



---

# City of South San Francisco

---

COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT

---

Fiscal Year 2013-2014

---

**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

This Page Left Intentionally Blank

CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2014

Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of Contents.....	i
Letter of Transmittal.....	v
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Organization Chart .....	x
City Council and Directory of City Officials.....	xi
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	5
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	27
Statement of Activities.....	28
<b>Fund Financial Statements:</b>	
<b>Major Governmental Funds:</b>	
Balance Sheet .....	32
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities....	35
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	36
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities .....	38
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis:	
General Fund .....	39
Low and Moderate Income Housing Assets .....	40

CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2014  
Table of Contents

	<u>Page</u>
<b>FINANCIAL SECTION (Continued)</b>	
<b>Major Proprietary Funds:</b>	
Statement of Net Position.....	42
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	43
Statement of Cash Flows.....	44
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Position .....	46
Statement of Changes in Fiduciary Net Position .....	47
<b>Notes to Basic Financial Statements</b> .....	49
<b>Supplementary Information:</b>	
<b>Major Governmental Funds Other Than the General Fund and Special Revenue Funds:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Capital Improvement Capital Projects Fund (Non GAAP Legal Basis) .....	94
East of 101 Sewer Impact Fees Capital Projects Fund (Non GAAP Legal Basis).....	95
East of 101 Traffic Impact Fees Capital Projects Fund (Non GAAP Legal Basis) .....	96
Child Care Impact Fees Capital Projects Fund (Non GAAP Legal Basis) .....	97
Developer Deposits Capital Projects Fund (Non GAAP Legal Basis).....	98
Capital Infrastructure Reserve Fund (Non GAAP Legal Basis).....	99
<b>Non-major Governmental Funds:</b>	
Combining Balance Sheet.....	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	108
Budgeted Non-major Government Funds:	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	112

CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2014  
Table of Contents

	<u>Page</u>
<b>FINANCIAL SECTION (Continued)</b>	
<b>Internal Service Funds:</b>	
Combining Statement of Net Position .....	120
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	121
Combining Statement of Cash Flows .....	122
<b>Fiduciary Funds:</b>	
Statement of Changes in Assets and Liabilities – Agency Fund.....	124
<b>STATISTICAL SECTION</b>	
Net Position by Component – Last Ten Fiscal Years.....	127
Changes in Net Position - Last Ten Fiscal Years .....	128
Fund Balances of Governmental Funds - Last Ten Fiscal Years .....	131
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years.....	132
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years.....	134
Property Tax Rates – All Overlapping Governments - Last Ten Fiscal Years.....	135
Principal Property Taxpayers – Current Year and Nine Years Ago .....	136
Twenty Largest Taxable Property Owners for Merged RDA Project Area.....	137
Property Tax Levies and Collections – Last Ten Fiscal Years.....	138
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.....	139
Computation of Direct and Overlapping Debt.....	140
Computation of Legal Bonded Debt Margin.....	141
Revenue Bond Coverage Sewer Rental Enterprise Fund – Last Ten Fiscal Years.....	142
Sewer Debt Service Coverage Sewer Rental Enterprise Fund – Last Six Fiscal Years .....	143

**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2014  
Table of Contents**

	<u>Page</u>
<b>STATISTICAL SECTION (Continued)</b>	
Redevelopment Pledged Revenue Coverage – Last Eight Fiscal Years .....	144
Demographic and Economic Statistics – Last Ten Fiscal Years .....	145
Principal Employers – Current Year and Sixteen Fiscal Years Ago.....	146
Full-Time Equivalent City Governmental Employees by Function – Last Ten Fiscal Years .....	147
Operating Indicators by Function/Program – Last Ten Fiscal Years .....	148
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years .....	151
Miscellaneous Information – Last Ten Fiscal Years .....	152



CITY COUNCIL 2014

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

MIKE FUTRELL, CITY MANAGER

FINANCE DEPARTMENT  
650-877-8507

December 16, 2014

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, 2014, 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 66,000. It employs approximately 479 full-time and part-time regular employees. South San Francisco is a full service city which includes public safety (police, fire



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

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

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

## **FINANCIAL INFORMATION**

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

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

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

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

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

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

### Debt Administration

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

### Capital Assets

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

### Risk Management

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

## **OTHER INFORMATION**

### Independent Audit

The City engaged an independent accounting firm to audit the books of accounts, financial records, transactions, and financial statements. Their report covering 2013-14 is in the Financial Section of this report.

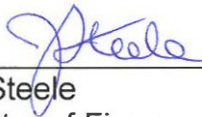
Award

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report's attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

Acknowledgments

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

Respectfully submitted,



---

Jim Steele  
Director of Finance



---

Mike Futrell  
City Manager



Government Finance Officers Association

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

Presented to

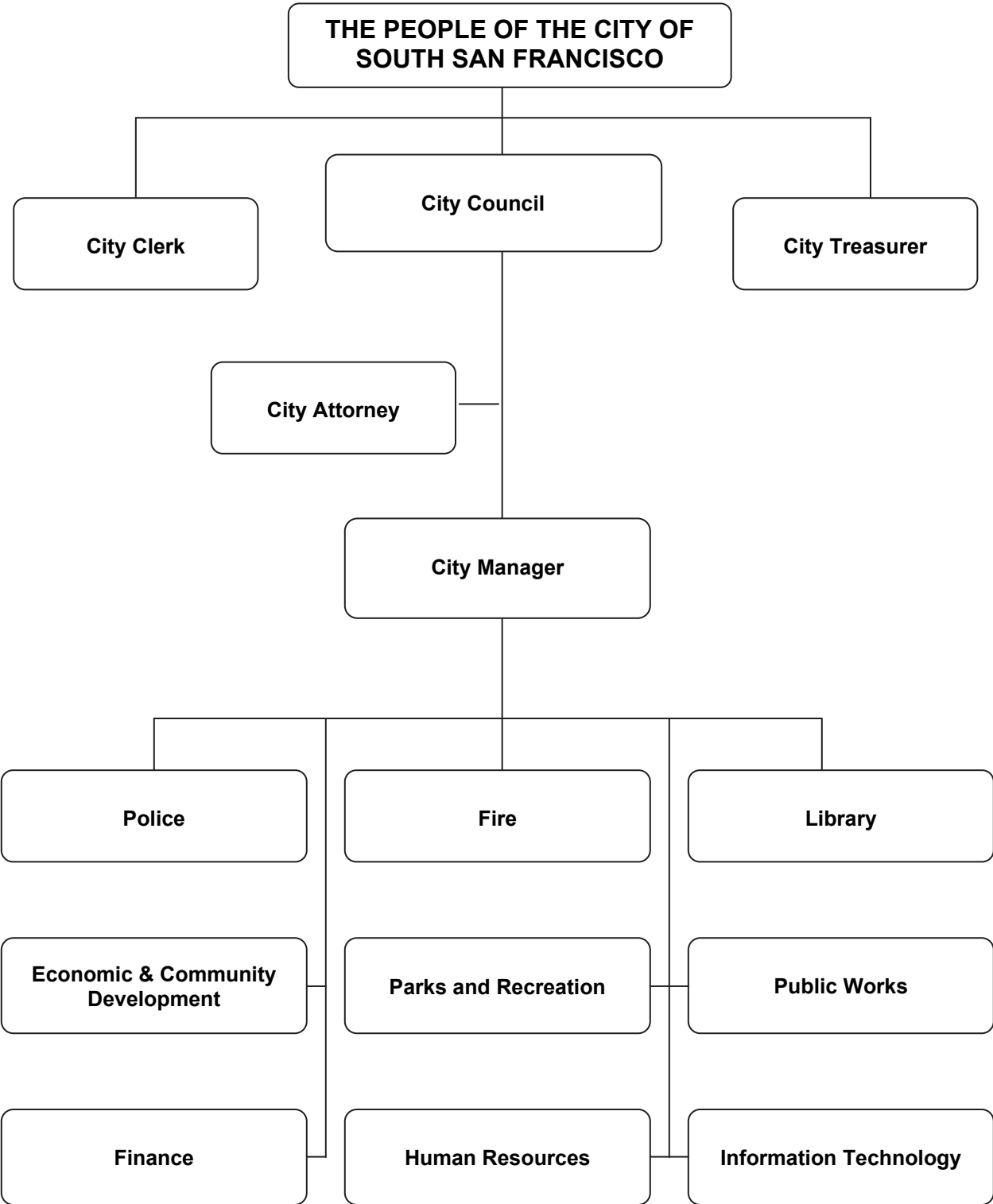
**City of South San Francisco  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# ORGANIZATION CHART



# **CITY OF SOUTH SAN FRANCISCO**

## **CITY COUNCIL AND DIRECTORY OF OFFICIALS**

### ***CITY COUNCIL \****

**KARYL MATSUMOTO  
MAYOR**

**RICHARD A. GARBARINO  
VICE MAYOR**

**MARK N. ADDIEGO  
COUNCIL MEMBER**

**LIZA NORMANDY  
COUNCIL MEMBER**

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

### ***CITY OFFICIALS***

**KRISTA MARTINELLI-LARSON  
CITY CLERK**

**MIKE FUTRELL  
CITY MANAGER**

**FRANK RISSO  
CITY TREASURER**

**STEVEN T. MATTAS  
CITY ATTORNEY**

### ***DEPARTMENT MANAGERS***

**KATHY MOUNT  
ASSISTANT CITY MANAGER**

**MIKE MASSONI  
PUBLIC SAFETY CHIEF**

**SHARON RANALS  
DIRECTOR OF PARKS AND  
RECREATION**

**BRIAN McMINN  
DIRECTOR OF PUBLIC WORKS**

**VALERIE SOMMER  
LIBRARY DIRECTOR**

**JIM STEELE  
DIRECTOR OF FINANCE**

**MICH MERCADO  
HUMAN RESOURCES  
MANAGER**

**DOUG HOLLIS  
DIRECTOR OF INFORMATION  
TECHNOLOGY**

\* As of June 30, 2014

This Page Left Intentionally Blank

## 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We did not audit the financial statements of the discretely presented component unit, South San Francisco Conference Center Authority, as of and for the year ended June 30, 2014. Those component unit financial statements were audited by other auditors whose reports have been furnished to us.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the South San Francisco Conference Center Authority as of and for the year ended June 30, 2014, which is a discretely presented component unit and represents 1% and 3% of the assets and revenues; and 2%, 3% and 1% of liabilities, expenses and net position, respectively, of the reporting entity. Those component unit financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South San Francisco Conference Center Authority, is based solely on the report of the other auditors.

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



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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
November 14, 2014

This Page Left Intentionally Blank

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

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

**FISCAL 2013-14 FINANCIAL HIGHLIGHTS**

**Summary:**

In FY 2013-14, the General Fund finished with an operating surplus (excluding transfers) of \$6.0 million. While the General Fund ended the year with an overall reduction of \$5.7 million to fund balance, it is worthwhile to note that excluding the planned, one-time transfer of \$10.9 million from the General Fund to the create the Capital Infrastructure Reserve Fund, the General Fund finished the year with a surplus of \$5.1 million.

General Fund revenues (excluding operating transfers in from other funds as well as a one-time distribution of former RDA Housing Fund reserves to taxing entities of \$4.7 million in the prior year) increased \$4.1 million compared to the prior year. Excluding these two categories from revenues gives a more accurate reading of true year over year operating results.

The year over year increase of \$4.1 million in General Fund revenues is indicative of local economic strength. Two of the City's revenue sources that serve as a barometer of the local economy are Transient Occupancy Tax and permit revenues, which came in \$1.5 million and \$1.3 million more than the prior year, respectively.

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

- Charges for services increased \$8.6 million, primarily due to \$3.2 million more in capital contributions funded through developer deposits and \$1.9 million in additional East of 101 Traffic Impact Fees compared to the prior year.
- Capital Grants and Contributions decreased \$2.5 million as a result of a larger than typical \$2.0 million in program efforts toward the Airport Noise and Insulation Program in the prior year.
- Property tax revenue, excluding a one-time distribution of former RDA Housing Fund reserves to taxing entities of \$4.7 million in the prior year, increased \$1.0 million, or 5.1 percent. The increase reflected a return to market value for properties which had qualified for a reduction in assessed value during the recession.
- Governmental program expenses decreased 14.6% or \$15.3 million to \$89.7 million due to the one-time writing down from an accounting standpoint of several housing loans to a large non-profit housing developer in the prior year for loans that were intended to be residual equity loans.

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

- Business-type program expenses decreased by \$2.0 million in FY 2013-14, most notably in the Storm Water fund, as maintenance staff were redirected to other maintenance needs due to the severe drought conditions in the state.

**OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is in six parts:

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

**Basic Financial Statements**

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

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

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

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

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

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

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

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

***City-wide Financial Statements***

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

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

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

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

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

***Fund Financial Statements***

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column.

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

Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities. Fund Financial Statements include governmental, enterprise and internal service funds as discussed below.

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

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

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

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

**Fiduciary Statements**

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

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

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

This analysis focuses on the net assets and changes in net assets of the City's Governmental Activities (Table and Charts 1 through 3) and Business-type Activities (Tables 4 and 5) presented in the City-wide Statement of Net Position and Statement of Activities. A comparative analysis is presented for fiscal years 2013-14 and 2012-13.

**Governmental Activities**

*Governmental Net Position*

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

	2014	2013
Cash and investments	\$91.3	\$86.2
Other assets	10.7	13.2
Capital assets	233.8	231.8
<b>Total assets</b>	<b>\$335.8</b>	<b>331.2</b>
Long-term debt outstanding	14.5	14.9
Other liabilities	60.8	61.3
<b>Total liabilities</b>	<b>75.3</b>	<b>76.2</b>
Net position:		
Invested in capital assets, net of debt	230.4	216.5
Restricted	42.4	30.5
Unrestricted	-12.3	8.0
<b>Total net position</b>	<b>\$260.5</b>	<b>\$255.0</b>

The City's net position from governmental activities increased slightly to \$260.5 million as of June 30, 2014.



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

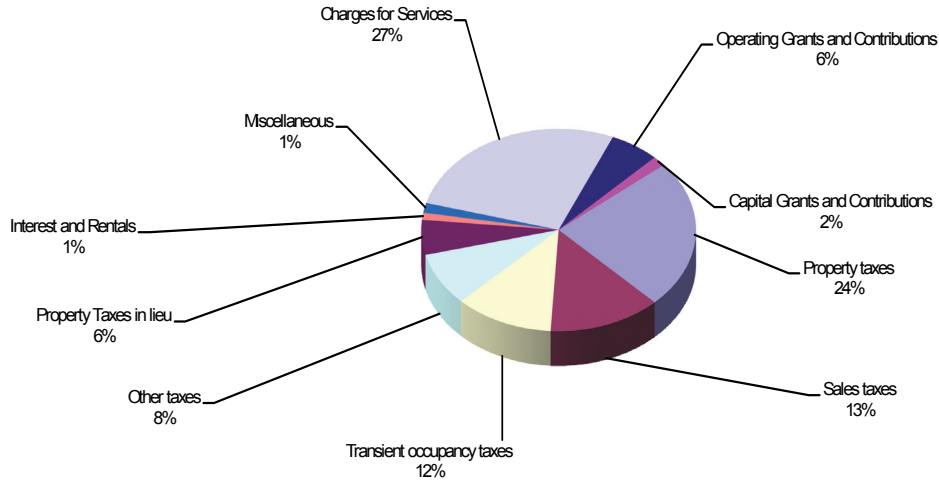
**Table 2**  
**Expense and Program Revenue Comparison in Governmental Activities**  
**(In Millions)**

	2013-14	2012-13
<b>Expenses</b>		
General government	\$7.2	\$8.4
Fire department	21.2	22.7
Police department	24.4	24.8
Public works department	15.0	15.8
Recreation and community services	12.7	12.6
Library	4.3	4.6
Economic and community development	5.0	16.1
Interest on long-term debt		0.1
Total expenses	<u>\$89.7</u>	<u>\$105.0</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$26.1	\$17.5
Operating grants and contributions	5.6	5.5
Capital grants and contributions	1.5	4.0
Total program revenues	<u>\$33.3</u>	<u>\$27.0</u>
General revenues:		
Taxes:		
Property taxes	\$22.9	\$26.4
Sales taxes	12.7	12.9
Transient occupancy taxes	11.2	9.7
Other taxes	8.1	7.6
Motor vehicle in lieu	0.0	0.0
Property taxes in lieu	5.3	5.0
Investment earnings	1.2	0.8
Miscellaneous	1.5	13.8
Extraordinary Item	-	-
Total general revenues	<u>\$63.0</u>	<u>\$76.2</u>
Excess (deficiency) before transfers	<u>\$6.6</u>	<u>(\$1.8)</u>
Transfers	<u>(1.0)</u>	<u>(0.9)</u>
<b>Change in net assets</b>	<b>5.5</b>	<b>(2.7)</b>
Net assets - beginning	255.0	257.7
Net assets - ending	<u>\$260.6</u>	<u>\$255.0</u>

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

Governmental program revenues (Table 2) increased by \$6.3 million compared to the prior year. Charges for services increased \$8.6 million, primarily due to capital contributions funded through developer deposits and East of 101 Traffic Impact Fees. However, Capital Grants and Contributions decreased \$2.5 million as a result of large program efforts toward the Airport Noise and Insulation Program in the prior year.

**Chart 1**  
**Revenues by Source - Governmental Activities 2013-14**



The most significant year over year changes to Governmental Activity revenue sources, as shown in Chart 1, occurred in the Miscellaneous category, as a result of forgiveness of debt in the prior year. Charges for Services increased from 17% to 27% reflecting an influx of capital contributions and traffic impact fees in FY 2013-14.

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

The large decrease in Economic and Community Development net expense was related to an accounting transaction in the prior year, and not actual expenditure activity. Over the years, the Housing Fund had made a series of loans to a large non-profit housing developer for the purpose of expanding the stock of affordable housing in South San Francisco. Those loans were structured as residual equity loans, and were initiated by the City as a means of ensuring that the properties purchased/constructed with those loans would be used as long as possible for affordable housing. That is to say, the loans were not intended to result in a return of dollars to the Housing Fund, but rather meant to preserve affordable housing into the future. The mechanism by which affordable housing is preserved is to have those properties record the loan as a lien on the title to those properties. Those liens will stay on the titles, but management has

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

removed them from the General Ledger. An influx of capital contributions and traffic impact fees led to a decrease in General government net expense in comparison to the prior year.

**Table 3**

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

	<u>2013-14</u>	<u>2012-13</u>
General government	(\$1.1)	(\$5.8)
Fire department	(17.9)	(19.7)
Police department	(20.9)	(21.4)
Public works department	(5.9)	(6.7)
Recreation and community services	(8.2)	(8.4)
Library	(3.8)	(4.1)
Economic and community development	1.4	(11.9)
Interest on long-term debt		(0.1)
<b>Total</b>	<u><u>(\$56.4)</u></u>	<u><u>(\$78.0)</u></u>

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

**Business-type Activities**

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

	2014	2013
Cash and investments	\$ 16.9	\$ 16.7
Other assets	0.6	0.1
Capital assets	130.0	129.0
<b>Total assets</b>	<b>147.5</b>	<b>145.8</b>
Long-term debt outstanding	47.7	53.1
Other liabilities	6.4	7.1
<b>Total liabilities</b>	<b>54.1</b>	<b>60.2</b>
Net position:		
Invested in capital assets, net of debt	78.0	72.2
Restricted		
Unrestricted	15.4	13.4
<b>Total net position</b>	<b>\$ 93.4</b>	<b>\$ 85.6</b>

Cash, total assets, and total net assets were fairly flat in comparing 2013 to 2014. Long term debt decreased as the Sewer Fund paid down the scheduled principal payments on its bonds and State Water Resources Board Loans. Primarily as a result of that principal reduction, unrestricted net assets rose \$2.0 million.

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

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

	<u>2013-14</u>	<u>2012-13</u>
Expenses		
Sewer Enterprise	19.30	20.87
Parking District	0.94	0.79
Storm Water	1.08	1.66
Total expenses	<u>21.32</u>	<u>23.32</u>
Revenues		
Program revenues		
Charge for Services	20.35	20.50
Operating grants and contributions	7.61	6.14
Capital grants and contributions	0.00	0.00
Total program revenues	<u>27.96</u>	<u>26.64</u>
General revenues		
Investment earnings	0.15	0.10
Total general revenues	<u>0.15</u>	<u>0.10</u>
Excess (deficiency) before transfers	<u>6.80</u>	<u>3.41</u>
Transfers	1.04	0.91
Change in net assets	7.84	4.32
Net assets - beginning (as restated)	85.57	81.25
Net assets - ending	<u>93.41</u>	<u>85.57</u>

Business activity expenses decreased \$2.0 million compared to the prior year, most noticeably in Storm Water activities as maintenance staff were redirected to address the City's other maintenance needs as a result of drought conditions in the state. Business activity revenues increased by \$1.32 million, primarily due to operating contributions from participating agencies for replacement of the Water Quality Control Plant standby generator. The change in net assets growth had more to do with the paying down of principal (see discussion on Table 4 immediately above).

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

**Governmental Funds**

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

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

At June 30, 2014, the City's governmental funds reported combined fund balances of \$62.4 million, an increase of \$5.9 million, or 10.4 percent compared to the prior year. The General Fund ending fund balance was \$20.5 million, reflecting a decrease of \$5.7 million, or 21.9 percent, primarily due to a change in the City's Reserves Policy, which states that funds in excess of the GFOA-recommended threshold (20% of operating expenditures) should be set aside to address the City's primary liabilities, namely OPEB and infrastructure maintenance. In February 2014, the City set aside \$13.5 million toward the California Employers' Retiree Benefit Trust Fund (CERBT) to address its OPEB liability. At the end of FY 2013-14, the City set aside \$11.1 million in order to begin addressing the City's infrastructure maintenance liability.

Total governmental fund revenues increased \$4.6 million, or 5 percent, this year to \$95.8 million, an indication of local economic vitality through year-over-year gains in Transient Occupancy Taxes and building permit revenues, as previously discussed.

Total governmental fund expenditures decreased \$7.2 million, or 7.6 percent, this year to \$87.7 million. The largest decrease (excluding the decrease in the Economic and Community Development Department, which was on an accounting basis rather than an economic basis) occurred in the Fire Department, where workers compensation costs were 30 percent higher in the prior year as a result of an upward trend in workers compensation usage.

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

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

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

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

Revenues	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
Property taxes	19,050	21,766	2,716	14.3%	The budget was increased to account for additional Educational Revenue Augmentation Fund revenues; the budget was estimated conservatively at the recommendation of county officials and in line with the budgeting practices of other local agencies given the uncertainty of available excess ERAF funds.
Sales taxes	13,551	13,196	(355)	-2.6%	The budget was decreased to account for the In-Lieu Sales Tax Triple Flip shortfall, which is due to the large preponderance of Basic Aid school districts in San Mateo County.
Transient occupancy taxes	9,705	10,535	830	8.6%	Average room rates and occupancy rates increased faster than anticipated; the budget was estimated conservatively due to the uncertainty surrounding the local economic recovery.
Other taxes	4,175	4,169	(6)	-0.1%	
Franchise Fee	3,247	3,247			
Intergovernmental	6,066	6,561	495	8.2%	The Library, Police, and Economic and Community Development Departments often receive Federal and State grants after the year starts.
Interest and rentals	2,870	2,870			
Licenses and permits	3,305	4,083	778	23.5%	Indicative of local economic strength through building permit activity.
Charges for services	7,839	8,250	411	5.2%	The budget was increased due to OES reimbursements, ambulance services, Police County Task Force, paramedic service fees that were above anticipated levels.
Fines and forfeitures	1,700	1,463	(237)	-13.9%	As Code enforcement compliance has increased, related administrative fines have decreased on an inversely proportional basis.
Other	205	249	44	21.5%	
<b>Total</b>	<b>71,713</b>	<b>76,389</b>	<b>4,676</b>	<b>6.5%</b>	

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

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

<b>Expenditures</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Pct Change</b>	<b>Discussion: (Items of more than 5% and \$100,000 variance)</b>	
City Council	194	215	21	10.8%	
City Clerk	566	431	(135)	-23.9%	The budget was decreased to reflect salary savings due to staff leave of absense.
City Treasurer	119	119			
City Attorney	764	631	(133)	-17.4%	The budget was decreased as less outside legal work was required.
City Manager	889	1,034	145	16.3%	The budget was increased to account for the addition of a Social Media Coordinator position and one-time recruitment expenses.
Finance	1,863	1,870	7	0.4%	
Non-Departmental	875	893	18	2.1%	
Human Resources	1,046	901	(145)	-13.9%	The budget was decreased to reflect the transition of the Human Resources Director to Assistant City Manger.
Fire	19,621	20,286	665	3.4%	
Police	22,183	22,899	716	3.2%	
Public Works	3,977	4,063	86	2.2%	
Parks and Recreation	11,449	11,731	282	2.5%	
Library	4,419	4,115	(304)	-6.9%	The budget was decreased as a result of salary savings due to staff vacancies.
Economic and Community Development	3,917	4,076	159	4.1%	
<b>Total</b>	<b>71,882</b>	<b>73,264</b>	<b>1,382</b>	<b>1.9%</b>	



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

**Analysis of Major Governmental Funds**

***General Fund***

Total General Fund revenues in FY 2013-14 were \$78.3 million, \$1.95 million over the final amended budget. This is a favorable variance of 2.6%. General Fund departments stayed \$190 thousand under budget, a favorable variance of 0.26%, resulting in a year-end net operating budget impact (revenue over expenditures) of a positive \$5.27 million, before capital improvement expenses and transfers out to other funds.

Two of the City's major revenues demonstrated the vigor of the local economy in FY 2013-14. Transient Occupancy Tax (TOT) revenue increased \$1.5 million, reaching an all-time high of \$11.2 million, owing to a sharp jump in both occupancy and room rates. License and permit revenues increased \$1.3 million in FY 2013-14, or 43 percent compared to the prior year, indicative of pent up post-recession demand for construction.

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

- ⇒ *Transient Occupancy Taxes* increased \$1.5 million, a barometer for local tourism;
- ⇒ *Licenses and permits* increased \$1.3 million, reflecting significant permit activity in the East of 101 area and attributable to construction demand that had been suppressed by the recession;
- ⇒ *Property taxes*, excluding the one-time distribution of former RDA housing proceeds in the prior year, came in \$1.0 million higher than the prior year, as a result of a return to market value for many of the properties for which assessed values had declined during the recession.

Some year-over-year decreases occurred in the General Fund, including a decrease of \$225 thousand in Fines and Forfeitures, as improvement in post-recession code enforcement compliance was inversely proportional to related revenues. Sales Taxes also decreased \$192 thousand due to a shortfall of In-Lieu Sales Tax Triple Flip, which was triggered by the large number of Basic Aid school districts in San Mateo County compared to other counties in the State of California. Given that public schools receive the majority of their funding through property taxes, other revenues which rely on property taxes are at risk, namely In-Lieu Sales Tax Triple Flip and Motor Vehicle In Lieu Funds (MVILF).

General Fund expenditures increased \$640 thousand or 0.9% over the prior fiscal year. The nominal increase is attributable to an increase in the use of professional contract services to meet the City's interim management staffing needs offset by staff vacancies in various departments.

Due to the ongoing drought conditions in FY 2013-14, the City did not need to supplement the cost of compliance with Storm Water regulations, as maintenance staff resources were redeployed to other maintenance needs in other operating funds. However, it is anticipated that the General Fund will continue to need to cover approximately \$775 thousand for ongoing storm

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

drain maintenance. Future state mandates on storm discharge could result in additional General Fund subsidies.

As of June 30, 2014, the General Fund balance consisted of \$2.5 million in unreserved, undesignated dollars, \$11.0 million reserved for emergencies and economic contingencies, and \$2.3 million for budget contingencies. All of these discretionary reserves total \$15.9 million and are now shown in the Comprehensive Annual Financial Report as Unassigned Fund Balance, consistent with the new Government Accounting Standards Board (GASB) Statement 54.

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

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

In February 2014, in an effort to address the City's OPEB liability through best practices, the City Council approved investing \$13.5 million with the California Employers' Retiree Benefit Trust (CERBT), which will reduce the cost and time it will take for the City to fully fund its unfunded actuarially accrued liability (UAAL). The City Council also addressed this liability in setting a new target of an annual \$250,000 contribution to paying down the OPEB liability. Finally, the Council modified the Reserves Policy to state that surplus reserve funding should be directed towards liabilities, such as OPEB and deferred infrastructure needs.

***City Housing Fund***

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

In FY 2013-14, the City Housing Fund accounted for \$173 thousand in rental income from the City's affordable housing properties, \$52 thousand in interest income, and \$25 thousand in miscellaneous revenues. The fund also had \$310 thousand in operating expenses for maintenance and service contracts. Capital expenses of \$208 thousand were offset by a \$510 thousand residual receipt payment in accordance with a housing agreement, to be applied toward tenant improvements at a Housing Successor Agency facility.

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

***Capital Improvement Fund***

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

***East of 101 Sewer Impact Fee Fund***

The fund has a negative fund balance of \$494 thousand as of June 30, 2014 due to a prepayment of impact fees by a large biotech firm to front-fund a now completed project.

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

In FY 2013-14, the City received \$880 thousand in East of 101 Sewer Impact fees while expenditures were very limited, thus its considerable improvement in net position compared to the prior year.

***East of 101 Traffic Impact Fee Fund***

\$99 thousand in interest income allocations were booked during FY 2013-14, and \$3.4 million in traffic projects were funded. The fund has a balance of \$6.8 million as of June 30, 2014.

***Child Care Impact Fee Fund***

During FY 2013-14, \$43 thousand in interest and new child care impact fees were booked. This fund has a balance of \$2.0 million as of June 30, 2014.

**New Major Funds Reported On:**

***Developer Deposit***

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

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

***Other Governmental Funds***

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

**Enterprise Funds**

***Sewer Enterprise Fund***

The Sewer Enterprise fund reported operating income (before non-operating revenues and expenses transfers) of \$8.0 million in FY 2013-14. Operating revenues increased by \$1.3 million, or 5.1 percent, primarily due to contributions from participating agencies for capital projects. Operating expenses increased less than 1 percent, due to increases in personnel, maintenance and utility costs. Net position increased \$7.1 million to end the year at \$79.2 million.

***Parking District Fund***

Net position increased by \$63 thousand to \$13.8 million due to an increase in parking permit issuance for the Miller Parking Garage.

***Storm Water Fund***

Similar to the prior fiscal year, the Gas Tax Fund transferred \$670 thousand to the Storm Water Fund in FY 2013-14 to supplement lagging ongoing revenue to cover storm water improvement costs. However, a transfer from the General Fund was not necessary, as maintenance staff were redeployed to address the City's other maintenance needs due to current drought conditions, thus personnel costs were less than the prior year. The Storm Water Fund net position is \$564 thousand as of June 30, 2014.

**CAPITAL ASSETS**

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

At June 30, 2014, the City had \$363.8 million in capital assets, net of depreciation, representing an increase of \$3.0 million from the prior year. The increase is due to the capitalization of assets that had been classified as Construction in Progress in the previous year.

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

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

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

	2014	2013
<i>Governmental Activities:</i>		
Land	\$47.6	\$47.6
Buildings and improvements	84.8	81.7
Equipment and vehicles	19.5	18.4
Furniture and fixtures	1.8	1.8
Infrastructure – streets*	183.1	178.8
Infrastructure – traffic control devices*	5.1	5.2
Infrastructure – storm drains*	8.9	8.9
Construction in progress	10.8	8.4
Less accumulated depreciation	(127.8)	(119.1)
Totals	\$233.8	\$231.7
* Additions during the fiscal year only		
<i>Business-type Activities</i>		
Land	\$1.4	\$1.4
Clean water facilities and transmission line	75.5	75.5
Buildings and improvements	66.7	66.7
Equipment and vehicles	10.7	10.1
Infrastructure – storm drains	4.8	4.8
Infrastructure – streets	7.4	7.4
Construction in progress	7.3	2.9
Less accumulated depreciation	(43.8)	(39.8)
Totals	\$130.0	\$129.0
Total City	\$363.8	\$360.7

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

**DEBT ADMINISTRATION**

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

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

<i>Governmental activities</i>	2014	2013
Loan payable to Successor Agency	\$11.7	\$12.2
Notes payable	-	-
Capital leases	3.3	3.1
	\$15.0	\$15.3
 <i>Business-type Activities</i>		
State Water Resources Board loans	\$47.6	\$52.1
2005 Sewer Bonds	4.4	4.6
	\$52.0	\$56.7

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

The largest remaining debt obligations are the following:

- Three loan packages to the City's Sewer Enterprise Fund from the State Water Resources Control Board to finance the expansion of the City's water quality control plant and pay for Wet Weather improvements which will improve environmental impacts on the Bay. Principal and interest repayments commence on the loans upon completion of the project related to each loan package. The 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 three of the four current loans.

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

**ECONOMIC OUTLOOK AND MAJOR ACCOMPLISHMENTS**

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report is intended to provide readers with a general overview of the City's finances. Questions about this report or requests for additional financial information should be directed to the City of South San Francisco Finance Department, P.O. Box 711, South San Francisco, CA 94083, and phone (650) 877-8513. The City's website is at [www.ssf.net](http://www.ssf.net).

**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.



This Page Left Intentionally Blank

**CITY OF SOUTH SAN FRANCISCO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<b>Primary Government</b>			<b>Component Unit South San Francisco Conference Center</b>
	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	
	<b>Activities</b>	<b>Activities</b>		
<b>ASSETS</b>				
Cash and investments (Note 2)	\$91,061,395	\$16,902,492	\$107,963,887	\$2,193,982
Receivables:				
Accounts	4,710,967	751,166	5,462,133	288,234
Accrued interest	269,341	41,746	311,087	
Due from Conference Center	44,986		44,986	
Loans	2,325,858		2,325,858	
Deposit	203,510		203,510	
Inventory	518		518	
Prepaid Items	1,013,645		1,013,645	
Bond issuance costs				6,505
Restricted cash and investments (Note 2)	283,279		283,279	502,331
Internal balances (Note 4B)	213,894	(213,894)		
Land held for development (Note 1M)	1,900,000		1,900,000	
Capital assets: (Note 3)				
Nondepreciable	58,269,617	8,753,341	67,022,958	
Depreciable, net accumulated depreciation	175,487,609	121,267,995	296,755,604	3,952,461
Total Assets	<u>335,784,619</u>	<u>147,502,846</u>	<u>483,287,465</u>	<u>6,943,513</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts from refunding of debt				103,849
<b>LIABILITIES</b>				
Accounts payable	3,249,614	477,756	3,727,370	168,628
Accrued salaries and benefits	1,261,264		1,261,264	55,858
Accrued interest payable		898,023	898,023	26,756
Other payable	1,522,014	279,864	1,801,878	44,986
Deposits	3,689,225	7,500	3,696,725	225,118
Unearned revenue	3,278,394		3,278,394	
Accrued insurance losses: (Note 11)				
Due within one year	712,000		712,000	
Due in more than one year	9,360,000		9,360,000	
Compensated absences obligation: (Note 1K)				
Due within one year	3,467,629	218,789	3,686,418	
Due in more than one year	1,892,615	232,493	2,125,108	
Debt and capital lease obligations: (Note 5)				
Due within one year	530,263	4,312,405	4,842,668	395,000
Due in more than one year	14,509,399	47,663,613	62,173,012	1,740,000
OPEB obligations - due in more than one year (Note 9)	31,821,700		31,821,700	
Total Liabilities	<u>75,294,117</u>	<u>54,090,443</u>	<u>129,384,560</u>	<u>2,656,346</u>
<b>NET POSITION (Note 6)</b>				
Net investment in capital assets	230,440,390	78,045,318	308,485,708	1,817,461
Restricted for:				
Debt service				502,331
Special revenue projects	21,240,378		21,240,378	
Capital projects	21,127,245		21,127,245	
Total Restricted Net Position	<u>42,367,623</u>		<u>42,367,623</u>	<u>502,331</u>
Unrestricted	<u>(12,317,511)</u>	<u>15,367,085</u>	<u>3,049,574</u>	<u>2,071,224</u>
Total Net Position	<u>\$260,490,502</u>	<u>\$93,412,403</u>	<u>\$353,902,905</u>	<u>\$4,391,016</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

<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	\$7,155,035	\$5,785,598	\$278,462	
Fire	21,200,903	3,304,952	33,467	
Police	24,376,379	2,805,640	642,614	
Public Works	14,980,417	4,734,813	2,830,370	\$1,538,225
Parks and Recreation	12,658,309	3,571,947	880,362	
Library	4,310,550	138,827	334,027	
Economic and Community Development	5,525,541	5,800,849	602,614	
Total Governmental Activities	<u>90,207,134</u>	<u>26,142,626</u>	<u>5,601,916</u>	<u>1,538,225</u>
Business-type Activities				
Sewer	19,301,103	19,155,467	7,619,601	
Parking District	943,859	785,586		
Storm Water	1,078,868	409,458		
Total Business-type Activities	<u>21,323,830</u>	<u>20,350,511</u>	<u>7,619,601</u>	
Total Primary Government	<u>\$111,530,964</u>	<u>\$46,493,137</u>	<u>\$13,221,517</u>	<u>\$1,538,225</u>
<b>Component Unit</b>				
Conference Center	<u>\$3,049,839</u>	<u>\$1,480,588</u>		

**General revenues:**

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Other taxes

Motor vehicle in lieu, unrestricted

Property taxes in lieu of vehicle license fees

Investment earnings

Miscellaneous

**Transfers (Note 4)**

Total general revenues and transfers

Change in Net Position

Net Position - Beginning, As Adjusted (Note 1R)

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
(\$1,090,975)		(\$1,090,975)	
(17,862,484)		(17,862,484)	
(20,928,125)		(20,928,125)	
(5,877,009)		(5,877,009)	
(8,206,000)		(8,206,000)	
(3,837,696)		(3,837,696)	
877,922		877,922	
<u>(56,924,367)</u>		<u>(56,924,367)</u>	
	\$7,473,965	7,473,965	
	(158,273)	(158,273)	
	<u>(669,410)</u>	<u>(669,410)</u>	
	6,646,282	6,646,282	
<u>(56,924,367)</u>	<u>6,646,282</u>	<u>(50,278,085)</u>	
			<u>(\$1,569,251)</u>
22,890,828		22,890,828	
12,725,141		12,725,141	
11,174,017		11,174,017	2,108,728
8,141,010		8,141,010	
40,074		40,074	
5,319,154		5,319,154	
1,108,177	153,353	1,261,530	5,697
2,012,444		2,012,444	
<u>(1,041,120)</u>	<u>1,041,120</u>		
<u>62,369,725</u>	<u>1,194,473</u>	<u>63,564,198</u>	<u>2,114,425</u>
5,445,358	7,840,755	13,286,113	545,174
<u>255,045,144</u>	<u>85,571,648</u>	<u>340,616,792</u>	<u>3,845,842</u>
<u>\$260,490,502</u>	<u>\$93,412,403</u>	<u>\$353,902,905</u>	<u>\$4,391,016</u>

This Page Left Intentionally Blank

## **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 2014. 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, 2014**

	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)	\$19,284,664	\$936,710	\$1,482,232	\$1,472,393
Receivables:				
Accounts	3,942,336	11,169	606,935	
Accrued interest	82,347	1,823		2,257
Due from Conference Center (Note 4A)	44,986			
Loans		1,499,401		
Inventory	518			
Prepaid items	13,645			
Restricted cash and investments (Note 2)				
Land held for redevelopment				
	<u>\$23,368,496</u>	<u>\$2,449,103</u>	<u>\$2,089,167</u>	<u>\$1,474,650</u>
Total Assets				
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$1,086,774	\$221,336	\$515,120	
Accrued salaries and benefits	1,261,264			
Other payable	299,084		1,201,422	
Deposits				
Unearned revenue	192,115		400,000	\$1,968,879
Due to other funds (Note 4A)				
	<u>2,839,237</u>	<u>221,336</u>	<u>2,116,542</u>	<u>1,968,879</u>
Fund Balances (Note 6):				
Nonspendable	14,163			
Restricted		2,227,767		
Committed	3,879,451			
Assigned	743,746			
Unassigned	15,891,899		(27,375)	(494,229)
	<u>20,529,259</u>	<u>2,227,767</u>	<u>(27,375)</u>	<u>(494,229)</u>
Total Fund Balances (Deficits)				
Total Liabilities and Fund Balances (Deficits)	<u>\$23,368,496</u>	<u>\$2,449,103</u>	<u>\$2,089,167</u>	<u>\$1,474,650</u>

**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>
\$6,769,580	\$1,987,341	\$3,175,458	\$11,161,000	\$18,419,504	\$64,688,882
				125,502	4,685,942
26,347	8,347	19,156		44,153	184,430
					44,986
				826,457	2,325,858
					518
					13,645
				283,279	283,279
				1,900,000	1,900,000
<u>\$6,795,927</u>	<u>\$1,995,688</u>	<u>\$3,194,614</u>	<u>\$11,161,000</u>	<u>\$21,598,895</u>	<u>\$74,127,540</u>
				\$144,520	\$1,967,750
					1,261,264
		\$3,121,729		21,508	1,522,014
				567,496	3,689,225
				717,400	3,278,394
				9,000	9,000
		3,121,729		1,459,924	11,727,647
\$6,795,927	\$1,995,688	72,885	\$11,161,000	20,138,971	14,163
					42,392,238
					3,879,451
					743,746
					15,370,295
<u>6,795,927</u>	<u>1,995,688</u>	<u>72,885</u>	<u>11,161,000</u>	<u>20,138,971</u>	<u>62,399,893</u>
<u>\$6,795,927</u>	<u>\$1,995,688</u>	<u>\$3,194,614</u>	<u>\$11,161,000</u>	<u>\$21,598,895</u>	<u>\$74,127,540</u>



This Page Left Intentionally Blank

**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL  
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014**

Total fund balances reported on the governmental funds balance sheet	\$62,399,893
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.	228,155,572
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.	(14,280,765)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(11,722,826)
Non-current portion of compensated absences	<u>(4,061,372)</u>
Net position of governmental activities	<u><u>\$260,490,502</u></u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Low and Moderate Income Housing Assets	Capital Projects Funds	
			Capital Improvement	East of 101 Sewer Impact Fees
<b>REVENUES</b>				
Property taxes	\$21,589,866			
Sales taxes	13,071,581			
Transient occupancy taxes	11,174,017			
Franchise Fees	3,517,925			
Other taxes	4,623,085			
Intergovernmental	6,400,059		\$1,252,078	
Interest and rentals	2,958,273	\$224,909		\$8,260
Licenses and permits	4,366,271			
Charges for services	8,810,930			879,906
Fines and forfeitures	1,528,319			
Other	299,073	535,085	104,988	
Total Revenues	<u>78,339,399</u>	<u>759,994</u>	<u>1,357,066</u>	<u>888,166</u>
<b>EXPENDITURES</b>				
Current:				
City Council	195,175			
City Clerk	414,430			
City Treasurer	115,522			
City Attorney	614,877			
City Manager	1,017,993			
Finance	1,852,320			
Non-departmental	861,002			2,500
Human Resources	882,249			
Fire	20,163,759			
Police	22,705,028			
Public Works	3,952,700		11,466,010	
Parks and Recreation	11,552,502			
Library	3,987,928			
Economic and Community Development	4,012,536	310,450	219,676	
Debt service:				
Principal repayments				
Total Expenditures	<u>72,328,021</u>	<u>310,450</u>	<u>11,685,686</u>	<u>2,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,011,378</u>	<u>449,544</u>	<u>(10,328,620)</u>	<u>885,666</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 4C)	1,054,089		9,195,925	
Transfers out (Note 4C)	<u>(12,812,613)</u>	<u>(208,971)</u>		
Total Other Financing Sources (Uses)	<u>(11,758,524)</u>	<u>(208,971)</u>	<u>9,195,925</u>	
Net Change in Fund Balances	(5,747,146)	240,573	(1,132,695)	885,666
Fund balances (deficits) - July 1	<u>26,276,405</u>	<u>1,987,194</u>	<u>1,105,320</u>	<u>(1,379,895)</u>
Fund balances (deficits) - June 30	<u><u>\$20,529,259</u></u>	<u><u>\$2,227,767</u></u>	<u><u>(\$27,375)</u></u>	<u><u>(\$494,229)</u></u>

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>
				\$1,420,270	\$23,010,136
					13,071,581
					11,174,017
					3,517,925
				1,544,838	6,167,923
\$99,322	\$31,482			3,105,303	10,757,440
				310,447	3,632,693
					4,366,271
1,886,963	11,618	\$3,320,192		1,954,800	16,864,409
					1,528,319
				1,310,582	2,249,728
<u>1,986,285</u>	<u>43,100</u>	<u>3,320,192</u>		<u>9,646,240</u>	<u>96,340,442</u>
					195,175
					414,430
					115,522
					614,877
					1,017,993
					1,852,320
	2,500			11,861	877,863
					882,249
					20,163,759
				604,540	23,309,568
2,500				1,370,684	16,791,894
					11,552,502
					3,987,928
				1,430,304	5,972,966
					453,381
<u>2,500</u>	<u>2,500</u>			<u>3,870,770</u>	<u>88,202,427</u>
<u>1,983,785</u>	<u>40,600</u>	<u>3,320,192</u>		<u>5,775,470</u>	<u>8,138,015</u>
			\$11,161,000	459,220	21,870,234
<u>(3,444,355)</u>	<u>(759,220)</u>	<u>(3,320,191)</u>		<u>(3,604,232)</u>	<u>(24,149,582)</u>
<u>(3,444,355)</u>	<u>(759,220)</u>	<u>(3,320,191)</u>	<u>11,161,000</u>	<u>(3,145,012)</u>	<u>(2,279,348)</u>
(1,460,570)	(718,620)	1	11,161,000	2,630,458	5,858,667
<u>8,256,497</u>	<u>2,714,308</u>	<u>72,884</u>		<u>17,508,513</u>	<u>56,541,226</u>
<u>\$6,795,927</u>	<u>\$1,995,688</u>	<u>\$72,885</u>	<u>\$11,161,000</u>	<u>\$20,138,971</u>	<u>\$62,399,893</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, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$5,858,667

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	9,381,737
Retirement and adjustment of capital assets	(26,570)
Current year depreciation	(8,294,062)

**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	453,381
--	---------

**Accrual of Non-Current Items**

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

Interest payable	1,074,833
Compensated absences	204,394
Unavailable revenue	(617,500)

**Allocation of Internal Service Fund Activity**

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

	(2,589,522)
--	-------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$5,445,358
---	-------------

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Resources (inflows):</b>				
Property taxes	\$19,049,524	\$21,766,034	\$21,589,866	(\$176,168)
Sales taxes	13,550,676	13,195,676	13,071,581	(124,095)
Transient occupancy taxes	9,704,772	10,534,772	11,174,017	639,245
Franchise fees	3,247,256	3,247,256	3,517,925	270,669
Other taxes	4,175,065	4,169,065	4,623,085	454,020
Intergovernmental	6,066,253	6,561,127	6,400,059	(161,068)
Interest and rentals	2,870,000	2,870,000	2,958,273	88,273
Licenses and permits	3,305,169	4,083,169	4,366,271	283,102
Charges for services	7,838,649	8,249,649	8,810,930	561,281
Fines and forfeitures	1,699,500	1,463,500	1,528,319	64,819
Other	205,430	249,248	299,073	49,825
	<u>71,712,294</u>	<u>76,389,496</u>	<u>78,339,399</u>	<u>1,949,903</u>
<b>Amounts available for appropriation</b>				
<b>Charges to appropriations (outflows)</b>				
City Council	194,475	214,676	214,675	1
City Clerk	565,696	430,608	415,401	15,207
City Treasurer	118,906	118,906	115,522	3,384
City Attorney	764,224	631,224	614,877	16,347
City Manager	889,524	1,033,685	1,018,365	15,320
Finance	1,862,609	1,869,614	1,860,964	8,650
Non-departmental	875,451	893,003	893,002	1
Human Resources	1,046,188	900,601	953,874	(53,273)
Fire	19,595,302	20,260,106	20,166,276	93,830
Police	22,183,336	22,898,755	22,846,275	52,480
Public Works	3,976,860	4,062,915	4,042,460	20,455
Parks and Recreation	11,449,408	11,731,190	11,669,183	62,007
Library	4,419,241	4,115,478	3,990,640	124,838
Economic and Community Development	3,917,133	4,075,733	4,270,253	(194,520)
Capital outlay	25,907	25,907	25,907	25,907
	<u>71,884,260</u>	<u>73,262,401</u>	<u>73,071,767</u>	<u>190,634</u>
<b>Total charges to appropriations</b>				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 4C)	1,410,306	1,432,406	1,054,089	(378,317)
Transfers out (Note 4C)	(2,182,000)	(16,695,750)	(12,812,613)	3,883,137
	<u>(771,694)</u>	<u>(15,263,344)</u>	<u>(11,758,524)</u>	<u>3,504,820</u>
<b>Total Other Financing Sources (Uses)</b>				
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$943,661)</u>	<u>(\$12,136,249)</u>	<u>(6,490,892)</u>	<u>\$5,645,357</u>
<b>Fund Balance - July 1</b>			26,276,405	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>743,746</u>	
<b>Fund Balance - June 30</b>			<u>\$20,529,259</u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO**  
**LOW AND MODERATE INCOME HOUSING ASSETS**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental	\$210,491	\$224,909	\$14,418
Other	<u>1,025,089</u>	<u>535,085</u>	<u>(490,004)</u>
Total Revenues	<u>1,235,580</u>	<u>759,994</u>	<u>(475,586)</u>
EXPENDITURES:			
Current:			
Economic and Community Development	<u>790,593</u>	<u>310,450</u>	<u>480,143</u>
Total Expenditures	<u>790,593</u>	<u>310,450</u>	<u>480,143</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>444,987</u>	<u>449,544</u>	<u>4,557</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(500,000)</u>	<u>(208,971)</u>	<u>291,029</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(208,971)</u>	<u>291,029</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$55,013)</u></u>	240,573	<u><u>\$295,586</u></u>
Fund balance - July 1		<u>1,987,194</u>	
Fund balance - June 30		<u><u>\$2,227,767</u></u>	

## **MAJOR PROPRIETARY FUNDS**

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

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

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

### **SEWER ENTERPRISE FUND**

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

### **PARKING DISTRICT FUND**

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

### **STORM WATER FUND**

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



**CITY OF SOUTH SAN FRANCISCO  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<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)	\$15,099,536	\$1,305,816	\$497,140	\$16,902,492	\$26,372,513
Receivables:					
Accounts	751,166			751,166	25,025
Accrued interest	36,383	3,597	1,766	41,746	84,911
Due from other funds (Note 4A)					9,000
Deposit					203,510
Prepaid Items					1,000,000
<b>Total current assets</b>	<b>15,887,085</b>	<b>1,309,413</b>	<b>498,906</b>	<b>17,695,404</b>	<b>27,694,959</b>
Noncurrent assets:					
Capital assets: (Note 3)					
Nondepreciable	7,721,439	1,023,320	8,582	8,753,341	424,412
Depreciable, net accumulated depreciation	109,617,963	11,550,488	99,544	121,267,995	5,177,242
<b>Total non-current assets</b>	<b>117,339,402</b>	<b>12,573,808</b>	<b>108,126</b>	<b>130,021,336</b>	<b>5,601,654</b>
<b>Total Assets</b>	<b>133,226,487</b>	<b>13,883,221</b>	<b>607,032</b>	<b>147,716,740</b>	<b>33,296,613</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	454,425	11,502	11,829	477,756	1,281,864
Other payable	279,864			279,864	
Accrued interest payable	898,023			898,023	
Deposits payable	7,500			7,500	
Accrued insurance loss (Note 11)					712,000
Compensated absences obligation (Note 1K)	205,483	12,985	321	218,789	791,154
Current portion of long-term debt (Note 5)	4,312,405			4,312,405	530,263
<b>Total current liabilities</b>	<b>6,157,700</b>	<b>24,487</b>	<b>12,150</b>	<b>6,194,337</b>	<b>3,315,281</b>
Noncurrent liabilities:					
Accrued insurance losses (Note 11)					9,360,000
Compensated absences obligation (Note 1K)	201,790		30,703	232,493	507,718
Net OPEB obligation (Note 9)					31,821,700
Noncurrent portion of long-term debt (Note 5)	47,663,613			47,663,613	2,786,573
<b>Total noncurrent liabilities</b>	<b>47,865,403</b>		<b>30,703</b>	<b>47,896,106</b>	<b>44,475,991</b>
<b>Total Liabilities</b>	<b>54,023,103</b>	<b>24,487</b>	<b>42,853</b>	<b>54,090,443</b>	<b>47,791,272</b>
<b>NET POSITION:</b>					
Net investment in capital assets	65,363,384	12,573,808	108,126	78,045,318	2,284,818
Unrestricted (deficit)	13,840,000	1,284,926	456,053	15,580,979	(16,779,477)
<b>Total Net Position</b>	<b>\$79,203,384</b>	<b>\$13,858,734</b>	<b>\$564,179</b>	<b>93,626,297</b>	<b>(\$14,494,659)</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

(213,894)  
93,412,403

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, 2014**

	<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>OPERATING REVENUES</b>					
Charges for services	\$19,129,475		\$404,858	\$19,534,333	\$20,360,643
Other cities' participation	7,619,601			7,619,601	
Permit fees	25,992			25,992	
Parking fees		\$785,586		785,586	
<b>Total Operating Revenues</b>	<b>26,775,068</b>	<b>785,586</b>	<b>404,858</b>	<b>27,965,512</b>	<b>20,360,643</b>
<b>OPERATING EXPENSES</b>					
Personnel expenses	6,787,194	268,948	929,955	7,986,097	12,711,716
Professional services	1,806,160	32,161	78,235	1,916,556	704,510
OPEB expenses					4,560,000
Program supplies	1,099,355	27,656	68,953	1,195,964	1,496,401
Insurance	122,846	1,052	2,154	126,052	945,859
Self-insurance and claims					1,345,178
Repair and maintenance	915,135		19,890	935,025	659,396
Rents and leases	1,592,100			1,592,100	
Utilities	1,302,097	43,712	9,030	1,354,839	33,317
Administration	1,249,193	102,538	94,477	1,446,208	
Depreciation	3,752,782	260,275	17,208	4,030,265	689,769
Other	113,224		161	113,385	476,098
<b>Total Operating Expenses</b>	<b>18,740,086</b>	<b>736,342</b>	<b>1,220,063</b>	<b>20,696,491</b>	<b>23,622,244</b>
<b>Operating Income (Loss)</b>	<b>8,034,982</b>	<b>49,244</b>	<b>(815,205)</b>	<b>7,269,021</b>	<b>(3,261,601)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	133,248	13,476	6,629	153,353	320,268
Gain on dispositions of capital assets					32,902
Interest expense	(1,437,860)			(1,437,860)	(108,798)
Other			4,600	4,600	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,304,612)</b>	<b>13,476</b>	<b>11,229</b>	<b>(1,279,907)</b>	<b>244,372</b>
<b>Income (loss) before transfers</b>	<b>6,730,370</b>	<b>62,720</b>	<b>(803,976)</b>	<b>5,989,114</b>	<b>(3,017,229)</b>
<b>TRANSFERS</b>					
Transfers in (Note 4C)	422,417		670,000	1,092,417	1,298,694
Transfers out (Note 4C)	(51,297)			(51,297)	(60,466)
<b>Change in Net Position</b>	<b>7,101,490</b>	<b>62,720</b>	<b>(133,976)</b>	<b>7,030,234</b>	<b>(1,779,001)</b>
<b>Net Position (Deficits) - July 1</b>	<b>72,101,894</b>	<b>13,796,014</b>	<b>698,155</b>	<b>86,596,063</b>	<b>(12,715,658)</b>
<b>Net Position (Deficits) - June 30</b>	<b>\$79,203,384</b>	<b>\$13,858,734</b>	<b>\$564,179</b>	<b>\$93,626,297</b>	<b>(\$14,494,659)</b>
			<b>Change in Net Position</b>	<b>\$7,030,234</b>	
			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	<u>810,521</u>	
			<b>Change in Net Position of Business-Type Activities</b>	<u><u>\$7,840,755</u></u>	

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<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	\$27,081,336	\$785,586	\$409,458	\$28,276,380	
Cash payment to suppliers for goods and services	(8,212,740)	(208,999)	(271,959)	(8,693,698)	(\$8,315,581)
Cash payment to employees for services	(6,810,467)	(285,318)	(936,151)	(8,031,936)	(11,819,613)
Cash received from interfund service provided					19,583,537
Cash payment for judgments and claims					(1,080,178)
Other payments					(81,702)
Net Cash Provided by (Used in) Operating Activities	<u>12,058,129</u>	<u>291,269</u>	<u>(798,652)</u>	<u>11,550,746</u>	<u>(1,713,537)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Advance repayment to Successor Agency	(1,166,832)			(1,166,832)	
Payments from other funds					13,000
Transfers in	422,417		670,000	1,092,417	1,298,694
Transfers out	(51,297)			(51,297)	(60,466)
Net Cash Provided by Noncapital Financing Activities	<u>(795,712)</u>		<u>670,000</u>	<u>(125,712)</u>	<u>1,251,228</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on long-term debt	(4,782,569)			(4,782,569)	(449,757)
Interest paid on long-term debt	(1,526,565)			(1,526,565)	(108,798)
Acquisition of capital assets, net	(5,066,771)		(8,583)	(5,075,354)	(1,616,462)
Proceeds from issuance of capital lease					682,040
Proceeds from the sale of capital assets					32,902
Net Cash Used in Capital and Related Financing Activities	<u>(11,375,905)</u>		<u>(8,583)</u>	<u>(11,384,488)</u>	<u>(1,460,075)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	138,711	13,414	8,835	160,960	328,842
Net Cash Provided by Investing Activities	<u>138,711</u>	<u>13,414</u>	<u>8,835</u>	<u>160,960</u>	<u>328,842</u>
Net Increase (Decrease) in cash and cash equivalents	25,223	304,683	(128,400)	201,506	(1,593,542)
Cash and cash equivalents, beginning	<u>15,074,313</u>	<u>1,001,133</u>	<u>625,540</u>	<u>16,700,986</u>	<u>27,966,055</u>
Cash and cash equivalents, ending	<u>\$15,099,536</u>	<u>\$1,305,816</u>	<u>\$497,140</u>	<u>\$16,902,492</u>	<u>\$26,372,513</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$8,034,982	\$49,244	(\$815,205)	\$7,269,021	(\$3,261,601)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	3,752,782	260,275	17,208	4,030,265	689,769
Other non-operating revenue (expenses)			4,600	4,600	
Net change in assets and liabilities:					
Accounts and lease receivables	215,912			215,912	222,894
Other	90,356			90,356	
Prepaid items					(1,000,000)
Accounts payable	(272,494)	(1,880)	941	(273,433)	836,069
Other payable	279,864			279,864	
Deposits payable	(20,000)			(20,000)	
Accrued insurance losses					265,000
OPEB obligations					560,000
Compensated absence obligations	(23,273)	(16,370)	(6,196)	(45,839)	(25,668)
Net Cash Provided by (Used in) Operating Activities	<u>\$12,058,129</u>	<u>\$291,269</u>	<u>(\$798,652)</u>	<u>\$11,550,746</u>	<u>(\$1,713,537)</u>
Non-cash transaction:					
Issuance cost amortization	<u>\$90,356</u>			<u>\$90,356</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, 2014**

	<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)	\$6,594,157	\$52,147
Accounts receivable	5,491	
Accrued interest receivable	23,996	110
Advances to the City (Note 5)	11,722,826	
Loans receivable (Note 13B)	606,388	
Restricted cash and investments (Note 2)	80,460,904	
Capital assets (Note 13C):		
Nondepreciable	52,769,724	
Depreciable, net accumulated depreciation	3,159,477	
	<b>\$155,342,963</b>	<b>\$52,257</b>
Total Assets	<b>\$155,342,963</b>	<b>\$52,257</b>
<b>LIABILITIES</b>		
Accounts payable	\$28,989	\$17,711
Accrued interest payable	996,277	
Deposits	37,519	
Other accrued liability		34,546
Noncurrent portion of pollution remediation (Note 13E)	537,000	
Long-term debt (Note 13D):		
Due within one year	1,835,000	
Due in more than one year	59,515,000	
	<b>62,949,785</b>	<b>\$52,257</b>
Total Liabilities	<b>62,949,785</b>	<b>\$52,257</b>
<b>NET POSITION</b>		
Held in trust for other purposes	<b>\$92,393,178</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, 2014**

	<b>Successor Agency Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Intergovernmental	\$10,365,308
Interest and rentals	1,530,205
Total Additions	11,895,513
 <b>DEDUCTIONS</b>	
Economic and Community Development	2,998,836
Interest expense	3,020,122
Depreciation	96,355
Total Deductions	6,115,313
Change in net position	5,780,200
 <b>NET POSITION HELD IN TRUST FOR OTHER PURPOSES</b>	
Beginning of the year	86,612,978
End of the year	\$92,393,178

See accompanying notes to financial statements

This Page Left Intentionally Blank

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014**

**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, 2014**

**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, 2014**

**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, 2014**

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

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

**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, 2014.

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.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**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.

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

**J. *Capital Assets***

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

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

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

The changes of the compensated absences were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$5,590,306	\$497,121	\$6,087,427
Additions	3,193,640	183,665	3,377,305
Payments	<u>(3,423,702)</u>	<u>(229,504)</u>	<u>(3,653,206)</u>
Ending Balance	<u>\$5,360,244</u>	<u>\$451,282</u>	<u>\$5,811,526</u>
Current Portion	<u>\$3,467,629</u>	<u>\$218,789</u>	<u>\$3,686,418</u>

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

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
--

- M. *Land held for development*** - is stated at the lower of historical cost or net realizable value (equal to agreed upon sales price if a disposition and development agreement has been reached with a developer).
- N. *Pension Costs*** - are funded currently as determined each July 1 by an actuary.
- O. *Unbilled Services*** - for the Sewer Rental Enterprise Fund are accrued at year-end.
- P. *Use of Estimates*** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.
- Q. *Deferred Outflows/Inflows of Resources*** - In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.
- R. *Change in Accounting Principle***

For the year ended June 30, 2014, the Conference Center implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This resulted in an adjustment to the July 1, 2013 beginning net position on the statement of activities of \$61,149 to remove deferred charges no longer require to be capitalized in accordance with GASB 65.
- S. *New Funds***

The Capital Infrastructure Reserve Capital Projects Fund was established to address the replacement and/or upgrade of the city infrastructure (such as parks, buildings, facilities, streets, sidewalks, and storm water facilities).

The Public Safety Impact Fee Capital Projects Fund established to account for fees that are to provide new development's share of funding for the replacement of public safety capital equipment, vehicles and facilities.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:	
Statement of net assets:	
City of South San Francisco:	
Cash and investments available for operations	\$107,963,887
Restricted cash and investments	283,279
Total Primary Government cash and investments	108,247,166
Statement of Fiduciary Assets:	
Cash and investments available for operations	6,646,304
Restricted cash and investments	80,460,904
Total Fiduciary cash and investments	87,107,208
Conference Center:	
Cash and investments available for operations	2,193,982
Restricted cash and investments	502,331
Total South San Francisco Conference Center cash and investments	2,696,313
Total cash and investments	\$198,050,687



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**D. Investments Authorized by Debt Agreements**

The Successor Agency to the former Redevelopment Agency must maintain required amounts o/f 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, 2014**

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

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

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

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

**E. Interest Rate Risk**

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

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

	Remaining maturity		Total
	Less than 1 year	One to Five Years	
<b><i>City and Fiduciary:</i></b>			
U.S. Agency Securities			
Callable	\$2,076,180	\$8,075,462	\$10,151,642
Non-callable	10,604,622	43,760,034	54,364,656
U.S. Treasury Notes	11,498,238	69,950,718	81,448,956
Local Agency Investment Fund	35,421,604		35,421,604
Money Market Funds	7,005,568		7,005,568
Guaranteed Investment Agreements		3,099,750	3,099,750
Cash in Banks	3,854,435		3,854,435
Cash on Hand	7,762		7,762
<b><i>South San Francisco Conference Center:</i></b>			
Local Agency Investment Fund	1,804,823		1,804,823
U.S. Agency Securities	502,311		502,311
Cash in Banks	389,081		389,081
Cash on Hand	99		99
<b>Total Cash and Investments</b>	<b>\$73,164,723</b>	<b>\$124,885,964</b>	<b>\$198,050,687</b>

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, 2014, these investments have an average maturity of 232 days.

Money market funds are available for withdrawal on demand and as of June 30, 2014 have an average maturity of 51 days.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014, for each of the Primary Government's investment types as provided by Standard and Poor's or Fitch investment rating systems, except as noted:

Investment Type	AAA	Not Rated	Total
<b>City and Fiduciary:</b>			
U.S. Agency Securities			
Non-callable	\$54,364,656		\$54,364,656
Callable	10,151,642		10,151,642
U.S. Treasury Notes	81,448,956		81,448,956
Money Market Funds	7,005,568		7,005,568
	<u>152,970,822</u>		<u>152,970,822</u>
<b>Not rated:</b>			
Guaranteed Investment Agreements		\$3,099,750	3,099,750
Local Agency Investment Fund		35,421,604	35,421,604
Cash in Banks		3,854,435	3,854,435
Cash on Hand		7,762	7,762
<b>South San Francisco Conference Center:</b>			
U.S. Agency Securities			
<b>Not rated:</b>	502,311		502,311
Local Agency Investment Fund		1,804,823	1,804,823
Cash in Banks		389,081	389,081
Cash on Hand		99	99
	<u>\$153,473,133</u>	<u>\$44,577,554</u>	<u>\$198,050,687</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, 2014:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal agency securities	\$17,497,339
Federal Home Loan Bank	Federal agency securities	13,626,773
Federal Home Loan Mortgage Corporation	Federal agency securities	19,347,189
Federal Farm Credit Bank	Federal agency securities	14,044,997

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 3 - CAPITAL ASSETS**

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

	Balance June 30, 2013	Additions	Retirements	Adjustments	Transfers	Balance June 30, 2014
<b>Governmental activities</b>						
Capital assets not being depreciated:						
Land	\$47,563,435					\$47,563,435
Construction in Progress	8,386,793	\$9,381,737		(\$87,195)	(\$7,399,565)	10,281,770
Total capital assets not being depreciated	55,950,228	9,381,737		(87,195)	(7,399,565)	57,845,205
Capital assets being depreciated:						
Buildings and Improvements	81,690,303				3,138,911	84,829,214
Infrastructure - Streets	178,818,711				4,260,654	183,079,365
Infrastructure - Storm Drains	8,927,492					8,927,492
Infrastructure - Traffic Control Devices	5,138,138					5,138,138
Equipment and Vehicle	6,472,817		(\$18,570)			6,454,247
Furniture and Fixtures	1,837,554					1,837,554
Total capital assets being depreciated	282,885,015		(18,570)		7,399,565	290,266,010
Less accumulated depreciation for:						
Buildings and Improvements	(26,102,907)	(2,255,296)		83,745		(28,274,458)
Infrastructure - Streets	(74,543,678)	(5,271,451)				(79,815,129)
Infrastructure - Storm Drains	(2,315,432)	(204,500)		(28,629)		(2,548,561)
Infrastructure - Traffic Control Devices	(2,036,723)	(183,200)				(2,219,923)
Equipment and Vehicle	(5,470,495)	(292,015)	18,570	4,291		(5,739,649)
Furniture and Fixtures	(1,271,541)	(87,600)			1,218	(1,357,923)
Total accumulated depreciation	(111,740,776)	(8,294,062)	18,570	60,625		(119,955,643)
Net Governmental Fund Capital Assets Being Depreciated	171,144,239	(8,294,062)		60,625	7,399,565	170,310,367
<b>Internal Service Fund Capital Assets</b>						
Capital assets not being depreciated:						
Construction in Progress		424,412				424,412
Total capital assets not being depreciated		424,412				424,412
Capital assets being depreciated:						
Equipment and Vehicle	11,975,542	1,192,050	(107,445)			13,060,147
Accumulated depreciation	(7,300,581)	(689,769)	107,445			(7,882,905)
Net Internal Service Fund Capital Assets Being Depreciated	4,674,961	502,281				5,177,242
Governmental activity capital assets, net	\$231,769,428	\$2,014,368		(\$26,570)		\$233,757,226

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	
<b>Component Unit:</b>					
South San Francisco Conference Center					
Buildings and Improvements	\$10,275,993	\$117,093	(\$6,550)	\$10,386,536	
Furniture and Fixtures	685,643	22,408	(47,218)	660,833	
Machinery and equipment	222,254	52,706	(67,145)	207,815	
<b>Total:</b>	<b>11,183,890</b>	<b>192,207</b>	<b>(120,913)</b>	<b>11,255,184</b>	
Less accumulated depreciation	(7,005,842)	(417,794)	120,913	(7,302,723)	
<b>Component unit, net</b>	<b>\$4,178,048</b>	<b>(\$225,587)</b>		<b>\$3,952,461</b>	
	Balance June 30, 2013	Additions	Adjustments	Transfers	Balance June 30, 2014
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$1,396,758				\$1,396,758
Construction in Progress	2,856,250	\$5,144,256	(\$95,378)	(\$548,545)	7,356,583
<b>Total capital assets not being depreciated</b>	<b>4,253,008</b>	<b>5,144,256</b>	<b>(95,378)</b>	<b>(548,545)</b>	<b>8,753,341</b>
Capital assets being depreciated:					
Buildings and Improvements	66,715,639				66,715,639
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	10,084,051	26,476		548,545	10,659,072
Furniture and Fixtures	31,154				31,154
<b>Total capital assets being depreciated</b>	<b>164,505,141</b>	<b>26,476</b>		<b>548,545</b>	<b>165,080,162</b>
Less accumulated depreciation for:					
Buildings and Improvements	(9,680,086)	(1,622,903)			(11,302,989)
Clean Water Facilities and Lines	(19,725,606)	(1,888,069)			(21,613,675)
Infrastructure - Storm Drains	(238,698)	(159,132)			(397,830)
Infrastructure - Streets	(792,841)	(209,570)			(1,002,411)
Equipment and Vehicle	(9,313,517)	(150,591)			(9,464,108)
Furniture and Fixtures	(31,154)				(31,154)
<b>Total accumulated depreciation</b>	<b>(39,781,902)</b>	<b>(4,030,265)</b>			<b>(43,812,167)</b>
<b>Net capital assets being depreciated</b>	<b>124,723,239</b>	<b>(4,003,789)</b>		<b>548,545</b>	<b>121,267,995</b>
<b>Business-type activity capital assets, net</b>	<b>\$128,976,247</b>	<b>\$1,140,467</b>	<b>(\$95,378)</b>		<b>\$130,021,336</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. 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, 2014**

**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:

<b>Governmental Activities</b>	
Governmental functions	
General government	\$759,098
Fire	349,961
Police	87,987
Public works	6,640,377
Parks and recreation	375,022
Library	61,699
Economic and community development	19,918
<b>Total Governmental Functions</b>	8,294,062
Internal Service Funds	689,769
<b>Total Governmental Activities</b>	\$8,983,831
<b>Business-Type Activities</b>	
Sewer Enterprise	\$3,752,782
Parking District	260,275
Storm Water	17,208
<b>Total Business-Type Activities</b>	\$4,030,265

**NOTE 4 - INTER-FUND TRANSACTIONS**

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

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

Due From Other Fund	Due to Other Fund	Amount
Equipment Replacement Internal Service Fund	Supplemental Law Enforcement Services Special Revenue Fund	\$9,000
		\$9,000

As of June 30, 2014, the South San Francisco Conference Center owed the City General Fund \$44,986 which will be repaid in the next fiscal year.

- B. **Internal Balances**

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



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**C. Transfers**

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

Transfers between funds during the fiscal year ended June 30, 2014 were as follows:

FROM FUND (OUT)	TO FUND (IN)	AMOUNT
<b>General Fund</b>	Capital Improvement Fund	\$680,369
	Capital Infrastructure Reserve Capital Projects Fund	10,861,000
	City Service Internal Service Fund	65,244
	Health and Benefits Internal Service Fund	1,206,000
<b>Low and Moderate Income Housing Assets Special Revenue Fund</b>	Capital Improvement Fund	208,971
<b>East of 101 Traffic Impact Fees Capital Project Fund</b>	Capital Improvement Fund	3,444,355
<b>Child Care Impact Fees Capital Projects Fund</b>	Capital Infrastructure Reserve Capital Projects Fund	300,000
	Non-Major Governmental Funds	459,220
<b>Developer Deposit Capital Projects Fund</b>	Capital Improvement Fund	3,320,191
<b>Non-major Governmental Funds</b>	General Fund	969,964
	Capital Improvement Fund	1,541,851
	Storm Water Enterprise Fund	670,000
	Sewer Enterprise Fund	422,417
<b>Sewer Enterprise Fund</b>	General Fund	23,659
	Capital Improvement Fund	188
	City Service Internal Service Fund	27,450
<b>Internal Service Fund</b>		
	Equipment Replacement Fund	60,466
	<b>Total</b>	<u><u>\$24,261,345</u></u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014 follows:

	Authorized and Issued	Balance at June 30, 2013	Additions	Retirement	Balance at June 30, 2014	Current Portion
<b>Governmental Activities:</b>						
2007 Loans Payable to the Successor Agency (1)		\$12,176,207		\$453,381	\$11,722,826	
<b>Total Governmental Activities Debt</b>		<u>12,176,207</u>		<u>453,381</u>	<u>11,722,826</u>	
Capital Leases (2):						
2008 Two Fire Trucks		540,174		89,668	450,506	\$93,292
2010 Two Ambulances		375,739		78,398	297,341	81,226
2010 Two Fire Trucks		879,640		102,922	776,718	107,027
2013 Fire Truck		1,289,000		114,226	1,174,774	117,261
2014 Sweeper			\$682,040	64,543	617,497	131,457
<b>Total Capital Leases</b>		<u>3,084,553</u>	<u>682,040</u>	<u>449,757</u>	<u>3,316,836</u>	<u>530,263</u>
<b>Net Governmental Long-Term Debt</b>		<u>\$15,260,760</u>	<u>\$682,040</u>	<u>\$903,138</u>	<u>\$15,039,662</u>	<u>\$530,263</u>
<b>Business-Type Activities:</b>						
1993 State Water Resources Loan, 3.0%, due 10/8/13 (3)	\$7,899,017	\$580,964		\$580,964		
1999 State Water Resources Loan, 2.6%, due 8/1/22 (3)	47,721,252	28,501,713		2,532,377	\$25,969,336	\$2,598,218
2004 State Water Resources Loan, 2.5%, due 1/1/27 (3)	21,258,529	15,398,993		1,017,077	14,381,916	1,042,504
2008 State Water Resources Loan, 2.4%, (4)	9,164,505	7,636,917		397,151	7,239,766	406,683
2005 Sewer Revenue Bonds, 2.75 to 5.0%, due 04/30/26 (5)	6,000,000	4,640,000		255,000	4,385,000	265,000
2008 Advance Payable to the Successor Agency (6)		1,166,832		1,166,832		
<b>Total Enterprise Fund Long-Term Debt</b>	<u>\$92,043,303</u>	<u>\$57,925,419</u>		<u>\$5,949,401</u>	<u>\$51,976,018</u>	<u>\$4,312,405</u>
<b>Component Unit - Conference Center:</b>						
2003 Revenue Bonds, 2.25% to 4.0%, due 9/1/18 (7)	\$5,865,000	\$2,520,000		\$385,000	\$2,135,000	\$395,000
Unamortized refunding loss on 2003 bonds		(130,364)		(26,515)	(103,849)	
<b>Total Conference Center</b>	<u>\$5,865,000</u>	<u>\$2,389,636</u>		<u>\$358,485</u>	<u>\$2,031,151</u>	<u>\$395,000</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

(1) As of June 30, 2014, 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 \$11,722,826 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 it 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 three loans were authorized by the **State Water Resources Control Board** to improve and expand the City's wastewater treatment plant. Loan proceeds were issued as the projects progressed and debt service payments commenced one year after project completion. Sewage treatment user fees support the debt service payments. One third of the annual debt service payment on the 1993 loan is reimbursable from the City of San Bruno through a joint construction and ownership agreement of the wastewater treatment plant.

(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.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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 at the rate of 4.457% is payable semi-annually each April 1 and October 1.

The 2005 Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Enterprise system. Net Revenues available for debt service amounted to \$12.3 million which represented coverage of 27.2 over the \$454,831 in debt service.

(6) The Sewer Enterprise Fund owed the Successor Agency (formerly Merged Redevelopment Project Area Capital Projects Fund) for development of sewer infrastructure. The outstanding balance was paid off as of June 30, 2014.

(7) On June 1, 2003, the City of South San Francisco Capital Improvement Financing Authority (CIFA) issued \$5,865,000 of **2003 Revenue Bonds**. The CIFA was created through a joint exercise of powers agreement between the City and the City of South San Francisco Financing Authority for the purpose of obtaining financing for capital improvements. The 2003 Revenue Bonds are obligations of the CIFA although the Authority is required to make the bond principal and interest payments in return for the use and ownership of the improvements to the leased buildings that comprise the Conference Center's facilities. 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, 2014**

**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, 2014, 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
2015	\$530,263	\$101,155	\$4,312,405	\$651,437	\$395,000	\$80,269
2016	547,575	83,845	4,420,780	1,284,917	410,000	66,444
2017	565,475	65,943	4,536,800	1,174,229	425,000	51,581
2018	538,421	47,431	4,660,530	1,060,207	445,000	35,644
2019	381,483	30,743	4,782,037	942,915	460,000	18,400
2020-2024	753,619	41,396	22,611,726	2,827,817		
2025-2029			6,651,740	312,516		
Totals	<u>\$3,316,836</u>	<u>\$370,513</u>	<u>\$51,976,018</u>	<u>\$8,254,038</u>	<u>\$2,135,000</u>	<u>\$252,338</u>

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:

<u>Leasing Arrangement</u>	<u>Fund/Activity</u>	<u>Cost</u>
Capital Leases	Governmental Activity	<u>\$5,842,799</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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 encumbrances; Nonspendables, when it is the City’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

**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, 2014, are below:

<u>Fund Balance Classifications</u>	<u>General Fund</u>	<u>Low and Moderate Income Housing Assets</u>	<u>Capital Project Funds</u>	
			<u>Capital Improvement</u>	<u>East of 101 Sewer Impact Fees</u>
<b>Nonspendables:</b>				
Items not in spendable form:				
Inventory and prepaid items	\$14,163			
<b>Total Nonspendable Fund Balances</b>	<b>14,163</b>			
<b>Restricted for:</b>				
Low and moderate housing projects		\$2,227,767		
<b>Total Restricted Fund Balances</b>		<b>2,227,767</b>		
<b>Committed for:</b>				
Capital projects	3,879,451			
<b>Total Committed Fund Balances</b>	<b>3,879,451</b>			
<b>Assigned to:</b>				
Encumbrances	743,746			
Capital projects				
<b>Total Assigned Fund Balances</b>	<b>743,746</b>			
<b>Unassigned:</b>				
General fund	15,891,899			
Other governmental fund deficit residuals			(\$27,375)	(\$494,229)
<b>Total Unassigned Fund Balances</b>	<b>15,891,899</b>		<b>(27,375)</b>	<b>(494,229)</b>
<b>Total Fund Balances</b>	<b>\$20,529,259</b>	<b>\$2,227,767</b>	<b>(\$27,375)</b>	<b>(\$494,229)</b>

(Continued)

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

<u>Fund Balance Classifications (continued)</u>	<u>Capital Project Funds</u>				<u>Other Governmental Funds</u>
	<u>East of 101 Traffic Impact Fees</u>	<u>Child Care Impact Fees</u>	<u>Developer Deposit</u>	<u>Capital Infrastructure Reserve Fund</u>	
<b>Restricted for:</b>					
Traffic impact fees	\$6,795,927				
Child Care impact fees		\$1,995,688			
Developer deposit fees			\$72,885		
Capital infrastructure projects				\$11,161,000	
Gas Tax projects					\$2,273,861
Developer contributions projects					2,860,927
Community Development Block Grant projects					1,062,515
Maintenance districts projects					1,583,320
Transportation Sales Tax projects					2,324,847
City programs projects					3,570,579
Other Special Revenues projects					5,336,562
Capital projects activities					1,126,360
<b>Total Restricted Fund Balances</b>	<u>6,795,927</u>	<u>1,995,688</u>	<u>72,885</u>	<u>11,161,000</u>	<u>20,138,971</u>
<b>Total Fund Balances</b>	<u>\$6,795,927</u>	<u>\$1,995,688</u>	<u>\$72,885</u>	<u>\$11,161,000</u>	<u>\$20,138,971</u>

**C. Net Deficit**

The Capital Improvement Capital Projects Fund and the East of 101 Sewer Impact Fees Capital Projects Fund had net deficits in the amount of \$27,375 and \$494,229, respectively, at June 30, 2014. Capital Projects are often funded from grant sources that reimburse the City after the dollars are expended.

The Health and Retirement Benefits Internal Service Fund had net deficit in the amount of \$21,334,119 at June 30, 2014. The latter is attributable to the Net OPEB Obligation described in Footnote 9.



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 - RETIREMENT BENEFITS**

**A. CalPers Safety and Miscellaneous Employees Plans**

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPers) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPers provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPers; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2014, are summarized as follows:

	Safety (Police & Fire)	Safety (Police & Fire) New Tier
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	57
Benefits, as a % of annual salary for each credited service year	2.4%-3.0%	2.7%
Required employee contribution rates	9%	12.00%
Required employer contribution rates	36.470%	0.00%

	Miscellaneous	Miscellaneous New Tier
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	62
Benefits, as a % of annual salary for each credited service year	1.092%-2.4180%	2.0%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	22.081%	0.00%

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

- Miscellaneous: 2% at 60
- Safety: 3% at 55

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 - RETIREMENT BENEFITS (Continued)**

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

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

*Miscellaneous Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2010	\$151,287,299	\$119,420,652	\$31,866,647	78.9%	\$19,431,712	164.0%
2011	162,844,345	127,097,699	35,746,646	78.0%	19,138,535	186.8%
2012	170,626,901	134,086,757	36,540,144	78.6%	18,641,305	196.0%

*Safety:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2010	\$213,852,541	\$171,969,514	\$41,883,027	80.4%	\$16,543,852	253.2%
2011	226,028,820	179,053,699	46,975,121	79.2%	16,850,436	278.8%
2012	234,841,653	185,545,070	49,296,583	79.0%	17,100,918	288.3%

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 7 - RETIREMENT BENEFITS (Continued)**

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i><b>Safety Plan</b></i>			
June 30, 2012	\$5,926,641	100%	\$0
June 30, 2013	6,193,901	100%	0
June 30, 2014	6,715,169	100%	0
<i><b>Miscellaneous Plan</b></i>			
June 30, 2012	\$4,387,561	100%	\$0
June 30, 2013	4,327,485	100%	0
June 30, 2014	4,617,937	100%	0

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

**NOTE 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.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS**

The City provides certain health care benefits for all employees who retire after attaining age 50 with at least five years of service or disability at any age. The City provides certain health care benefits for those employees hired prior to April 1, 2011. In order to reduce the City’s OPEB obligations over time, the City changed to a defined contribution post retirement health plan for employees hired as of April 1, 2011 or after. For those new hires, the City is now providing a medical after retirement health plan (MARA), and contributes 1.5% of salary for those plans.

Benefits are provided as authorized by various memorandums of understanding entered into by the City and its employees. As of June 30, 2014, approximately 311 retirees were eligible to receive benefits. The City provides fully paid medical coverage under various health care plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

Eligibility	* Hired < 4/25/2010 * Age 50 and 5 years City service or disability at any age
Medical Benefit	* City pays single premium up to largest HMO single premium. Cap for 2013/2014: - \$978.15/month pre-65 (Blue Shield) - \$512.91/month post-65 Medical eligible (Blue Shield) - \$1,598.85/ month post-65 not Medicare eligible (Kaiser) * Medicare Part B reimbursement
Surviving Spouse Benefit	* Participation with premium payment * AFSCME, Local 1569, Mid-Management, IAFF surviving spouses covered 2 months following death of retiree
Dental, Vision, & Life	None

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

The City joined the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

**A. *Funding Policy and Actuarial Assumptions***

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

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

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

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

**B. Funding Progress and Funded Status**

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. In fiscal year 2014, the City made contribution less than the ARC as presented below:

Annual required contribution (ARC)	\$8,829,000
Interest on net OPEB Obligation	1,250,000
Adjustment to annual required contribution	<u>(2,993,000)</u>
 Annual OPEB cost	 7,086,000
 Contributions made:	
Premium paid	2,526,000
Prefunding Contribution to Trust	<u>4,000,000</u>
 Total contributions	 <u>6,526,000</u>
 Change in net OPEB Asset / (Obligation)	 (560,000)
 Net OPEB Obligation at June 30, 2013	 <u>(31,261,700)</u>
 Net OPEB Asset (Obligation) at June 30, 2014	 <u><u>(\$31,821,700)</u></u>

The Plan's annual required contributions and actual contributions for the year ended June 30, 2014 is set forth below (in thousands):

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$10,181,223	\$2,073,223	20%	\$24,258,700
6/30/2013	9,229,000	2,226,000	24%	31,261,700
6/30/2014	7,086,000	6,526,000	92%	31,821,700

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**NOTE 9 – POST-EMPLOYMENT BENEFITS (Continued)**

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

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

In February 2014, in an effort to address the City’s OPEB liability through best practices, the City Council approved investing \$13.5 million with the California Employers’ Retiree Benefit Trust (CERBT), which will reduce the cost and time it will take for the City to fully fund its unfunded actuarially accrued liability (UAAL). The City Council also addressed this liability via an annual appropriation of \$250,000 in additional contribution to the OPEB trust fund. Finally, the Council modified the Reserves Policy to state that surplus reserve funding should be directed towards liabilities, such as OPEB and deferred infrastructure needs.

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

**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.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**A. *Oyster Point Marina***

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

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

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

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

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



**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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 \$25 million, with the first \$5 million covered out of ABAG's financial reserves, and with the next \$20 million covered from two excess insurance policies acquired by ABAG. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. A boiler and machinery policy insures up to a combined limit of \$100,000,000 with various deductibles. For pollution, the City purchased separate insurance which insures up to \$10,000,000 for each condition and up to \$50,000,000 in the aggregate with a \$100,000 self-insured retention per pollution condition. For the year ended June 30, 2014, the City paid ABAG Plan \$739,339 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.

**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, 2014			Fiscal Year
	Workers' Compensation	General Liability	Total	2012-2013 Total
Balance, beginning of year	\$8,806,000	\$1,001,000	\$9,807,000	\$8,039,000
Current year claims and changes in estimates of prior years claims	2,564,178	(89,216)	2,474,962	4,753,131
Claims Paid	(1,822,178)	(387,784)	(2,209,962)	(2,985,131)
Balance, end of year	<u>\$9,548,000</u>	<u>\$524,000</u>	<u>\$10,072,000</u>	<u>\$9,807,000</u>
Current portion	<u>\$562,000</u>	<u>\$150,000</u>	<u>\$712,000</u>	<u>\$712,000</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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.

**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, 2014, was \$420,000. The cost and carrying amount of leased land under this lease receivable is \$5,325,000. Future minimum lease payments from the Conference Center Authority land leases are as follows:

Year ending June 30	Component Unit Conference Center
2015	\$420,000
2016	420,000
2017	420,000
2018	420,000
2019	420,000
2020-2024	2,100,000
2025-2029	2,100,000
Total	\$6,300,000

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

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. In fiscal 2014 lease payments were \$400,000. Future minimum lease revenues for the Costco lease is as follows:

Year ending June 30:	Costco
2015	\$400,000
2016	400,000
2017	400,000
2018	400,000
2019	400,000
2020-2024	2,000,000
2025-2029	2,000,000
	\$6,000,000

**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, 2014 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, 2014.

**B. *Loans Receivable***

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)</b>
--

*C. Capital Assets*

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

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

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

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, 2014**

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

Capital assets recorded at June 30 comprise:

	Balance June 30, 2013	Additions	Adjustments	Balance June 30, 2014
<b>Fiduciary activities</b>				
Capital assets not being depreciated:				
Land	\$52,776,824		(\$7,100)	\$52,769,724
Total capital assets not being depreciated	52,776,824		(7,100)	52,769,724
Capital assets being depreciated:				
Buildings and Improvements	3,781,406		7,100	3,788,506
Equipment and Vehicle	242,190			242,190
Furniture and Fixtures	21,506			21,506
Total capital assets being depreciated	4,045,102		7,100	4,052,202
Less accumulated depreciation for:				
Buildings and Improvements	(547,315)	(\$90,845)		(638,160)
Equipment and Vehicle	(229,377)	(4,292)		(233,669)
Furniture and Fixtures	(19,678)	(1,218)		(20,896)
Total accumulated depreciation	(796,370)	(96,355)		(892,725)
Net capital assets being depreciated	3,248,732	(96,355)	7,100	3,159,477
<b>Fiduciary activity capital assets, net</b>	<b>\$56,025,556</b>	<b>(\$96,355)</b>		<b>\$55,929,201</b>

**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, 2013	Retirements	Balance June 30, 2014	Current Portion
2006 Revenue Bonds, 3.75 to 5.13%, due 9/1/35 (1)	\$61,605,000	(\$1,545,000)	\$60,060,000	\$1,605,000
1999 Revenue Bonds, 3.3 to 5.0%, due 9/1/18 (2)	1,510,000	(220,000)	1,290,000	230,000
Total Successor Agency	<u>\$63,115,000</u>	<u>(\$1,765,000)</u>	<u>\$61,350,000</u>	<u>\$1,835,000</u>

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)</b>
--

*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
2015	\$1,835,000	\$2,881,494
2016	1,925,000	2,796,131
2017	2,000,000	2,702,556
2018	2,100,000	2,606,906
2019	2,195,000	2,509,444
2020-2024	10,990,000	11,475,220
2025-2029	13,990,000	8,410,422
2030-2034	17,860,000	4,433,500
2035-2036	8,455,000	427,875
Totals	\$61,350,000	\$38,243,548

(1) On April 19, 2006, the former Agency issued \$70,675,000 of Tax Allocation Revenue Bonds, Series 2006A to advance refund and defease \$9,920,000 of the 1997 Downtown Tax Allocation Bonds and \$23,860,000 of the 1999 Revenue Bonds, and to finance various redevelopment projects. Net proceeds of \$9,364,974 and \$3,753,130 plus an additional \$801,925 and \$20,039,830 from the 1997 and 1999 bonds were used to purchase U.S. government securities for the 1997 Downtown Tax Allocation Bonds and 1999 Revenue Bonds, respectively. Those securities were deposited in irrevocable trust with an escrow agent to provide for all future debt service payments. The 1997 and 1999 bonds are considered to be defeased and the liabilities for those bonds have been removed. As of June 30, 2014, \$7,525,000 and \$15,355,000 of principal remained outstanding on the defeased 1997 and 1999 bonds, respectively.

The 2006 Bonds are special obligation of the former Redevelopment Agency payable solely from and secured by a pledge of tax revenues generated within the project area. Interest on the 2006A Bonds is payable on each March 1 and September 1. Principal payments are due each September 1. The pledge of future tax revenue ends upon repayment of the \$98,588,935 in remaining debt service on the bonds which is scheduled to occur in 2036.

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

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

(2) 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 (2) 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.

***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.

**CITY OF SOUTH SAN FRANCISCO**  
**NOTES TO BASIC FINANCIALS STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

<b>NOTE 13 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (continued)</b>
--

**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.



This Page Left Intentionally Blank

## **Supplementary Information**

This Page Left Intentionally Blank

<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, 2014**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$4,345,983	\$1,252,078	(\$3,093,905)
Other	<u>306,000</u>	<u>104,988</u>	<u>(201,012)</u>
Total Revenues	<u>4,651,983</u>	<u>1,357,066</u>	<u>(3,294,917)</u>
EXPENDITURES:			
Current:			
Public works	<u>33,116,929</u>	<u>16,487,573</u>	<u>16,629,356</u>
Total Expenditures	<u>33,116,929</u>	<u>16,487,573</u>	<u>16,629,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(28,464,946)</u>	<u>(15,130,507)</u>	<u>13,334,439</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>26,575,136</u>	<u>9,195,925</u>	<u>(17,379,211)</u>
Total other financing sources (uses)	<u>26,575,136</u>	<u>9,195,925</u>	<u>(17,379,211)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$1,889,810)</u></u>	<u><u>(5,934,582)</u></u>	<u><u>(\$4,044,772)</u></u>
Fund balance - July 1		1,105,320	
Adjustment to budgetary basis:			
Encumbrance adjustments		<u>4,801,887</u>	
Fund balance - June 30		<u><u>(\$27,375)</u></u>	

**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, 2014**

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rental		\$8,260	\$8,260
Charges for services	\$889,000	879,906	(9,094)
Total Revenues	<u>889,000</u>	<u>888,166</u>	<u>(834)</u>
EXPENDITURES:			
Current:			
Non-departmental	\$2,500	2,500	
Total Expenditures	<u>2,500</u>	<u>2,500</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>886,500</u>	<u>885,666</u>	<u>(834)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$886,500</u></u>	<u>885,666</u>	<u><u>(\$834)</u></u>
Fund balance (deficit) - July 1		<u>(1,379,895)</u>	
Fund balance (deficit) - June 30		<u><u>(\$494,229)</u></u>	

**CITY OF SOUTH SAN FRANCISCO  
EAST OF 101 TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$99,322	\$99,322
Charges for services	\$1,987,000	1,886,963	(100,037)
	<u>1,987,000</u>	<u>1,986,285</u>	<u>(715)</u>
Total Revenues			
EXPENDITURES:			
Current:			
Public works	\$2,500	2,500	
	<u>2,500</u>	<u>2,500</u>	
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,984,500	1,983,785	(715)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(8,133,585)	(3,444,355)	4,689,230
	<u>(8,133,585)</u>	<u>(3,444,355)</u>	<u>4,689,230</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE	<u>(\$6,149,085)</u>	(1,460,570)	<u>\$4,688,515</u>
Fund balance - July 1		<u>8,256,497</u>	
Fund balance - June 30		<u>\$6,795,927</u>	

**CITY OF SOUTH SAN FRANCISCO  
CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)  
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rental		\$31,482	\$31,482
Charges for services	\$43,000	11,618	(31,382)
	43,000	43,100	100
Total Revenues			
EXPENDITURES:			
Current:			
Non-departmental	2,500	2,500	
	2,500	2,500	
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40,500	40,600	100
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(759,000)	(759,220)	(220)
	(759,000)	(759,220)	(220)
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE	(\$718,500)	(718,620)	(\$120)
Fund balance - July 1		2,714,308	
Fund balance - June 30		\$1,995,688	



**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, 2014**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$3,321,000	\$3,320,192	(\$808)
Total Revenues	<u>3,321,000</u>	<u>3,320,192</u>	<u>(808)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(5,919,124)	(3,320,191)	2,598,933
Total other financing sources (uses)	<u>(5,919,124)</u>	<u>(3,320,191)</u>	<u>2,598,933</u>
NET CHANGE IN FUND BALANCE	<u>(\$2,598,124)</u>	1	<u>\$2,598,125</u>
Fund balance - July 1		<u>72,884</u>	
Fund balance - June 30		<u><u>\$72,885</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, 2014**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$11,161,000</u>	<u>\$11,161,000</u>	
Total other financing sources (uses)	<u>11,161,000</u>	<u>11,161,000</u>	
NET CHANGE IN FUND BALANCE	<u>\$11,161,000</u>	<u>11,161,000</u>	
Fund balance - July 1		<u>                    </u>	
Fund balance - June 30		<u>\$11,161,000</u>	

This Page Left Intentionally Blank

## NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
---

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 Capital Projects Fund** - These fees provide new development’s share of funding for the Oyster Point at Highway 101 interchange improvements.

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

This Page Left Intentionally Blank

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>Gas Tax</b>	<b>Developer Contributions</b>	<b>Federal Aviation Grant</b>	<b>Community Development Block Grant</b>	<b>Miscellaneous Grants</b>
<b>ASSETS</b>					
Cash and investments	\$2,266,699	\$3,475,692	\$715,145		\$136,869
Receivables:					
Accounts				\$58,093	
Accrued interest	7,162	10,916	2,255		
Loans				780,327	
Restricted cash and investments				283,279	
Land held for resale					
Total Assets	\$2,273,861	\$3,486,608	\$717,400	\$1,121,699	\$136,869
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable		\$47,962		\$47,899	
Other payable		10,223		11,285	
Deposits		567,496			
Due to other funds					
Unearned revenue			\$717,400		
Total Liabilities		625,681	717,400	59,184	
Fund Balances:					
Restricted	\$2,273,861	2,860,927		1,062,515	\$136,869
Total Fund Balances	2,273,861	2,860,927		1,062,515	136,869
Total Liabilities and Fund Balances	\$2,273,861	\$3,486,608	\$717,400	\$1,121,699	\$136,869

**SPECIAL REVENUE FUNDS**

<b>Maintenance Districts</b>	<b>Transportation Sales Tax</b>	<b>Solid Waste Reduction</b>	<b>Supplemental Law Enforcement Services</b>	<b>City Programs</b>	<b>Affordable Housing Trust</b>	<b>PEG Equipment and Access</b>
\$1,605,864	\$2,318,319	\$1,073,605	\$585	\$3,585,587	\$1,612,034	\$504,863
		15,000	8,445			43,964
	6,528		73	8,926	4,864	1,311
					46,130	
					1,900,000	
<u>\$1,605,864</u>	<u>\$2,324,847</u>	<u>\$1,088,605</u>	<u>\$9,103</u>	<u>\$3,594,513</u>	<u>\$3,563,028</u>	<u>\$550,138</u>
\$22,544				\$23,934		\$2,181
			\$9,000			
<u>22,544</u>			<u>9,000</u>	<u>23,934</u>		<u>2,181</u>
<u>1,583,320</u>	<u>\$2,324,847</u>	<u>\$1,088,605</u>	<u>103</u>	<u>3,570,579</u>	<u>\$3,563,028</u>	<u>547,957</u>
<u>1,583,320</u>	<u>2,324,847</u>	<u>1,088,605</u>	<u>103</u>	<u>3,570,579</u>	<u>3,563,028</u>	<u>547,957</u>
<u>\$1,605,864</u>	<u>\$2,324,847</u>	<u>\$1,088,605</u>	<u>\$9,103</u>	<u>\$3,594,513</u>	<u>\$3,563,028</u>	<u>\$550,138</u>

(Continued)



**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	<b>CAPITAL PROJECTS FUNDS</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>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$701,857	\$72,805	\$24,080	\$325,500	\$18,419,504
Receivables:					
Accounts					125,502
Accrued interest		187	535	1,396	44,153
Loans					826,457
Restricted cash and investments					283,279
Land held for resale					1,900,000
	<u>\$701,857</u>	<u>\$72,992</u>	<u>\$24,615</u>	<u>\$326,896</u>	<u>\$21,598,895</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable					\$144,520
Other payable					21,508
Deposits					567,496
Due to other funds					9,000
Unearned revenue					717,400
					<u>1,459,924</u>
Fund Balances:					
Restricted	<u>\$701,857</u>	<u>\$72,992</u>	<u>\$24,615</u>	<u>\$326,896</u>	<u>20,138,971</u>
	<u>701,857</u>	<u>72,992</u>	<u>24,615</u>	<u>326,896</u>	<u>20,138,971</u>
Total Liabilities and Fund Balances	<u>\$701,857</u>	<u>\$72,992</u>	<u>\$24,615</u>	<u>\$326,896</u>	<u>\$21,598,895</u>

This Page Left Intentionally Blank

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<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>Miscellaneous Grants</b>
<b>REVENUES</b>					
Property taxes					
Other taxes					
Intergovernmental	\$2,462,640		\$34,595	\$602,619	
Interest and rentals	26,700	\$40,440	8,521	30,474	
Charges for services		606,072			
Other				18,478	
Total Revenues	<u>2,489,340</u>	<u>646,512</u>	<u>43,116</u>	<u>651,571</u>	
<b>EXPENDITURES</b>					
Current:					
Economic and community development		486,131	43,116	814,126	
Public works					
Non-departmental					
Police					
Debt service:					
Principal repayments					
Total Expenditures		<u>486,131</u>	<u>43,116</u>	<u>814,126</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,489,340</u>	<u>160,381</u>		<u>(162,555)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers out	<u>(1,692,228)</u>	<u>(95,868)</u>		<u>(134,890)</u>	
Total Other Financing Sources (Uses)	<u>(1,692,228)</u>	<u>(95,868)</u>		<u>(134,890)</u>	
Net Change in Fund Balances	797,112	64,513		(297,445)	
Fund balance - July 1	<u>1,476,749</u>	<u>2,796,414</u>		<u>1,359,960</u>	<u>\$136,869</u>
Fund balance - June 30	<u><u>\$2,273,861</u></u>	<u><u>\$2,860,927</u></u>		<u><u>\$1,062,515</u></u>	<u><u>\$136,869</u></u>

**SPECIAL REVENUE FUNDS**

<u>Maintenance Districts</u>	<u>Transportation Sales Tax</u>	<u>Solid Waste Reduction</u>	<u>Supplemental Law Enforce- ment Services</u>	<u>City Programs</u>	<u>Affordable Housing Trust</u>	<u>PEG Equipment and Access</u>
\$1,420,270	\$1,450,314		\$94,524			
	24,645	\$179,997	257	\$33,988	\$138,016	\$4,901
				1,025,736	500,000	168,367
					25,671	
<u>1,420,270</u>	<u>1,474,959</u>	<u>179,997</u>	<u>94,781</u>	<u>1,059,724</u>	<u>663,687</u>	<u>173,268</u>
1,368,184		86,931				
			94,678	509,862		11,861
<u>1,368,184</u>		<u>86,931</u>	<u>94,678</u>	<u>509,862</u>		<u>11,861</u>
<u>52,086</u>	<u>1,474,959</u>	<u>93,066</u>	<u>103</u>	<u>549,862</u>	<u>663,687</u>	<u>161,407</u>
<u>(4,878)</u>	<u>(991,151)</u>	<u>(20,244)</u>		459,220		
				<u>(242,556)</u>		
<u>(4,878)</u>	<u>(991,151)</u>	<u>(20,244)</u>		<u>216,664</u>		
47,208	483,808	72,822	103	766,526	663,687	161,407
<u>1,536,112</u>	<u>1,841,039</u>	<u>1,015,783</u>		<u>2,804,053</u>	<u>2,899,341</u>	<u>386,550</u>
<u>\$1,583,320</u>	<u>\$2,324,847</u>	<u>\$1,088,605</u>	<u>\$103</u>	<u>\$3,570,579</u>	<u>\$3,563,028</u>	<u>\$547,957</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>CAPITAL PROJECTS FUNDS</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>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Property taxes					\$1,420,270
Other taxes					1,544,838
Intergovernmental				\$5,449	3,105,303
Interest and rentals		\$662	\$1,939	(96)	310,447
Charges for services			451,647	217,084	1,954,800
Other		72,330			1,310,582
<b>Total Revenues</b>		<b>72,992</b>	<b>453,586</b>	<b>222,437</b>	<b>9,646,240</b>
<b>EXPENDITURES</b>					
Current:					
Economic and community development					1,430,304
Public works				2,500	1,370,684
Non-departmental					11,861
Police					604,540
Debt service:					
Principal repayments			453,381		453,381
<b>Total Expenditures</b>			<b>453,381</b>	<b>2,500</b>	<b>3,870,770</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>		<b>72,992</b>	<b>205</b>	<b>219,937</b>	<b>5,775,470</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					459,220
Transfers out				(422,417)	(3,604,232)
<b>Total Other Financing Sources (Uses)</b>				<b>(422,417)</b>	<b>(3,145,012)</b>
<b>Net Change in Fund Balances</b>		<b>72,992</b>	<b>205</b>	<b>(202,480)</b>	<b>2,630,458</b>
Fund balance - July 1	\$701,857		24,410	529,376	17,508,513
Fund balance - June 30	<u>\$701,857</u>	<u>\$72,992</u>	<u>\$24,615</u>	<u>\$326,896</u>	<u>\$20,138,971</u>

This Page Left Intentionally Blank

**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, 2014**

	GAS TAX			DEVELOPER CONTRIBUTIONS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental	\$2,298,600	\$2,462,640	\$164,040			
Interest and rentals	10,000	26,700	16,700		\$40,440	\$40,440
Charges for services				\$646,000	606,072	(39,928)
Other						
Total Revenues	2,308,600	2,489,340	180,740	646,000	646,512	512
<b>EXPENDITURES</b>						
Current:						
Economic and community development				605,000	604,514	486
Public works						
Non-departmental						
Other						
Police						
Debt service:						
Principal Repayments						
Total Expenditures				605,000	604,514	486
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,308,600	2,489,340	180,740	41,000	41,998	998
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out	(3,318,810)	(1,692,228)	1,626,582	(1,007,609)	(95,868)	911,741
Total Other Financing Sources (Uses)	(3,318,810)	(1,692,228)	1,626,582	(1,007,609)	(95,868)	911,741
NET CHANGE IN FUND BALANCES	(\$1,010,210)	797,112	\$1,807,322	(\$966,609)	(53,870)	\$912,739
Adjustment to budgetary basis:						
Encumbrance adjustments					118,383	
Fund balance - July 1		1,476,749			2,796,414	
Fund balance - June 30		\$2,273,861			\$2,860,927	

FEDERAL AVIATION GRANT			COMMUNITY DEVELOPMENT BLOCK GRANT			MISCELLANEOUS GRANTS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$43,000	\$34,595 8,521	(\$8,405) 8,521	\$871,298	\$602,619 30,474	(\$268,679) 30,474			
			9,020	18,478	9,458			
43,000	43,116	116	880,318	651,571	(228,747)			
775,000	43,116	731,884	766,742	864,408	(97,666)			
775,000	43,116	731,884	766,742	864,408	(97,666)			
(732,000)		732,000	113,576	(212,837)	(326,413)			
			(142,760)	(134,890)	7,870			
			(142,760)	(134,890)	7,870			
<u>(\$732,000)</u>		<u>\$732,000</u>	<u>(\$29,184)</u>	<u>(347,727)</u>	<u>(\$318,543)</u>			
				50,282				
				1,359,960			136,869	
				<u>\$1,062,515</u>			<u>\$136,869</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, 2014**

	<u>MAINTENANCE DISTRICTS</u>			<u>TRANSPORTATION SALES TAX</u>		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$1,340,734	\$1,420,270	\$79,536			
Other taxes				\$1,290,000	\$1,450,314	\$160,314
Intergovernmental						
Interest and rentals				25,000	24,645	(355)
Charges for services						
Other						
<b>Total Revenues</b>	<u>1,340,734</u>	<u>1,420,270</u>	<u>79,536</u>	<u>1,315,000</u>	<u>1,474,959</u>	<u>159,959</u>
<b>EXPENDITURES</b>						
Current:						
Economic and community development						
Public works	1,535,989	1,368,324	167,665			
Non-departmental						
Other						
Police						
Debt service:						
Principal Repayments						
<b>Total Expenditures</b>	<u>1,535,989</u>	<u>1,368,324</u>	<u>167,665</u>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(195,255)</u>	<u>51,946</u>	<u>247,201</u>	<u>1,315,000</u>	<u>1,474,959</u>	<u>159,959</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out	(221,487)	(4,878)	216,609	(2,502,369)	(991,151)	1,511,218
<b>Total Other Financing Sources (Uses)</b>	<u>(221,487)</u>	<u>(4,878)</u>	<u>216,609</u>	<u>(2,502,369)</u>	<u>(991,151)</u>	<u>1,511,218</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$416,742)</u>	<u>47,068</u>	<u>\$463,810</u>	<u>(\$1,187,369)</u>	<u>483,808</u>	<u>\$1,671,177</u>
Adjustment to budgetary basis:						
Encumbrance adjustments		140				
Fund balance - July 1		<u>1,536,112</u>			<u>1,841,039</u>	
Fund balance - June 30		<u>\$1,583,320</u>			<u>\$2,324,847</u>	

<b>SOLID WASTE REDUCTION</b>			<b>SUPPLEMENTAL LAW ENFORCEMENT SERVICES</b>			<b>CITY PROGRAMS</b>		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$95,000	\$94,524	(\$476)			
				257	257		\$33,988	\$33,988
\$180,000	\$179,997	(\$3)				\$1,060,000	1,025,736	(34,264)
180,000	179,997	(3)	95,000	94,781	(219)	1,060,000	1,059,724	(276)
236,193	145,662	\$90,531						
			95,000	94,678	322	510,000	509,862	138
236,193	145,662	90,531	95,000	94,678	322	510,000	509,862	138
(56,193)	34,335	90,528		103	103	550,000	549,862	(138)
(40,000)	(20,244)	19,756				459,000	459,220	220
						(1,585,818)	(242,556)	1,343,262
(40,000)	(20,244)	19,756				(1,126,818)	216,664	1,343,482
(\$96,193)	14,091	\$110,284		103	\$103	(\$576,818)	766,526	\$1,343,344
	58,731							
	1,015,783						2,804,053	
	\$1,088,605			\$103			\$3,570,579	

(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, 2014**

	<b>AFFORDABLE HOUSING TRUST</b>			<b>PEG EQUIPMENT AND ACCESS</b>		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Intergovernmental						
Interest and rentals		\$138,016	\$138,016	\$6,000	\$4,901	(\$1,099)
Charges for services	\$664,000	500,000	(164,000)			
Other		25,671	25,671	125,000	168,367	43,367
<b>Total Revenues</b>	<b>664,000</b>	<b>663,687</b>	<b>(313)</b>	<b>131,000</b>	<b>173,268</b>	<b>42,268</b>
<b>EXPENDITURES</b>						
Current:						
Economic and community development						
Public works						
Non-departmental				59,413	11,861	47,552
Other						
Police						
Debt service:						
Principal Repayments						
<b>Total Expenditures</b>				<b>59,413</b>	<b>11,861</b>	<b>47,552</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>664,000</b>	<b>663,687</b>	<b>(313)</b>	<b>71,587</b>	<b>161,407</b>	<b>89,820</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out				(200,000)		200,000
<b>Total Other Financing Sources (Uses)</b>				<b>(200,000)</b>		<b>200,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$664,000</b>	<b>663,687</b>	<b>(\$313)</b>	<b>(\$128,413)</b>	<b>161,407</b>	<b>\$289,820</b>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		2,899,341			386,550	
Fund balance - June 30		<u>\$3,563,028</u>			<u>\$547,957</u>	

NONOBLIGATED CAPITAL PROJECTS			PUBLIC SAFETY IMPACT FEE			OYSTER POINT IMPROVEMENT IMPACT FEES		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
				\$662	\$662		\$1,939	\$1,939
			\$73,000	72,330	(670)	\$454,000	451,647	(2,353)
			73,000	72,992	(\$8)	454,000	453,586	(414)
						52,570		52,570
						2,500		2,500
						454,000	453,381	619
						509,070	453,381	55,689
			73,000	72,992	(8)	(55,070)	205	55,275
(\$660,000)		\$660,000						
(660,000)		660,000						
(\$660,000)		\$660,000	\$73,000	72,992	(\$8)	(\$55,070)	205	\$55,275
	\$701,857						24,410	
	\$701,857			\$72,992			\$24,615	

**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, 2014**

<b>SEWER CAPACITY CHARGES</b>			
	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property taxes			
Other taxes			
Intergovernmental	\$10,000	\$5,449	(\$4,551)
Interest and rentals		(96)	(96)
Charges for services	200,000	217,084	17,084
Other			
Total Revenues	210,000	222,437	12,437
<b>EXPENDITURES</b>			
Current:			
Economic and community development			
Public works	2,500	2,500	
Non-departmental			
Other			
Police			
Debt service:			
Principal Repayments			
Total Expenditures	2,500	2,500	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	207,500	219,937	12,437
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Transfers out	(422,417)	(422,417)	
Total Other Financing Sources (Uses)	(422,417)	(422,417)	
NET CHANGE IN FUND BALANCES	(\$214,917)	(202,480)	\$12,437
Adjustment to budgetary basis:			
Encumbrance adjustments			
Fund balance - July 1		529,376	
Fund balance - June 30		\$326,896	

## 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, 2014**

	<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	\$565,714	\$10,634,789	\$11,530,996	\$3,641,014	\$26,372,513
Receivables:					
Accounts	25,025				25,025
Accrued interest	1,883	29,749	42,258	11,021	84,911
Due from other funds				9,000	9,000
Deposit		157,500	46,010		203,510
Prepaid Items			1,000,000		1,000,000
	<u>592,622</u>	<u>10,822,038</u>	<u>12,619,264</u>	<u>3,661,035</u>	<u>27,694,959</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable				424,412	424,412
Depreciable, net of accumulated depreciation	2,611			5,174,631	5,177,242
	<u>595,233</u>	<u>10,822,038</u>	<u>12,619,264</u>	<u>9,260,078</u>	<u>33,296,613</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	129,723	50,493	1,057,043	44,605	1,281,864
Current portion of accrued insurance loss		712,000			712,000
Current portion of compensated absences	51,693		739,461		791,154
Current portion of long-term debt				530,263	530,263
	<u>181,416</u>	<u>762,493</u>	<u>1,796,504</u>	<u>574,868</u>	<u>3,315,281</u>
Noncurrent liabilities:					
Accrued insurance loss		9,360,000			9,360,000
Compensated absences obligation	172,539		335,179		507,718
Net OPEB obligation			31,821,700		31,821,700
Noncurrent portion of long-term debt				2,786,573	2,786,573
	<u>172,539</u>	<u>9,360,000</u>	<u>32,156,879</u>	<u>2,786,573</u>	<u>44,475,991</u>
	<u>353,955</u>	<u>10,122,493</u>	<u>33,953,383</u>	<u>3,361,441</u>	<u>47,791,272</u>
<b>NET POSITION:</b>					
Net investment in capital assets	2,611			2,282,207	2,284,818
Unrestricted	238,667	699,545	(21,334,119)	3,616,430	(16,779,477)
	<u>\$241,278</u>	<u>\$699,545</u>	<u>(\$21,334,119)</u>	<u>\$5,898,637</u>	<u>(\$14,494,659)</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, 2014**

	<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	\$3,381,629	\$4,138,599	\$10,972,778	\$1,867,637	\$20,360,643
Total Operating Revenues	<u>3,381,629</u>	<u>4,138,599</u>	<u>10,972,778</u>	<u>1,867,637</u>	<u>20,360,643</u>
<b>OPERATING EXPENSES</b>					
Personnel expenses	1,665,074	859,744	10,186,898		12,711,716
OPEB expenses			4,560,000		4,560,000
Professional services	295,341	392,534	16,635		704,510
Program supplies	1,068,345		8,280	419,776	1,496,401
Insurance	7,566	938,293			945,859
Self-insurance and claims		1,345,178			1,345,178
Repair and maintenance	541,561			117,835	659,396
Utilities	33,317				33,317
Depreciation	580			689,189	689,769
Other	6,822		220,968	248,308	476,098
Total Operating Expenses	<u>3,618,606</u>	<u>3,535,749</u>	<u>14,992,781</u>	<u>1,475,108</u>	<u>23,622,244</u>
Operating Income (Loss)	<u>(236,977)</u>	<u>602,850</u>	<u>(4,020,003)</u>	<u>392,529</u>	<u>(3,261,601)</u>
<b>NONOPERATING</b>					
<b>REVENUES (EXPENSES)</b>					
Interest income	7,196	111,636	159,660	41,776	320,268
Interest expense				(108,798)	(108,798)
Gain from disposal of capital assets				32,902	32,902
Total Nonoperating Revenues (Expenses)	<u>7,196</u>	<u>111,636</u>	<u>159,660</u>	<u>(34,120)</u>	<u>244,372</u>
Net income (loss) before transfers	(229,781)	714,486	(3,860,343)	358,409	(3,017,229)
<b>TRANSFERS</b>					
Transfers in	92,694		1,206,000		1,298,694
Transfers out				(60,466)	(60,466)
Change in Net Position	(137,087)	714,486	(2,654,343)	297,943	(1,779,001)
Net Position - (deficits) July 1	<u>378,365</u>	<u>(14,941)</u>	<u>(18,679,776)</u>	<u>5,600,694</u>	<u>(12,715,658)</u>
Net Position - (deficits) June 30	<u>\$241,278</u>	<u>\$699,545</u>	<u>(\$21,334,119)</u>	<u>\$5,898,637</u>	<u>(\$14,494,659)</u>



**CITY OF SOUTH SAN FRANCISCO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<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	\$3,366,643	\$4,375,599	\$9,973,658	\$1,867,637	\$19,583,537
Cash payment to suppliers for goods and services	(1,952,952)	(1,330,827)	(4,245,883)	(785,919)	(8,315,581)
Cash payment to employees for services	(1,642,115)	(929,393)	(9,248,105)		(11,819,613)
Cash payment for judgments and claims		(1,080,178)			(1,080,178)
Other payments				(81,702)	(81,702)
Net Cash Provided by Operating Activities	<u>(228,424)</u>	<u>1,035,201</u>	<u>(3,520,330)</u>	<u>1,000,016</u>	<u>(1,713,537)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayments from other funds				13,000	13,000
Transfers in	92,694		1,206,000		1,298,694
Transfers out				(60,466)	(60,466)
Net Cash Provided by Noncapital Financing Activities	<u>92,694</u>		<u>1,206,000</u>	<u>(47,466)</u>	<u>1,251,228</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on capital lease				(449,757)	(449,757)
Interest payments				(108,798)	(108,798)
Proceeds from issuances of capital lease				682,040	682,040
Acquisition of capital assets, net				(1,616,462)	(1,616,462)
Proceeds from the sale of capital assets				32,902	32,902
Net Cash Used in Capital and Related Financing Activities				<u>(1,460,075)</u>	<u>(1,460,075)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	7,352	111,158	164,655	45,677	328,842
Net Cash Provided by Investing Activities	<u>7,352</u>	<u>111,158</u>	<u>164,655</u>	<u>45,677</u>	<u>328,842</u>
Net Increase (Decrease) in cash and cash equivalents	(128,378)	1,146,359	(2,149,675)	(461,848)	(1,593,542)
Cash and cash equivalents, beginning	694,092	9,488,430	13,680,671	4,102,862	27,966,055
Cash and cash equivalents, ending	<u>\$565,714</u>	<u>\$10,634,789</u>	<u>\$11,530,996</u>	<u>\$3,641,014</u>	<u>\$26,372,513</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	(\$236,977)	\$602,850	(\$4,020,003)	\$392,529	(\$3,261,601)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	580			689,189	689,769
Net change in assets and liabilities:					
Accounts and lease receivables	(14,986)	237,000	880		222,894
Prepaid Items			(1,000,000)		(1,000,000)
Accounts payable	(9,547)	(69,649)	996,967	(81,702)	836,069
Other payable					
Accrued insurance losses		265,000			265,000
OPEB obligations			560,000		560,000
Compensated absence obligations	32,506		(58,174)		(25,668)
Net Cash Provided by (Used in) Operating Activities	<u>(\$228,424)</u>	<u>\$1,035,201</u>	<u>(\$3,520,330)</u>	<u>\$1,000,016</u>	<u>(\$1,713,537)</u>

<b>AGENCY FUND</b>
--------------------

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, 2014**

**SSF Employee Deferred Comp Trust Oversight**

	<b><u>Balance June 30, 2013</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Balance June 30, 2014</u></b>
<b>ASSETS</b>				
Cash and investments	\$20,798	\$52,147	\$20,798	\$52,147
Accrued interest	101	110	101	110
Total Assets	<u>\$20,899</u>	<u>\$52,257</u>	<u>\$20,899</u>	<u>\$52,257</u>
<b>LIABILITIES</b>				
Accounts payable	\$142	\$17,711	\$142	\$17,711
Other accrued liabilities	20,757	34,546	20,757	34,546
Total Liabilities	<u>\$20,899</u>	<u>\$52,257</u>	<u>\$20,899</u>	<u>\$52,257</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>
--

**Operating Information**

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

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

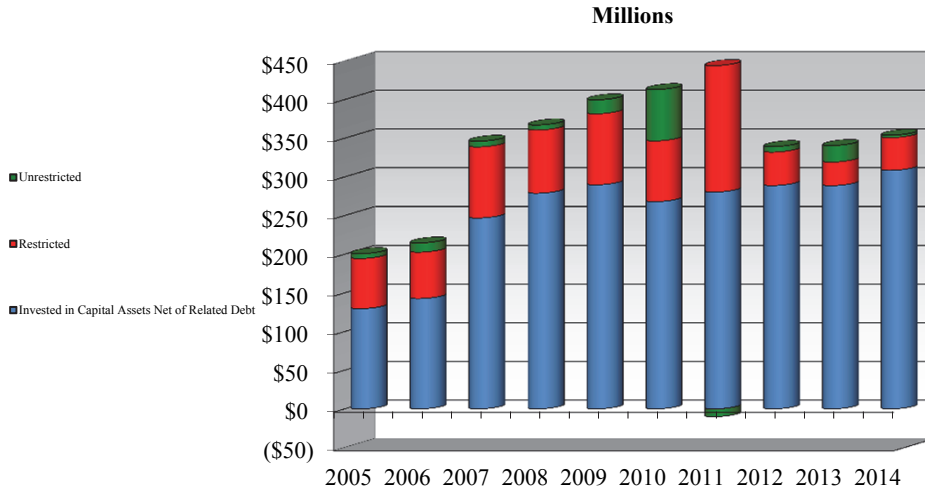
**Miscellaneous Information**

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

**Sources**

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

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



	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$100,135,849	\$110,328,726	\$212,273,574	\$233,230,681	\$237,441,155
Restricted	63,029,154	58,015,343	89,194,344	80,346,634	86,962,890
Unrestricted	9,528,256	11,886,141	3,306,910	9,205,150	21,455,067
Total governmental activities net position	<u>\$172,693,259</u>	<u>\$180,230,210</u>	<u>\$304,774,828</u>	<u>\$322,782,465</u>	<u>\$345,859,112</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$29,419,584	\$32,352,591	\$34,640,593	\$45,635,119	\$52,347,955
Restricted	1,935,907	2,059,070	2,806,562	1,480,000	4,971,538
Unrestricted	(3,294,378)	(44,279)	3,951,703	(2,674,600)	(3,496,600)
Total business-type activities net position	<u>\$28,061,113</u>	<u>\$34,367,382</u>	<u>\$41,398,858</u>	<u>\$44,440,519</u>	<u>\$53,822,893</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$129,555,433	\$142,681,317	\$246,914,167	\$278,865,800	\$289,789,110
Restricted	64,965,061	60,074,413	92,000,906	81,826,634	91,935,428
Unrestricted	6,233,878	11,841,862	7,258,613	6,530,550	17,958,467
Total primary government net position	<u>\$200,754,372</u>	<u>\$214,597,592</u>	<u>\$346,173,686</u>	<u>\$367,222,984</u>	<u>\$399,683,005</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$209,507,012	214,246,561	\$218,218,696	\$216,508,668	\$230,440,390
Restricted	78,625,094	163,669,353	43,321,286	30,514,986	42,367,623
Unrestricted	65,537,953	(19,267,010)	(3,837,201)	8,021,490	(12,317,511)
Total governmental activities net position	<u>\$353,670,059</u>	<u>\$358,648,904</u>	<u>\$257,702,781</u>	<u>\$255,045,144</u>	<u>\$260,490,502</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$58,522,676	\$66,113,596	\$70,653,841	\$72,217,660	\$78,045,318
Unrestricted	792,921	9,292,189	10,877,105	13,353,988	15,367,085
Total business-type activities net position	<u>\$59,315,597</u>	<u>\$75,405,785</u>	<u>\$81,530,946</u>	<u>\$85,571,648</u>	<u>\$93,412,403</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$268,029,688	\$280,360,157	\$288,872,537	\$288,726,328	\$308,485,708
Restricted	78,625,094	163,669,353	43,321,286	30,514,986	42,367,623
Unrestricted	66,330,874	(9,974,821)	7,039,904	21,375,478	3,049,574
Total primary government net position	<u>\$412,985,656</u>	<u>\$434,054,689</u>	<u>\$339,233,727</u>	<u>\$340,616,792</u>	<u>\$353,902,905</u>

Source: City of South San Francisco, Department of Finance

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General Government	\$6,157,772	\$5,825,030	\$6,278,669	\$7,435,350	\$7,140,676	\$6,538,052	\$7,711,156	\$7,801,328	\$8,360,945	\$7,155,035
Fire Department	14,285,287	14,891,017	14,960,270	17,147,670	19,047,877	17,868,050	20,032,141	20,749,323	22,746,291	21,200,903
Police Department	15,543,813	16,582,172	17,951,508	18,959,373	21,051,263	20,352,570	22,429,782	23,330,208	24,756,958	24,376,379
Public Works	7,925,565	10,595,999	13,472,084	16,286,592	20,924,132	15,873,783	17,127,086	21,269,281	15,773,710	14,980,417
Park, Recreation and Maintenance Services	5,744,073	5,163,333	4,989,601	11,233,170	11,574,808	10,411,821	10,866,568	11,641,892	12,570,236	12,658,309
Library	4,628,578	4,104,854	4,432,731	4,719,233	4,959,138	4,616,658	4,664,490	4,754,760	4,615,967	4,310,550
Economic and Community Development	8,451,212	18,431,929	16,158,998	4,712,239	15,886,834	23,147,877	15,018,495	8,702,949	16,126,427	5,525,541
Interest on Long - Term Debt	3,284,503	2,171,325	4,883,053	5,694,097	5,289,818	5,035,780	4,249,454	3,328,244	52,139	
Total Governmental Activities Expenses	66,020,803	77,765,659	83,126,914	86,187,723	103,844,591	103,844,591	102,099,172	101,577,985	105,002,673	90,207,134
Business-Type Activities:										
Sewer Rental	14,479,633	14,880,113	14,705,709	16,340,344	17,549,690	18,944,267	19,277,959	19,446,739	20,870,522	19,301,103
Parking District	229,087	303,712	352,629	363,878	341,100	338,995	571,261	769,117	792,609	943,859
Storm Water	565,827	675,773	683,458	705,099	746,316	722,232	710,903	1,010,093	1,655,950	1,078,668
Total Business-Type Activities Expenses	15,274,547	15,859,598	15,741,796	17,409,321	18,637,106	20,005,494	20,560,123	21,225,949	23,319,081	21,323,830
Total Primary Government Expenses	\$81,295,350	\$93,625,257	\$98,868,710	\$103,597,044	\$124,511,652	\$123,850,085	\$122,659,295	\$122,803,934	\$128,321,754	\$111,530,964
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$2,159,550	\$2,093,574	\$2,403,697	\$2,578,384	\$2,689,370	\$2,539,316	\$2,688,990	\$2,032,292	\$1,951,016	\$5,785,598
Fire Department	1,634,048	2,339,139	2,699,426	2,425,673	2,415,617	2,851,984	3,221,837	3,697,665	2,987,956	3,044,952
Police Department	1,613,103	1,539,685	1,765,507	1,685,514	1,650,620	1,479,104	1,815,405	2,599,149	2,640,146	2,805,640
Public Works	192,960	460,184	164,846	2,973,297	2,462,538	4,412,581	3,805,824	3,607,224	2,926,227	4,734,813
Park, Recreation and Maintenance Services	2,554,380	2,738,378	2,757,513	3,755,368	4,872,718	3,032,399	3,004,435	3,178,276	3,433,567	3,571,947
Library	172,309	240,238	192,445	233,753	240,542	187,380	168,505	143,971	125,416	138,827
Economic and Community Development	3,406,430	6,039,752	10,041,002	4,483,292	4,868,445	4,652,031	4,944,328	4,968,383	3,457,020	5,800,849
Operating Grants and Contributions	4,139,354	4,789,269	5,719,440	6,840,628	13,388,016	5,786,227	5,549,711	5,650,685	5,455,010	5,601,916
Capital Grants and Contributions	5,914,588	5,468,406	8,433,785	3,113,674	182,462	2,177,877	2,728,543	1,471,416	4,036,786	1,538,225
Total Government Activities Program Revenues	21,786,722	25,708,625	34,177,661	28,089,583	32,770,328	25,158,899	27,927,578	27,349,061	27,013,144	33,282,767
Business-Type Activities:										
Charges for Services:										
Sewer Rental	10,784,174	12,116,388	12,568,533	14,112,051	15,770,470	17,486,418	18,087,695	19,310,286	19,338,107	19,155,467
Parking District	401,131	447,431	449,945	553,317	606,847	616,578	722,807	760,248	732,932	785,586
Storm Water	401,484	410,175	413,087	413,087	419,446	422,467	406,589	409,498	427,291	409,458
Operating Grants and Contributions	3,606,243	7,185,612	5,709,258	4,951,013	10,392,219	5,679,902	5,509,874	5,936,527	6,137,401	7,619,601
Capital Grants and Contributions	893,318	1,452,115	3,096,728	173,767	162,599	24,720	31,670			
Total Business-Type Activities Program Revenue	16,086,350	21,611,721	22,237,551	20,211,875	27,351,581	24,230,085	24,758,635	26,416,559	26,635,731	27,970,112
Total Primary Government Program Revenues	\$37,873,072	\$47,320,346	\$56,415,212	\$48,301,458	\$60,121,909	\$49,388,984	\$52,686,213	\$53,765,620	\$53,648,875	\$61,252,879
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(\$44,234,081)	(\$52,057,034)	(\$48,949,253)	(\$58,098,140)	(\$73,104,218)	(\$78,685,692)	(\$74,171,594)	(\$74,228,924)	(\$77,989,529)	(\$56,924,367)
Business-Type Activities	811,803	5,752,123	6,495,755	2,802,554	8,714,475	4,224,591	4,198,512	5,190,610	3,316,650	6,646,282
Total Primary Government Net Expense	(\$43,422,278)	(\$46,304,911)	(\$42,453,498)	(\$55,295,586)	(\$64,389,743)	(\$74,461,101)	(\$69,973,082)	(\$69,038,314)	(\$74,672,879)	(\$50,278,085)

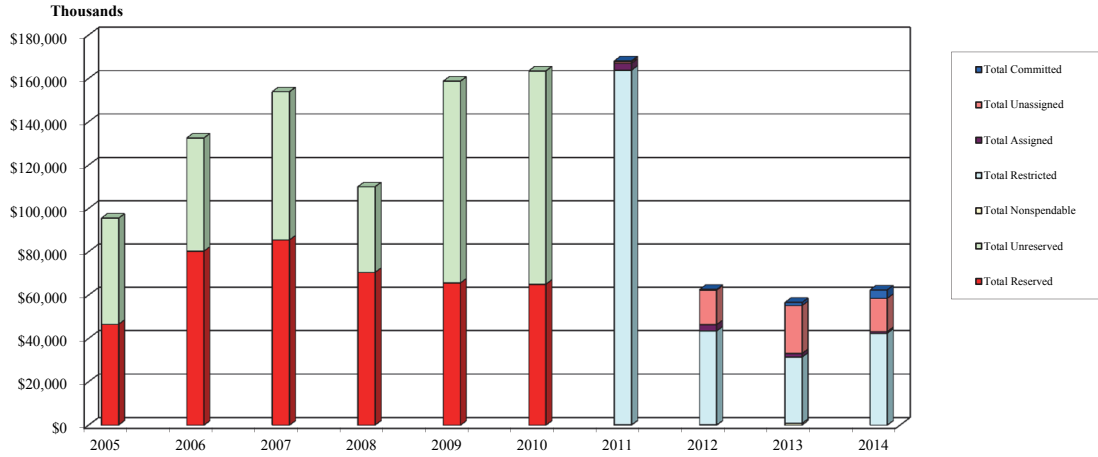
**CITY OF SOUTHSAN FRANCISCO**  
**Changes in Net Position**  
 (continued)  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$30,669,363	\$33,504,624	\$41,469,349	\$44,165,490	\$59,369,550	\$55,014,367	\$54,323,420	\$37,379,175	\$26,420,861	\$22,890,828
Sales Taxes	10,676,202	11,944,496	12,446,921	12,180,885	11,752,776	9,146,620	11,199,175	11,691,564	12,931,805	12,725,141
Transient Occupancy Tax	4,518,293	5,469,708	5,959,034	7,098,284	6,178,391	5,820,675	7,191,938	8,619,170	9,659,281	11,174,017
Other Taxes	5,057,871	5,076,182	5,369,868	6,083,162	6,870,791	6,768,753	7,071,446	7,089,687	7,588,471	8,141,010
Motor Vehicle In-Lieu	2,979,413	4,463,069	411,098	267,061	183,193	192,035	211,503	168,214	33,767	40,074
Property taxes in lieu of vehicle license fees			4,206,799	4,608,649	5,563,165	5,224,547	5,086,144	5,153,384	4,955,873	5,319,154
Interest Earnings	1,855,742	3,627,834	6,924,292	8,994,203	4,760,345	5,127,255	3,944,785	2,384,207	809,721	1,108,177
Other	3,332,974	3,170,305	4,551,050	1,417,773	1,925,666	1,496,744	1,891,421	9,300,137	1,965,744	2,012,444
Extraordinary Item					(423,012)	(1,459,296)	(11,769,393)	(107,717,438)	(906,857)	(1,041,120)
Transfers	66,315	(474,027)	(176,680)	(169,330)	(8,540,400)			(785,309)	11,873,226	
Special item										
Cumulative effect from change in accounting method		(7,188,206)								
Total Government Activities	59,156,173	59,593,985	81,161,731	76,105,777	96,180,865	87,331,700	79,150,439	(26,717,199)	75,331,892	62,369,725
Business-Type Activities:										
Interest Earnings	32,791	80,119	359,041	69,777	244,887	175,188	122,283	149,242	95,177	153,353
Transfers	(66,315)	474,027	176,680	169,330	423,012	1,459,296	11,769,393	785,309	906,857	1,041,120
Total Business-Type Activities	(33,524)	554,146	535,721	239,107	667,899	1,634,484	11,891,676	934,551	1,002,034	1,194,473
Total Primary Government	\$59,122,649	\$60,148,131	\$81,697,452	\$76,344,884	\$96,848,764	\$88,966,184	\$91,042,115	(\$25,782,648)	\$76,333,926	\$63,564,198
<b>Change in Net Position</b>										
Governmental Activities	\$14,922,092	\$7,536,951	\$32,212,478	\$18,007,637	\$23,076,647	\$8,646,008	\$4,978,845	(\$100,946,123)	(\$2,657,637)	\$5,445,358
Business-Type Activities	778,279	6,306,269	7,031,476	3,041,661	9,382,374	5,859,075	16,090,188	6,125,161	4,318,684	7,840,755
Total Primary Government	\$15,700,371	\$13,843,220	\$39,243,954	\$21,049,298	\$32,459,021	\$14,505,083	\$21,069,033	(\$94,820,962)	\$1,661,047	\$13,286,113



This Page Left Intentionally Blank

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



	(b)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$421,700	\$453,567	\$732,903	\$283,435	\$554,692	\$889,186				
Unreserved	12,612,724	16,586,724	20,359,471	14,503,263	17,509,823	14,841,958				
Nonspendable							\$67,129	\$90,167	\$805,677	\$14,163
Committed							401,797	208,054	1,406,430	3,879,451
Assigned							771,849	840,365	566,104	743,746
Unassigned							15,049,168	17,347,445	23,498,194	15,891,899
<b>Total General Fund</b>	<b>\$13,034,424</b>	<b>\$17,040,291</b>	<b>\$21,092,374</b>	<b>\$14,786,698</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>
All Other Governmental Funds										
Reserved	\$46,097,870	\$79,859,526	\$84,748,754	\$70,194,663	\$65,117,971	\$64,163,373				
Unreserved, reported in:										
Special revenue funds	10,906,232	13,559,250	17,973,390	21,286,431	23,826,184	11,079,390				
Debt service funds	121,702	126,691	124,003	119,525	121,764	3,198,600				
Capital project funds	25,305,608	21,945,889	29,928,573	3,578,595	51,589,538	69,286,211				
Restricted							\$163,727,096	\$43,364,540	\$30,539,396	\$42,392,238
Assigned							2,390,904	2,076,065	1,105,320	
Unassigned							(14,353,252)	(1,388,956)	(1,379,895)	(521,604)
<b>Total all other governmental funds</b>	<b>\$82,431,412</b>	<b>\$115,491,356</b>	<b>\$132,774,720</b>	<b>\$95,179,214</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>

(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.

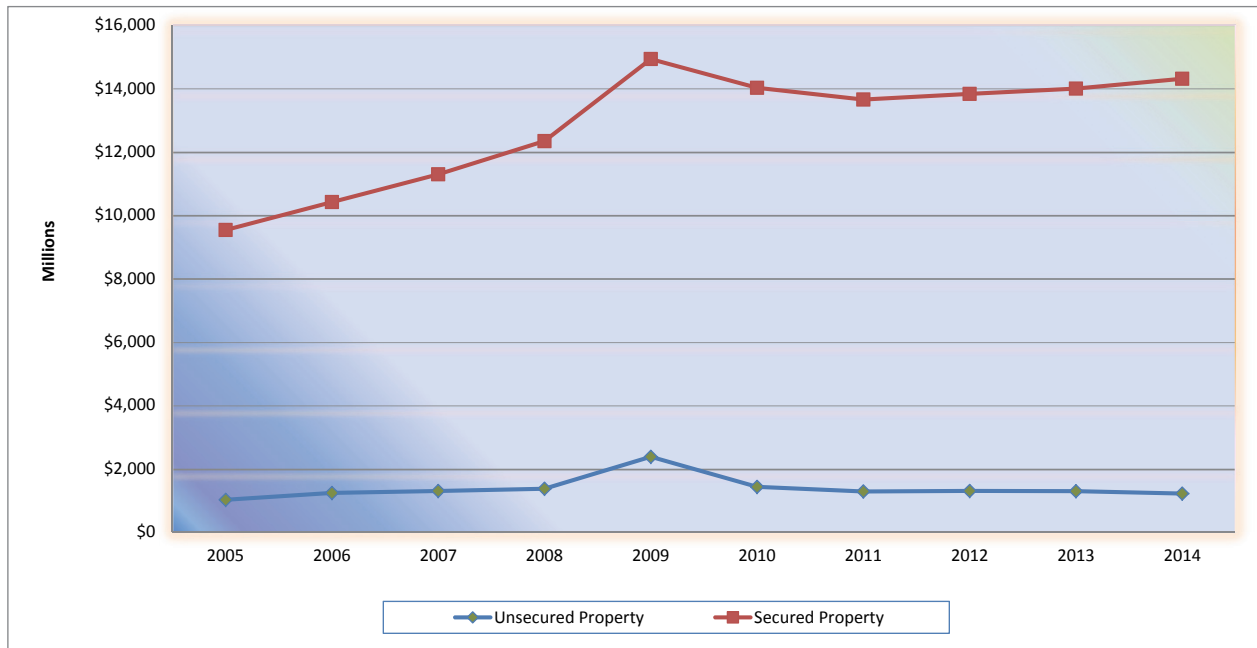
**CITY OF SOUTH SAN FRANCISCO**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>				
Property Taxes	\$30,669,363	\$33,504,626	\$41,469,349	\$44,165,490
Other Taxes	19,804,438	22,157,878	23,505,138	24,313,543
Intergovernmental revenues	8,067,360	11,495,084	9,103,859	13,219,053
Interest and Rents	4,882,565	6,807,538	1,043,528	12,318,594
Licenses and permits	4,286,728	5,342,009	5,557,296	5,716,017
Charges for services	10,340,529	10,533,289	6,729,772	10,792,043
Fines and forfeitures	971,050	889,085	10,691,238	1,073,603
Other	1,609,388	2,065,054	17,083,402	1,091,514
Total Revenues	<u>80,631,421</u>	<u>92,794,563</u>	<u>115,183,582</u>	<u>112,689,857</u>
<b>Expenditures</b>				
Current:				
General government	4,428,283	4,211,157	4,451,564	5,897,066
Fire Department	13,867,143	14,713,658	14,972,467	16,875,311
Police Department	15,238,191	16,425,238	18,040,508	18,757,394
Public works	16,493,303	16,722,028	15,038,206	14,910,401
Recreation and Community Services	5,076,651	4,631,328	4,927,687	10,826,041
Library	4,413,828	4,064,649	4,399,017	4,766,821
Economic and Community Development	8,323,198	18,344,116	15,675,694	13,848,049
Other	1,115,641	1,169,699	633,060	1,023,435
Capital outlay	1,688,984	2,429,448	844,744	36,544,741
Debt service:				
Principal repayment	1,559,200	23,094,686	8,610,556	1,692,296
Interest and fiscal charges	2,438,467	2,393,177	5,500,469	5,441,036
Total Expenditures	<u>74,642,889</u>	<u>108,199,184</u>	<u>93,093,972</u>	<u>130,582,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,988,532</u>	<u>(15,404,621)</u>	<u>22,089,610</u>	<u>(17,892,734)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	21,080,897	20,973,246	14,505,346	20,182,014
Transfers (out)	(19,833,372)	(20,890,788)	(14,351,319)	(24,253,621)
Tax allocation bonds issued		70,675,000		
Premium on bonds		2,005,535		
Payments to refunded bond escrow		(13,118,105)		
Other debt proceeds	4,378,275			
Sale of capital assets	96,500	13,750	13,750	13,750
Total other financing sources (uses)	<u>5,722,300</u>	<u>59,658,638</u>	<u>167,777</u>	<u>(4,057,857)</u>
Net Change in fund balances before extraordinary item	<u>11,710,832</u>	<u>44,254,017</u>	<u>22,257,387</u>	<u>(21,950,591)</u>
Extraordinary item				
Net change in fund balances	<u>\$11,710,832</u>	<u>\$44,254,017</u>	<u>\$22,257,387</u>	<u>(\$21,950,591)</u>
Debt service as a percentage of noncapital expenditures	4.7%	21.6%	13.9%	8.9%

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$59,369,550	\$54,718,916	\$54,128,998	\$38,174,655	\$27,077,697	\$23,010,136
22,755,561	19,771,310	23,412,992	28,866,546	31,894,811	33,931,446
15,088,171	10,609,605	11,860,658	11,580,530	13,054,594	10,757,440
7,625,428	7,680,293	7,612,223	4,955,223	3,238,089	3,632,693
5,957,815	7,270,081	7,004,603	3,056,507	3,054,451	4,366,271
13,644,314	9,986,352	10,010,541	10,088,070	9,275,724	16,864,409
1,013,434	1,054,549	2,133,677	2,184,234	1,753,682	1,528,319
3,722,979	2,542,492	2,261,247	3,000,563	1,837,675	2,249,728
<u>129,177,252</u>	<u>113,633,598</u>	<u>118,424,939</u>	<u>101,906,328</u>	<u>91,186,723</u>	<u>96,340,442</u>
5,752,948	5,916,364	6,407,094	6,485,219	6,658,532	5,970,429
17,724,990	16,790,834	18,140,954	18,812,861	20,877,917	20,163,759
19,989,136	19,359,770	20,272,684	21,217,818	22,542,135	23,309,568
12,360,989	8,416,242	9,856,201	14,253,609	9,186,493	16,791,894
10,700,332	9,960,090	10,168,425	10,101,408	10,927,433	11,552,502
4,679,270	4,342,662	4,231,762	4,272,701	4,112,570	3,987,928
19,554,780	26,279,406	19,894,692	8,184,334	20,512,545	5,972,966
474,805					
4,247,021	6,724,022	6,969,052	8,894,514		
1,755,426	1,887,434	1,842,000	1,752,000		453,381
4,571,150	4,255,050	4,274,170	1,817,764	52,139	
<u>101,810,847</u>	<u>103,931,874</u>	<u>102,057,034</u>	<u>95,792,228</u>	<u>94,869,764</u>	<u>88,202,427</u>
<u>27,366,405</u>	<u>9,701,724</u>	<u>16,367,905</u>	<u>6,114,100</u>	<u>(3,683,041)</u>	<u>8,138,015</u>
18,754,214	18,047,351	88,175,882	108,413,018	4,467,530	21,870,234
(19,330,934)	(22,175,268)	(99,947,814)	(109,646,766)	(6,780,943)	(24,149,582)
13,784					
<u>(562,936)</u>	<u>(4,127,917)</u>	<u>11,771,932</u>	<u>(1,233,748)</u>	<u>(2,313,413)</u>	<u>(2,279,348)</u>
<u>26,803,469</u>	<u>5,573,807</u>	<u>4,595,973</u>	<u>4,880,352</u>	<u>(5,966,454)</u>	<u>5,858,667</u>
			<u>(110,397,363)</u>		
<u>\$26,803,469</u>	<u>\$5,573,807</u>	<u>\$4,595,973</u>	<u>(\$105,517,011)</u>	<u>(\$5,966,454)</u>	<u>\$5,858,667</u>
6.8%	6.6%	6.7%	4.2%	0.1%	0.6%

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



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2005	\$4,180,939,020	\$759,135,638	\$2,605,709,981	\$968,695,644	\$8,514,480,283	\$1,015,822,692	\$9,530,302,975	\$9,530,302,975	0.30211%
2006	4,695,615,723	1,015,770,532	3,104,488,020	363,794,750	9,179,669,025	1,232,399,424	10,412,068,449	10,412,068,449	0.30509%
2007	5,088,269,711	1,166,696,622	3,456,741,386	280,811,705	9,992,519,424	1,294,249,195	11,286,768,619	11,286,768,619	0.30977%
2008	5,484,465,766	1,227,775,836	3,934,414,550	324,421,836	10,971,077,988	1,365,179,480	12,336,257,468	12,336,257,468	0.31878%
2009	5,790,070,116	1,368,274,141	4,871,255,093	523,110,471	12,552,709,821	2,373,808,053	14,926,517,874	14,926,517,874	0.34939%
2010	5,467,563,992	1,429,401,205	5,197,739,403	498,656,817	12,593,361,417	1,424,610,941	14,017,972,358	14,017,972,358	0.36462%
2011	5,547,292,029	1,509,554,164	4,922,422,763	387,673,530	12,366,942,486	1,279,681,193	13,646,623,679	13,646,623,679	0.36933%
2012	5,579,044,758	1,581,852,456	4,967,158,758	403,895,119	12,531,951,091	1,295,085,027	13,827,036,118	13,827,036,118	0.37860%
2013	5,606,400,603	1,628,754,902	5,050,279,321	418,927,733	12,704,362,559	1,288,434,392	13,992,796,951	13,992,796,951	0.42174%
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%

Source: HdL Coren & Cone, San Mateo County Assessor 2013/14 Combined Tax Rolls (NC609051509) & San Mateo County Auditor

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

<b>Fiscal Year</b>	<b>City</b>	<b>County (1)</b>	<b>School Districts</b>	<b>Misc. Special Districts</b>	<b>Total</b>	
2005	0.000	1.000	0.0271	0.0000	1.0291	(1,11)
2006	0.000	1.000	0.0247	0.0000	1.0267	(1,12)
2007	0.000	1.000	0.0379	0.0000	1.0396	(1,13)
2008	0.000	1.000	0.0360	0.0000	1.0386	(1,14)
2009	0.000	1.000	0.0327	0.0000	1.0355	(1,15)
2010	0.000	1.000	0.0377	0.0000	1.0407	(1,16)
2011	0.000	1.000	0.0389	0.0000	1.0423	(1,17)
2012	0.000	1.000	0.0420	0.0000	1.0454	(1,18)
2013	0.000	1.000	0.0521	0.0000	1.0550	(1,19)
2014	0.000	1.000	0.5220	0.0000	1.0558	(1,20)

Notes:

- (1) Like other cities, South San Francisco includes several property tax rate areas with different rates. A mean average is indicated.
- (11) Of the 63 tax rate areas in the City, 57 have a tax rate of 1.0271 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0524, which includes Jefferson Union High School bonds, one has a rate of 1.0597, which includes San Bruno Park Elementary and San Mateo High bonds, one at a tax rate of 1.0229 percent, for Series 99 SSFUSD bonds, and one at a tax rate of 1.0459 percent, for Brisbane ESD bonds and Jefferson Union High School bonds.
- (12) Of the 63 tax rate areas in the City, 58 have a tax rate of 1.0247 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0485, which includes Jefferson Union High School bonds, one has a rate of 1.0574, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of 1.0450 percent, for Brisbane ESD bonds and Jefferson Union High School bonds.
- (13) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0379 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have a rate of 1.0612, which includes Jefferson Union School bonds, one has a rate of 1.0664, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of 1.0575 percent, for Brisbane ESD bonds and Jefferson Union High School bonds.
- (14) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0360 percent which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond, 3 have the rate of 1.0756, which includes Jefferson Union School bonds, one has a rate of 1.0716, which includes San Bruno Park Elementary and San Mateo High bonds, and one at a tax rate of of 1.0596 percent, for Brisbane ESD bonds and Jefferson union High School bonds.
- (15) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0327 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond. 2 have the rate of 1.0719 and one has a rate of 1.0689, which includes Jefferson Union School bonds and Brisbane ESD bonds, and one has a rate of 1.0710 which includes San BrunoPark Elementary.
- (16) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0377 percent, which includes South San Francisco Unified School District bonds and San Mateo Jr. College bond. 3 have the rate of 1.0783 and one has a rate of 1.0748, which includes Jefferson Union School bonds, and Brisbane ESD bonds, and one has a rate of 1.0804 which includes San BrunoPark Elementary.
- (17) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0389 percent, which includes SSFUSD bonds and San mateo Jr College bond. 3 has a rate of 1.0870 percent and one at 1.0832 percent which includes Jefferson Union School bonds and Brisbane ESD bonds. One has a rate of 1.0834 percent which includes San Bruno Park Elementary.
- (18) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0420 percent, which includes SSFUSD bonds and San mateo Jr College bond. 3 has a rate of 1.0893 percent and one at 1.0854 percent which includes Jefferson Union School bond, Brisbane ESD bonds & San Mateo JR College bonds and one has a rate of 1.0909 percent which includes San Bruno Park Elementary.
- (19) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0521 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.0921 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0905 percent, which includes San Bruno Pk Elem bond, SM Union High, SM Jr College bond and San Mateo Comm Coll bond.
- (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, SM Jr College bond and San Mateo Comm Coll bond.

Source: San Mateo County Controllers Office, Schedule of Tax and Valuation of Taxable Property 2013-14.

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

Taxpayer	2013-14			2004-05		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$1,786,247,540	1	12.5%	\$1,027,549,180	1	10.92%
Slough SSF LLC De	1,057,879,509	2	7.4%	--	--	--
Slough BTC LLC	--	--	--	246,103,957	3	2.62%
Britannia Pointe Grand LP	286,079,475	3	2.0%	132,408,419	4	1.41%
ARE San Francisco LLC	227,558,340	4	1.6%	--	--	--
United Airlines	192,172,702	5	1.3%	289,972,076	2	3.08%
Myers Peninsula Venture LLC	138,793,737	6	1.0%	--	--	--
Gateway Center LLC	137,981,651	7	1.0%	98,800,000	5	1.05%
BMR 180 Oyster Point LLC	129,633,840	8	0.9%	--	--	--
ASN Solaire LLC	106,660,104	9	0.7%	--	--	--
ARE San Francisco NO 41 Exch LLC	103,253,158	10	0.7%	--	--	--
BNP Leasing Corporation	--	--	--	83,226,559	6	0.88%
SFO Fuel Company LLC	--	--	--	73,402,701	7	0.78%
Exelixis inc	--	--	--	60,764,265	8	0.65%
Costco	--	--	--	58,906,484	9	0.63%
Britannia Biotech Gateway LLP	--	--	--	57,880,907	10	0.62%
Subtotal	<u>\$4,166,260,056</u>		<u>29.1%</u>	<u>\$2,129,014,548</u>		<u>22.63%</u>

Total Net Assessed Valuation:

Fiscal Year 2013-14                      \$14,304,352,770  
Fiscal Year 2004-05                      \$9,407,408,777

Source: HdL Coren & Cone, 2004-05 & 2013-14 Top Ten Property Taxpayers (Net Values)

San Mateo County Assessor 2003-04 & 2013-14 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, 2014**

<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>
Slough	\$928,237,901		\$928,237,901	21.92%	Industrial
Genentech	247,634,854	\$189,060,020	436,694,874	10.31%	Industrial, Office, R&D
Britannia Pointe Grand LP	421,225,906		421,225,906	9.94%	Industrial
BMR Gateway LLC	281,844,360		281,844,360	6.65%	Commercial
ARE San Francisco Exch LLC	220,241,204		220,241,204	5.20%	Industrial, Commercial
Gateway Center LLC DE	137,981,651		137,981,651	3.26%	Commercial
ASN Solaire LLC	106,660,104		106,660,104	2.52%	Residential
Costco Wholesale Corp	39,369,786	37,720,308	77,090,094	1.82%	Commercial
HCP Oyster Point III LLC	67,521,959		67,521,959	1.59%	Unknown
Gateway Boulevard LLC	58,783,888		58,783,888	1.39%	Industrial
BP Gateway Center LLC	56,969,135		56,969,135	1.35%	Commercial, Office, 2+ stories
DWF III Gateway LLC	52,339,592		52,339,592	1.24%	Commercial
HPTMI II Properties Trust	43,250,000	991,632	44,241,632	1.04%	Commercial
Oik Sierra Point LLC	42,159,926		42,159,926	1.00%	Commercial
Elan Pharmaceuticals Inc.		40,701,216	40,701,216	0.96%	Industrial
Blue Line Transfer Inc.	38,193,968		38,193,968	0.90%	Industrial
Oyster Point LLC	34,710,000		34,710,000	0.82%	Commercial, Office, 2+ stories
Theravance Inc.		34,184,841	34,184,841	0.81%	Industrial, Office, R&D
Areus Inc	33,878,926		33,878,926	0.80%	Commercial
Amgen Inc		33,125,796	33,125,796	0.78%	Industrial
<b>Total Top Twenty</b>	<b>\$2,811,003,160</b>	<b>\$335,783,813</b>	<b>\$3,146,786,973</b>	<b>74.30%</b>	
<b>Percent of AV</b>	<b>89.3%</b>	<b>10.7%</b>		<b>74.30%</b>	

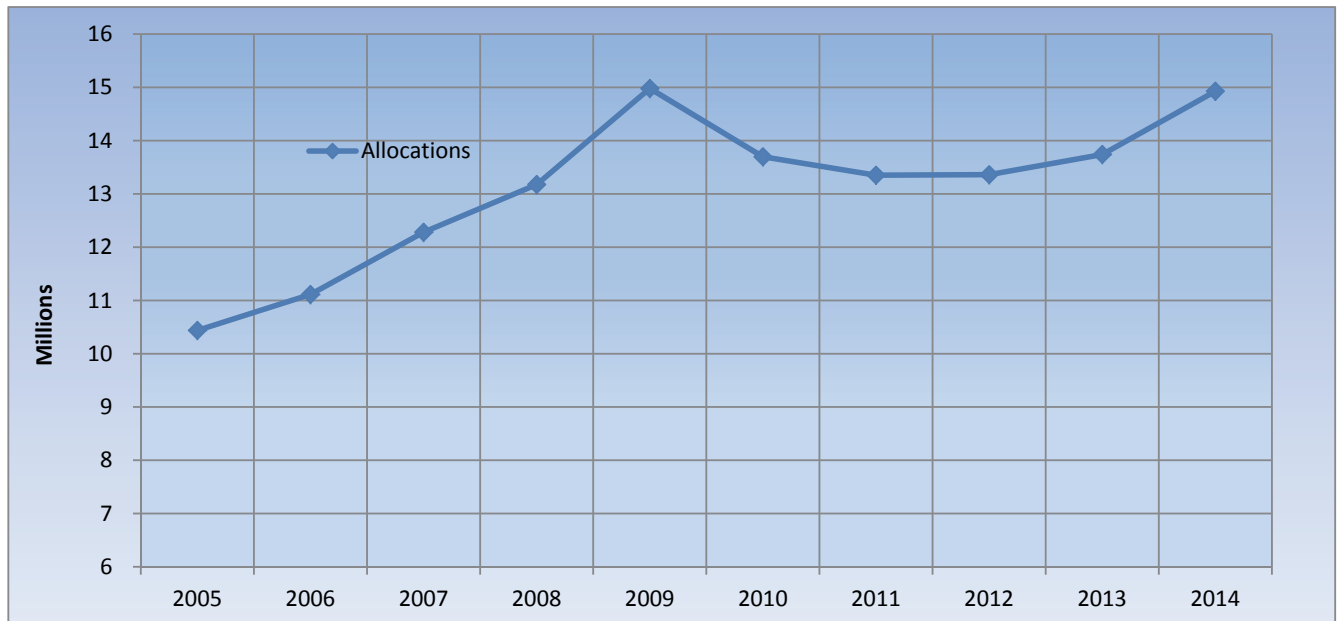
(1) Given the nature of the research performed at Genentech, a significant portion of the total assessed value of the Genentech Property is likely equipment. It would appear on the secured roll as that contains the value of personal property/improvements

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

Source: Muni Services



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



Fiscal Year	Rate <sup>(2)</sup>	Levies <sup>(3)</sup>	Allocations <sup>(5)</sup>	Collections	Delinquencies	Delinquent taxes as a Percent of
2005	1.00	(4)	10,438,333	(4)	(4)	0.0%
2006	1.00	(4)	11,112,993	(4)	(4)	0.0%
2007	1.00	(4)	12,281,105	(4)	(4)	0.0%
2008	1.00	(4)	13,177,156	(4)	(4)	0.0%
2009	1.00	(4)	14,979,798	(4)	(4)	0.0%
2010	1.00	(4)	13,697,389	(4)	(4)	0.0%
2011	1.00	(4)	13,351,506	(4)	(4)	0.0%
2012	1.00	(4)	13,360,854	(4)	(4)	0.0%
2013	1.00	(4)	13,740,246	(4)	(4)	0.0%
2014	1.00	(4)	14,928,197	(4)	(4)	0.0%

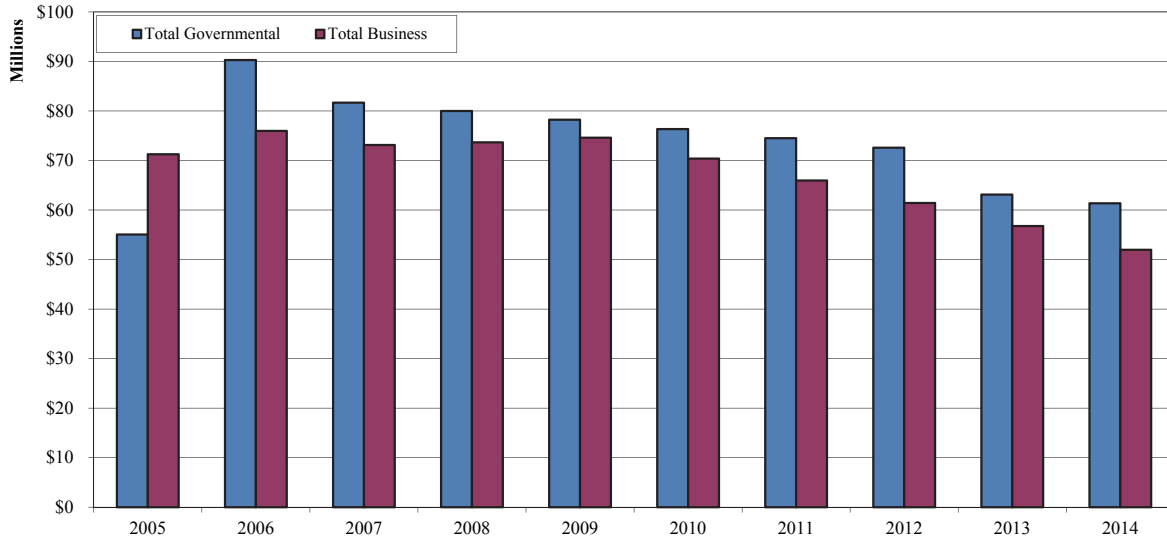
Notes:

- (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 (b)**

Fiscal Year	RDA Tax Allocation Bonds	Lease Revenue Bonds	Certificates of Participation	Special Assessment Debt	Loans	Total
2005	\$38,085,000	\$266,249	\$5,465,000		\$11,239,163	\$55,055,412
2006	73,495,000	231,549	5,335,000		11,227,163	90,288,712
2007	72,400,000	194,156	5,200,000		3,884,000	81,678,156
2008	71,000,000	153,860	5,060,000		3,772,000	79,985,860
2009	69,545,000	110,434	4,915,000		3,660,000	78,230,434
2010	68,030,000		4,765,000		3,548,000	76,343,000
2011	66,455,000		4,610,000		3,436,000	74,501,000
2012	64,815,000		4,445,000		3,324,000	72,584,000
2013	63,115,000					63,115,000
2014	61,350,000					61,350,000

**Business-Type Activities (b)**

Fiscal Year	Sewer Revenue Bonds	Certificates of Participation	State Water Resources Loans	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2005			\$71,251,939	\$71,251,939	\$126,307,351	7.51%	2,055.65
2006	\$6,000,000		69,978,799	75,978,799	166,267,511	9.19%	2,693.51
2007	6,000,000		67,133,165	73,133,165	154,811,321	8.14%	2,491.21
2008	5,790,000		67,878,194	73,668,194	153,654,054	7.82%	2,419.29
2009	5,575,000		69,025,322	74,600,322	152,830,756	7.84%	2,351.24
2010	5,350,000		65,028,410	70,378,410	146,721,410	7.65%	2,227.37
2011	5,120,000		60,831,038	65,951,038	140,452,038	7.27%	2,184.09
2012	4,885,000		56,530,946	61,415,946	133,999,946	6.76%	2,057.52
2013	4,640,000		52,118,587	56,758,587	119,873,587	5.98%	1,824.28
2014	4,385,000		47,591,019	51,976,019	113,326,019	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.

(b) Balances does not include advance payable to the Successor Agency, which was a result from the dissolution of the former Redevelopment Agency in fiscal year 2012.

**CITY OF SOUTH SAN FRANCISCO  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2014**

2013-14 Assessed Valuation:	\$14,304,352,770
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	\$14,304,352,770

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2014	% Applicable (1)	City's Share of Debt 6/30/14
San Mateo Community College District	\$563,069,994	9.110%	\$51,295,676
Jefferson Union High School District	147,461,507	1.613	2,378,554
South San Francisco Unified School District	121,571,335	89.361	108,637,361
Brisbane School District	7,175,437	11.920	855,312
City of Brisbane Marina Boulevard and Lagoon Road Reassessment District	2,405,000	24.216	582,395
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$163,749,298</b>

Ratio to 2013-14 Assessed Valuation:  
Total Overlapping Tax and Assessment Debt.....1.14%

<u>OVERLAPPING FUND DEBT:</u>	Total Debt 6/30/2014	% Applicable (1)	City's Share of Debt 6/30/14
San Mateo County General Fund Obligations	\$473,769,816	9.110%	\$43,160,430
San Mateo County Board of Education Certificates of Participation	10,950,000	9.110	997,545
San Mateo County Flood Control District Certificates of Participation	21,860,000	60.421	13,208,031
South San Francisco Unified School District Certificates of Participation	902,878	89.361	806,821
<b>TOTAL OVERLAPPING FUND DEBT:</b>			<b>\$58,172,827</b>

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$61,350,000	100.000%	\$61,350,000
---	--------------	----------	--------------

TOTAL DIRECT DEBT			\$61,350,000
-------------------	--	--	--------------

Total Overlapping Debt			\$283,272,125
------------------------	--	--	---------------

COMBINED TOTAL DEBT			\$283,272,125 (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.

<u>Ratios to Adjusted Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.14%
Total Direct Debt	0.00%
Combined Total Debt	1.98%

<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$3,902,722,067):</u>	
Total Overlapping Tax Increment Debt	1.57%

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, 2014**

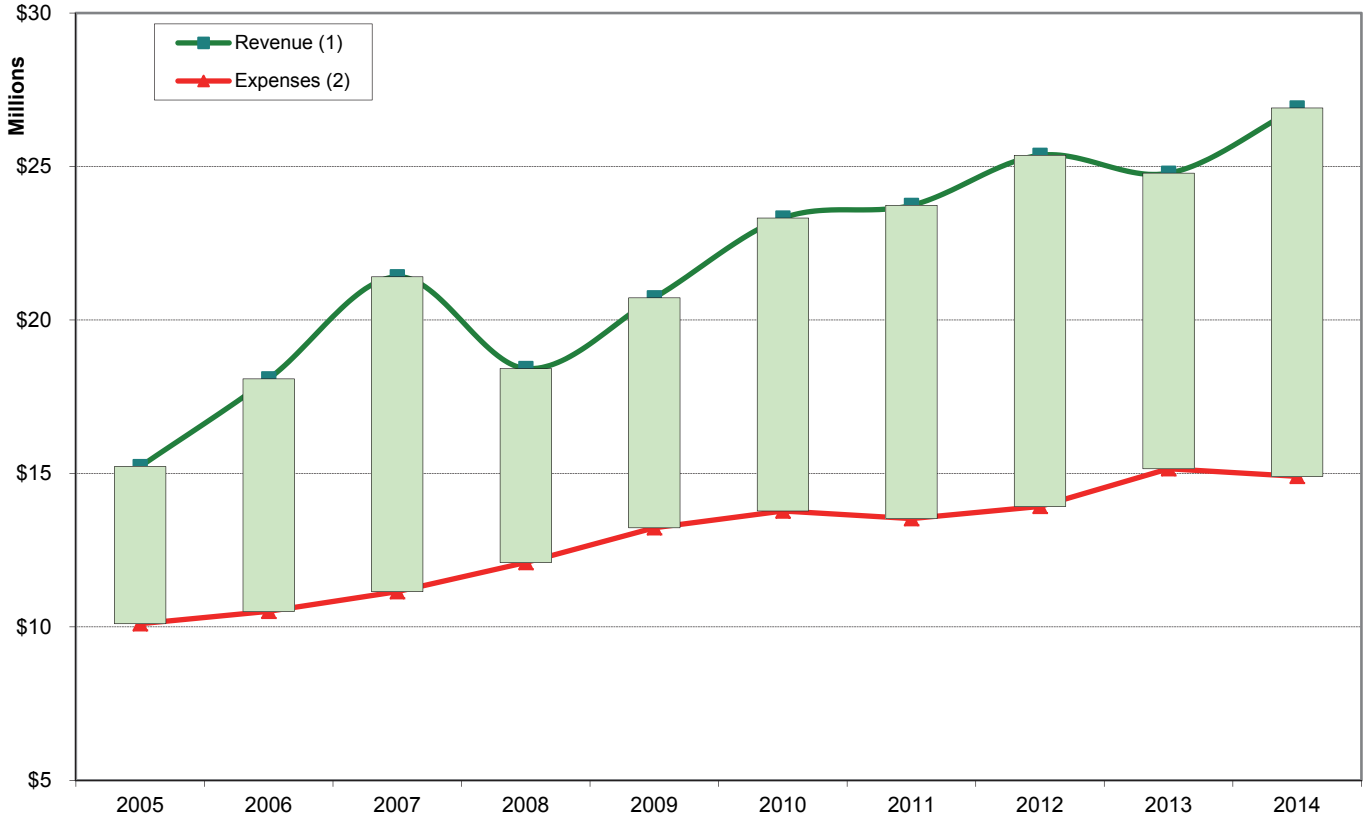
ASSESSED VALUATION:	\$14,304,352,770
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	536,413,229
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$536,413,229

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
2005	\$357,386,362	0	\$357,386,362	0.00%
2006	390,455,531	0	390,455,531	0.00%
2007	423,253,823	0	423,253,823	0.00%
2008	469,575,123	0	469,575,123	0.00%
2009	559,744,420	0	559,744,420	0.00%
2010	525,673,963	0	525,673,963	0.00%
2011	511,748,388	0	511,748,388	0.00%
2012	518,513,854	0	518,513,854	0.00%
2013	524,729,886	0	524,729,886	0.00%
2014	536,413,229	0	536,413,229	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	
2005	\$15,222,308	\$10,101,969	\$5,120,339				N/A
2006	18,081,987	10,506,394	7,575,593	(3)	\$156,165	\$156,165	48.51
2007	21,409,055	11,146,870	10,262,185	(3)	248,914	248,914	41.23
2008	18,418,866	12,096,256	6,322,610	(3)	241,846	241,846	26.14
2009	20,722,778	13,228,883	7,493,895	\$215,000	235,897	450,897	16.62
2010	23,321,582	13,774,757	9,546,825	225,000	230,941	455,941	20.94
2011	23,735,469	13,527,544	10,207,925	230,000	223,973	453,973	22.49
2012	25,365,824	13,924,334	11,441,490	235,000	216,501	451,501	25.34
2013	24,782,587	15,151,968	9,630,619	245,000	208,459	453,459	21.24
2014	26,908,316	14,904,225	12,004,091	255,000	199,831	454,831	26.39

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 SIX FISCAL YEARS**

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Revenues						
Service Charges	\$15,770,470	\$17,486,418	\$18,087,695	\$19,193,259	\$19,310,559	\$19,129,475
Connection and Other Fees	162,599	24,720	31,670	117,027	27,548	25,992
Interest Income	231,431	162,621	106,230	119,011	80,692	133,248
Developer Fees	(44,468)					
Other Cities' Participation (1)	4,602,746	5,647,823	5,509,874	5,936,526	6,137,401	7,619,601
Total Revenues	<u>\$20,722,778</u>	<u>\$23,321,582</u>	<u>\$23,735,469</u>	<u>\$25,365,824</u>	<u>\$25,556,200</u>	<u>\$26,908,316</u>
Operating Expenses (2)	<u>\$13,228,883</u>	<u>\$13,228,883</u>	<u>\$13,527,544</u>	<u>\$13,924,334</u>	<u>\$15,151,968</u>	<u>\$14,904,225</u>
Wastewater System Net Revenues	<u>\$7,493,895</u>	<u>\$10,092,699</u>	<u>\$10,207,925</u>	<u>\$11,441,490</u>	<u>\$10,404,232</u>	<u>\$12,004,091</u>
Parity Debt Service (3)						
State Water Resources Control Board Loans	\$5,507,077	\$5,875,977	\$6,270,859	\$5,997,459	\$6,012,716	\$6,022,799
CSCDA Series 2005D Revenue Bonds	235,897	229,276	222,061	214,589	206,405	197,630
Total Parity Debt	<u>\$5,742,974</u>	<u>\$6,105,253</u>	<u>\$6,492,920</u>	<u>\$6,212,048</u>	<u>\$6,219,121</u>	<u>\$6,220,429</u>
Total Parity Debt Service Coverage	<u>1.30</u>	<u>1.65</u>	<u>1.57</u>	<u>1.84</u>	<u>1.67</u>	<u>1.93</u>

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

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

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

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

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

**2006 RDA Revenue Bonds**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2007	\$21,181,402	\$930,000	\$2,760,969	\$3,690,969	5.74
2008	21,801,839	1,230,000	3,296,069	4,526,069	4.82
2009	32,246,342	1,275,000	3,245,969	4,520,969	7.13
2010	35,871,577	1,330,000	3,193,869	4,523,869	7.93
2011	44,300,878	1,380,000	3,141,394	4,521,394	9.80
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	

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

**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	
2007	\$3,164,321	\$165,000	\$133,170	\$298,170	10.61
2008	3,881,026	170,000	124,328	294,328	13.19
2009	6,353,579	180,000	115,145	295,145	21.53
2010	5,798,618	185,000	107,205	292,205	19.84
2011	5,732,171	195,000	98,748	293,748	19.51
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	

**1999 Certificates of Participation**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2007	\$21,181,402	\$135,000	\$262,283	\$397,283	53.32
2008	21,801,839	140,000	256,748	396,748	54.95
2009	32,246,342	145,000	250,938	395,938	81.44
2010	35,871,577	150,000	244,775	394,775	90.87
2011	44,300,878	155,000	238,250	393,250	112.65
2012	25,114,631	165,000	230,500	395,500	63.50
2013					
2014					

**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	
2007	\$21,181,402	\$37,393	\$15,454	\$52,847	400.81
2008	21,801,839	40,296	10,681	50,977	427.68
2009	32,246,342	43,426	9,664	53,090	607.39
2010	35,871,577	110,434	6,428	116,862	306.96
2011					
2012					
2013					
2014					

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

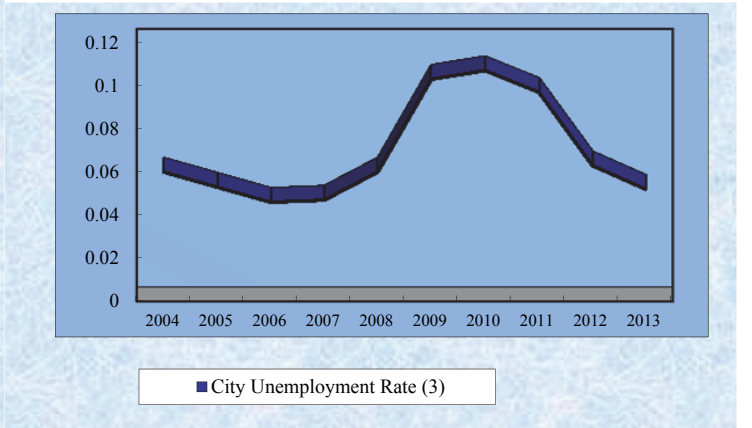
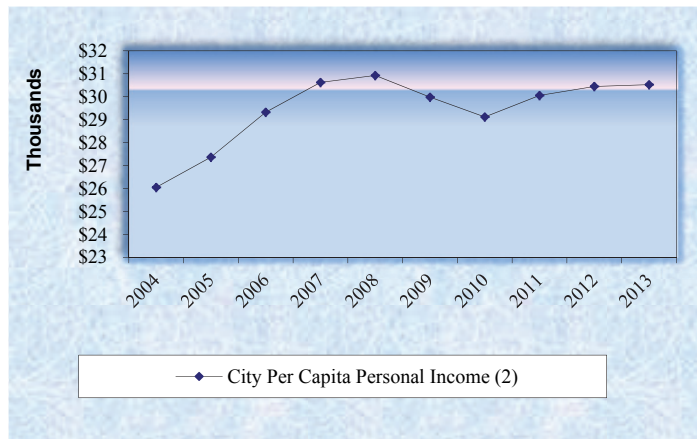
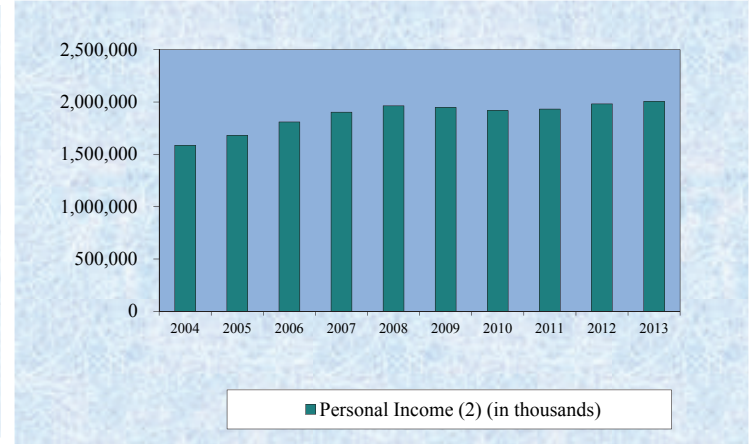
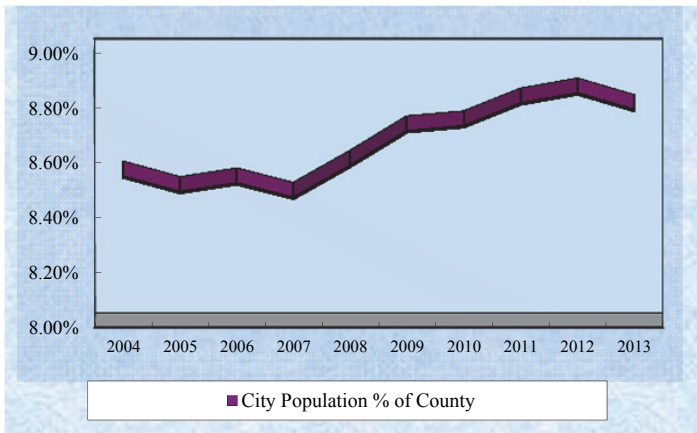
Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2007	\$21,181,402	\$1,102,393	\$3,038,706	\$4,141,099	5.11
2008	21,801,839	1,410,296	3,563,498	4,973,794	4.38
2009	32,246,342	1,463,426	3,506,570	4,969,996	6.49
2010	35,871,577	1,590,434	3,445,072	5,035,506	7.12
2011	44,300,878	1,535,000	3,379,644	4,914,644	9.01
2012	25,114,631	1,600,000	3,317,319	4,917,319	5.11
2013		1,490,000	3,030,181	4,520,181	
2014		1,545,000	2,971,344	4,516,344	

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

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

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



Year	Estimated City Population (1)	City Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (1)	City Population % of County
2004	60,909	1,586,667	26,050	6.00%	712,400	8.55%
2005	61,444	1,681,507	27,366	5.30%	723,453	8.49%
2006	61,729	1,810,075	29,323	4.60%	724,104	8.52%
2007	62,143	1,903,016	30,623	4.70%	733,496	8.47%
2008	63,512	1,964,028	30,924	6.00%	739,469	8.59%
2009	65,000	1,948,798	29,982	10.30%	745,858	8.71%
2010	65,872	1,918,061	29,118	10.70%	754,285	8.73%
2011	64,307	1,932,618	30,053	9.70%	729,443	8.82%
2012	65,127	1,982,857	30,446	6.30%	735,678	8.85%
2013	65,710	2,005,666	30,523	5.20%	747,373	8.79%

**Notes:**

\*\* All data entered were updated to reflect the City of South San Francisco's current information available through HDL, Coren & Cone 2013-14 CAFR Statistical Report.

**Data Sources:**

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

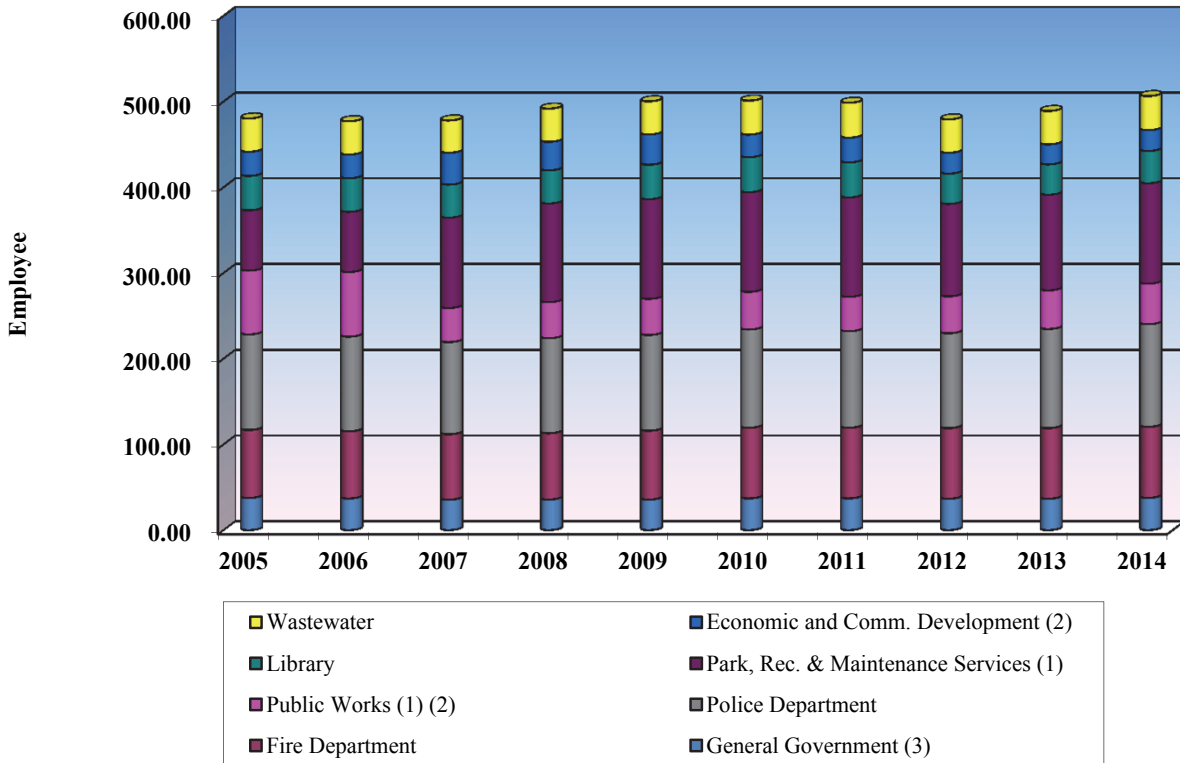


**CITY OF SOUTH SAN FRANCISCO**  
**Principal Employers**  
**Current Year and Sixteen Years Ago**

<u>Employer</u>	<u>2013-14</u>			<u>1997-98</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Genentech	7,945	1	12.2%	3,200	1	5.4%
Onyx Pharmaceuticals Inc	650	2	1.0%			
Life Technologies Corporation	600	3	0.9%			
Costo Wholesalers (2 stores)	510	4	0.8%			
Amgen San Francisco LLC	406	4	0.6%			
Successfactors, Inc.	400	5	0.6%			
American Etc Inc/ Royal Laundry	284	7	0.4%			
The New French Bakery, Inc	281	8	0.4%			
Oroweat/Entenmann's	264	9	0.4%			
Theravance Biopharma U.S.	258	10	0.4%			
Aesculap, Inc.				250	2	0.4%
Elan Pharmaceuticals				225	3	0.4%
AXYS Pharmaceuticals				210	4	0.4%
Sugen, Inc.				201	5	0.3%
Cor Therapeutics				186	6	0.3%
Imatron, Inc.				175	7	0.3%
Tularik Inc.				170	8	0.3%
Fibrogen, Inc.				111	9	0.2%
Coulter Pharmaceutical				70	10	0.1%
Subtotal	<u>11,598</u>		<u>17.8%</u>	<u>4,798</u>		<u>8.1%</u>
Total City Population	<u>65,127</u>			<u>59,208</u>		

Source: SSF Business License Database- Business licenses expiring 12/31/14. Informations for 1998-2005 not available.  
Note: 1997-98 data is based on SSF CAFR 2007 info.

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



**Function**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government (3)	37.50	36.88	35.48	35.67	35.60	37.00	37.00	36.60	36.60	37.60
Fire Department	79.48	78.48	76.48	77.48	80.48	82.48	82.48	82.48	82.48	82.98
Police Department	111.45	110.45	107.45	110.85	111.65	114.65	112.65	110.65	115.65	119.75
Public Works (1) (2)	74.37	75.37	39.76	42.00	42.10	43.85	40.05	43.03	45.02	47.21
Park, Rec. & Maintenance Services (1)	70.42	70.23	105.49	115.15	116.37	116.34	116.05	107.86	111.66	117.21
Library	40.09	39.15	38.54	38.68	40.21	40.81	40.81	35.34	35.35	37.66
Economic and Comm. Development (2)	28.25	27.75	37.21	33.35	35.35	26.45	28.95	24.45	23.45	24.40
Wastewater	38.75	38.74	37.59	38.59	38.59	39.54	40.64	38.82	38.82	39.63
<b>Total</b>	<b>480.31</b>	<b>477.05</b>	<b>478.00</b>	<b>491.77</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>

Notes:

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

Source: City of South San Francisco Adopted Operating Budget FY 2013-14

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

	2005	2006	2007	2008	2009
<b>Function/Program</b>					
Public safety:					
Fire:					
Inspection permit issued	2,219	1,599	1,185	1,278	2,012
Police:					
Police calls for service	32,659	36,353	30,626	32,100	33,749
Law violations:					
Part I crimes	2,105	NA	1,948	2,165	2,206
Physical arrests (adult and juvenile)	1,910	NA	1,983	1,969	1,795
Traffic violations	4,317	NA	4,597	4,863	5,271
Parking violations	7,659	NA	25,062	22,787	23,038
Public works					
Street resurfacing (miles) (Eng Div)	1.24	2.01	NA	8.50	0.80
Potholes repaired (square miles)	NA	NA	NA	0.25	0.25
Asphalt used for street repairs (tons)	701	NA	NA	463	463
Culture and recreation:					
Recreation class participants	23,299	25,675	23,567	24,011	24,976
Library:					
Total items borrowed	475,259	503,000	503,000	686,733	759,925
Items in collection	187,079	212,349	195,820	197,817	194,098
Wastewater					
Residential connections	17,000	16,268	16,274	16,274	16,637
Commercial connections	1,400	1,557	1,405	1,481	1,582
Other connections	214	168	133	133	136
Average daily sewage treatment (millions of gallons)	9.95	10.04	9.00	9.40	9.20

Note: N/A denotes information not available.

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

	2010	2011	2012	2013	2014
	2,425	1,449	1,997	2,369	2,574
	32,953	30,065	29,195	33,657	29,359
	2,195	1,905	2,012	1,874	1,780
	1,867	1,753	1,790	2,081	2,158
	4,731	4,753	3,954	3,632	4,175
	14,999	19,031	19,108	14,648	16,597
	2.0	2.40	5	3	22
	0.50	0.23	0.37	0.13	0.2
	656.13	169	420	287	435
	21,602	24,702	26,737	27,184	26,694
(3)	560,186	723,592	731,911	701,721	686,491
(3)	191,455	176,086	181,905	188,394	185,482
	16,698	16,510	16,466	16,466	16,482
	1,585	1,573	1,576	1,566	1,562
	136	136	140	127	128
	8.92	9.38	9.18	9.27	8.28

This Page Left Intentionally Blank

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Function/Program</b>										
<b>Public safety:</b>										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations	1	1	1	1	1	1	1	(6)	1	1
Police Fleet	40	41	41	(1) 45	(2) 48	(2) 48	52	51	51	(8) 50
<b>Public works</b>										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights	3,603	3,603	3,738	3,779	3,779	4,156	4,160	4,160	(7) 4,505	4,505
Parking District lights	20	20	20	20	20	20	20	20	20	20
Traffic Signals	69	70	70	70	70	73	74	74	74	74
<b>Culture and recreation:</b>										
<b>Community services:</b>										
City parks	30	30	25	28	28	28	28	28	28	28
City parks acreage	172	172	189	190	190	190	190	190	190	190
Playgrounds	19	19	24	24	24	24	24	24	24	24
City trails	8	8	6	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	4	4	4	4	4	4	4	4
Senior centers	2	2	2	2	2	2	(4) 1	1	1	1
Skate Park						(3) 1	1	1	1	1
Dog park						(3) 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	15	15	12	12	12	12	12	12	12	12
Baseball/softball diamonds	8	8	11	11	11	11	11	11	11	11
Soccer/football fields	2	2	5	5	5	5	5	5	5	5
<b>Library:</b>										
City Libraries (6)	2	2	2	2	2	2	2	2	2	2
<b>Wastewater</b>										
Miles of sanitary sewers	164	164	164	164	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

Source: [ssf.net/depts/rcs](http://ssf.net/depts/rcs); 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.

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

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

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Transient Occupancy Tax Detail					
8% TOT collected	\$4,257,925	\$4,861,963	\$5,269,919	\$6,309,586	\$5,491,903
1% Measure I Special Tax	260,368	607,745	662,115	788,698	686,488
Total TOT Collection	<u>\$4,518,293</u>	<u>\$5,469,708</u>	<u>\$5,932,034</u>	<u>\$7,098,284</u>	<u>\$6,178,391</u>
1% Measure I Special Tax Use					
Police	\$52,074	\$121,549	\$132,423	\$157,740	\$137,298
Fire	52,074	121,549	132,423	157,740	137,298
Library	52,074	121,549	132,423	157,740	137,298
Parks	52,074	121,549	132,423	157,740	137,298
Recreation	52,074	121,549	132,423	157,740	137,298
Total 1% Measure I Special Tax	<u>\$260,370</u>	<u>\$607,745</u>	<u>\$662,115</u>	<u>\$788,700</u>	<u>\$686,490</u>

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

2010	2011	2012	2013	2014
\$5,173,933	\$6,472,744	\$7,757,253	\$8,693,353	\$10,056,615
646,742	719,194	861,917	965,928	1,117,402
<b>\$5,820,675</b>	<b>\$7,191,938</b>	<b>\$8,619,170</b>	<b>\$9,659,281</b>	<b>\$11,174,017</b>
\$129,348	\$143,839	\$172,383	\$193,186	\$223,480
129,348	143,839	172,383	193,186	223,480
129,348	143,839	172,383	193,186	223,480
129,348	143,839	172,383	193,186	223,480
129,348	143,839	172,383	193,186	223,480
<b>\$646,740</b>	<b>\$719,195</b>	<b>\$861,917</b>	<b>\$965,928</b>	<b>\$1,117,402</b>



This Page Left Intentionally Blank