Impact Fee</b>	<b>Total Nonmajor Governmental Funds</b>
				\$1,846,017
				1,615,723
				2,743,760
				51,725
\$503,827	\$54,664	\$25,169	\$926	11,786,184
3,707,728				5,562,588
4,211,555	54,664	25,169	926	23,605,997
				1,526,009
4,420,044				5,761,941
				4,585
				331,845
				256,298
				2,382,000
4,420,044				10,262,678
(208,489)	54,664	25,169	926	13,343,319
		(7,550)		(7,111,629)
		(7,550)		(7,111,629)
(208,489)	54,664	17,619	926	6,231,690
				24,805,089
(\$208,489)	\$54,664	\$17,619	\$926	\$31,036,779

**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, 2018**

	<u>GAS TAX</u>			<u>DEVELOPER CONTRIBUTIONS</u>		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental	\$1,674,827	\$1,531,782	(\$143,045)			
Interest and rentals	15,000	547	(14,453)		\$10,347	\$10,347
Charges for services				\$2,517,000	2,474,089	(42,911)
Other					32,911	32,911
Total Revenues	<u>1,689,827</u>	<u>1,532,329</u>	<u>(157,498)</u>	<u>2,517,000</u>	<u>2,517,347</u>	<u>347</u>
<b>EXPENDITURES</b>						
Current:						
City Council						
Economic and community development				118,697	479,863	(361,166)
Public works						
Non-departmental						
Fire						
Police						
Other						
Debt service:						
Principal repayments						
Total Expenditures				<u>118,697</u>	<u>479,863</u>	<u>(361,166)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,689,827</u>	<u>1,532,329</u>	<u>(157,498)</u>	<u>2,398,303</u>	<u>2,037,484</u>	<u>(360,819)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	50,294		(50,294)			
Transfers out	<u>(3,086,620)</u>	<u>(1,936,652)</u>	<u>1,149,968</u>	<u>(4,278,501)</u>	<u>(683,959)</u>	<u>3,594,542</u>
Total Other Financing Sources (Uses)	<u>(3,036,326)</u>	<u>(1,936,652)</u>	<u>1,099,674</u>	<u>(4,278,501)</u>	<u>(683,959)</u>	<u>3,594,542</u>
NET CHANGE IN FUND BALANCES	<u>(\$1,346,499)</u>	<u>(404,323)</u>	<u>\$942,176</u>	<u>(\$1,880,198)</u>	<u>1,353,525</u>	<u>\$3,233,723</u>
Adjustment to budgetary basis:						
Encumbrance adjustments					97,670	
Fund balance - July 1		<u>931,545</u>			<u>4,877,868</u>	
Fund balance - June 30		<u>\$527,222</u>			<u>\$6,329,063</u>	

FEDERAL AVIATION GRANT			COMMUNITY DEVELOPMENT BLOCK GRANT			MAINTENANCE DISTRICTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
						\$1,558,558	\$1,846,017	\$287,459
\$500	\$5,345 880	\$5,345 380	\$415,000 80,000	\$818,724 22,133	\$403,724 (57,867)			
			11,437		(11,437)			
500	6,225	5,725	506,437	840,857	334,420	1,558,558	1,846,017	287,459
10,000	6,225	3,775	658,791	1,363,940	(705,149)	1,526,693	1,266,282	260,411
10,000	6,225	3,775	658,791	1,363,940	(705,149)	1,526,693	1,266,282	260,411
(9,500)		9,500	(152,354)	(523,083)	(370,729)	31,865	579,735	547,870
			(95,330)		95,330	(76,532)		76,532
			(95,330)		95,330	(76,532)		76,532
(\$9,500)		\$9,500	(\$247,684)	(523,083)	(\$275,399)	(\$44,667)	579,735	\$624,402
				313,545				
				478,890			2,562,369	
				\$269,352			\$3,142,104	

(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, 2018**

	<u>TRANSPORTATION SALES TAX</u>			<u>SOLID WASTE REDUCTION</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>						
Property taxes						
Other taxes	\$1,468,995	\$1,476,167	\$7,172			
Intergovernmental						
Interest and rentals	25,000	4,544	(20,456)			
Charges for services				\$180,000	\$195,059	\$15,059
Other						
<b>Total Revenues</b>	<u>1,493,995</u>	<u>1,480,711</u>	<u>(13,284)</u>	<u>180,000</u>	<u>195,059</u>	<u>15,059</u>
<b>EXPENDITURES</b>						
Current:						
City Council						
Economic and community development				151,563	158,276	(6,713)
Public works						
Non-departmental						
Fire						
Police						
Other						
Debt service:						
Principal repayments						
<b>Total Expenditures</b>				<u>151,563</u>	<u>158,276</u>	<u>(6,713)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,493,995</u>	<u>1,480,711</u>	<u>(13,284)</u>	<u>28,437</u>	<u>36,783</u>	<u>8,346</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out	<u>(3,623,624)</u>	<u>(704,199)</u>	<u>2,919,425</u>	<u>(391,338)</u>	<u>(225,408)</u>	<u>165,930</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(3,623,624)</u>	<u>(704,199)</u>	<u>2,919,425</u>	<u>(391,338)</u>	<u>(225,408)</u>	<u>165,930</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$2,129,629)</u>	<u>776,512</u>	<u>\$2,906,141</u>	<u>(\$362,901)</u>	<u>(188,625)</u>	<u>\$174,276</u>
Adjustment to budgetary basis:						
Encumbrance adjustments					71,080	
Fund balance - July 1		<u>2,189,418</u>			<u>542,997</u>	
Fund balance - June 30		<u>\$2,965,930</u>			<u>\$425,452</u>	

<b>SUPPLEMENTAL LAW ENFORCEMENT SERVICES</b>			<b>CITY PROGRAMS</b>			<b>AFFORDABLE HOUSING TRUST</b>		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$100,000	\$139,556	\$39,556						
	231	231		\$3,251	\$3,251		\$3,372	\$3,372
			\$1,000,000	780,230	(219,770)			
100,000	139,787	39,787	1,000,000	783,481	(216,519)		3,372	3,372
			13,000					
	139,787	(139,787)	2,365,425	192,058	2,173,367			
				255,671	(255,671)			
	139,787	(139,787)	2,378,425	447,729	2,173,367			
100,000		(100,000)	(1,378,425)	335,752	1,714,177		3,372	3,372
(100,000)		100,000	(1,597,106)	(3,096,156)	(1,499,050)			
(100,000)		100,000	(1,597,106)	(3,096,156)	(1,499,050)			
			(\$2,975,531)	(2,760,404)	\$215,127		3,372	\$3,372
	103			4,135,445			3,647,727	
	\$103			\$1,375,041			\$3,651,099	

(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, 2018**

	<b>PEG EQUIPMENT AND ACCESS</b>			<b>TRANSIT ENHANCEMENT IN-LIEU FEE</b>		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental						
Interest and rentals	\$5,000	\$1,351	(\$3,649)		\$903	\$903
Charges for services				\$600,000	599,718	(282)
Other	125,000	173,849	48,849			
<b>Total Revenues</b>	<u>130,000</u>	<u>175,200</u>	<u>45,200</u>	<u>600,000</u>	<u>600,621</u>	<u>621</u>
<b>EXPENDITURES</b>						
Current:						
City Council						
Economic and community development						
Public works						
Non-departmental	111,500	73,476	38,024			
Fire						
Police						
Other						
Debt service:						
Principal repayments						
<b>Total Expenditures</b>	<u>111,500</u>	<u>73,476</u>	<u>38,024</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>18,500</u>	<u>101,724</u>	<u>83,224</u>	<u>600,000</u>	<u>600,621</u>	<u>621</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out				(495,000)	(72)	494,928
<b>Total Other Financing Sources (Uses)</b>				<u>(495,000)</u>	<u>(72)</u>	<u>494,928</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$18,500</u>	<u>101,724</u>	<u>\$83,224</u>	<u>\$105,000</u>	<u>600,549</u>	<u>\$495,549</u>
Adjustment to budgetary basis:						
Encumbrance adjustments		68,891				
Fund balance - July 1		<u>971,296</u>			<u>58,981</u>	
Fund balance - June 30		<u>\$1,141,911</u>			<u>\$659,530</u>	

ROAD MAINTENANCE AND REHABILITATION			NONOBLIGATED CAPITAL PROJECTS			PUBLIC SAFETY IMPACT FEE		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$372,444	\$301,706	(\$70,738)					\$1,537	\$1,537
						\$869,000	867,870	(1,130)
<u>372,444</u>	<u>301,706</u>	<u>(70,738)</u>				<u>869,000</u>	<u>869,407</u>	<u>407</u>
						6,167		6,167
	627	(627)						
	<u>627</u>	<u>(627)</u>				<u>6,167</u>		<u>(6,167)</u>
<u>372,444</u>	<u>301,079</u>	<u>(71,365)</u>				<u>862,833</u>	<u>869,407</u>	<u>6,574</u>
	(30,130)	(30,130)				(505,224)	(427,503)	77,721
	<u>(30,130)</u>	<u>(30,130)</u>				<u>(505,224)</u>	<u>(427,503)</u>	<u>77,721</u>
<u>\$372,444</u>	<u>270,949</u>	<u>(\$101,495)</u>				<u>\$357,609</u>	<u>441,904</u>	<u>\$84,295</u>
				\$41,857			394,134	
	<u>\$270,949</u>			<u>\$41,857</u>			<u>\$836,038</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, 2018**

	<b>OYSTER POINT IMPROVEMENT IMPACT FEES</b>			<b>SEWER CAPACITY CHARGES</b>		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental					\$86,203	\$86,203
Interest and rentals		\$2,629	\$2,629			
Charges for services	\$2,380,000	2,379,998	(2)	\$5,600,000	5,552,734	(47,266)
Other						
Total Revenues	<u>2,380,000</u>	<u>2,382,627</u>	<u>2,627</u>	<u>5,600,000</u>	<u>5,638,937</u>	<u>38,937</u>
<b>EXPENDITURES</b>						
Current:						
City Council						
Economic and community development						
Public works	52,561		52,561	2,575	75,615	(73,040)
Non-departmental						
Fire						
Police						
Other						
Debt service:						
Principal repayments	2,382,000	2,382,000				
Total Expenditures	<u>2,434,561</u>	<u>2,382,000</u>	<u>52,561</u>	<u>2,575</u>	<u>75,615</u>	<u>(73,040)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,561)</u>	<u>627</u>	<u>55,188</u>	<u>5,597,425</u>	<u>5,563,322</u>	<u>(34,103)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$54,561)</u></u>	<u>627</u>	<u><u>\$55,188</u></u>	<u><u>\$5,597,425</u></u>	<u>5,563,322</u>	<u><u>(\$34,103)</u></u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>29,184</u>			<u>3,943,275</u>	
Fund balance - June 30		<u><u>\$29,811</u></u>			<u><u>\$9,506,597</u></u>	



<b>OYSTER POINT DEVELOPMENT IMPACT FEES</b>			<b>PARK LAND ACQUISITION FEE</b>			<b>PARK CONSTRUCTION FEE</b>		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$80,500	\$503,827	\$423,327	\$54,000	\$54,664	\$664	\$25,000	\$25,169	\$169
3,707,000	3,707,728	728						
3,787,500	4,211,555	424,055	54,000	54,664	664	25,000	25,169	169
4,420,000	4,666,418	(246,418)						
4,420,000	4,666,418	(246,418)						
(632,500)	(454,863)	177,637	54,000	54,664	664	25,000	25,169	169
							(7,550)	(7,550)
							(7,550)	(7,550)
<u>(\$632,500)</u>	<u>(454,863)</u>	<u>\$177,637</u>	<u>\$54,000</u>	<u>54,664</u>	<u>\$664</u>	<u>\$25,000</u>	<u>17,619</u>	<u>(\$7,381)</u>
	246,374							
	<u>(\$208,489)</u>			<u>\$54,664</u>			<u>\$17,619</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, 2018**

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

## 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, 2018**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$1,773,110	\$13,377,450	\$10,985,626	\$4,056,950	\$30,193,136
Receivables:					
Accounts					
Accrued interest	7,876	65,253	50,210	11,984	135,323
Deposit		157,500	46,010		203,510
	<u>1,780,986</u>	<u>13,600,203</u>	<u>11,081,846</u>	<u>4,068,934</u>	<u>30,531,969</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation	291			5,443,613	5,443,904
	<u>1,781,277</u>	<u>13,600,203</u>	<u>11,081,846</u>	<u>9,512,547</u>	<u>35,975,873</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	114,658	109,836	406		224,900
Other payable	35,772	12,733		26,285	74,790
Current portion of accrued insurance loss		660,356			660,356
Current portion of compensated absences	88,958		693,441		782,399
Current portion of long-term debt				381,482	381,482
	<u>239,388</u>	<u>782,925</u>	<u>693,847</u>	<u>407,767</u>	<u>2,123,927</u>
Noncurrent liabilities:					
Accrued insurance loss		12,133,000			12,133,000
Compensated absences obligation	112,686		639,688		752,374
Noncurrent portion of long-term debt				753,619	753,619
	<u>112,686</u>	<u>12,133,000</u>	<u>639,688</u>	<u>753,619</u>	<u>13,638,993</u>
	<u>352,074</u>	<u>12,915,925</u>	<u>1,333,535</u>	<u>1,161,386</u>	<u>15,762,920</u>
<b>NET POSITION:</b>					
Net investment in capital assets	291			4,308,512	4,308,803
Unrestricted	1,428,912	684,278	9,748,311	4,042,649	15,904,150
	<u>\$1,429,203</u>	<u>\$684,278</u>	<u>\$9,748,311</u>	<u>\$8,351,161</u>	<u>\$20,212,953</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, 2018**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$4,290,790	\$4,206,526	\$13,690,768	\$2,014,222	\$24,202,306
Total Operating Revenues	<u>4,290,790</u>	<u>4,206,526</u>	<u>13,690,768</u>	<u>2,014,222</u>	<u>24,202,306</u>
<b>OPERATING EXPENSES</b>					
Personnel expenses	1,812,572	1,087,130	13,376,898		16,276,600
Professional services	501,259	332,776	406		834,441
Program supplies	1,037,360	40,000	1,278	44,089	1,122,727
Insurance	11,578	1,583,181			1,594,759
Self-insurance and claims		1,486,551			1,486,551
Repair and maintenance	424,366				424,366
Utilities	29,271				29,271
Depreciation	580			837,628	838,208
Other	10,203		341,442		351,645
Total Operating Expenses	<u>3,827,189</u>	<u>4,529,638</u>	<u>13,720,024</u>	<u>881,717</u>	<u>22,958,568</u>
Operating Income (Loss)	<u>463,601</u>	<u>(323,112)</u>	<u>(29,256)</u>	<u>1,132,505</u>	<u>1,243,738</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	2,368	16,054	12,648	3,186	34,256
Interest expense				(47,430)	(47,430)
Gain from disposal of capital assets				43,028	43,028
Other		58,271			58,271
Total Nonoperating Revenues (Expenses)	<u>2,368</u>	<u>74,325</u>	<u>12,648</u>	<u>(1,216)</u>	<u>88,125</u>
Net income (loss) before transfers	465,969	(248,787)	(16,608)	1,131,289	1,331,863
<b>TRANSFERS</b>					
Transfers in			1,296,000	1,200,000	2,496,000
Transfers out				(184,087)	(184,087)
Change in Net Position	465,969	(248,787)	1,279,392	2,147,202	3,643,776
Net Position - (deficits) July 1, as adjusted	<u>963,234</u>	<u>933,065</u>	<u>8,468,919</u>	<u>6,203,959</u>	<u>16,569,177</u>
Net Position - (deficits) June 30	<u>\$1,429,203</u>	<u>\$684,278</u>	<u>\$9,748,311</u>	<u>\$8,351,161</u>	<u>\$20,212,953</u>

**CITY OF SOUTH SAN FRANCISCO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from interfund service provided	\$4,300,918	\$4,264,797	\$13,690,768	\$2,014,222	\$24,270,705
Cash payment to suppliers for goods and services	(2,014,037)	(1,943,224)	(343,126)	(437,977)	(4,738,364)
Cash payment to employees for services	(1,749,903)	(992,317)	(13,388,616)		(16,130,836)
Cash payment for judgments and claims		(1,666,137)			(1,666,137)
Net Cash Provided by Operating Activities	<u>536,978</u>	<u>(336,881)</u>	<u>(40,974)</u>	<u>1,576,245</u>	<u>1,735,368</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in			1,296,000	1,200,000	2,496,000
Transfers out				(184,087)	(184,087)
Net Cash Provided by Noncapital Financing Activities			<u>1,296,000</u>	<u>1,015,913</u>	<u>2,311,913</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on capital lease				(538,422)	(538,422)
Interest payments				(47,430)	(47,430)
Acquisition of capital assets, net				(493,263)	(493,263)
Proceeds from the sale of capital assets				46,283	46,283
Net Cash Used in Capital and Related Financing Activities				<u>(1,032,832)</u>	<u>(1,032,832)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	16,597	140,682	107,667	28,010	292,956
Changes in market values of investments	(17,742)	(146,988)	(113,101)	(26,994)	(304,825)
Net Cash Provided by Investing Activities	<u>(1,145)</u>	<u>(6,306)</u>	<u>(5,434)</u>	<u>1,016</u>	<u>(11,869)</u>
Net Increase (Decrease) in cash and cash equivalents	535,833	(343,187)	1,249,592	1,560,342	3,002,580
Cash and cash equivalents, beginning	1,237,277	13,720,637	9,736,034	2,496,608	27,190,556
Cash and cash equivalents, ending	<u>\$1,773,110</u>	<u>\$13,377,450</u>	<u>\$10,985,626</u>	<u>\$4,056,950</u>	<u>\$30,193,136</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$463,601	(\$323,112)	(\$29,256)	\$1,132,505	\$1,243,738
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	580			837,628	838,208
Other non-operating revenue (expenses)		58,271			58,271
Net change in assets and liabilities:					
Accounts and lease receivables	10,128				10,128
Accounts payable	37,896	94,813	(18,825)	(78,467)	35,417
Other payable		12,733		(315,421)	(302,688)
Accrued insurance losses		(179,586)			(179,586)
Compensated absence obligations	24,773		7,107		31,880
Net Cash Provided by (Used in) Operating Activities	<u>\$536,978</u>	<u>(\$336,881)</u>	<u>(\$40,974)</u>	<u>\$1,576,245</u>	<u>\$1,735,368</u>

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

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

**CITY OF SOUTH SAN FRANCISCO  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2018**

**SSF Employee Deferred Comp Trust Oversight**

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>ASSETS</b>				
Cash and investments	\$105,663	\$82,265	\$105,663	\$82,265
Interest receivable	318	400	318	400
Total Assets	<u>\$105,981</u>	<u>\$82,665</u>	<u>\$105,981</u>	<u>\$82,665</u>
<b>LIABILITIES</b>				
Accounts payable	\$24,492	\$2,602	\$24,492	\$2,602
Other accrued liabilities	81,489	80,063	81,489	80,063
Total Liabilities	<u>\$105,981</u>	<u>\$82,665</u>	<u>\$105,981</u>	<u>\$82,665</u>



## STATISTICAL SECTION

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

### **Financial Trends**

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

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

### **Revenue Capacity**

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

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

### **Debt Capacity**

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

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

### **Demographic and Economic Information**

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

1. Demographic and Economic Statistics
2. Principal Employers

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

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

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

**Miscellaneous Information**

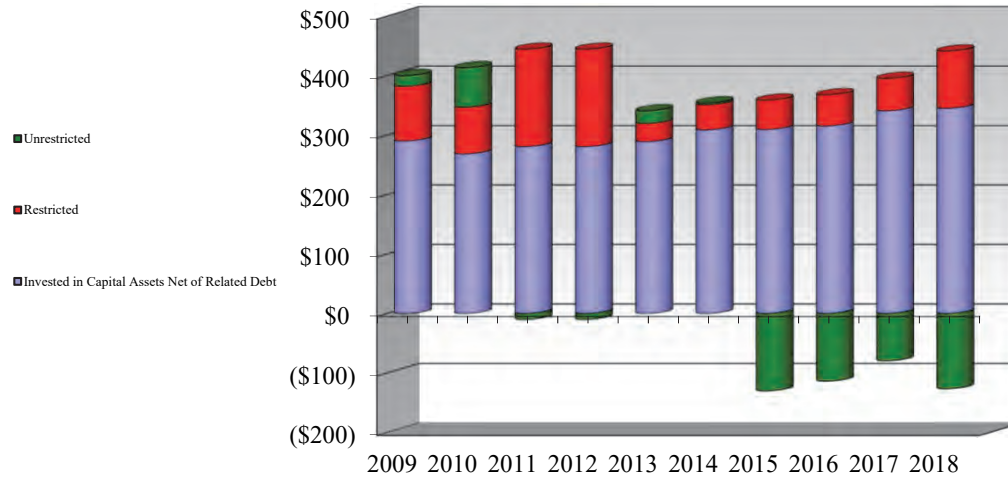
1. Collection and Use of 1% Special Transient Occupancy Tax

**Sources**

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

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

Millions



	2009	2010	2011	2012	2013
<b>Governmental activities</b>					
Net investment in capital assets	\$237,441,155	\$209,507,012	\$214,246,561	\$214,246,561	\$216,508,668
Restricted	86,962,890	78,625,094	163,669,353	163,669,353	30,514,986
Unrestricted	21,455,067	65,537,953	(19,267,010)	(19,267,010)	8,021,490
Total governmental activities net position	<u>\$322,782,465</u>	<u>\$353,670,059</u>	<u>\$358,648,904</u>	<u>\$358,648,904</u>	<u>\$255,045,144</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$52,347,955	\$58,522,676	\$66,113,596	\$66,113,596	\$72,217,660
Restricted	4,971,538	0			
Unrestricted	(3,496,600)	792,921	9,292,189	9,292,189	13,353,988
Total business-type activities net position	<u>\$44,440,519</u>	<u>\$59,315,597</u>	<u>\$75,405,785</u>	<u>\$75,405,785</u>	<u>\$85,571,648</u>
<b>Primary government</b>					
Net investment in capital assets	\$289,789,110	\$268,029,688	\$280,360,157	\$280,360,157	\$288,726,328
Restricted	91,935,428	78,625,094	163,669,353	163,669,353	30,514,986
Unrestricted	17,958,467	66,330,874	(9,974,821)	(9,974,821)	21,375,478
Total primary government net position	<u>\$399,683,005</u>	<u>\$412,985,656</u>	<u>\$434,054,689</u>	<u>\$434,054,689</u>	<u>\$340,616,792</u>
	2014	2015	2016	2017	2018
<b>Governmental activities</b>					
Net investment in capital assets	\$230,440,390	\$230,517,037	\$231,142,079	\$254,344,554	\$254,570,044
Restricted	42,367,623	49,311,828	52,406,602	54,478,093	96,316,988
Unrestricted	(12,317,511)	(134,389,522)	(120,119,617)	(86,808,434)	(129,833,581)
Total governmental activities net position	<u>\$260,490,502</u>	<u>\$145,439,343</u>	<u>\$163,429,064</u>	<u>\$222,014,213</u>	<u>\$221,053,451</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$78,045,318	\$78,598,277	\$83,930,073	\$86,167,704	\$90,097,907
Unrestricted	15,367,085	4,196,654	6,243,225	7,199,925	3,227,395
Total business-type activities net position	<u>\$93,412,403</u>	<u>\$82,794,931</u>	<u>\$90,173,298</u>	<u>\$93,367,629</u>	<u>\$93,325,302</u>
<b>Primary government</b>					
Net investment in capital assets	\$288,726,328	\$308,485,708	\$315,072,152	\$340,512,258	\$344,667,951
Restricted	30,514,986	42,367,623	52,406,602	54,478,093	96,316,988
Unrestricted	21,375,478	3,049,574	(113,876,392)	(79,608,509)	(126,606,186)
Total primary government net position	<u>\$340,616,792</u>	<u>\$353,902,905</u>	<u>\$253,602,362</u>	<u>\$315,381,842</u>	<u>\$314,378,753</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>					
Governmental Activities:					
General Government	\$7,140,676	\$6,538,052	\$7,711,156	\$7,801,328	\$8,360,945
Fire Department	19,047,877	17,868,050	20,032,141	20,749,323	22,746,291
Police Department	21,051,263	20,352,570	22,429,782	23,330,208	24,756,958
Public Works	20,924,132	15,873,783	17,127,086	21,269,281	15,773,710
Park, Recreation and Maintenance Services	11,574,808	10,411,821	10,866,568	11,641,892	12,570,236
Library	4,959,138	4,616,658	4,664,490	4,754,760	4,615,967
Economic and Community Development	15,886,834	23,147,877	15,018,495	8,702,949	16,126,427
Interest on Long -Term Debt	5,289,818	5,035,780	4,249,454	3,328,244	52,139
Total Governmental Activities Expenses	<u>105,874,546</u>	<u>103,844,591</u>	<u>102,099,172</u>	<u>101,577,985</u>	<u>105,002,673</u>
Business-Type Activities:					
Sewer Rental	17,549,690	18,944,267	19,277,959	19,446,739	20,870,522
Parking District	341,100	338,995	571,261	769,117	792,609
Storm Water	746,316	722,232	710,903	1,010,093	1,655,950
Total Business-Type Activities Expenses	<u>18,637,106</u>	<u>20,005,494</u>	<u>20,560,123</u>	<u>21,225,949</u>	<u>23,319,081</u>
Total Primary Government Expenses	<u>\$124,511,652</u>	<u>\$123,850,085</u>	<u>\$122,659,295</u>	<u>\$122,803,934</u>	<u>\$128,321,754</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$2,689,370	\$2,539,316	\$2,688,990	\$2,032,292	\$1,951,016
Fire Department	2,415,617	2,851,984	3,221,837	3,697,665	2,987,956
Police Department	1,650,620	1,479,104	1,815,405	2,599,149	2,640,146
Public Works	2,462,538	4,412,581	3,805,824	3,607,224	2,926,227
Park, Recreation and Maintenance Services	4,872,718	3,032,399	3,004,435	3,178,276	3,433,567
Library	240,542	187,380	168,505	143,971	125,416
Economic and Community Development	4,868,445	4,652,031	4,944,328	4,968,383	3,457,020
Operating Grants and Contributions	13,388,016	5,786,227	5,549,711	5,650,685	5,455,010
Capital Grants and Contributions	182,462	217,877	2,728,543	1,471,416	4,036,786
Total Government Activities Program Revenues	<u>32,770,328</u>	<u>25,158,899</u>	<u>27,927,578</u>	<u>27,349,061</u>	<u>27,013,144</u>
Business-Type Activities:					
Charges for Services:					
Sewer Rental	15,770,470	17,486,418	18,087,695	19,310,286	19,338,107
Parking District	606,847	616,578	722,807	760,248	732,932
Storm Water	419,446	422,467	406,589	409,498	427,291
Operating Grants and Contributions	10,392,219	5,679,902	5,509,874	5,936,527	6,137,401
Capital Grants and Contributions	162,599	24,720	31,670		
Total Business-Type Activities Program Revenue	<u>27,351,581</u>	<u>24,230,085</u>	<u>24,758,635</u>	<u>26,416,559</u>	<u>26,635,731</u>
Total Primary Government Program Revenues	<u>\$60,121,909</u>	<u>\$49,388,984</u>	<u>\$52,686,213</u>	<u>\$53,765,620</u>	<u>\$53,648,875</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(\$73,104,218)	(\$78,685,692)	(\$74,171,594)	(\$74,228,924)	(\$77,989,529)
Business-Type Activities	8,714,475	4,224,591	4,198,512	5,190,610	3,316,650
Total Primary Government Net Expense	<u>(\$64,389,743)</u>	<u>(\$74,461,101)</u>	<u>(\$69,973,082)</u>	<u>(\$69,038,314)</u>	<u>(\$74,672,879)</u>

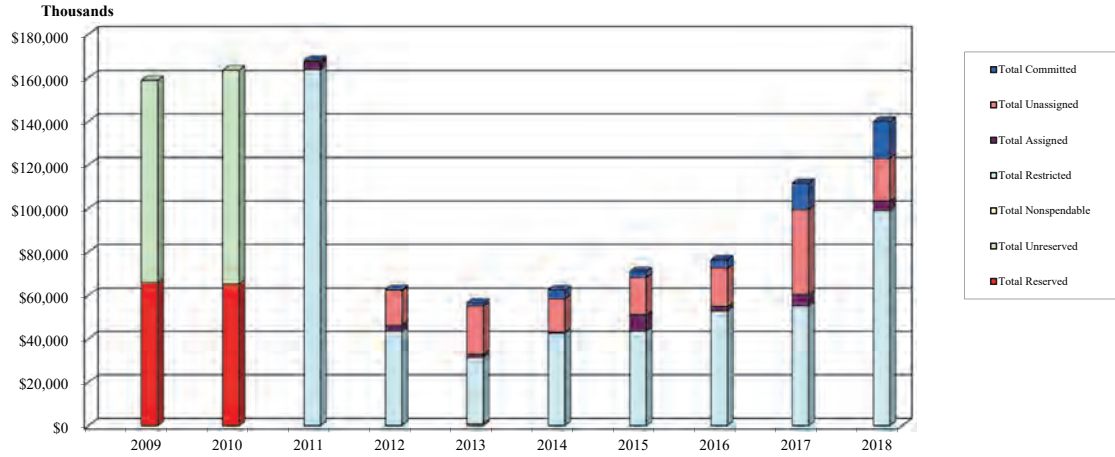
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$7,155,035	\$8,421,857	\$9,044,518	\$10,253,403	\$12,506,188
21,200,903	22,005,883	22,488,964	25,750,126	30,352,387
24,376,379	23,910,436	23,158,168	25,838,242	30,732,288
14,980,417	14,493,039	11,916,572	12,396,998	18,379,278
12,658,309	12,383,880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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property Taxes	\$59,369,550	\$55,014,367	\$54,323,420	\$37,379,175	\$26,420,861
Sales Taxes	11,752,776	9,146,620	11,199,175	11,691,564	12,931,805
Transient Occupancy Tax	6,178,391	5,820,675	7,191,938	8,619,170	9,659,281
Franchise fees					
Other Taxes	6,870,791	6,768,753	7,071,446	7,089,687	7,588,471
Motor Vehicle In-Lieu	183,193	192,035	211,503	168,214	33,767
Property taxes in lieu of vehicle license fees	5,563,165	5,224,547	5,086,144	5,153,384	4,955,873
Interest Earnings	4,760,345	5,127,255	3,944,785	2,384,207	809,721
Other	1,925,666	1,496,744	1,891,421	9,300,137	1,965,744
Extraordinary Item				(107,717,428)	
Transfers	(423,012)	(1,459,296)	(11,769,393)	(785,309)	(906,857)
Special item					11,873,226
Total Government Activities	<u>96,180,865</u>	<u>87,331,700</u>	<u>79,150,439</u>	<u>(26,717,199)</u>	<u>75,331,892</u>
Business-Type Activities:					
Interest Earnings	244,887	175,188	122,283	149,242	95,177
Transfers	423,012	1,459,296	11,769,393	785,309	906,857
Total Business-Type Activities	<u>667,899</u>	<u>1,634,484</u>	<u>11,891,676</u>	<u>934,551</u>	<u>1,002,034</u>
Total Primary Government	<u>\$96,848,764</u>	<u>\$88,966,184</u>	<u>\$91,042,115</u>	<u>(\$25,782,648)</u>	<u>\$76,333,926</u>
<b>Change in Net Position</b>					
Governmental Activities	\$23,076,647	\$8,646,008	\$4,978,845	(\$100,946,123)	(\$2,657,637)
Business-Type Activities	9,382,374	5,859,075	16,090,188	6,125,161	4,318,684
Total Primary Government	<u>\$32,459,021</u>	<u>\$14,505,083</u>	<u>\$21,069,033</u>	<u>(\$94,820,962)</u>	<u>\$1,661,047</u>

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

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



	(b)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$554,692	\$889,186								
Unreserved	17,509,823	14,841,958								
Nonspendable			\$67,129	\$90,167	\$805,677	\$14,163	\$1,134	\$33,580	\$474	\$106
Restricted										\$20,582,335
Committed			401,797	208,054	1,406,430	3,879,451	2,536,790	3,654,283	11,780,724	16,725,897
Assigned			771,849	840,365	566,104	743,746	1,458,029	1,578,153	5,244,279	4,334,322
Unassigned			15,049,168	17,347,445	23,498,194	15,891,899	17,285,422	17,751,169	39,278,746	19,644,232
<b>Total General Fund</b>	<b>\$18,064,515</b>	<b>\$15,731,144</b>	<b>\$16,289,943</b>	<b>\$18,486,031</b>	<b>\$26,276,405</b>	<b>\$20,529,259</b>	<b>\$21,281,375</b>	<b>\$23,017,185</b>	<b>\$56,304,223</b>	<b>\$61,286,892</b>
All Other Governmental Funds										
Reserved	\$65,117,971	\$64,163,373								
Unreserved, reported in:										
Special revenue funds	23,826,184	11,079,390								
Debt service funds	121,764	3,198,600								
Capital project funds	51,589,538	69,286,211								
Restricted			\$163,727,096	\$43,364,540	\$30,539,396	\$42,392,238	\$43,437,361	\$52,938,897	\$55,195,500	\$78,603,366
Assigned			2,390,904	2,076,065	1,105,320	0	6,188,554	367,023	0	0
Unassigned			(14,353,252)	(1,388,956)	(1,379,895)	(521,604)	(40,459)	0	(88,331)	(11,073)
<b>Total all other governmental funds</b>	<b>\$140,655,457</b>	<b>\$147,727,574</b>	<b>\$151,764,748</b>	<b>\$44,051,649</b>	<b>\$30,264,821</b>	<b>\$41,870,634</b>	<b>\$49,585,456</b>	<b>\$53,305,920</b>	<b>\$55,107,169</b>	<b>\$78,592,293</b>

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

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



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

	For The Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Property Taxes	\$59,369,550	\$54,718,916	\$54,128,998	\$38,174,655	\$27,077,697
Other Taxes	22,755,561	19,771,310	23,412,992	28,866,546	31,894,811
Intergovernmental revenues	15,088,171	10,609,605	11,860,658	11,580,530	13,054,594
Interest and Rents	7,625,428	7,680,293	7,612,223	4,955,223	3,238,089
Licenses and permits	5,957,815	7,270,081	7,004,603	3,056,507	3,054,451
Charges for services	13,644,314	9,986,352	10,010,541	10,088,070	9,275,724
Fines and forfeitures	1,013,434	1,054,549	2,133,677	2,184,234	1,753,682
Other	3,722,979	2,542,492	2,261,247	3,000,563	1,837,675
<b>Total Revenues</b>	<b>129,177,252</b>	<b>113,633,598</b>	<b>118,424,939</b>	<b>101,906,328</b>	<b>91,186,723</b>
<b>Expenditures</b>					
Current:					
General government	5,752,948	5,916,364	6,407,094	6,485,219	6,658,532
Fire Department	17,724,990	16,790,834	18,140,954	18,812,861	20,877,917
Police Department	19,989,136	19,359,770	20,272,684	21,217,818	22,542,135
Public works	12,360,989	8,416,242	9,856,201	14,253,609	9,186,493
Recreation and Community Services	10,700,332	9,960,090	10,168,425	10,101,408	10,927,433
Library	4,679,270	4,342,662	4,231,762	4,272,701	4,112,570
Economic and Community Development	19,554,780	26,279,406	19,894,692	8,184,334	20,512,545
Other	474,805				
Capital outlay	4,247,021	6,724,022	6,969,052	8,894,514	
Debt service:					
Principal repayment	1,755,426	1,887,434	1,842,000	1,752,000	
Interest and fiscal charges	4,571,150	4,255,050	4,274,170	1,817,764	52,139
<b>Total Expenditures</b>	<b>101,810,847</b>	<b>103,931,874</b>	<b>102,057,034</b>	<b>95,792,228</b>	<b>94,869,764</b>
Excess (deficiency) of revenues over (under) expenditures	27,366,405	9,701,724	16,367,905	6,114,100	(3,683,041)
<b>Other Financing Sources (Uses)</b>					
Transfers in	18,754,214	18,047,351	88,175,882	108,413,018	4,467,530
Transfers (out)	(19,330,934)	(22,175,268)	(99,947,814)	(109,646,766)	(6,780,943)
Tax allocation bonds issued					
Premium on bonds					
Payments to refunded bond escrow					
Other debt proceeds					
Sale of capital assets	13,784				
<b>Total other financing sources (uses)</b>	<b>(562,936)</b>	<b>(4,127,917)</b>	<b>(11,771,932)</b>	<b>(1,233,748)</b>	<b>(2,313,413)</b>
Net Change in fund balances before extraordinary and special items	26,803,469	5,573,807	4,595,973	4,880,352	(5,996,454)
Extraordinary item				(110,397,363)	
Special item					
<b>Net change in fund balances</b>	<b>\$26,803,469</b>	<b>\$5,573,807</b>	<b>\$4,595,973</b>	<b>(\$105,517,011)</b>	<b>(\$5,996,454)</b>
Debt service as a percentage of noncapital expenditures	6.8%	6.6%	6.7%	4.2%	0.1%

**For The Fiscal Year Ended June 30,**

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

0.6%

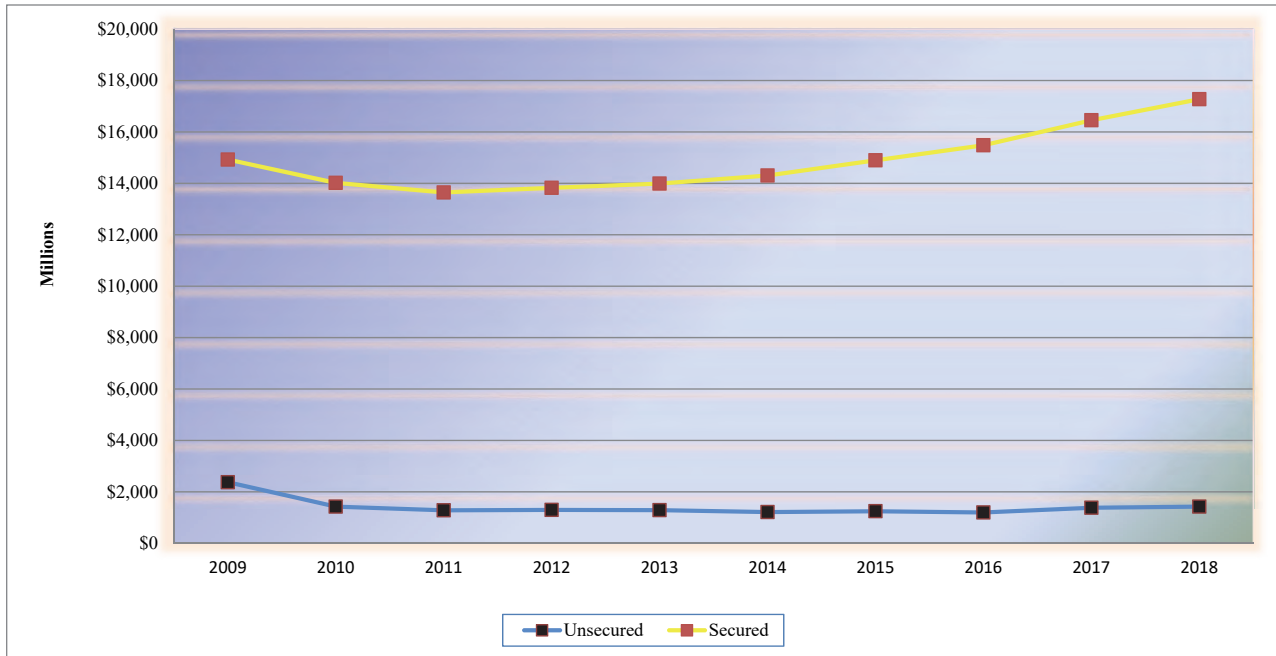
0.4%

0.7%

0.0%

2.0%

**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					
2009	\$5,790,070,116	\$1,368,274,141	\$4,871,255,093	\$523,110,471	\$12,552,709,821	\$2,373,808,053	\$14,926,517,874	\$14,926,517,874	0.34939%
2010	5,467,563,992	1,429,401,205	5,197,739,403	498,656,817	12,593,361,417	1,424,610,941	14,017,972,358	14,017,972,358	0.36462%
2011	5,547,292,029	1,509,554,164	4,922,422,763	387,673,530	12,366,942,486	1,279,681,193	13,646,623,679	13,646,623,679	0.36933%
2012	5,579,044,758	1,581,852,456	4,967,158,758	403,895,119	12,531,951,091	1,295,085,027	13,827,036,118	13,827,036,118	0.37860%
2013	5,606,400,603	1,628,754,902	5,050,279,321	418,927,733	12,704,362,559	1,288,434,392	13,992,796,951	13,992,796,951	0.42174%
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%

Source: HdL Coren & Cone, San Mateo County Assessor 2008/09-2017/18 Combined Tax Rolls.

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

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

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>School Districts</u>	<u>Total Direct/Overlapping Tax Rates</u>	
2009	1.000	0.1426	1.1426	(1,15)
2010	1.000	0.1600	1.1600	(1,16)
2011	1.000	0.1707	1.1707	(1,17)
2012	1.000	0.1824	1.1824	(1,18)
2013	1.000	0.1959	1.1959	(1,19)
2014	1.000	0.2046	1.2046	(1,20)
2015	1.000	0.1822	1.1822	(1,21)
2016	1.000	0.1750	1.1750	(1,22)
2017	1.000	0.1749	1.1749	(1,23)
2018	1.000	0.1642	1.1642	(1,24)

Notes:

- (1) Like other cities, South San Francisco includes several property tax rate areas with different rates. A mean average is indicated.
- (15) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0327 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond. 2 have the rate of 1.0719 and one has a rate of 1.0689, which includes Jefferson Union School bonds and Brisbane ESD bonds, and one has a rate of 1.0710 which includes San Bruno Park Elementary.
- (16) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0377 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond. 3 have the rate of 1.0783 and one has a rate of 1.0748, which includes Jefferson Union School bonds, and Brisbane ESD bonds, and one has a rate of 1.0804 which includes San Bruno Park Elementary.
- (17) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0389 percent, which includes SSFUSD bonds and San Mateo Jr College bond. 3 has a rate of 1.0870 percent and one at 1.0832 percent which includes Jefferson Union School bonds and Brisbane ESD bonds. One has a rate of 1.0834 percent which includes San Bruno Park Elementary.
- (18) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0420 percent, which includes SSFUSD bonds and San Mateo Jr College bond. 3 has a rate of 1.0893 percent and one at 1.0854 percent which includes Jefferson Union School bond, Brisbane ESD bonds & San Mateo Jr College bonds and one has a rate of 1.0909 percent which includes San Bruno Park Elementary.
- (19) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0521 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.0921 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0905 percent, which includes San Bruno Pk Elem bond, SM Union High, SM Jr College bond and San Mateo Comm Coll bond.
- (20) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0522 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.1048 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0864 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, and San Mateo Comm College. 1 has a rate of 1.0864 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm Coll bond.
- (21) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0703 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.0991 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0983 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm Coll bond.
- (22) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0707 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 3 has a rate of 1.1080 percent and 1 with 1.1068 percent rate which includes College bond Brisbane ESD Bond, Jefferson High bonds, SM Jr and San Mateo Comm College. 1 has a rate of 1.0929 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm Coll bond.
- (23) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0714 percent, which includes SSFUSD bonds & San Mateo Jr College bond. 4 has a rate of 1.1282 percent which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.0910 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm Coll bond.
- (24) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0601 percent, which includes SSFUSD bonds & San Mateo Jr College bond. 4 has a rate of 1.1276 percent which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.0900 percent, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Comm Coll bond.

Source: HDL, Coren & Cone (San Mateo County Assessor 2008/09- 2017/18 Tax Rate Table).

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

Taxpayer	2017-18			2008-09		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$2,034,097,422	1	11.78%	\$3,165,511,632	1	21.21%
Slough SSF LLC	621,228,905	2	3.60%	501,775,000	2	3.36%
ARE San Francisco LLC	524,957,384	3	3.04%	226,469,225	6	1.52%
HCP SSF	455,385,413	4	2.64%			--
Brittania Pointe Grand LP	303,541,934	5	1.76%	268,200,000	5	1.80%
United Airlines Inc	218,147,649	6	1.26%	282,114,325	4	1.89%
AP3-SF2 CT South LLC	195,628,297	7	1.13%			--
Gateway Center LLC	146,404,145	8	0.85%	129,358,020	8	0.87%
BMP 180 Oyster Point LLC	137,546,775	9	0.80%			--
SSF Logistics Inc	124,636,952	10	0.72%			--
Slough BTC LLC De	--	--	--	371,550,000	3	2.49%
ASN Solaire LLC	--	--	--	140,794,921	7	0.94%
Britannia Biotech Gateway LP	--	--	--	73,700,000	9	0.49%
Costco Wholesale Corporation	--	--	--	68,361,743	10	0.46%
Subtotal	<u>\$4,761,574,876</u>		<u>27.56%</u>	<u>\$5,227,834,866</u>		<u>35.02%</u>

Total Net Assessed Valuation:

Fiscal Year 2017-18	\$17,274,320,028
Fiscal Year 2008-09	\$14,926,517,874

Source:

HdL Coren & Cone, 2008-09 & 2017-18 Top Ten Property Taxpayers (Net Values).  
San Mateo County Assessor 2008-09 & 2017-18 Combined Tax Rolls and the SBE Non Unitary Tax Roll

**CITY OF SOUTH SAN FRANCISCO**  
**Twenty Largest Taxable Property Owners for Merged RDA Project Area**  
**June 30, 2018**

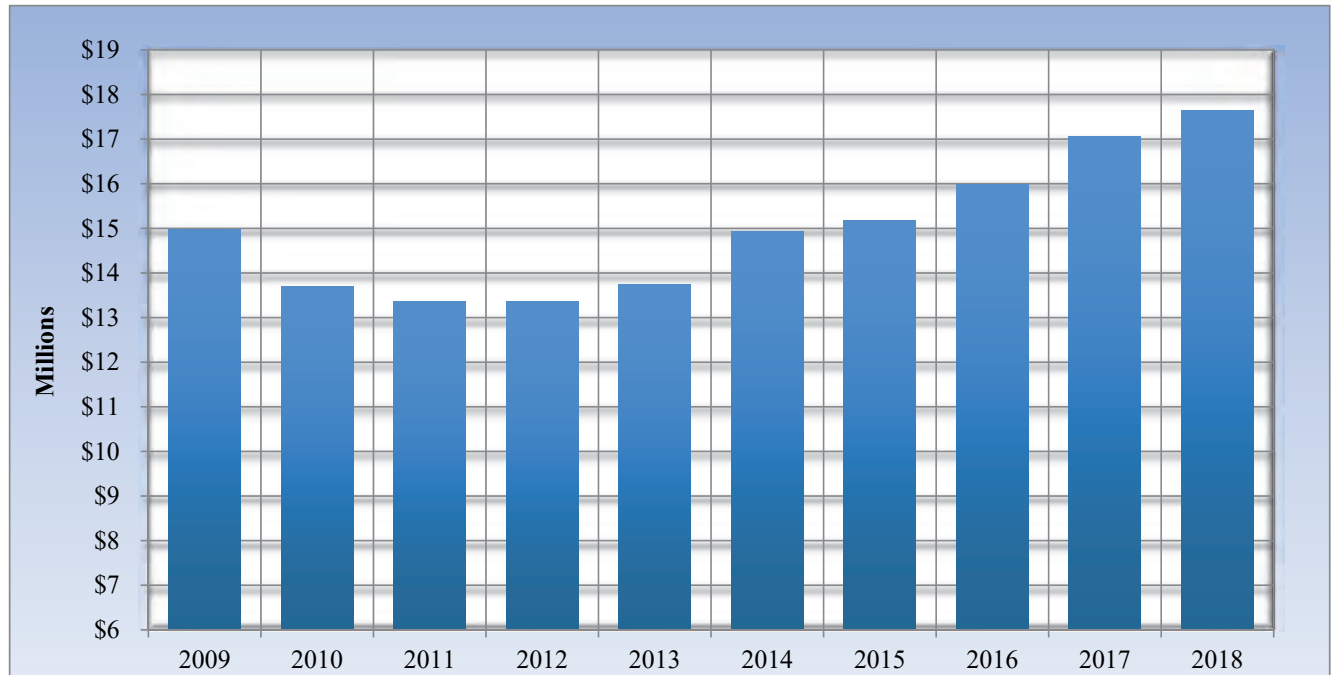
<b>Property Tax Payer</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total Assessed Value</b>	<b>% of Total AV in Project Area</b>	<b>Land Use</b>
Genentech	\$641,198,159	\$102,646,681	\$743,844,840	16.02%	Industrial, Office, R&D
Slough SSF LLC DE	683,563,157		683,563,157	14.72%	Industrial
Britannia Pointe Grand LP	446,937,794		446,937,794	9.63%	Industrial
ARE San Francisco LLC	233,684,862		233,684,862	5.03%	Industrial, Commercial
BMR 180 Oyster Point LLC	217,408,355		217,408,355	4.68%	Commercial
Gateway Center LLC DE	146,404,145		146,404,145	3.15%	Commercial
ASN Solaire LLC	113,178,085		113,178,085	2.44%	Residential
HCP Inc	101,628,279		101,628,279	2.19%	Unknown
Costco Wholesale Corp	42,344,580	41,633,076	83,977,656	1.81%	Commercial
Amgen SF LLC		72,829,868	72,829,868	1.57%	Industrial
HPTMI II Properties Trust	67,514,607		67,514,607	1.45%	Residential, Hotels, Motels
Gateway Boulevard LLC	62,372,093		62,372,093	1.34%	Industrial
PR 701 Gateway LLC	60,114,250	362,729	60,476,979	1.30%	Commercial
BP Gateway Center LLC	60,446,565		60,446,565	1.30%	Commercial, Office, 2+ stories
Blue Line Transfer Inc.	47,956,558		47,956,558	1.03%	Industrial
Felcor CMB SSF Holdings LP	40,259,080		40,259,080	0.87%	Residential, Hotels, Motels
Areus Inc	35,946,914		35,946,914	0.77%	Commercial, Office, 2+ stories
CRP 6000 Shoreline LLC	34,105,000		34,105,000	0.73%	Commercial, Office, 2+ stories
Theravance Biopharma		32,362,536	32,362,536	0.70%	Industrial, Office, R&D
OCI San Francisco LLC	29,392,581	26,780,291	56,172,872	0.63%	Residential, Hotels, Motels
<b>Total Top Twenty</b>	<b>3,064,455,064</b>	<b>276,615,181</b>	<b>3,341,070,245</b>	<b>71.36%</b>	
<b>Percent of AV</b>	<b>91.7%</b>	<b>8.3%</b>			

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

Source: San Mateo County Assessor , RDA Secured & Unsecured SSF 2017 Tax Rolls

Source: Muni Services

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



<u>Fiscal Year</u>	<u>Rate (2)</u>	<u>Levies (3)</u>	<u>Allocations (5)</u>	<u>Collections</u>	<u>Delinquencies</u>	<u>Percent of Delinquent taxes</u>
2009	1.00	(4)	\$14,979,798	(4)	(4)	0.0%
2010	1.00	(4)	13,697,389	(4)	(4)	0.0%
2011	1.00	(4)	13,351,506	(4)	(4)	0.0%
2012	1.00	(4)	13,360,854	(4)	(4)	0.0%
2013	1.00	(4)	13,740,246	(4)	(4)	0.0%
2014	1.00	(4)	14,928,197	(4)	(4)	0.0%
2015	1.00	(4)	15,184,788	(4)	(4)	0.0%
2016	1.00	(4)	15,994,773	(4)	(4)	0.0%
2017	1.00	(4)	17,065,875	(4)	(4)	0.0%
2018	1.00	(4)	17,644,135	(4)	(4)	0.0%

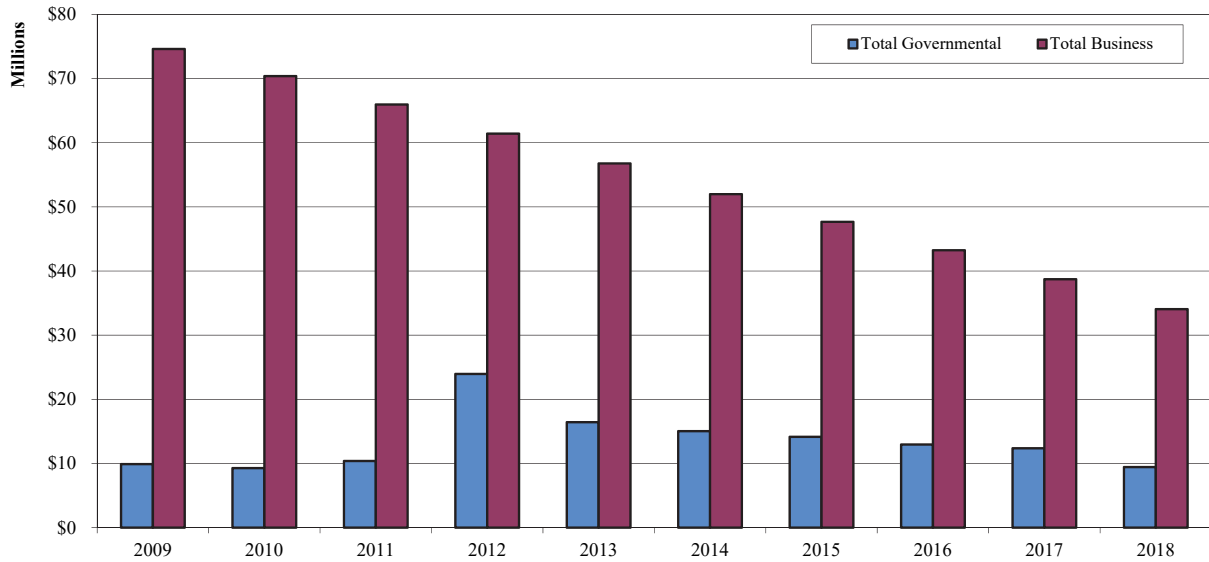
Notes:

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

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



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



**Governmental Activities**

Fiscal Year	Loans from	Lease	Certificates	Capital	Loans	Total
	Successor Agency	Revenue Bonds	of Participation	Lease		
2009		\$110,434	\$4,915,000	\$1,215,639	\$3,660,000	\$9,901,073
2010		0	4,765,000	961,671	3,548,000	9,274,671
2011		0	4,610,000	2,342,892	3,436,000	10,388,892
2012	\$14,120,927	0	4,445,000	2,056,382	3,324,000	23,946,309
2013	13,343,039	0	0	3,084,553	0	16,427,592
2014	11,722,826	0	0	3,316,836	0	15,039,662
2015	11,370,152	0	0	2,786,573	0	14,156,725
2016	10,714,152	0	0	2,238,998	0	12,953,150
2017	10,691,152	0	0	1,673,522	0	12,364,674
2018	8,309,152	0	0	1,135,101	0	9,444,253

**Business-Type Activities**

Fiscal Year	Sewer	Certificates	State Water	Total	Total	Percentage	Per
	Revenue Bonds	of Participation	Resources Loans		Primary Government	of Personal Income (a)	Capita (a)
2009	\$5,575,000		\$69,025,322	\$74,600,322	\$84,501,395	4.34%	1,300.02
2010	5,350,000		65,028,410	70,378,410	79,653,081	4.15%	1,209.21
2011	5,120,000		60,831,038	65,951,038	76,339,930	3.95%	1,187.12
2012	4,885,000		56,530,946	61,415,946	85,362,255	4.31%	1,310.70
2013	4,640,000		52,118,587	56,758,587	73,186,179	3.65%	1,113.78
2014	4,385,000		47,591,019	51,976,019	67,015,681	3.30%	1,019.27
2015	4,120,000		43,543,614	47,663,614	61,820,339	2.92%	957.19
2016	3,850,000		39,392,832	43,242,832	56,195,982	2.59%	858.60
2017	3,570,000		35,136,032	38,706,032	51,070,706	2.22%	780.29
2018	3,275,000		30,770,502	34,045,502	43,489,755	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, 2018**

2017-18 Assessed Valuation:	\$17,274,320,028
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	\$17,274,320,028

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/18
San Mateo Community College District	\$576,424,069	8.348%	\$48,119,881
Jefferson Union High School District	242,118,667	1.984	4,803,634
South San Francisco Unified School District	173,124,743	89.508	154,960,495
Brisbane School District	5,345,437	13.821	738,793
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$208,622,803</b>

OVERLAPPING FUND DEBT:			
San Mateo County General Fund Obligations	\$266,157,077	8.348%	\$30,566,793
San Mateo County Board of Education Certificates of Participation	8,745,000	8.348	730,033
San Mateo County Flood Control District Certificates of Participation	17,465,000	60.266%	10,525,457
South San Francisco Unified School District Certificates of Participation	3,833,189	89.508	3,431,011
Jefferson Union High School District Certificates of Participation	971,407	1.984	\$19,273
City of South San Francisco Loans Payable	8,309,152	100.000	8,309,152
City of South San Francisco Capital Leases	1,135,101	100	1,135,101
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			<b>\$54,716,820</b>

<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$285,000</b>	<b>100.000%</b>	<b>\$285,000</b>
---	------------------	-----------------	------------------

TOTAL DIRECT DEBT 9,444,253

Total Overlapping Debt \$254,180,370

COMBINED TOTAL DEBT \$263,624,624 (2)

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

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

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.21%
Total Direct Debt	0.07%
Combined Total Debt	1.54%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$4,308,424,949):

Total Overlapping Tax Increment Debt	0.01%
--------------------------------------	-------

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, 2018**

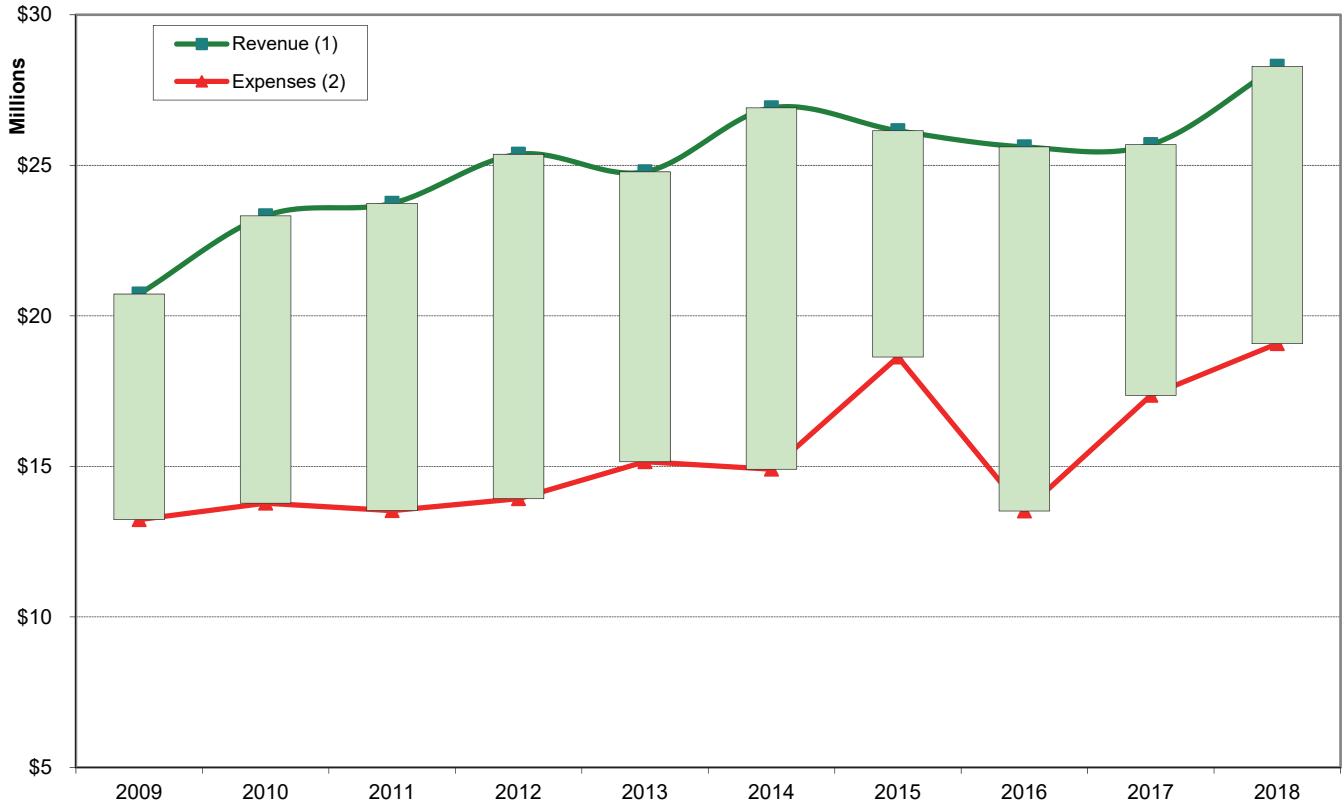
ASSESSED VALUATION:	\$17,274,320,028
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	647,787,001
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$647,787,001

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
2009	\$559,744,420	0	\$559,744,420	0.00%
2010	525,673,963	0	525,673,963	0.00%
2011	511,748,388	0	511,748,388	0.00%
2012	518,513,854	0	518,513,854	0.00%
2013	524,729,886	0	524,729,886	0.00%
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%

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	
2009	\$20,722,778	\$13,228,883	\$7,493,895	\$215,000	\$235,897	\$450,897	16.62
2010	23,321,582	13,774,757	9,546,825	225,000	230,941	455,941	20.94
2011	23,735,469	13,527,544	10,207,925	230,000	223,973	453,973	22.49
2012	25,365,824	13,924,334	11,441,490	235,000	216,501	451,501	25.34
2013	24,782,587	15,151,968	9,630,619	245,000	208,459	453,459	21.24
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

- Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (1) Gross revenue includes operating revenue and non-operating revenue.
  - (2) Direct operating expenses include operating expenses (except depreciation) and non-operating expenses (except interest expense).
  - (3) Retirement of principal for 2005 Sewer Revenue Bonds begins in fiscal year 2008.
  - (4) The requirement does not include loan payments on State Water Resources Board loans. See schedule of Sewer Debt service coverage for details.

Source: City of South San Francisco, Department of Finance

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
Service Charges	\$19,129,475	\$19,758,128	\$19,515,093	\$19,750,636	\$22,188,154
Connection and Other Fees	25,992	122,640	104,283	147,134	229,002
Interest Income	133,248	106,830	238,389	23,552	31,058
Developer Fees					
Other Cities' Participation (1)	7,619,601	6,159,937	5,752,765	5,763,644	5,834,455
Total Revenues	<u>\$26,908,316</u>	<u>\$26,147,535</u>	<u>\$25,610,530</u>	<u>\$25,684,966</u>	<u>\$28,282,669</u>
Operating Expenses (2)	<u>\$14,904,225</u>	<u>\$18,759,650</u>	<u>\$13,514,718</u>	<u>\$17,357,276</u>	<u>\$19,073,943</u>
Wastewater System Net Revenues	<u>\$12,004,091</u>	<u>\$7,387,885</u>	<u>\$12,095,812</u>	<u>\$8,327,690</u>	<u>\$9,208,726</u>
Parity Debt Service (3)					
State Water Resources Control Board Loans	\$6,022,799	\$5,445,162	\$5,449,692	\$5,454,747	\$5,469,175
CSCDA Series 2005D Revenue Bonds	197,630	188,148	178,036	167,284	155,706
Total Parity Debt	<u>\$6,220,429</u>	<u>\$5,633,310</u>	<u>\$5,627,728</u>	<u>\$5,622,031</u>	<u>\$5,624,881</u>
Total Parity Debt Service Coverage	<u>1.93</u>	<u>1.31</u>	<u>2.15</u>	<u>1.48</u>	<u>1.64</u>

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

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

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

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

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

**2006 RDA Revenue Bonds**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2012	\$25,114,631	\$1,435,000	\$3,086,819	\$4,521,819	5.55
2013		1,490,000	3,030,181	4,520,181	
2014		1,545,000	2,971,344	4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018					

Bond was paid off in fiscal year 2017

**1999 RDA Revenue Bonds (Housing)**

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

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2012	\$25,114,631	\$205,000	\$89,645	\$294,645	85.24
2013		210,000	79,995	289,995	
2014		220,000	69,780	289,780	
2015		230,000	58,750	288,750	
2016		245,000	46,875	291,875	
2017		255,000	34,375	289,375	
2018		275,000	21,125	296,125	

**1999 Certificates of Participation**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2012	\$25,114,631	\$165,000	\$230,500	\$395,500	63.50
2013					
2014					
2015					
2016					
2017					
2018					

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

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2012	\$25,114,631	\$165,000	\$230,500	\$395,500	63.50
2013					
2014					
2015					
2016					
2017					
2018					

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

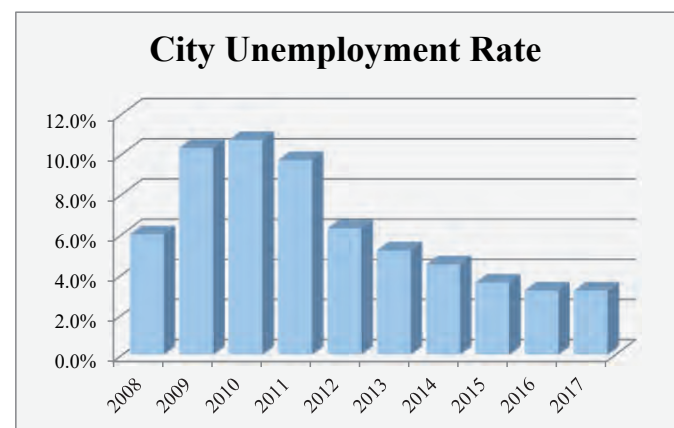
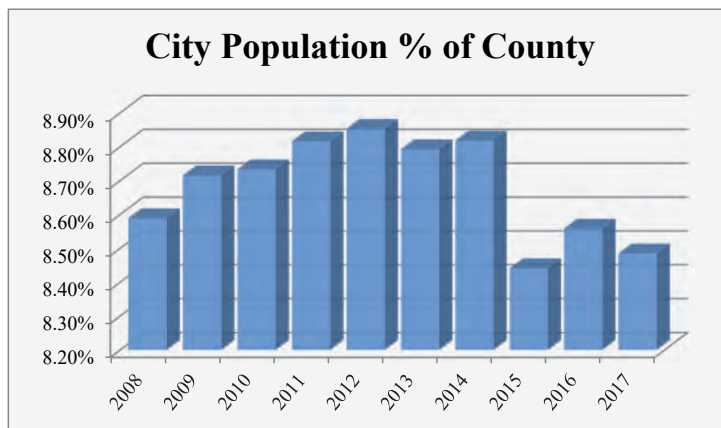
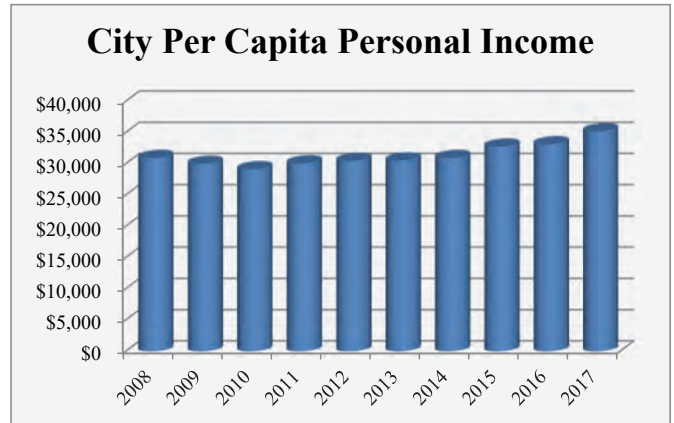
Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2012	\$25,114,631	\$1,600,000	\$3,317,319	\$4,917,319	5.11
2013		1,490,000	3,030,181	4,520,181	
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	

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

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

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



Year	Estimated City Population (1)	City Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (4)	City Population % of County
2008	63,512	\$1,964,028	\$30,924	6.0%	739,469	8.59%
2009	65,000	1,948,798	29,982	10.3%	745,858	8.71%
2010	65,872	1,918,061	29,118	10.7%	754,285	8.73%
2011	64,307	1,932,618	30,053	9.7%	729,443	8.82%
2012	65,127	1,982,857	30,446	6.3%	735,678	8.85%
2013	65,710	2,005,666	30,523	5.2%	747,373	8.79%
2014	65,749	2,033,156	30,923	4.5%	745,635	8.82%
2015	64,585	2,114,826	32,744	3.6%	765,135	8.44%
2016	65,451	2,167,750	33,120	3.2%	764,797	8.56%
2017	65,451	2,303,425	35,193	3.2%	771,410	8.48%

Notes:

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

Data Sources:

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

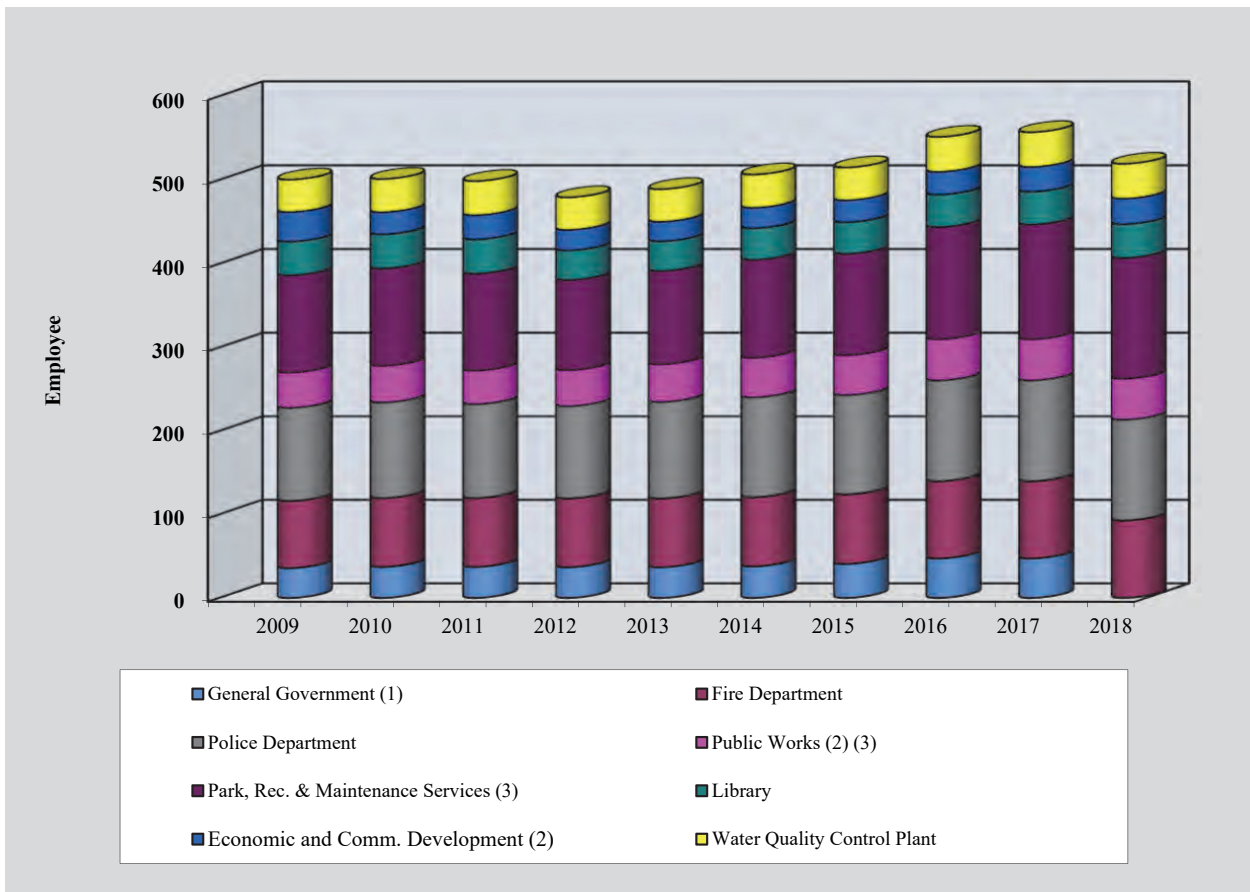
**CITY OF SOUTH SAN FRANCISCO**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>2017-18</b>			<b>2008-09</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Genentech Inc.	8,637	1	13.2%	8,289	1	13.3%
Costco Wholesale (3 stores)	834	2	1.3%	565	5	0.9%
Goodwill Industries of SF (3 locations)	701	3	1.1%			
Life Technologies Corporation	622	4	1.0%			
Amgen San Francisco LLC	500	5	0.8%	472	7	0.8%
Successfactors, Inc.	352	6	0.5%			
SBM Site Services, LLC	309	7	0.5%			
ZS Associates, Inc	252	8	0.4%			
Tobi.com, LLC	227	9	0.3%			
Holiday Inn	224	10	0.3%			
Kaiser				2,125	2	3.4%
SSF School District				930	3	1.5%
Exelixis				610	4	1.0%
Astound Broadband, LLC				560	6	0.9%
Tularik, Inc.				426	8	0.7%
American ETC Inc/Royal Laundry				307	9	0.5%
Sugen, Inc				300	10	0.5%
Subtotal	<u>12,658</u>		<u>19.3%</u>	<u>14,584</u>		<u>23.3%</u>
Total City Population	<u>65,451</u>			<u>62,502</u>		

Source:  
SSF Business License Database- Business licenses expiring 12/31/18.  
CAFR 2008-09



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



Functions	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government (1)	35.60	37.00	37.00	36.60	36.60	37.60	40.60	47.10	47.10	43.60
Fire Department	80.48	82.48	82.48	82.48	82.48	82.98	83.48	92.68	92.68	92.68
Police Department	111.65	114.65	112.65	110.65	115.65	119.75	118.87	120.87	120.87	120.87
Park, Rec. & Maintenance Services (3)	116.37	116.34	116.05	107.86	111.66	117.21	121.31	134.16	137.19	144.29
Library	40.21	40.81	40.81	35.34	35.35	37.66	37.71	38.71	39.26	40.49
(2)	35.35	26.45	28.95	24.45	23.45	24.40	26.15	27.15	29.40	30.40
Public Works (2) (3)	42.10	43.85	40.05	43.03	45.02	47.21	47.68	49.00	49.00	49.00
Water Quality Control Plant	38.59	39.54	40.64	38.82	38.82	39.63	39.06	41.74	41.50	41.50
<b>Total</b>	<b>500.35</b>	<b>501.12</b>	<b>498.63</b>	<b>479.23</b>	<b>489.03</b>	<b>506.44</b>	<b>514.86</b>	<b>551.41</b>	<b>557.00</b>	<b>562.83</b>

Notes:

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

Source: City of South San Francisco Adopted Operating Budget FY 2017-18

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

	2014	2015	2016	2017	2018
<b>Function/Program</b>					
Public safety:					
Fire:					
Inspections conducted	2,574	1,817	2,563	3,426	2,292
Police:					
Police calls for service	29,359	31,532	32,477	33,313	34,811
Law violations:					
Part I crimes	1,780	1,874	2,126	2,103	2,276
Physical arrests (adult and juvenile)	2,158	1,933	2,071	1,870	1,891
Traffic violations	4,175	3,828	4,211	3,785	3,359
Parking violations	16,597	13,378	12,006	15,291	18,339
Public works					
Street resurfacing (miles) (Eng Div)	22	(2)	0	2	8
Potholes repaired (square miles)/(square feet)	0.20	0.11	2	0	(5) 3221
Asphalt used for street repairs (tons)	435	250	151	94	148
Culture and recreation:					
Recreation class participants	26,694	26,879	(3) 23,399	23,939	25,688
Library:					
Total items borrowed	686,491	(1) 643,630	565,806	558,106	544,059
Items in collection	185,482	(1) 130,106	(4) 208,400	209,895	219,114
Wastewater					
Residential connections	16,482	16,470	16,491	16,488	12,556
Commercial connections	1,562	1,560	1,561	1,562	1,575
Other connections	128	128	131	140	140
Average daily sewage treatment (millions of gallons)	8.28	8.89	7.92	8.41	8.62

Note: N/A denotes information not available.

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Function/Program</b>										
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations	1	1	1	(6) 1	(6) 1	1	1	1	1	1
Police Fleet	(2) 48	(2) 48	52	51	51	(8) 50	53	53	52	(10) 59
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights	3,779	4,156	4,160	4,160	(7) 4,505	4,505	4,505	4,505	4,505	4,531
Parking District lights	20	20	20	20	20	20	20	20	(9) 16	16
Traffic Signals	70	73	74	74	74	74	74	76	76	76
Culture and recreation:										
Community services:										
City parks	28	28	28	28	28	28	28	28	28	28
City parks acreage	190	190	190	190	190	190	190	190	190	190
Playgrounds	24	24	24	24	24	24	24	24	24	24
City trails	6	6	6	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	4	4	4
Senior centers	2	2	(4) 1	1	1	1	1	1	1	1
Skate Park		(3) 1	1	1	1	1	1	1	1	1
Dog park		(3) 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 (6)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of sanitary sewers	164	164	164	164	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

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

- (1) Police patrol units consists of 35 marked/unmarked cars, 6 motorcycles, 1 SWAT and 3 cushman.
- (2) Year 2009, the 3 units added are not new. These are units that was not included on the previous Fleet count.
- (3) Year 2010, Skate park and dog park was added on the list.
- (4) The only senior center is Magnolia Center but programming still continues at El Camino.
- (5) Community Learning Center not included on count as it is only a homework center not a library.
- (6) Police substation located behind Miller parking garage not included.
- (7) Includes all lights in SSF billed as LS-2 from PG&E
- (8) One less motorcycle from last year.
- (9) Lot 6 sold for Rotary Plaza development.
- (10) 3 Trailers included on the fleet count.

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

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

	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Transient Occupancy Tax Detail</b>			
9% TOT collected	12,054,093	12,256,007	12,580,680
1% Measure I Special Tax	1,339,344	1,361,779	1,397,853
<b>Total TOT Collection</b>	<b>13,393,436</b>	<b>13,617,786</b>	<b>13,978,533</b>
<b>1% Measure I Special Tax Use</b>			
Police	267,869	272,356	279,571
Fire	267,869	272,356	279,571
Library	267,869	272,356	279,571
Parks	267,869	272,356	279,571
Recreation	267,869	272,356	279,571
<b>Total 1% Measure I Special Tax</b>	<b>1,339,344</b>	<b>1,361,779</b>	<b>1,397,853</b>

\* Note: Measure I, a one percent supplemental special tax to the already existing 9% general transient occupancy tax (TOT) was approved on Nov. 2, 2004 and took effect January 1, 2005. Special tax was earmarked for use to supplement Police, Fire, Library, and Parks and Recreation expenditures.