

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022



CITY OF SOUTH SAN FRANCISCO
CALIFORNIA



**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

Prepared by:

Department of Finance

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CITY COUNCIL 2022

FLOR NICOLAS, MAYOR (DIST. 3)
MARK NAGALES, VICE MAYOR (DIST. 2)
MARK ADDIEGO, MEMBER (DIST. 1)
JAMES COLEMAN, MEMBER (DIST. 4)
EDDIE FLORES, MEMBER (DIST. 5)

MIKE FUTRELL, CITY MANAGER

December 28, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of South San Francisco (the City) for the fiscal year (FY) ended June 30, 2022. The City of South San Francisco is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent, certified public accounting firm. This report is published to fulfill this requirement for the fiscal year ending June 30, 2022.

The report presents the finances of the City of South San Francisco. Management assumes full responsibility for the completeness and fairness of the information presented in this report. 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 consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, management established a comprehensive internal control framework designed to both protect the City's assets from loss, theft, or misuse, compiled sufficient reliable information for the preparation of the City's financial statements in conformity with the Generally Accepted Accounting Principles (GAAP), and complied with applicable laws and regulations.

The City contracted with Maze & Associates (Maze), a public accounting firm licensed to perform local government audits in California, to complete the annual audit. Maze concluded that the financial statements present fairly the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, and the respective changes in financial position, and where applicable, cash flows for the year ended June 30, 2022, in accordance with GAAP. This is a favorable conclusion and is commonly referred to as an unmodified opinion.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the City's financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Maze will issue the Single Audit in March of 2023.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of the Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is located immediately following the report of the independent auditor in the financial section.

CITY PROFILE

The City of South San Francisco proudly remains the Industrial City, a reflection of its steel mill and shipbuilding past, redefined to reflect the innovative, entrepreneurial, and industrious spirit which has made South San Francisco the Biotech Capital of the World, with over 250 active biotech companies and growing.

The City of South San Francisco encompasses approximately 9.5 square miles and has a population of 66,105. The City employs approximately 500 full-time regular employees and is a full-service city which includes public safety (police, fire and paramedics), libraries, parks, cultural and recreational activities, senior citizen services, public works, public improvements, engineering, planning, building regulation, economic development, drainage, street lighting, and general administrative services. Sewer service, downtown parking operations, and storm water management are accounted for in the City's enterprise funds. The Conference Center Authority is included in the financial statements by discrete presentation – that is, the Authority's financial data is reported in a column separate from the financial data of the City. Water and solid waste services are provided by private entities.

South San Francisco was incorporated and became a general law city of the State of California on September 19, 1908. The form of government is the Council-Manager plan. Each Councilmember serves a term of four years, with a rotating Mayor chosen by majority vote of the Council, for a term of one year. The Council appoints the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and appointing department directors.

The offices of City Clerk and City Treasurer are elected and will remain at-large. The incumbent City Clerk, Rosa Govea Acosta, and City Treasurer, Frank Risso, were elected for another term in the November 2022 election.

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 blended component units include the City of South San Francisco Capital Improvements Financing Authority, the Parking Authority of the City of South San Francisco, and the City of South San Francisco Public Facilities Financing Authority. The South San Francisco Conference Center is a discretely presented component unit and is included because of the significance of its governing, operational, and/or financial relationships with the City. The Successor Agency that was created due to the Redevelopment Agency dissolution is also included in this report.

ASSESSING THE CITY'S ECONOMIC CONDITION

The City of South San Francisco continued to demonstrate its resilience and strength during Fiscal Year (FY) 2021-22 following a particularly challenging prior year in which the COVID-19 pandemic took hold and impacted all sectors of society and the economy at the national, state and local levels. Restrictions on travel continued to be loosened as FY2021-22 began, bringing about a substantial recovery in the year in Transient Occupancy Tax (TOT) to above 70% of pre-pandemic levels, up from 39% in the prior year, as well as Commercial Parking Tax collected from San Francisco airport and the surrounding hotels. The upward trend in TOT went hand-in-hand with a strong recovery in sales tax revenue as shopping and spending patterns also continued to return to normal. This recovery and various revenue streams enabled the City to re-open and expand classes and services to residents and subsequently unfreeze employee vacancies, thereby driving an increase in expenditures.

The resilience of local businesses and residents was bolstered by assistance programs provided by the City during the COVID-19 pandemic. These continued into FY2021-22, with new ones beginning during the year, and included the Guaranteed Basic Income pilot program (utilizing American Rescue Plan Act funding) whereby 160 City residents received \$500 per month for a year, the Rental Assistance program for residential tenants facing pandemic-related economic hardship, the opening of the Economic Advancement Center on Grand Avenue to assist individuals with job placement, training and business start-up, and creation of the Business Façade and Tenant Improvement program to help local businesses improve storefronts and American Disabilities Act (ADA) compliance.

Development within the City continued apace during FY2021-22 with multiple new housing units coming online and new developments added to the pipeline. Significant work continued through the year with the biotech development at Oyster Point, and the Southline project to develop a 28-acre site for office space and biotech research and development on the City's southern border gained considerable traction (target completion in 2024).

The City further demonstrated its strong emergence from the pandemic through its ambitious Capital Improvement Plan (CIP) with twenty new projects budgeted in the fiscal year alone including the \$78 million bond-funded portion of the Community Civic Campus construction project, the \$24 million bond-funded street rehabilitation projects and the \$2 million bond-funded solar roof at the City's Corporation Yard. A capital project to replace the City pool complex was also included in the CIP plan, the outreach and design of which began during the year. The bonds to fund the new pool complex were issued in June 2022 in readiness for the forthcoming construction phase. Also, during FY2021-22, the new Police Station and new Caltrain Station were both opened and became fully operational, and work on the Colma Creek Storm Water capture project and the Sports Fields, both located at Orange Memorial Park, neared completion by year end.

In June 2022, the City issued its third tranche of lease revenue bonds, taking advantage of a very favorable interest rate environment. The bond proceeds will fund multiple CIP projects, including the aforementioned city pool complex (Aquatic Center), and replacement of the sports fields, playground and Colma Creek bridges at Orange Memorial Park.

The General Fund is the main fund of the City, accounting for principal revenues including taxes, licenses and permits, charges for services, grants and interest income, as well as expenditures related to delivery of public services by City departments such as Police, Fire, Public Works, Parks and Recreation, Library and Administrative Services. Performance of this fund is viewed as the main barometer of the financial health of the City. Compared to the prior year, FY 2021-22 General Fund revenues (excluding transfers in from other funds and special items) increased by \$17.4 million, or 14.1%. This significant increase is mainly driven by greater TOT, sales tax, commercial parking tax and charges for service revenues, all as a result of the City emerging and recovering from the COVID-19 pandemic.

In November 2015, voters in the City passed Measure W, which increased the sales tax rate within the City by 0.50%. The tax is deposited into the City's General Fund and will be used to pay for City services. This tax revenue is primarily used to pay the debt on bonds or other financings to accelerate projects. In February 2020, the City issued \$43.9 million of lease revenue bonds to finance the design and construction of a new Police facility which became fully operational in January 2022. In June 2021, the City issued \$86.4 million in lease revenue bonds for the construction of a new Civic Center Campus, installation of a solar roof at the City's Corporation Yard and funding of the City's Road Rehabilitation program. Furthermore, in June 2022, the City issued \$65.4 million in lease revenue bonds to fund the construction of a new Aquatic Center and ballfields at Orange Memorial Park, and the replacement of a playground and two bridges over Colma Creek, also at Orange Memorial Park.

MAJOR CITY SPONSORED INITIATIVES

The City completed the following major construction projects in FY 2021-22, improving the City's infrastructure, facilities and enhanced business processes with contemporary technology:

- Pavement Management Program – 2020 Surface Seal & Rehab projects
- Pump station #2 Upgrade
- Linden Avenue Street Improvements – Aspen to Miller
- Signalize Commercial and Spruce Intersection
- WQCP Plant-wide Industrial re-coat project
- Orange Memorial Park Storm Water Capture project
- New Police Operations Center
- Caltrain Station

FINANCIAL INFORMATION

The City Council is required to adopt a final budget by passing a budget resolution no later than June 30th, following a public hearing process. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function and department. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments and line items within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. At the end of the fiscal year, encumbered appropriations are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse, unless otherwise authorized by the City Council and the City Manager.

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, approval 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.

In February 2020, S&P Global Ratings assigned an issuer credit rating of triple A ("AAA") to the City. AAA is the highest rating possible and is important as higher ratings generally results in lower borrowing costs and the City was able to benefit from this in its FY 2020-21 bond issuance. S&P re-affirmed this rating prior to the FY 2021-22 bond issuance. The AAA rating is a good indicator of the City's strong financial position, solid executive management, fiscally sound policies and practices, and responsible budgetary performance.

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

OTHER INFORMATION

Award

The City’s ACFR for the fiscal year ended June 30, 2021, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report’s attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

Acknowledgments

The preparation of the ACFR was made possible by the dedicated services of the entire staff of the Finance Department and our auditors. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Special thanks are extended to Finance Services Managers, Paul Harris and Jennifer Clemente, and Senior Accountant Steven Lew for their commitment and diligence in the preparation of this document. Furthermore, we would like to thank the City Council for its leadership and commitment to ensuring the long-term fiscal health of the City.

Respectfully submitted,

DocuSigned by:

5143A80C87F9464...
Karen Chang
Director of Finance

DocuSigned by:

8A40B2F441FD4BA...
obo Mike Futrell
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

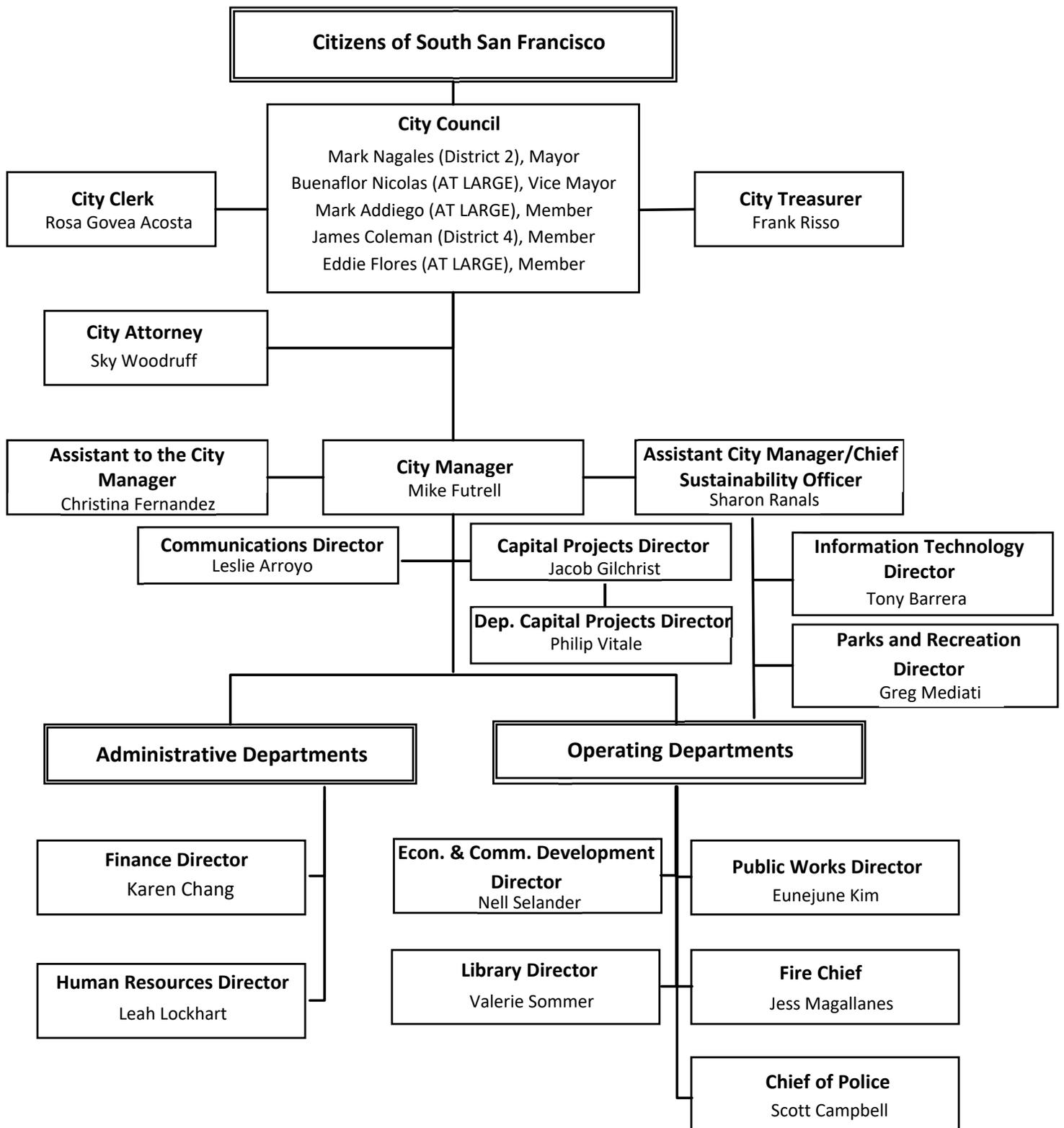
**City of South San Francisco
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



City Council & Directory of Officials*

City Council

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

Elected Officials

Rosa Govea Acosta	City Clerk
Frank Risso	City Treasurer

Appointed Officials

Mike Futrell	City Manager
Sharon Ranals	Assistant City Manager
Karen Chang	Finance Director
Leslie Arroyo	Communications Director
Scott Campbell	Chief of Police
Tony Barrera	Information Technology Director
Jacob Gilchrist	Capital Projects Director
Nell Selander	Deputy Economic & Community Development Director
Leah Lockhart	Human Resources Director
Jess Magallanes	Fire Chief
Eunejune Kim	Public Works Director
Valerie Sommer	Library Director
Greg Mediati	Parks & Recreation Director

Budget Subcommittee

Mark Addiego
Buenaflor Nicolas

*As of October 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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 discretely presented component unit financial statements of the South San Francisco Conference Center Authority (Authority), which represents 0.64%, 0.82%, and 1.08%, respectively, of the assets, net position, and revenue of the primary government. Those financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors.

In our opinion, based on our audit and 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which became effective during the year ended June 30, 2022 and had material effects on the financial statements as discussed in Note 1T to the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mane & Associates

Pleasant Hill, California
December 27, 2022

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

The Management's Discussion and Analysis (MD&A) provides an overview of City of South San Francisco's financial activities and fiscal performance for the year ended June 30, 2022. Please read this in conjunction with the accompanying Transmittal Letter and Basic Financial Statements to obtain a complete picture of the City's financial condition.

FINANCIAL HIGHLIGHTS

- Total Net Position for Governmental activities in FY 2021-22 increased by \$64.7 million, or 19.5%, from \$332.1 million in the prior year, to \$396.8 million. The increase is primarily due to further investment in City assets through bond issuance, an increase in cash and investments due to stronger revenues in the year, as well as a greater restricted cash balance due to the 2022A bond issuance prior to year-end. The growth in assets of \$146.5 million is partially offset by a \$66.3 million increase in long-term debt liabilities but this offset is reduced by lower "other liabilities" (\$47.6 million lower than prior year) due to a significant drop in the net pension liability at year-end.
- Total Net Position for Business-Type activities in FY 2021-22 increased by \$7.1 million, or 5.4%, from \$130.8 million in the prior year, to \$137.9 million. The growth in Net Position is due to a \$10 million increase in capital assets due to construction work underway at the City's Water Quality Control Plant (WQCP), lower accounts payable at year-end and a drop in the net pension liability. This is partially offset by lower cash and investments, and accounts receivable balances at year-end.
- City-wide Net Pension Liability to CalPERS for FY 2021-22 decreased by \$60.9 million, or 29.7%, from \$205.3 million in the prior year to \$144.4 million. This significant decrease in liability was driven by revised actuarial valuations from CalPERS taking into account member contributions and strong investment earnings in FY2020-21.
- City-wide cash and investments at year end increased \$5.5 million, or 2.1%, from \$259.3 million in the prior year to \$264.8 million. This reflects the underlying strength in the local economy as the City continued to rebound from the impacts of the COVID-19 pandemic.
- Revenues from Governmental Activities (excluding transfers and special items) increased by \$37.7 million, or 22.7%, to \$203.9 million in FY 2021-22 from \$166.2 million in the prior year. Revenues from Business-Type Activities (excluding transfers and special items) partially offset this with a decrease of \$5.4 million, or 13.3%, to \$35.2 million in FY2021-22 from \$40.6 million in the prior year.
- Expenses from Governmental Activities (excluding transfers and special items) increased by \$2.4 million, or 1.8%, to \$134.8 million in FY2021-22 from \$132.4 million in the prior year due to a greater amount of interest paid on debt (due to additional bonds having been issued in the prior year). Expenses from Business-Type Activities decreased slightly by \$0.2 million, or 0.7%, to \$28.7 million compared to \$28.9 million in the prior year.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

- Property tax revenues categorized under Governmental Activities dropped in FY 2021-22 by \$1.6 million, or 3.8%, to \$40 million from \$41.6 million in the prior year. This was primarily due to a reduction in the amount of tax received from the Educational Revenue Augmentation Fund (ERAF) which has historically been a volatile revenue source related to the split of basic and non-basic aid schools in the county of San Mateo.
- Sales tax increased by \$5.1 million, or 15.5% to \$38.1 million in FY 2021-22 from \$33.0 million in the prior year. This represents the return to normal spending patterns for the local population as the City continued its recovery during the FY 2021-22 from the COVID-19 pandemic.
- Transient Occupancy Tax (“TOT”) was the most dramatically impacted revenue category during the height of the pandemic due to the restrictions on travel and shelter-in-place orders. By the beginning of FY 2021-22, these had largely been removed allowing this revenue category to rebound significantly. TOT revenue almost doubled to \$12.1 million, an increase of \$5.4 million, or 80.6%, from \$6.7 million in the prior year. Total TOT receipts for the year rose to approximately 70% of pre-pandemic levels indicating there is still some way to go in the recovery.
- Revenue from Property Taxes in Lieu, otherwise known as the California Vehicle Licensing Fee (VLF), more than doubled to \$12.0 million in FY 2021-22 from \$4.9 million in the prior year, an increase of \$7.1 million or 144.9%. This is a volatile revenue source that is difficult to predict and the increase was partially due to a change in the ratio of basic aid to non-basic aid school districts in San Mateo County which affects the availability of VLF. Part of the variance is due to the City being allocated \$3.7 million in additional VLF in FY2021-22 as a result of a county-wide reimbursement from the state for a VLF shortfall in the prior year.
- Total revenues from the City’s Sewer Enterprise decreased \$5.4 million, or 16.0% to \$28.4 million from \$33.8 million in the prior year. This was largely due to lower sewer charge revenues which, for FY2021-22, are based on the 2020 calendar year. Commercial water usage dropped considerably during 2020 as workers remained at home during the pandemic and reduced water usage means less sewer effluent volume on which commercial businesses are charged. Water conservation drives by many businesses further led to reduced overall water usage and resulting sewer effluent volumes. The City’s Parking Enterprise experienced a \$0.2 million, or 30.0%, increase in revenues to \$1.0 million in FY2021-22 compared to \$0.8 million in the prior year due to a greater level of parking activity as shoppers returned to the City following removal of pandemic-related restrictions.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report (ACFR) is in six parts:

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

Basic Financial Statements

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

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

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

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

City-wide Financial Statements

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

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

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

- ***Business-Type Activities*** - All the City's enterprise activities are reported here, including Wastewater treatment (or Sewer), Parking, and Storm Water management. Unlike Governmental services, user fees fully support most of these services.
- ***Component Unit*** - The City of South San Francisco Conference Center Authority comprises the component unit. The Authority serves the City and other interests and it has a governing body separate from the City Council.

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

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Fund Financial Statements

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

Governmental Fund Financial Statements are prepared on the modified accrual basis, which 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 and include all their assets, liabilities and deferred outflows/inflows of resources, current and long-term.

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

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

Fiduciary Fund Financial Statements

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

The following analyses focus on the net position and changes in the City's Governmental Activities (Tables 1 through 3, and Chart 1) and Business-Type Activities (Tables 4 and 5), which are presented in the city-wide Statement of Net Position and Statement of Activities. The comparative results for FY 2021-22 are presented versus FY 2020-21.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Governmental Activities

Net position may serve over time as a useful indicator of the City's financial condition. Table 1 below shows that total assets and deferred outflows of resources exceed the total liabilities and deferred inflows of resources as of June 30, 2022 for Governmental Activities:

Governmental Net Position

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

			Increase / (Decrease)	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
Cash and investments	\$ 239.8	\$ 229.1	\$ 10.7	4.7%
Other assets	201.9	148.7	53.2	35.8%
Capital assets	465.7	383.1	82.6	21.6%
Total assets	<u>907.4</u>	<u>760.9</u>	<u>146.5</u>	<u>19.3%</u>
Total outflows of resources	<u>28.8</u>	<u>31.2</u>	<u>(2.4)</u>	<u>(7.7%)</u>
Total outflow of resources	<u>28.8</u>	<u>31.2</u>	<u>(2.4)</u>	<u>(7.7%)</u>
Long-term debt outstanding	223.8	157.5	66.3	42.1%
Other liabilities	253.4	301.0	(47.6)	(15.8%)
Total liabilities	<u>477.2</u>	<u>458.5</u>	<u>18.7</u>	<u>4.1%</u>
Deferred inflows of resources	<u>62.1</u>	<u>1.6</u>	<u>60.5</u>	<u>3781.3%</u>
Total deferred inflow of resources	<u>62.1</u>	<u>1.6</u>	<u>60.5</u>	<u>3781.3%</u>
Net position:				
Net investment in capital assets	452.7	316.1	136.6	43.2%
Restricted	139.0	160.2	(21.2)	(13.2%)
Unrestricted	<u>(194.9)</u>	<u>(144.2)</u>	<u>(50.7)</u>	<u>35.2%</u>
Total net position	<u>\$ 396.8</u>	<u>\$ 332.1</u>	<u>\$ 64.7</u>	<u>19.5%</u>

As shown in table 1, the total net position for Governmental Activities increased by \$64.7 million in FY 2021-22 compared to the prior year, reflecting significant increases in assets. Cash and investments increased by \$10.7 million. Other assets, which includes receivables, properties held for redevelopment, and restricted cash and investments, increased by \$53.2 million due to proceeds received from issuance of an additional bond for construction of a new Aquatic Center and various other CIP projects at Orange Memorial Park. Capital assets increased by \$82.6 million due to a large increase in Construction-In-Progress related to the new Civic Center Campus and multiple other Capital Improvement Plan (CIP) projects. Pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of \$52.3 million and Net Pension Liability of \$129.9 million attributable to Governmental Activities.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

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

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

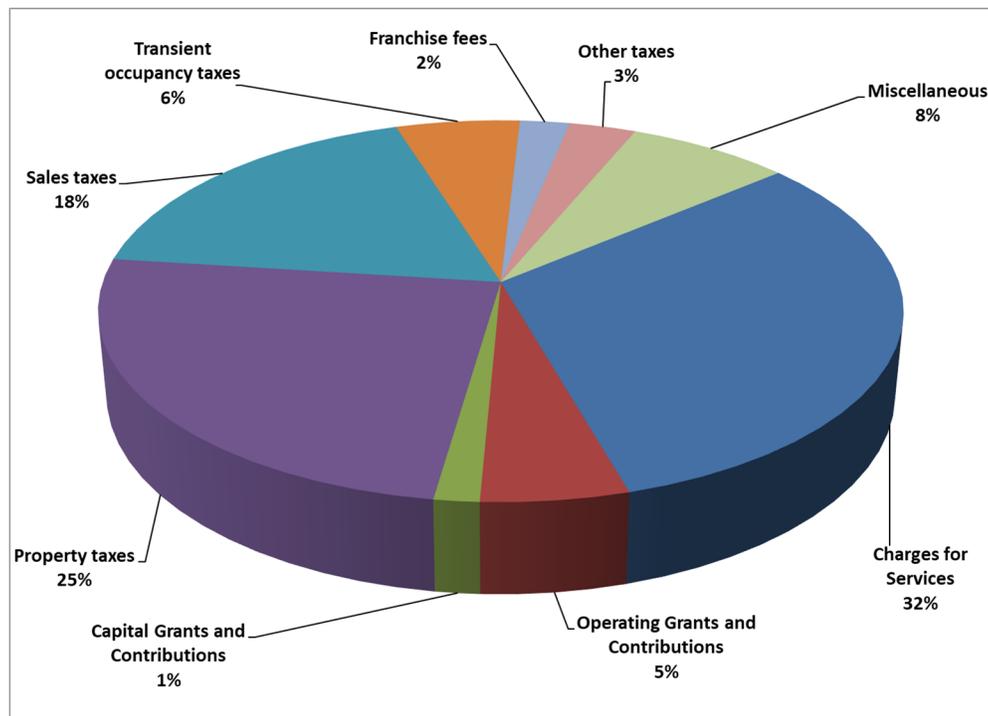
			Increase / (Decrease)	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
Revenues				
Program revenues:				
Charges for services	\$ 66.7	\$ 44.9	\$ 21.8	48.6%
Operating grants and contributions	10.9	8.0	2.9	36.3%
Capital grants and contributions	3.3	5.5	(2.2)	(40.0%)
Total program revenues	<u>\$ 80.9</u>	<u>\$ 58.4</u>	<u>\$ 22.5</u>	<u>38.5%</u>
General revenues:				
Taxes:				
Property taxes	\$ 40.0	\$ 41.6	\$ (1.6)	(3.8%)
Sales taxes	38.1	33.0	5.1	15.5%
Transient occupancy taxes	12.1	6.7	5.4	80.6%
Other taxes	11.5	9.1	2.4	26.4%
Property taxes in lieu	12.0	4.9	7.1	144.9%
Investment earnings	(6.7)	0.9	(7.6)	(844.4%)
Miscellaneous	16.0	11.6	4.4	37.9%
Total general revenues	<u>\$ 123.0</u>	<u>\$ 107.8</u>	<u>\$ 15.2</u>	<u>14.1%</u>
Total revenues	<u>\$ 203.9</u>	<u>\$ 166.2</u>	<u>\$ 37.7</u>	<u>22.7%</u>
Expenses				
General government	\$ 20.8	\$ 19.6	\$ 1.2	6.1%
Fire department	28.5	34.5	(6.0)	(17.4%)
Police department	35.7	33.4	2.3	6.9%
Public Works	7.5	7.6	(0.1)	(1.3%)
Parks and Recreation	19.5	17.1	2.4	14.0%
Library	6.1	6.3	(0.2)	(3.2%)
Economic and Community Development	12.0	11.7	0.3	2.6%
Interest on long-term debt	4.7	2.2	2.5	113.6%
Total expenses	<u>\$ 134.8</u>	<u>\$ 132.4</u>	<u>\$ 2.4</u>	<u>1.8%</u>
Excess / (deficiency) before transfers	<u>\$ 69.1</u>	<u>\$ 33.8</u>	<u>\$ 35.3</u>	<u>104.4%</u>
Special Item	(3.0)	(1.4)	(1.6)	114.3%
Transfers	(1.4)	(5.0)	3.6	(72.0%)
Change in net position	64.7	27.4	37.3	136.1%
Net position - beginning	<u>332.1</u>	<u>304.7</u>	<u>27.4</u>	<u>9.0%</u>
Net position - ending	<u>\$ 396.8</u>	<u>\$ 332.1</u>	<u>\$ 64.7</u>	<u>19.5%</u>

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

As shown in table 2, total Governmental revenues (excluding transfers and special items) increased by \$37.7 million, or 22.7%, compared to the prior year. A significant increase in Charges for Services specifically contributed to the greater revenue – this category accounted for \$21.8 million of the increase and largely consists of impact fees such as the Park Land Acquisition Fee, the Park Construction Fee, the East of 101 Traffic Impact Fee and the Childcare Impact Fee. These are fees paid by developers on new development projects within the City and revenue levels can vary depending on the timing of such projects. There was also an increase in revenue, accounted for in Charges for Services, from facility rentals, and childcare and aquatic programs offered by the City during the year mainly due to the City’s recovery from the COVID-19 pandemic. The recovery also gave rise to a \$5.4 million increase in TOT and \$5.1 million increase in Sales Tax as travel restrictions were removed, hotel occupancy rates increased and consumer spending patterns normalized. An increase in revenue was also seen in Property taxes in lieu (\$7.1 million), otherwise known as the California Vehicle Licensing Fee (VLF) due to a change in the ratio of basic aid to non-basic aid school districts in San Mateo County which affects the availability of VLF, and a \$3.7 million allocation from the state (distributed by the County) related to a shortfall in VLF in FY2020-21. Investment earnings fell by \$7.6 million to -\$6.7 million, compared to the prior year, due to a downward trend in the stock and bond markets brought about rising inflation and subsequent rises in interest rates. The annual mark-to-market adjustment required by Governmental Accounting Standards Board (GASB) accounting standard #31 results in the recognition of this temporary change in value of the City’s investments.

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

Chart 1
Revenues by Source - Governmental Activities FY 2021-22



CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Governmental program expenses increased by \$2.4 million, or 1.8%, in comparison to the prior year. Increases were seen in most departments partially due to higher salary and benefit costs as positions were unfrozen during the year but also due to increased spending on operational supplies in response to expanded public services provided as the City continued to recover from the pandemic. Interest on long-term debt increased to \$4.7 million, from \$2.2 million in the prior year, due to repayments beginning on the 2021A bonds which were issued to pay for construction of the new Civic Center Campus.

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

Table 3

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

			Increase / (Decrease)	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
General government	\$ (11.2)	\$ (9.8)	\$ (1.4)	14.3%
Fire department	(20.7)	(28.3)	7.6	(26.9%)
Police department	(32.0)	(31.0)	(1.0)	3.2%
Public works department	17.3	21.4	(4.1)	(19.2%)
Recreation and community services	(15.9)	(15.3)	(0.6)	3.9%
Library	(4.4)	(2.0)	(2.4)	120.0%
Economic and community development	17.7	(6.8)	24.5	(360.3%)
Interest on long-term debt	(4.7)	(2.2)	(2.5)	113.6%
Total	<u>\$ (53.9)</u>	<u>\$ (74.0)</u>	<u>\$ 20.1</u>	<u>(27.2%)</u>

In FY 2021-22, the net expense for governmental activities decreased by \$20.1 million from \$74.0 million to \$53.9 million, due to a \$2.4 million increase in Governmental program expenses, as previously discussed, and a \$22.5 million increase in program revenues primarily in charges for services which includes developer impact fees.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Business-Type Activities

Table 4 shows that total assets and deferred outflows of resources exceed the total liabilities and deferred inflows of resources as of June 30, 2022 for Business-Type Activities:

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

			Increase / (Decrease)	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
Cash and Investments	\$ 25.0	\$ 30.2	\$ (5.2)	(17.2%)
Other assets	5.1	8.3	(3.2)	(38.6%)
Capital assets	<u>196.4</u>	<u>186.4</u>	<u>10.0</u>	<u>5.4%</u>
Total assets	226.5	224.9	1.6	0.7%
Deferred outflows related to pension/OPEB	<u>3.2</u>	<u>3.4</u>	<u>(0.2)</u>	<u>(5.9%)</u>
Total Deferred outflow of resources	3.2	3.4	(0.2)	(5.9%)
Long-term liabilities outstanding	57.5	57.6	(0.1)	(0.2%)
Other liabilities	<u>29.1</u>	<u>39.7</u>	<u>(10.6)</u>	<u>(26.7%)</u>
Total liabilities	86.6	97.3	(10.7)	(11.0%)
Deferred inflows related to pension/OPEB	<u>5.3</u>	<u>0.2</u>	<u>5.1</u>	<u>2550.0%</u>
Total deferred inflow of resources	5.3	0.2	5.1	2550.0%
Net position:				
Net investment in capital assets	133.6	123.6	10.0	8.1%
Restricted	0.0	0.0	0.0	0.0%
Unrestricted	<u>4.3</u>	<u>7.2</u>	<u>(2.9)</u>	<u>100.0%</u>
Total net position	\$ 137.9	\$ 130.8	\$ 7.1	5.4%

The total net position for Business-Type Activities increased by \$7.1 million, or 5.4%, compared to the prior year. Total assets increased slightly by \$1.6 million, or 0.7%, reflecting increases of capital assets related primarily to construction in the Water Quality Control Plant (WQCP) Wet Weather and Digester Improvements project, the rehabilitation of the WQCP secondary clarifiers and the Orange Memorial Park Stormwater capture project. This was offset somewhat by lower cash balances due to reduced sewer charge revenues as previously discussed, and a lower receivables balance. Total liabilities, on the other hand, decreased by \$10.7 million due to a lower accounts payable balance at year end and a \$6.1 million lower net pension liability due to substantial gains made during the measurement period. Similar to Governmental Activities and pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of \$5.8 million and Net Pension Liability of \$14.4 million attributable to Business-Type Activities.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

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

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

			Increase / (Decrease)	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
Expenses				
Sewer Enterprise	\$ 26.2	\$ 26.7	\$ (0.5)	(1.9%)
Parking District	1.2	1.3	(0.1)	(7.7%)
Storm Water	1.3	0.9	0.4	44.4%
Total expenses	<u>28.7</u>	<u>28.9</u>	<u>(0.2)</u>	<u>(0.7%)</u>
Revenues				
Program Revenues				
Charges for Services	24.2	25.8	(1.6)	(6.2%)
Operating and Capital grants and contributions	11.0	14.8	(3.8)	(25.7%)
Total program revenues	<u>35.2</u>	<u>40.6</u>	<u>(5.4)</u>	<u>(13.3%)</u>
General revenues				
Investment earnings	<u>(0.8)</u>	0.1	<u>(0.9)</u>	<u>(1700.0%)</u>
Total general revenues	<u>(0.8)</u>	0.1	<u>(0.9)</u>	<u>(1700.0%)</u>
Excess (deficiency) before transfers	5.7	11.8	(6.1)	(51.5%)
Transfers	<u>1.4</u>	<u>5.0</u>	<u>(3.6)</u>	<u>(72.0%)</u>
Change in net position	7.1	16.8	(9.7)	(57.6%)
Net position - beginning	<u>130.8</u>	<u>114.0</u>	16.8	14.7%
Net position - ending	<u>\$ 137.9</u>	<u>\$ 130.8</u>	<u>\$ 7.1</u>	<u>5.5%</u>

Expenses from Business-Type Activities in FY2021-22 decreased slightly by \$0.2 million to \$28.7 million while total revenues (program and general revenues combined) also decreased, more significantly, by \$6.3 million to \$34.4 million. The total change in net position was an increase of \$7.1 million after transfers compared to the \$16.8 million increase in net position in the prior year. Despite lower revenues in FY2021-22 and a negative mark to market in investment earnings, control of expenses and reduced transfers out to other funds helped to ensure an increase in net position, albeit a lower increase than in the prior year.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

At June 30, 2022, the City's Governmental Funds reported combined fund balances of \$343.7 million, an increase of \$33.6 million, or 10.8%, compared to the prior year. This was primarily due to the creation of new governmental funds for the capital improvement projects at Orange Memorial Park funded by the series 2022A bond issuance. The General Fund ending fund balance, which includes Measure W, was \$76.6 million, reflecting an increase of \$0.9 million, or 1.2%, over the prior year primarily due to stronger revenues in most major revenue categories.

Total Governmental Fund revenues (excluding transfers and special items) increased by \$35.6 million, or 21.4%, from \$166.2 million to \$201.8 million, with increases in all categories except interest and rentals, licenses and permits and other revenues. Property tax, sales tax, TOT and intergovernmental revenues all saw increases of at least \$5 million in each category with charges for services rising by \$22.6 million mainly due to greater impact fee receipts from various development projects in progress throughout the City.

Total Governmental Fund expenditures (excluding transfers and special items) increased by \$30.2 million, or 14.7%, from \$206.1 million in the prior year to \$236.3 million in FY 2021-22, primarily due to increased project expenditures for the new Civic Center Campus, partially offset by reduced expenditures on the Police station which was completed during the year. In addition, most departments saw increases in expenditures as public services expanded during the year as the recovery from the pandemic continued and vacant positions were unfrozen. Debt service increased by \$6.9 million due to repayments beginning for the 2021A bond issuance. Capital outlay expenses of \$5.5 million were also incurred related to the purchase of land for the new fire station at 71 Camaritas Avenue.

Comparison of General Fund Final Budgets to Original Adopted Budget

The budget is initially adopted by the City Council in June, based on revenue projections that are up to date through May. Between May and the end of the fiscal year, there can be major fluctuations in revenues depending on the economy and/or actions by the State of California. There can also be significant changes to departmental expenditure budgets to the extent unforeseen expenditures occur. In the Fund Financial Statements, the page titled "Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual" later in this document shows the initial adopted and final budgets for the General Fund (including Measure W). Changes between the adopted and final budgets are shown and explained in table 6:

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

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

Table 6

Revenues	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
Property taxes	\$ 41,075	\$ 41,075	\$ -		
Sales taxes	32,239	32,989	750	2.3%	
Transient occupancy taxes	7,085	8,585	1,500	21.2%	Travel industry continued to recover strongly from the COVID-19 pandemic leading to higher hotel occupancy rates and upward budget revision
Other taxes	3,615	3,615	-		
Franchise Fee	4,600	4,600	-		
Intergovernmental	2,325	5,820	3,495	150.3%	Reflects multiple federal, state and local grants applied for during the year, adjustments for General Plan update, fire rescue vehicles, Colma Creek project work, the Economic Advancement Center and various other projects
Interest and rentals	3,565	3,505	(60)	-1.7%	
Licenses and permits	16,453	16,453	-		
Charges for services	9,287	7,848	(1,439)	-15.5%	Lingering effects of the COVID-19 pandemic on child care, classes and facility rentals leading to a decision to revise the budget downwards during the mid-year review
Fines and forfeitures	677	677	-		
Other	233	394	161	69.1%	Multiple small donations received during the year leading to upward budget revision
Total	\$ 121,154	\$ 125,561	\$ 4,407	3.6%	

Expenditures	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
City Council	\$ 292	\$ 292	\$ -		
City Clerk	1,152	1,231	79	6.9%	
City Treasurer	160	160	-		
City Attorney	910	910	-		
City Manager	3,608	4,512	904	25.1%	Roll over of purchase orders related to General Plan update, incentive pay adjustment
Finance	3,808	4,386	578	15.2%	Accounts for various purchase orders carried over from the previous FY, e.g. ERP replacement project consultant, incentive pay adjustment
Non-Departmental	1,294	1,369	75	5.8%	
Human Resources	2,042	2,307	265	13.0%	Roll over of purchase orders related to summer jobs for youth program and MOU labor negotiations, employee incentive pay adjustment
Economic and Community Development	8,228	16,293	8,065	98.0%	Roll over of purchase orders from the previous year for plan review and building inspection services, General Plan update and work related to the Economic Advancement Center
Fire	29,508	29,892	384	1.3%	
Police	32,388	32,844	456	1.4%	
Public Works	5,978	6,396	418	7.0%	Roll over of purchase orders from the previous year plus adjustments for employee incentive pay, part-time workers for graffiti remediation and free South City shuttle outreach
Library	6,222	6,898	676	10.9%	Adjustments for appropriations of multiple state and local grants received for Library programs
Parks and Recreation	16,729	18,372	1,643	9.8%	Adjustments for appropriations of local grants received during the year, roll over of purchase orders from the previous year, adjustments for additional vehicles, concert in the park, breezeway improvements, master arts plan and employee incentive pay
Total	\$ 112,319	\$ 125,862	\$ 13,543	12.1%	

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Analysis of Major Governmental Funds

General Fund

In FY 2021-22, total General Fund revenues, excluding transfers in, were \$140.9 million which was \$15.3 million, or 12.2% higher than the final amended budget. Total General Fund expenditures, excluding transfers out and including encumbrances, ended FY 2021-22 at \$129.5 million which was \$3.7 million, or 2.9%, higher than final budget due to overspends in various departments and carry over of a significant number of purchase orders.

As of June 30, 2022, the General Fund total fund balance was \$76.6 million, \$11.9 million of which was attributable to Measure W. Of the remaining fund balance, \$25.1 million was held in reserve in accordance with city policy which is aligned with the Governmental Finance Officers Association (GFOA) recommended reserve practice of between 15-20 percent of General Fund operating revenue. The remaining \$39.6 million was held in designation/reserve accounts for various purposes including unassigned fund balance (available for operational use), encumbrances (committed expenditure items), capital projects and land held for development.

Revenues. Property tax collections in FY 2020-21 were \$49.8 million, which was \$8.7 million or 21.2% over final budget. This was mainly due to higher-than-expected Vehicle Licensing Fee (VLF) payments which included an additional \$3.7 million allocated to the City by the state in relation to a VLF shortfall in the prior year.

Sales tax revenue, including Measure W, was \$37.8 million, which was \$4.8 million or 14.5% over final budget, reflecting the City's strong recovery from the COVID-19 pandemic.

Transient occupancy taxes totaled \$12.1 million for the year, which was \$3.6 million, or 41.4%, over final budget. This category was budgeted conservatively due to the expected lingering impacts of the pandemic on the hospitality industry seen in the prior year. However, travel rebounded quickly leading to high hotel occupancy rates and considerably higher final collections than budget. By way of contrast, pre-pandemic TOT levels were approximately \$17 million (FY2018-19).

Intergovernmental revenues were \$3.2 million which is \$2.6 million, or 45.1%, lower than final budget mainly due to the timing of receipt of various grants, many of which are on a reimbursement basis so it depends on progress of projects during the year.

Licenses and permits revenues were \$14.1 million, which was \$2.4 million or 14.5% under final budget. This category can be very difficult to budget since receipts depend on the timing of development projects within the City.

Charges for services was \$9.7 million, which was \$1.9 million or 24.2% above budget. This category was revised downward during the mid-year review due to lower than expected receipts at the time for classes, rentals and child care but the year ended much stronger than expected and exceeded the original budget.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Measure W revenue increased by \$2.0 million, or 15.1%, from \$13.4 million in FY2020-21 to \$15.4 million in FY 2021-22 and exceeded budget by \$2.7 million primarily due to the City's strong continued recovery from the COVID-19 pandemic.

Expenditures. Higher than expected expenditures in the Fire department are primarily payroll-related, particularly in overtime due to regular staff working additional hours to cover unfilled vacancies. To a lesser extent, the Police department also saw payroll-related expenditures exceed budget but this was partially offset by underspends in supplies and services. The Non-Departmental category was over budget due to a one-time transfer to the City Benefits Fund to address a deficit in the fund. These overspends were offset by savings in other departments, including Finance, Library and Economic and Community Development. Compared to the prior year, General Fund expenditures, excluding transfers and including encumbrances, increased from \$114.5 million to \$129.2 million. This was driven by the recovery from the pandemic and the commensurate return to a more normal level of services to residents which led to more staffing and operational expenditures. Versus final budget, the General Fund ended the year with a \$3.7 million unfavorable variance.

Low and Moderate Income Housing Assets Fund

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

As of June 30, 2022, the fund balance was \$3.0 million, a slight reduction from \$3.2 million at the end of the prior year. In FY 2021-22, the City Housing Fund received \$0.1 million in revenues. The fund had \$0.3 million in expenditures, \$0.1 million of which was for rental assistance to households severely impacted by the COVID-19 pandemic and \$0.2 million for administrative staff costs to support the City's Housing Division.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

American Rescue Plan Act Fund

In response to the COVID-19 pandemic, the federal government passed the American Rescue Plan Act (ARPA) in March 2021 which included financial aid to be provided to cities. The City of South San Francisco was awarded \$12.3 million in ARPA funds, received in two equal tranches in June 2021 and June 2022. During FY 2021-22, \$1.1 million was spent on the Guaranteed Income Pilot Program and other minor projects to support communities impacted by the pandemic. \$2.6 million was also transferred to the General Fund to replace revenues lost as a direct result of pandemic impacts. ARPA funds are held as unearned revenue on the balance sheet, netting off against the cash balance, and recognized as revenue as project expenditures are incurred. This results in a zero fund balance at year end.

Capital Improvement Funds

The City consolidates and reports its governmental fund-type capital project expenditures in these funds. Resources consist of transfers from the General Fund, Major and non-Major funds, developer impact fees, and gasoline taxes and transportation sales taxes from non-Major governmental funds. Resources also come from federal, state, and local grants, contributions from other cities, utilities and private developers. From time to time and when financially feasible and prudent to do so, the City issues bonds which generate proceeds for large-scale public facility projects. In addition to the bond issuances in FY2019-20 for the new Police station (series 2020A) and in FY2020-21 for the Civic Center Campus (series 2021A), the City issued \$65.4 million in bonds to fund the construction of the new Aquatic Center and ballfields at Orange Memorial Park as well as the replacement of the playground and two bridges over Colma Creek also at Orange Memorial Park (series 2022A). Entire capital projects are appropriated in one-year, but expended over multiple years, with unspent appropriations carried forward year-to-year until completion. In FY 2021-22, combined ending fund balance for Capital Improvement Funds (excluding Impact Fee Funds) was \$149.7 million which increased \$12.8 million from the combined ending fund balance of \$130.9 million in the prior year. The increase was due to the issuance of the \$65.4 million series 2022A bonds which generated proceeds for projects which was largely offset by the spending down of the series 2020A bond proceeds as the new Police Station neared completion during the year, and the series 2021A bond proceeds as the Civic Center Campus construction continued apace.

Developer Impact Fees Capital Projects Funds

To ensure developers pay their fair share of the impact of new developments on the City's capital and infrastructure, the City imposes impact fees. As South San Francisco emerged from the COVID-19 pandemic during FY2021-22, the City continued to experience a robust development environment that accounted for significant collection of developer impact fees including \$1.0 million in East of 101 Sewer Impact Fees to be used for capital projects to maintain the sewer collection and treatment facilities serving the east of 101 area. This fund experienced an overall \$0.8 million increase during the year in fund balance from \$4.1 million to \$4.9 million.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

The City also received \$7.1 million in Traffic Impact Fees from developers to be used for expanded roadway and intersection improvements serving the east of 101 area. After the effect of the negative mark-to-market of city investments and transfer out of \$6 million to fund CIP projects, the fund balance increased slightly to \$24.8 million from \$24.5 million in the prior year.

Childcare impact fees in the amount of \$7.7 million were also received in the year from developers. These funds will be used for new and expanded childcare facilities in the City. As a result of these receipts, fund balance climbed to \$13.9 million in FY 2021-22 from \$7.1 million in the prior year.

Other Governmental Funds

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

In addition to the impact fees classified as major funds in FY 2021-22 discussed previously, it's worth noting that other impact fee funds, presented as non-major funds, also received considerable developer payments during the year owing to the high level of development activity in the City. This includes \$4.0 million in Park Construction Impact Fees which will be used for the improvements and construction of City-park facilities, \$3.4 million in Commercial Linkage Impact Fees which will be used to provide affordable housing and to support the City's adopted 2015-2023 Housing Element, \$1.7 million in Public Safety Impact Fees to be used for new and expanded public safety capital facility projects and equipment, \$1.7 million in Park Land Acquisition Fees to be used to acquire land for parks within the City, and \$14.0 million in Oyster Point Development Impact Fees to be used for interchange projects in the Oyster Point area.

Enterprise Funds

Sewer Enterprise Fund

The Sewer Enterprise fund reported operating revenue (before non-operating revenues and operating transfers) of \$28.4 million in FY2021-22, a decrease of \$5.4 million, or 16.0%, from \$33.8 million in the prior year. This substantial reduction in revenue is a direct impact from the COVID-19 pandemic during which many commercial locations closed for long periods of time resulting in substantially less water usage and therefore smaller sewer effluent volumes on which service charges are based. This was combined with an overall drive by large commercial sites within the City to conserve water which subsequently reduces service charge revenues. Since charges are always based on the prior year water use, revenues for FY2021-22 were lower than normal. Operating expenses decreased \$0.3 million, or 1.0%, from \$ 26.1 million to \$25.8 million, due to lower payroll-related expenses from vacancies, partially offset by increases in professional services, program supplies and utilities.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

Parking District Fund

In FY 2022, the Parking District fund reported an operating loss (before non-operating revenues and operating transfers) of \$0.2 million which was a reduction on the loss in the prior year of \$0.6 million. Operating revenues increased by \$0.2 million, or 30.0%, from \$0.8 million to \$1.0 million, primarily due to increased usage of parking meters as businesses opened up as the City continued to recover from the pandemic and shoppers returned in their cars to the downtown area. Operating expenses decreased by \$0.1 million, or 12.5%, from \$1.3 million to \$1.2 million due to lower professional services expenses.

Storm Water Fund

The Storm Water Fund is used to account for resources needed to fund storm drain and storm infrastructure operations, maintenance, capital replacement, and compliance with various federal and state regulations regarding storm water runoff. Revenues totaled \$0.4 million, which is flat compared to the prior year, primarily from a levy on property owners. Transfers in from other funds totaled \$0.9 million - \$0.2 million from the General Fund and \$0.7 million from non-Major Governmental Funds. A total of \$5.3 million in grant reimbursements was received during the year from the state in relation to the Orange Memorial Park storm water capture CIP project. Operating expenses in this fund totaled \$1.3 million, an increase of \$0.4 million, or 42.0%, from \$0.9 million in the prior year, primarily due to higher payroll-related expenditures. Net position increased \$5.4 million from \$11.5 million to \$16.8 million, largely due to the grant received, and year-end accruals for additional grant reimbursements for work completed during the year.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

CAPITAL ASSETS

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

At June 30, 2022, the City had \$662.1 million in capital assets (as shown in table 7 below), net of depreciation, representing a substantial increase of \$92.6 million from the prior year, driven primarily by in-progress construction projects such as the new Civic Center Campus.

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

Table 7
Capital Assets (in Millions) at June 30

			Increase / (Decrease)	
	2022	2021	Amount	%
Governmental Activities:				
Land	\$ 72.2	\$ 66.7	\$ 5.5	8.2%
Buildings and improvements	97.4	97.4	0.0	0.0%
Equipment and vehicles	24.8	24.5	0.3	1.2%
Furniture and fixtures	2.6	2.6	0.0	0.0%
Infrastructure - streets	205.6	200.9	4.7	2.3%
Infrastructure - traffic control devices	12.6	12.6	0.0	0.0%
Infrastructure - storm drains	8.9	8.9	0.0	0.0%
Construction in progress	241.9	160.4	81.5	50.8%
Less accumulated depreciation	(200.3)	(190.9)	(9.4)	4.9%
Totals	<u>\$ 465.7</u>	<u>\$ 383.1</u>	<u>\$ 82.6</u>	<u>21.6%</u>
Business-Type Activities				
Land	\$ 0.8	\$ 0.8	\$ -	0.0%
Buildings and improvements	80.1	80.1	0.0	0.0%
Clean water facilities and transmission lines	79.9	79.9	0.0	0.0%
Infrastructure - storm drains	6.2	6.2	0.0	0.0%
Infrastructure - streets	7.4	7.4	0.0	0.0%
Equipment and vehicles	18.5	18.5	0.0	0.0%
Construction in progress	84.0	68.9	15.1	21.9%
Less accumulated depreciation	(80.5)	(75.4)	(5.1)	6.8%
Totals	<u>\$ 196.4</u>	<u>\$ 186.4</u>	<u>\$ 10.0</u>	<u>5.4%</u>
Total City	\$ 662.1	\$ 569.5	\$ 92.6	16.3%

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

DEBT ADMINISTRATION

Each of the City's debt issuances is discussed in detail in Note 5 to the Basic Financial Statements. A summary of the City's outstanding debt for the past two fiscal years is shown in table 8 (excluding unamortized bond premiums):

Table 8
Outstanding Debt
(In Millions) at June 30

<i>Governmental Activities</i>			Increase / (Decrease)	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>%</u>
Lease Revenue Bonds	\$ 191.6	\$ 129.4	\$ 62.2	100.0%
Plus: Unamortized Bond Premium	33.2	27.6	5.6	100.0%
Loan payable to Successor Agency	2.2	3.6	(1.4)	(38.9%)
Capital leases	0.1	0.3	(0.2)	(66.7%)
Total Governmental Activities Outstanding Debt	<u>\$ 227.1</u>	<u>\$ 160.9</u>	<u>\$ 66.2</u>	<u>41.1%</u>
<i>Business-type Activities</i>				
State Water Resources Board loans	\$ 60.8	\$ 60.5	\$ 0.3	0.5%
2005 Sewer Bonds	2.0	2.3	(0.3)	(13.0%)
Total Business-type Activities Outstanding Debt	<u>\$ 62.8</u>	<u>\$ 62.8</u>	<u>\$ -</u>	<u>0.0%</u>

In June 2022, the City of South San Francisco Public Facilities Financing Authority issued \$65.4 million in lease revenue bonds, Series 2022A, for the construction of the new Aquatic Center and ballfields, and the replacement of the playground and two bridges over Colma Creek at Orange Memorial Park. The City received a total of \$72.1 million in proceeds from this issuance, of which \$49 million, \$12.3 million, \$2.2 million and \$1.5 million was allocated to the four projects respectively, and \$7.1 million reserved for capitalized interest and fees.

Outstanding debt for Business-Type Activities remained static when compared to the prior year since the \$5.1 million drawdown against the State Water Resources Board loan was equivalent to the amount of the loan retired during FY 2021-22.

The largest remaining debt obligations are as follows:

- 1999, 2004, 2008 State Water Resources Control Board Loans – Original debt: \$78.144.286; 2.4% to 2.6% interest rate; due 8/1/22, 4/30/26, 7/15/28. These loans were used to improve and expand the City's Water Quality Control Plant (WQCP). Loan proceeds were issued as projects progressed. Debt service payment commenced one year after project completion. WQCP user fees support the debt service payments. Because of the regional benefits and equity interest in these projects, the City of San Bruno shares in the loan repayments for the first two of the four current loans.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2022

- 2018 State Water Resources Control Board Loan - Original debt: \$53,403,000; 1.8% interest rate; due October 3, 2042. The loan proceeds are being used for the WQCP Wet Weather and Digester project. Loan proceeds have been issued over time as projects progressed. Debt service payments are due to commence on October 3, 2023, one year after project completion. WQCP user fees support the debt service payments.
- 2020A Lease Revenue Bonds - Original debt: \$43,905,000; premium received: \$10,242,530; 4 - 5% interest rate; due June 1, 2046. The bonds were used for Phase I of the Civic Center Campus project consisting of the planning and construction of a new Police Station and Dispatch Center for the City of South San Francisco. Measure W sales tax revenue will fund the repayments.
- 2021A Lease Revenue Bonds - Original debt: \$86,410,000; premium received: \$18,116,565; 4% interest rate; due June 1, 2046. \$78,000,000 of the bond proceeds are to be used for Phase II of the Civic Center Campus project consisting of the design and construction of the new library, parks and recreation center, council chambers and landscaping of the immediate surrounding area. \$24,000,000 will be used for road pavement rehabilitation throughout the City, and \$2,000,000 will be used for solar roof installation at the City's Corporation Yard. Measure W sales tax revenue will fund the repayments.
- 2022A Lease Revenue Bonds - Original debt: \$65,420,000; premium received: \$6,686,317; 4-5.25% interest rate; due June 1, 2046. \$49,000,000 of the bond proceeds are to be used for construction of the new Aquatic Center. \$12.3 million will be used for constructions of new ballfields. \$2.2 million will be used for replacement of the playground at Orange Memorial Park. \$1.5 million will be used for replacement of two bridges over Colma Creek at Orange Memorial Park. Measure W sales tax revenue will fund the repayments.

ECONOMIC OUTLOOK AND MAJOR ACCOMPLISHMENTS

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide readers with a general overview of the City's finances. Questions about this report or requests for additional financial information should be addressed to the City of South San Francisco, Finance Department, P.O. Box 711, South San Francisco, CA 94083.

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CITY OF SOUTH SAN FRANCISCO

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

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

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

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

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

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

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

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

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CITY OF SOUTH SAN FRANCISCO
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit South San Francisco Conference Center
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments (Note 2)	\$239,818,986	\$25,001,166	\$264,820,152	\$3,374,045
Receivables:				
Accounts	22,031,560	5,539,679	27,571,239	239,569
Accrued interest	656,639	67,683	724,322	
Loans	3,253,202		3,253,202	
Due from Conference Center	40,379		40,379	
Leases (Note 10)	14,653,121		14,653,121	
Internal balances (Note 4A)	630,000	(630,000)		
Deposits	309,790		309,790	17,042
Inventory	4,099		4,099	
Prepaid items	1,204,373		1,204,373	
Restricted cash and investments (Note 2)	144,307,312	182,446	144,489,758	
Properties held for redevelopment (Note 1N)	14,763,033		14,763,033	
Capital assets (Note 3):				
Nondepreciable	314,107,786	84,778,042	398,885,828	
Depreciable, net accumulated depreciation	151,587,263	111,599,962	263,187,225	3,656,555
Total Assets	907,367,543	226,538,978	1,133,906,521	7,287,211
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 7)	23,087,021	2,565,225	25,652,246	
Related to OPEB (Note 9)	5,669,372	629,930	6,299,302	
Total Deferred Outflows of Resources	28,756,393	3,195,155	31,951,548	
LIABILITIES				
Accounts payable	21,665,787	590,727	22,256,514	148,705
Accrued salaries and benefits	1,766,827		1,766,827	49,167
Accrued interest payable	690,006	210,916	900,922	
Other payables	4,952,192	1,901,456	6,853,648	
Deposits payable	5,348,610	7,500	5,356,110	256,306
Unearned revenue	8,481,273	33,027	8,514,300	
Accrued insurance losses (Note 12):				
Due within one year	3,047,258		3,047,258	
Due in more than one year	13,436,000		13,436,000	
Compensated absences obligation (Note 1L):				
Due within one year	5,432,020	589,258	6,021,278	
Due in more than one year	3,032,874	200,814	3,233,688	
Debt and lease financing obligations (Note 5):				
Due within one year	3,329,637	5,312,308	8,641,945	
Due in more than one year	223,757,842	57,467,142	281,224,984	
Lease liability (Note 10):				
Due within one year				349,429
Due in more than one year				2,059,878
Net pension liability - due in more than one year (Note 7)	129,941,552	14,437,950	144,379,502	
Net OPEB Liability - due in more than one year (Note 9)	52,307,242	5,811,916	58,119,158	
Total Liabilities	477,189,120	86,563,014	563,752,134	2,863,485
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 7)	41,567,798	4,618,644	46,186,442	
Related to OPEB (Note 9)	6,140,322	682,258	6,822,580	
Related to leases (Note 10)	14,390,446		14,390,446	
Total Deferred Inflows of Resources	62,098,566	5,300,902	67,399,468	
NET POSITION (Note 6)				
Net investment in capital assets	452,722,446	133,598,554	586,321,000	1,247,248
Restricted for:				
Debt service				
Special revenue projects	39,574,200		39,574,200	
Capital projects	84,722,535		84,722,535	
Redevelopment and community development activities	14,763,033		14,763,033	
Total Restricted Net Position	139,059,768		139,059,768	
Unrestricted	(194,945,964)	4,271,663	(190,674,301)	3,176,478
Total Net Position	\$396,836,250	\$137,870,217	\$534,706,467	\$4,423,726

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$20,793,108	\$5,413,298	\$4,195,664	
Fire	28,530,628	7,857,602	14,500	
Police	35,635,007	2,878,353	775,579	
Public Works	7,544,142	17,734,041	3,745,967	\$3,342,651
Parks and Recreation	19,482,582	3,058,826	485,986	
Library	6,060,920	1,054,339	566,457	
Economic and Community Development	12,034,671	28,676,546	1,068,593	
Interest on long term debt	4,686,930			
Total Governmental Activities	<u>134,767,988</u>	<u>66,673,005</u>	<u>10,852,746</u>	<u>3,342,651</u>
Business-type Activities				
Sewer	26,246,647	22,778,206	5,663,695	
Parking District	1,170,305	993,986		
Storm Water	1,309,360	412,842		5,252,622
Total Business-type Activities	<u>28,726,312</u>	<u>24,185,034</u>	<u>5,663,695</u>	<u>5,252,622</u>
Total Primary Government	<u><u>\$163,494,300</u></u>	<u><u>\$90,858,039</u></u>	<u><u>\$16,516,441</u></u>	<u><u>\$8,595,273</u></u>
Component Unit				
Conference Center	<u><u>\$2,959,376</u></u>	<u><u>\$752,191</u></u>		

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise Fees

Other taxes

Motor vehicle in lieu, unrestricted

Property taxes in lieu of vehicle license fees

Investment earnings

Gain on sale of property

Miscellaneous

Special Item:

Remittance of land sale proceeds to taxing entities

Transfers (Note 4)

Total general revenues, special item and transfers

Change in Net Position

Net Position - Beginning, as Restated (Note 1T)

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
(\$11,184,146)		(\$11,184,146)	
(20,658,526)		(20,658,526)	
(31,981,075)		(31,981,075)	
17,278,517		17,278,517	
(15,937,770)		(15,937,770)	
(4,440,124)		(4,440,124)	
17,710,468		17,710,468	
(4,686,930)		(4,686,930)	
<u>(53,899,586)</u>		<u>(53,899,586)</u>	
	\$2,195,254	2,195,254	
	(176,319)	(176,319)	
	4,356,104	4,356,104	
	<u>6,375,039</u>	<u>6,375,039</u>	
<u>(53,899,586)</u>	<u>6,375,039</u>	<u>(47,524,547)</u>	
			<u>(\$2,207,185)</u>
40,011,221		40,011,221	
38,143,689		38,143,689	
12,135,638		12,135,638	1,817,344
4,863,076		4,863,076	
6,537,423		6,537,423	
77,558		77,558	
11,988,715		11,988,715	
(6,724,092)	(761,751)	(7,485,843)	11,377
1,518,059		1,518,059	
14,458,939		14,458,939	
(2,962,923)		(2,962,923)	
(1,419,235)	1,419,235		
<u>118,628,068</u>	<u>657,484</u>	<u>119,285,552</u>	<u>1,828,721</u>
64,728,482	7,032,523	71,761,005	(378,464)
<u>332,107,768</u>	<u>130,837,694</u>	<u>462,945,462</u>	<u>4,802,190</u>
<u>\$396,836,250</u>	<u>\$137,870,217</u>	<u>\$534,706,467</u>	<u>\$4,423,726</u>

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FUND FINANCIAL STATEMENTS

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

The funds described below were determined to be Major Funds by the City in fiscal 2022. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

LOW AND MODERATE INCOME HOUSING ASSETS SPECIAL REVENUE FUND

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

AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND

To account for the City's allocation of American Rescue Plan federal stimulus funds, as part of the federal government's response to the impacts of the COVID-19 pandemic.

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

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

EAST OF 101 SEWER IMPACT FEES CAPITAL PROJECTS FUND

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

TRAFFIC IMPACT FEES CAPITAL PROJECTS FUND

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

CHILD CARE IMPACT FEES CAPITAL PROJECTS FUND

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

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).

FUND FINANCIAL STATEMENTS (Continued)
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CAPITAL IMPROVEMENT POLICE STATION CAPITAL PROJECTS FUND

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

CAPITAL IMPROVEMENT CIVIC CAMPUS CAPITAL PROJECTS FUND

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

CAPITAL IMPROVEMENT ORANGE MEMORIAL PARK CAPITAL PROJECTS FUND

To account for expenditures associated with the acquisition, construction and installation of certain capital improvements at the City-owned Orange Memorial Park and pay the costs incurred in connection with the issuance of the Series 2022A Bonds.

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**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>	
	<u>General Fund</u>	<u>Low and Moderate Income Housing Assets</u>	<u>American Rescue Plan Act</u>	<u>Capital Improvement</u>	<u>East of 101 Sewer Impact Fees</u>
ASSETS					
Cash and investments (Note 2)	\$50,061,615	\$2,469,920	\$8,263,293	\$54,317	\$4,860,145
Receivables:					
Accounts	18,303,062	5,075		2,443,532	
Accrued interest	161,122	7,634			12,661
Due from Conference Center	40,379				
Loans		560,238			
Leases (Note 10)	13,455,776	1,197,345			
Due from other funds (Note 4B)	1,270,000				
Inventory	4,099				
Restricted cash and investments (Note 2)	152,797			21,296,576	
Properties held for redevelopment (Note 1N)	14,763,033				
	<u>\$98,211,883</u>	<u>\$4,240,212</u>	<u>\$8,263,293</u>	<u>\$23,794,425</u>	<u>\$4,872,806</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$4,589,446	\$27,938		\$5,128,420	
Accrued salaries and benefits	1,766,827				
Other payable	842,046			1,027,312	
Deposits payable	1,159,644				
Unearned revenue			\$8,263,293		
Due to other funds (Note 4B)				430,000	
	<u>8,357,963</u>	<u>27,938</u>	<u>8,263,293</u>	<u>6,585,732</u>	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable Related to leases (Note 10)	13,207,264	1,183,182		1,799,387	
	<u>13,207,264</u>	<u>1,183,182</u>		<u>1,799,387</u>	
FUND BALANCE					
Fund Balances (Note 6):					
Nonspendable	4,099				
Restricted	14,763,033	3,029,092		16,847,198	\$4,872,806
Committed	16,083,977				
Assigned	7,482,439				
Unassigned	38,313,108			(1,437,892)	
	<u>76,646,656</u>	<u>3,029,092</u>		<u>15,409,306</u>	<u>4,872,806</u>
Total Fund Balances (Deficits)	<u>76,646,656</u>	<u>3,029,092</u>		<u>15,409,306</u>	<u>4,872,806</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$98,211,883</u>	<u>\$4,240,212</u>	<u>\$8,263,293</u>	<u>\$23,794,425</u>	<u>\$4,872,806</u>

See accompanying notes to basic financial statements

Capital Projects Funds

<u>Traffic Impact Fees</u>	<u>Child Care Impact Fees</u>	<u>Capital Infrastructure Reserve</u>	<u>Capital Improvement Police Station</u>	<u>Capital Improvement Civic Campus</u>	<u>Capital Improvement Orange Memorial Park</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$24,685,029	\$13,862,533	\$24,822,132				\$72,342,469	\$201,421,453
76,528	38,631	68,792				1,279,891	22,031,560
						186,179	551,547
							40,379
						2,692,964	3,253,202
							14,653,121
							1,270,000
							4,099
			\$708,008	\$50,463,437	\$71,684,403	2,091	144,307,312
							14,763,033
<u>\$24,761,557</u>	<u>\$13,901,164</u>	<u>\$24,890,924</u>	<u>\$708,008</u>	<u>\$50,463,437</u>	<u>\$71,684,403</u>	<u>\$76,503,594</u>	<u>\$402,295,706</u>
		\$1,100		\$10,875,293		\$614,031	\$21,236,228
			\$239,226	2,307,779		535,797	1,766,827
						4,188,966	4,952,160
						217,980	5,348,610
						210,000	8,481,273
							640,000
		1,100	239,226	13,183,072		5,766,774	42,425,098
							1,799,387
							14,390,446
							16,189,833
\$24,761,557	\$13,901,164		468,782	37,280,365	\$71,684,403	70,736,820	4,099
							258,345,220
		24,889,824					16,083,977
							32,372,263
							36,875,216
<u>24,761,557</u>	<u>13,901,164</u>	<u>24,889,824</u>	<u>468,782</u>	<u>37,280,365</u>	<u>71,684,403</u>	<u>70,736,820</u>	<u>343,680,775</u>
<u>\$24,761,557</u>	<u>\$13,901,164</u>	<u>\$24,890,924</u>	<u>\$708,008</u>	<u>\$50,463,437</u>	<u>\$71,684,403</u>	<u>\$76,503,594</u>	<u>\$402,295,706</u>

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

Total fund balances reported on the governmental funds balance sheet \$343,680,775

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. 461,292,492

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. 25,412,720

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Long-term debt	(226,942,842)
Interest payable	(690,006)
Deferred outflows related pension	23,087,021
Deferred outflows related to OPEB	5,669,372
Net OPEB liability	(52,307,242)
Net pension liability	(129,941,552)
Deferred inflows related to OPEB	(6,140,322)
Deferred inflows related to pension	(41,567,798)
Compensated absences	<u>(6,515,755)</u>

Net position of governmental activities \$396,836,250

See accompanying notes to financial statements

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**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Funds		Capital Projects Funds	
		Low and Moderate Income Housing Assets	American Rescue Plan Act	Capital Improvement	East of 101 Sewer Impact Fees
REVENUES					
Property taxes	\$49,779,284				
Sales taxes	37,760,777				
Transient occupancy taxes	12,135,638				
Franchise Fees	4,863,076				
Other taxes	6,537,423				
Intergovernmental	3,196,346		\$3,755,648	\$842,462	
Interest and rentals	1,553,209	\$98,417			(\$145,957)
Licenses and permits	14,062,474				
Charges for services	9,747,605			59,335	985,102
Fines and forfeitures	700,961				
Other	515,004	47,076		146,037	
Total Revenues	140,851,797	145,493	3,755,648	1,047,834	839,145
EXPENDITURES					
Current:					
City Council	252,677				
City Clerk	887,678				
City Treasurer	39,852				
City Attorney	1,138,457				
City Manager	4,191,480				
Finance	3,148,914				
Non-departmental	2,580,748		1,111,389		2,800
Human Resources	2,065,927				
Fire	32,560,468				
Police	33,281,487				
Public Works	6,294,564			26,413,361	
Parks and Recreation	18,092,526				
Library	6,495,279				
Economic and Community Development	11,006,922	344,379			
Other					
Capital Outlay					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures	122,036,979	344,379	1,111,389	26,413,361	2,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,814,818	(198,886)	2,644,259	(25,365,527)	836,345
OTHER FINANCING SOURCES (USES)					
Gain from sale of property	1,507,641				
Issuance of debt					
Bond premium					
Transfers in (Note 4C)	4,763,729	2,784		14,526,753	
Transfers out (Note 4C)	(21,235,610)		(2,644,259)	(2,362)	(107,818)
Total Other Financing Sources (Uses)	(14,964,240)	2,784	(2,644,259)	14,524,391	(107,818)
Net Change in Fund Balances before special items	3,850,578	(196,102)		(10,841,136)	728,527
SPECIAL ITEMS					
Remittance of land sale proceeds	(2,962,923)				
Net Change in Fund Balances	887,655	(196,102)		(10,841,136)	728,527
Fund balances (deficits) - July 1	75,759,001	3,225,194		26,250,442	4,144,279
Fund balances (deficits) - June 30	\$76,646,656	\$3,029,092		\$15,409,306	\$4,872,806

See accompanying notes to financial statements

Capital Projects Funds

Traffic Impact Fees	Child Care Impact Fees	Capital Infrastructure Reserve	Capital Improvement Police Station	Capital Improvement Civic Campus	Capital Improvement Orange Memorial Park	Other Governmental Funds	Total Governmental Funds
						\$2,220,652	\$51,999,936
						825,500	38,586,277
							12,135,638
							4,863,076
						2,288,982	8,826,405
						17,027,848	24,822,304
(\$880,148)	(\$441,678)	(\$797,634)	\$13,028	\$138,823		(2,075,384)	(2,537,324)
							14,062,474
7,083,871	7,656,815					20,254,318	45,787,046
							700,961
						1,815,999	2,524,116
6,203,723	7,215,137	(797,634)	13,028	138,823		42,357,915	201,770,909
							252,677
							887,678
							39,852
							1,138,457
							4,191,480
							3,148,914
	2,800						3,697,737
							2,065,927
						37,072	32,597,540
			6,332,894			64,536	39,678,917
2,800		45,150		\$40,930,120		14,137,377	87,823,372
						2,203,316	20,295,842
							6,495,279
						1,357,866	12,709,167
						5,610,278	5,610,278
		5,520,422					5,520,422
					6,013	421,914	4,635,000
						5,097,833	5,525,760
2,800	2,800	5,565,572	6,332,894	40,936,133	421,914	33,143,278	236,314,299
6,200,923	7,212,337	(6,363,206)	(6,319,866)	(40,797,310)	(421,914)	9,214,637	(34,543,390)
							1,507,641
					65,420,000		65,420,000
					6,686,317		6,686,317
(5,929,676)	(99,499)	8,500,000		102,542		8,324,659	36,220,467
		(3,141,590)				(5,611,193)	(38,772,007)
(5,929,676)	(99,499)	5,358,410		102,542	72,106,317	2,713,466	71,062,418
271,247	7,112,838	(1,004,796)	(6,319,866)	(40,694,768)	71,684,403	11,928,103	36,519,028
							(2,962,923)
271,247	7,112,838	(1,004,796)	(6,319,866)	(40,694,768)	71,684,403	11,928,103	33,556,105
24,490,310	6,788,326	25,894,620	6,788,648	77,975,133		58,808,717	310,124,670
\$24,761,557	\$13,901,164	\$24,889,824	\$468,782	\$37,280,365	\$71,684,403	\$70,736,820	\$343,680,775

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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$33,556,105

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	91,732,476
Current year depreciation	(8,611,519)

Long-Term Debt Payments

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

Proceeds from issuance of bonds	(65,420,000)
Bond premium	(6,686,317)

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	4,635,000
Amortization of premium is added back to fund balance	1,104,016

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):

Unavailable revenue	1,799,387
Interest payable	(265,186)
Compensated absences	462,871
Net pension liability, deferred outflows and inflows of resources	11,225,062
Net OPEB liability, deferred outflows and inflows of resources	626,641

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.

569,946

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$64,728,482

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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Resources (inflows):				
Property taxes	\$41,074,710	\$41,074,710	\$49,779,284	\$8,704,574
Sales taxes	32,239,177	32,989,177	37,760,777	4,771,600
Transient occupancy taxes	7,085,194	8,585,194	12,135,638	3,550,444
Franchise fees	4,600,000	4,600,000	4,863,076	263,076
Other taxes	3,614,753	3,614,753	6,537,423	2,922,670
Intergovernmental	2,325,338	5,818,982	3,196,346	(2,622,636)
Interest and rentals	3,564,976	3,504,976	1,553,209	(1,951,767)
Licenses and permits	16,453,166	16,453,166	14,062,474	(2,390,692)
Charges for services	9,287,470	7,848,478	9,747,605	1,899,127
Fines and forfeitures	676,975	676,975	700,961	23,986
Other	232,718	394,382	515,004	120,622
	<u>121,154,477</u>	<u>125,560,793</u>	<u>140,851,797</u>	<u>15,291,004</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
City Council	292,426	292,427	252,677	39,750
City Clerk	1,151,844	1,231,044	887,678	343,366
City Treasurer	160,245	160,244	39,852	120,392
City Attorney	910,049	910,049	1,138,457	(228,408)
City Manager	3,607,557	4,512,195	4,451,837	60,358
Finance	3,807,781	4,385,682	3,603,809	781,873
Non-departmental	1,294,252	1,369,252	2,581,079	(1,211,827)
Human Resources	2,042,597	2,307,004	2,184,942	122,062
Fire	29,508,065	29,892,151	32,975,264	(3,083,113)
Police	32,386,774	32,843,169	33,383,916	(540,747)
Public Works	5,978,429	6,396,059	6,743,595	(347,536)
Parks and Recreation	16,729,027	18,371,855	18,920,003	(548,148)
Library	6,221,935	6,897,585	6,495,735	401,850
Economic and Community Development	8,227,651	16,293,222	15,860,574	432,648
	<u>112,318,632</u>	<u>125,861,938</u>	<u>129,519,418</u>	<u>(3,657,480)</u>
OTHER FINANCING SOURCES (USES)				
Gain from sale of property	630,000	690,000	1,507,641	817,641
Transfers in (Note 4C)	1,187,080	5,519,792	4,763,729	(756,063)
Transfers out (Note 4C)	(9,771,783)	(34,516,335)	(21,235,610)	13,280,725
	<u>(7,954,703)</u>	<u>(28,306,543)</u>	<u>(14,964,240)</u>	<u>13,342,303</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM				
	881,142	(28,607,688)	(3,631,861)	24,975,827
SPECIAL ITEM				
Remittance of land sale proceeds			(2,962,923)	(2,962,923)
NET CHANGE IN FUND BALANCE				
	<u>\$881,142</u>	<u>(\$28,607,688)</u>	<u>(6,594,784)</u>	<u>\$22,012,904</u>
Fund Balance - July 1			75,759,001	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>7,482,439</u>	
Fund Balance - June 30			<u>\$76,646,656</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rental	\$167,000	\$167,000	\$98,417	(\$68,583)
Other	140,000	140,000	47,076	(92,924)
Total Revenues	<u>307,000</u>	<u>307,000</u>	<u>145,493</u>	<u>(161,507)</u>
EXPENDITURES:				
Current:				
Economic and Community Development	671,489	685,423	355,122	330,301
Total Expenditures	<u>671,489</u>	<u>685,423</u>	<u>355,122</u>	<u>330,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(364,489)</u>	<u>(378,423)</u>	<u>(209,629)</u>	<u>168,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4C)		2,784	2,784	
NET CHANGE IN FUND BALANCE	<u>(\$364,489)</u>	<u>(\$375,639)</u>	(206,845)	<u>\$168,794</u>
Fund balance - July 1			3,225,194	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>10,743</u>	
Fund balance - June 30			<u>\$3,029,092</u>	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

SEWER ENTERPRISE FUND

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

PARKING DISTRICT FUND

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

STORM WATER FUND

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

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments (Note 2)	\$21,609,890	\$3,386,042	\$5,234	\$25,001,166	\$38,397,533
Receivables:					
Accounts	1,824,711		3,714,968	5,539,679	
Accrued interest	57,079	10,604		67,683	105,092
Deposits					309,790
Prepaid items					1,204,373
Restricted cash and investments (Note 2)	<u>182,446</u>			<u>182,446</u>	
Total current assets	<u>23,674,126</u>	<u>3,396,646</u>	<u>3,720,202</u>	<u>30,790,974</u>	<u>40,016,788</u>
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	71,476,360	421,149	12,880,533	84,778,042	
Depreciable, net accumulated depreciation	<u>100,514,898</u>	<u>9,511,977</u>	<u>1,573,087</u>	<u>111,599,962</u>	<u>4,402,557</u>
Total non-current assets	<u>171,991,258</u>	<u>9,933,126</u>	<u>14,453,620</u>	<u>196,378,004</u>	<u>4,402,557</u>
Total Assets	<u>195,665,384</u>	<u>13,329,772</u>	<u>18,173,822</u>	<u>227,168,978</u>	<u>44,419,345</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7)	2,565,225			2,565,225	
Related to OPEB (Note 9)	<u>629,930</u>			<u>629,930</u>	
Total Deferred Outflows of Resources	<u>3,195,155</u>			<u>3,195,155</u>	
LIABILITIES					
Current liabilities:					
Accounts payable	552,817	16,028	21,882	590,727	429,559
Other payable	1,253,363		648,093	1,901,456	32
Accrued interest payable	210,916			210,916	
Deposits payable	7,500			7,500	
Unearned revenue	33,027			33,027	
Due to other funds (Note 4B)			630,000	630,000	
Accrued insurance loss (Note 12)					3,047,258
Compensated absences obligation (Note 1L)	562,874	340	26,044	589,258	1,221,145
Current portion of long-term debt (Note 5)	<u>5,312,308</u>			<u>5,312,308</u>	<u>144,637</u>
Total current liabilities	<u>7,932,805</u>	<u>16,368</u>	<u>1,326,019</u>	<u>9,275,192</u>	<u>4,842,631</u>
Noncurrent liabilities:					
Accrued insurance losses (Note 12)					13,436,000
Compensated absences obligation (Note 1L)	186,174		14,640	200,814	727,994
Noncurrent portion of long-term debt (Note 5)	57,467,142			57,467,142	
Net pension liability (Note 7)	14,437,950			14,437,950	
Net OPEB liability (Note 9)	<u>5,811,916</u>			<u>5,811,916</u>	
Total noncurrent liabilities	<u>77,903,182</u>		<u>14,640</u>	<u>77,917,822</u>	<u>14,163,994</u>
Total Liabilities	<u>85,835,987</u>	<u>16,368</u>	<u>1,340,659</u>	<u>87,193,014</u>	<u>19,006,625</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7)	4,618,644			4,618,644	
Related to OPEB (Note 9)	<u>682,258</u>			<u>682,258</u>	
Total Deferred Inflows of resources	<u>5,300,902</u>			<u>5,300,902</u>	
NET POSITION:					
Net investment in capital assets	109,211,808	9,933,126	14,453,620	133,598,554	4,257,919
Unrestricted (deficit)	<u>(1,488,158)</u>	<u>3,380,278</u>	<u>2,379,543</u>	<u>4,271,663</u>	<u>21,154,801</u>
Total Net Position	<u>\$107,723,650</u>	<u>\$13,313,404</u>	<u>\$16,833,163</u>	<u>\$137,870,217</u>	<u>\$25,412,720</u>

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, 2022

	Business-type Activities - Enterprise Funds			Governmental
	Sewer Enterprise	Parking District	Storm Water	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$22,567,226		\$412,517	\$28,536,570
Other cities' participation	5,663,695			5,663,695
Permit fees	210,980			210,980
Parking fees		\$993,986		993,986
Total Operating Revenues	28,441,901	993,986	412,517	29,848,404
OPERATING EXPENSES				
Personnel expenses	9,088,372	367,524	1,126,715	10,582,611
Professional services	3,346,076	339,154	51,169	3,736,399
OPEB Expenses	535,039	554		535,593
Program supplies	1,754,099	1,264	1,067	1,756,430
Insurance	210,870		3,698	214,568
Self-insurance and claims				2,248,076
Repair and maintenance	1,178,368		19,382	1,197,750
Rents	1,689,059			1,689,059
Utilities	1,742,123	96,164	12,781	1,851,068
Administration	1,427,208	113,007	48,535	1,588,750
Depreciation	4,814,962	252,638	39,839	5,107,439
Other	21,262		6,174	27,436
Total Operating Expenses	25,807,438	1,170,305	1,309,360	28,287,103
Operating Income (Loss)	2,634,463	(176,319)	(896,843)	1,561,301
NONOPERATING REVENUES (EXPENSES)				
Interest income	(652,348)	(121,962)	12,559	(761,751)
Gain on dispositions of capital assets				10,418
Interest expense	(439,209)			(439,209)
Other			325	325
Total Nonoperating Revenues (Expenses)	(1,091,557)	(121,962)	12,884	(1,200,635)
Income (loss) before contributions and transfers	1,542,906	(298,281)	(883,959)	360,666
TRANSFERS				
Capital subventions and grants			5,252,622	5,252,622
Transfers in (Note 4C)	489,610	1,440	985,261	1,476,311
Transfers (out) (Note 4C)	(57,076)			(57,076)
Change in Net Position	1,975,440	(296,841)	5,353,924	7,032,523
Net Position (Deficits) - July 1	105,748,210	13,610,245	11,479,239	130,837,694
Net Position (Deficits) - June 30	\$107,723,650	\$13,313,404	\$16,833,163	\$137,870,217

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities - Enterprise Funds				Governmental
	Sewer Enterprise	Parking District	Storm Water	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$29,519,529	\$993,986	\$1,572,969	\$32,086,484	
Cash payments to suppliers for goods and services	(12,673,778)	(692,133)	(126,245)	(13,492,156)	(\$6,258,323)
Cash payments to employees for services	(10,502,325)	(388,938)	(1,095,129)	(11,986,392)	(20,041,496)
Cash received from interfund service provided					28,902,887
Cash payments for judgments and claims					(1,514,615)
Net Cash Provided by (Used in) Operating Activities	<u>6,343,426</u>	<u>(87,085)</u>	<u>351,595</u>	<u>6,607,936</u>	<u>1,088,453</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts			630,000	630,000	
Transfers in	489,610	1,440	985,261	1,476,311	1,132,305
Transfers in	(57,076)			(57,076)	
Net Cash Provided by Noncapital Financing Activities	<u>432,534</u>	<u>1,440</u>	<u>1,615,261</u>	<u>2,049,235</u>	<u>1,132,305</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	5,147,945			5,147,945	
Principal paid on long-term debt	(5,173,954)			(5,173,954)	(140,892)
Interest paid on long-term debt	(533,286)			(533,286)	(6,614)
Subventions and grants			5,252,622	5,252,622	
Acquisition of capital assets, net	(9,769,879)		(8,222,453)	(17,992,332)	(424,683)
Proceeds from the sale of capital assets					17,719
Net Cash Used in Capital and Related Financing Activities	<u>(10,329,174)</u>		<u>(2,969,831)</u>	<u>(13,299,005)</u>	<u>(554,470)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	(1,476,607)	(274,869)	4,707	(1,746,769)	(2,726,433)
Changes in fair value of investments	822,621	152,820	13,385	988,826	1,514,594
Net Cash Provided by Investing Activities	<u>(653,986)</u>	<u>(122,049)</u>	<u>18,092</u>	<u>(757,943)</u>	<u>(1,211,839)</u>
Net Increase (Decrease) in cash and cash equivalents	(4,207,200)	(207,694)	(984,883)	(5,399,777)	454,449
Cash and cash equivalents, beginning	25,999,536	3,593,736	990,117	30,583,389	37,943,084
Cash and cash equivalents, ending	<u>\$21,792,336</u>	<u>\$3,386,042</u>	<u>\$5,234</u>	<u>\$25,183,612</u>	<u>\$38,397,533</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$2,634,463	(\$176,319)	(\$896,843)	\$1,561,301	\$308,274
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	4,814,962	252,638	39,839	5,107,439	967,562
Other non-operating revenue (expenses)			325	325	335,290
Net change in assets and liabilities:					
Accounts and lease receivables	1,077,628		1,160,127	2,237,755	31,027
Deposit					
Prepaid items					(1,204,373)
Accounts payable	(1,185,649)	(141,990)	16,562	(1,311,077)	24,191
Other payable	415,975		(1)	415,974	29
Unearned revenue					
Accrued insurance losses					733,461
(Decrease) increase due to retirement system	(1,247,231)			(1,247,231)	
(Decrease) increase due to OPEB	(69,627)			(69,627)	
Compensated absence obligations	(97,095)	(21,414)	31,586	(86,923)	(107,008)
Net Cash Provided by (Used in) Operating Activities	<u>\$6,343,426</u>	<u>(\$87,085)</u>	<u>\$351,595</u>	<u>\$6,607,936</u>	<u>\$1,088,453</u>
NONCASH TRANSACTIONS					
Retirement of capital assets					<u>(\$7,301)</u>

See accompanying notes to basic financial statements

FIDUCIARY FUNDS

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

SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

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

CUSTODIAL FUNDS are used to report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

**CITY OF SOUTH SAN FRANCISCO
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Intergovernmental	\$4,248,681	
Plan contributions		\$32,041
Contributions from property owners		20,764,872
Interest and rentals	(218,539)	6,893
Total Additions	4,030,142	20,803,806
DEDUCTIONS		
Economic and Community Development	13,709,828	
Professional services		20,100
Payments to bondholders		554,565
Depreciation	6,594	
Total Deductions	13,716,422	574,665
Change in net position	(9,686,280)	20,229,141
NET POSITION		
Beginning of the year	33,861,936	130,169
End of the year	\$24,175,656	\$20,359,310

See accompanying notes to financial statements

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CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Financial Reporting Entity

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

B. Description of Blended Component Units

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

The **City of South San Francisco Capital Improvements Financing Authority** is a joint exercise of powers authority created in 1991 between the City and the City of South San Francisco former Redevelopment Agency. The Capital Improvements Financing Authority is authorized to borrow money through the purchase or issuance of bonds, notes, or other obligations for the purpose of making loans to the City and other public entities to finance capital improvements. The City Council members serve as the Board of Directors. The Capital Improvements Financing Authority did not have any activity during fiscal year 2022. Separate financial statements are not issued for the Capital Improvements Financing Authority.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Description of Discrete Component Unit

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

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

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

D. Basis of Presentation

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Major Funds

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

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

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

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

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

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

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

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

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

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
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Capital Improvement Orange Memorial Park Capital Projects Fund – Accounts for expenditures associated with the acquisition, construction and installation of certain capital improvements at the City-owned Orange Memorial Park and pay the costs incurred in connection with the issuance of the Series 2022A Bonds.

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

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

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

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

The City also reports the following fund types:

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

Fiduciary Funds – The Fiduciary fund financial statements normally include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The financial activities of the funds are excluded from the government-wide financial statements. The City’s fiduciary funds represent a private purpose trust fund and custodial funds. 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. Custodial funds are used to account for assets held by the City on behalf of other agencies for other purposes. The City’s Custodial Funds includes the Employee Deferred Comp Trust Oversight Fund and the Community Facilities District 2021-01, which accounted for payments of special assessment bonds.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Basis of Accounting

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

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, including lease liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as *expenditures* in governmental funds. Proceeds from long-term debt and financing through 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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Budgets, Budgetary Accounting, and Encumbrances*

The City is not legally required to budget any of its funds, but does so to enhance City management's effectiveness in their financial planning efforts and to enhance control over the City's operations. Budgets are adopted on a modified accrual basis, except for encumbrances and for the Capital Improvement Fund. Encumbrances are considered expenditures in the year of the purchase order issuance. All Capital Projects Funds are adopted on a multi-year project basis with unexpended and unencumbered budgets reappropriated in the following year. The City operates under the general laws of the State of California (the State) and annually adopts a budget effective July 1 for the ensuing fiscal year for the General fund; Special Revenue funds, except the American Recovery Plan Act Special Revenue Fund, Developer Contributions Special Revenue Fund, Supplemental Law Enforcement Services Special Revenue Fund, City Programs Special Revenue Fund, and Affordable Housing Trust Special Revenue; Capital Projects Funds; 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, 2022.

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 a component of fund balances since they do not constitute expenditures or liabilities. Encumbrances are reappropriated in the following year.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Expenditures in Excess of Appropriations – The City’s General Fund had the following departmental expenditures in excess of appropriations and other funds had expenditures in excess of appropriations for the year ended June 30, 2022:

	Expenditures in Excess of Budget (Non GAAP Legal Basis)
General Fund:	
City Attorney	\$228,408
Non-departmental	1,211,827
Fire	3,083,113
Police	540,747
Public Works	347,536
Parks and Recreation	548,148
Non-Major Funds:	
Community Development Block Grant Special Revenue Fund	216,389
Maintenance Districts Special Revenue Fund	10,617
Supplemental Law Enforcement Services Special Revenue Fund	64,536
City Programs Special Revenue Fund	1,049,683

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

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

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

K. Capital Assets – Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for intangible right to-use lease assets, the measurement of which is discussed in Note 10 below.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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
Right to use leased building	30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The capitalization level is \$20,000 for vehicles, and \$100,000 for all else, including all other equipment that is not a vehicle.

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

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$9,034,773	\$876,995	\$9,911,768
Additions	6,367,587	630,228	6,997,815
Payments	<u>(6,937,466)</u>	<u>(717,151)</u>	<u>(7,654,617)</u>
Ending Balance	<u>\$8,464,894</u>	<u>\$790,072</u>	<u>\$9,254,966</u>
Current Portion	<u>\$5,432,020</u>	<u>\$589,258</u>	<u>\$6,021,278</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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fair Value Measurements

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

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

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

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

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

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

S. New and Renamed Funds

In fiscal year 2021-2022, the City established the following funds:

The Capital Improvement Orange Memorial Park Capital Projects Fund accounts for expenditures associated with the acquisition, construction and installation of certain capital improvements at the City-owned Orange Memorial Park and pay the costs incurred in connection with the issuance of the Series 2022A Bonds.

The Library Impact Capital Projects Fund accounts for citywide fees to provide new development's share of the expansion, rehabilitation and replacement of library facilities and collections to accommodate the increased demand for library services caused by future development

The Oyster Point CFD Custodial Fund accounts for Community Facilities District No. 2021-01 special assessment collections and debt service payments.

The 2020 A Bonds Debt Service Fund was renamed the Debt Service Fund.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. *New Accounting Pronouncement*

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The pronouncement became effective, and as disclosed in Note 10 to the financial statements required a prior period restatement for the cumulative effect on the financial statements. The beginning balances of leases receivable and deferred inflows of resources related to leases for the City were \$15,344,334 as of July 1, 2021 and restated and increased the balances in that amount, and the net effect on beginning net position and fund balance was zero. In addition, the Conference Center Authority's beginning balances of right to use leased assets and the lease liability were increased and restated in the amounts of \$1,948,783 and \$2,748,483, respectively, and the net position was reduced and restated in the amount of \$799,700 as of July 1, 2021. See the Leases disclosure in Note 10.

NOTE 2 – CASH AND INVESTMENTS

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

A. *Policies*

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2022 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:	
Statement of Net Position:	
City of South San Francisco:	
Cash and investments available for operations	\$264,820,152
Restricted cash and investments	<u>144,489,758</u>
Total Primary Government cash and investments	<u>409,309,910</u>
Statement of Fiduciary Assets:	
Cash and investments available for operations	1,837,374
Restricted cash and investments	<u>40,101,280</u>
Total Fiduciary cash and investments	<u>41,938,654</u>
Conference Center:	
Cash and investments available for operations	<u>3,374,045</u>
Total South San Francisco	
Conference Center cash and investments	<u>3,374,045</u>
Total cash and investments	<u><u>\$454,622,609</u></u>

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

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

E. Investments Authorized by the Authority

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Interest Rate Risk

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

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

	Remaining maturity		Total
	Less than 1 year	One to Five Years	
City and Fiduciary:			
U.S. Treasury Notes	\$2,099,668	\$52,601,590	\$54,701,258
Federal Agency Securities	8,459,753	33,990,359	42,450,112
Local Agency Investment Fund	199,044,480		199,044,480
Money Market Funds	58,100,862		58,100,862
Corporate Medium Term Notes	499,974	46,106,533	46,606,507
Negotiable Certificates of Deposit	3,989,919		3,989,919
Asset-Backed Securities	212,664	22,608,817	22,821,481
Supranational Obligations	499,666	6,188,331	6,687,997
South San Francisco Conference Center:			
Local Agency Investment Fund	2,963,633		2,963,633
Total Investments	<u>\$275,870,619</u>	<u>\$161,495,630</u>	437,366,249
Cash in Banks and on Hand - City of South San Francisco			16,845,948
Cash in Banks and on Hand - South San Francisco Conference Center			<u>410,412</u>
Total Cash and Investments			<u>\$454,622,609</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2022, these investments have an average maturity of 311 days.

Money market funds are available for withdrawal on demand and as of June 30, 2022 have an average maturity of 43 to 49 days.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2022, for each of the Primary Government's investment types as provided by Moody's investment rating system, except as noted:

Investment Type	Aaa	Aaa-mf	Aa1-Aa3	A1-A3	P-1	Total
<i>City and Fiduciary:</i>						
Federal Agency Securities	\$42,450,112					\$42,450,112
Money Market Funds		\$58,100,862				58,100,862
Corporate Medium Term Notes	2,130,720		\$7,229,229	\$37,246,558		46,606,507
Negotiable Certificates of Deposit					\$3,989,919	3,989,919
Asset-Backed Securities	12,183,362					12,183,362
Supranational Obligations	6,687,997					6,687,997
Totals	\$63,452,191	\$58,100,862	\$ 7,229,229	\$37,246,558	\$ 3,989,919	170,018,759
<i>City and Fiduciary:</i>						
<i>Not rated:</i>						
Asset-Backed Securities						10,638,119 (A)
Local Agency Investment Fund						199,044,480
<i>Exempt from credit rating disclosure:</i>						
U.S. Treasury Notes						54,701,258
<i>South San Francisco Conference Center:</i>						
<i>Not rated:</i>						
Local Agency Investment Fund						2,963,633
Total Investments						\$437,366,249

(A) Investments are not rated by Moody's, but are rated AAA by Standard and Poor's or Fitch investment rating systems.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

H. Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2022:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
City and Fiduciary:		
U.S. Treasury Notes	\$54,701,258	\$54,701,258
Federal Agency Securities	42,450,112	42,450,112
Corporate Medium Term Notes	46,606,507	46,606,507
Negotiable Certificates of Deposit	3,989,919	3,989,919
Asset Backed Securities	22,821,481	22,821,481
Supranational Obligations	6,687,997	6,687,997
Totals	\$177,257,274	177,257,274
 <i>Investments Measured at Amortized Cost:</i>		
City and Fiduciary:		
Money Market Mutual Funds		58,100,862
 <i>Investments Exempt from Fair Value Hierarchy:</i>		
City and Fiduciary:		
Local Agency Investment Fund		199,044,480
South San Francisco Conference Center:		
Local Agency Investment Fund		2,963,633
Total Investments		\$437,366,249

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 – CAPITAL ASSETS

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

	Balance 6/30/2021	Additions and Adjustments	Retirements and Adjustments	Transfers	Balance 6/30/2022
Governmental activities					
Capital assets not being depreciated:					
Land	\$66,729,001	\$5,520,422			\$72,249,423
Construction in Progress	160,376,869	86,212,054		(\$4,730,560)	241,858,363
Total capital assets not being depreciated	227,105,870	91,732,476		(4,730,560)	314,107,786
Capital assets being depreciated:					
Buildings and Improvements	97,370,638				97,370,638
Infrastructure - Streets	200,865,274			4,730,560	205,595,834
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	12,591,370				12,591,370
Equipment and Vehicle	7,390,599				7,390,599
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	329,759,588			4,730,560	334,490,148
Less accumulated depreciation for:					
Buildings and Improvements	(44,877,725)	(2,572,139)			(47,449,864)
Infrastructure - Streets	(116,531,398)	(5,153,778)			(121,685,176)
Infrastructure - Storm Drains	(3,980,061)	(204,500)			(4,184,561)
Infrastructure - Traffic Control Devices	(4,729,238)	(510,781)			(5,240,019)
Equipment and Vehicle	(6,683,993)	(83,154)			(6,767,147)
Furniture and Fixtures	(1,891,508)	(87,167)			(1,978,675)
Total accumulated depreciation	(178,693,923)	(8,611,519)			(187,305,442)
Net Governmental Fund Capital Assets Being Depreciated	151,065,665	(8,611,519)		4,730,560	147,184,706
Internal Service Fund Capital Assets					
Capital assets being depreciated:					
Equipment and Vehicle	17,138,859	424,683	(\$185,212)		17,378,330
Accumulated depreciation	(12,186,122)	(967,562)	177,911		(12,975,773)
Net Internal Service Fund Capital Assets Being Depreciated	4,952,737	(542,879)	(7,301)		4,402,557
Governmental activities capital assets, net	\$383,124,272	\$82,578,078	(\$7,301)		\$465,695,049
Total capital assets not being depreciated	\$227,105,870	\$91,732,476		(\$4,730,560)	\$314,107,786
Net capital assets being depreciated	156,018,402	(9,154,398)	(\$7,301)	4,730,560	151,587,263
Governmental activities capital assets, net	\$383,124,272	\$82,578,078	(\$7,301)		\$465,695,049

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance June 30, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Business-type activities					
Capital assets, not being depreciated:					
Land	\$794,587				\$794,587
Construction in Progress	68,932,413	\$15,051,042			83,983,455
Total capital assets not being depreciated	69,727,000	15,051,042			84,778,042
Capital assets being depreciated:					
Buildings and Improvements	80,173,059				80,173,059
Clean Water Facilities and Lines	79,862,094				79,862,094
Infrastructure - Storm Drains	6,216,365				6,216,365
Infrastructure - Streets	7,377,546				7,377,546
Equipment and Vehicle	18,455,546				18,455,546
Furniture and Fixtures	31,154				31,154
Total capital assets being depreciated	192,115,764				192,115,764
Less accumulated depreciation for:					
Buildings and Improvements	(22,816,048)	(2,056,389)			(24,872,437)
Clean Water Facilities and Lines	(35,054,212)	(1,936,594)			(36,990,806)
Infrastructure - Storm Drains	(1,570,732)	(187,980)			(1,758,712)
Infrastructure - Streets	(2,469,401)	(209,570)			(2,678,971)
Equipment and Vehicle	(13,466,816)	(716,906)			(14,183,722)
Furniture and Fixtures	(31,154)				(31,154)
Total accumulated depreciation	(75,408,363)	(5,107,439)			(80,515,802)
Net capital assets being depreciated	116,707,401	(5,107,439)			111,599,962
Business-type activities capital assets, net	\$186,434,401	\$9,943,603			\$196,378,004

	Balance June 30, 2021 (as restated)	Additions	Retirements	Balance June 30, 2022
Component Unit:				
South San Francisco Conference Center				
Depreciable:				
Buildings and Improvements	\$10,909,288			\$10,909,288
Furniture and Fixtures	950,814		(\$18,421)	932,393
Machinery and Equipment	582,722	\$40,220	(23,227)	599,715
Total Depreciable	12,442,824	40,220	(41,648)	12,441,396
Right of Use Assets:				
Leased Land	1,948,783			1,948,783
	14,391,607	40,220	(41,648)	14,390,179
Less accumulated depreciation and amortization				
Depreciable	(9,904,838)	(592,036)	41,648	(10,455,226)
Leased Land		(278,398)		(278,398)
	(9,904,838)	(870,434)	41,648	(10,733,624)
Component Unit Capital Assets, Net	\$4,486,769	(\$830,214)		\$3,656,555

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 3 – CAPITAL ASSETS (Continued)

- B. Capital Asset Contributions** – Some capital assets may have been acquired using federal and State grant funds, or were contributed by developers or other governments. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Generally accepted accounting principles require that these contributions be accounted for as revenues at the time the capital assets are contributed.
- C. Depreciation Allocation** – Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<i>Governmental Activities</i>	
Governmental functions	
General government	\$729,438
Fire	316,406
Police	64,491
Public works	6,815,642
Parks and recreation	566,692
Library	67,241
Economic and community development	51,609
Total Governmental Functions	8,611,519
Internal Service Funds	967,562
Total Governmental Activities	\$9,579,081
<i>Business-Type Activities</i>	
Sewer Enterprise	\$4,814,962
Parking District	252,638
Storm Water	39,839
Total Business-Type Activities	\$5,107,439

NOTE 4 – INTER-FUND TRANSACTIONS

A. Internal Balances

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 4 – INTER-FUND TRANSACTIONS (Continued)

B. Inter-Fund Receivables and Payables

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

Due From Other Fund	Due to Other Fund	Amount
General Fund	Capital Improvement Capital Projects Fund	\$430,000
	Storm Water Enterprise Fund	630,000
	Community Development Block Grant Special Revenue Fund	210,000
		<u>\$1,270,000</u>

C. Transfers

Transfers between funds during the fiscal year ended June 30, 2022 were as follows:

FROM FUND (OUT)	TO FUND (IN)	AMOUNT
General Fund	Capital Improvements Capital Projects Fund	\$3,642,829
	Capital Infrastructure Reserve Capitol Projects Fund	8,500,000
	Capital Improvements Civic Campus Capital Projects Fund	102,542
	Non-Major Governmental Funds	8,287,833
	Storm Water Enterprise Fund	250,000
	Internal Service Fund	452,406
American Rescue Plan Act Special Revenue Fund	General Fund	2,560,000
	Capital Improvement Capital Projects Fund	84,259
Capital Improvements Capital Projects Fund	Non-Major Governmental Funds	2,362
East of 101 Sewer Impact Fees Capital Projects Fund	Sewer Enterprise Fund	107,818
Traffic Impact Fees Capital Projects Fund	Capital Improvement Capital Projects Fund	5,929,676
Child Care Impact Fees Capital Projects Fund	Capital Improvement Capital Projects Fund	99,499
Capital Infrastructure Reserve Capital Projects Fund	General Fund	1,104,832
	Low and Moderate Income Housing Asset Special Revenue Fund	2,784
	Capital Improvement Capital Projects Fund	1,107,190
	Non-Major Governmental Funds	34,464
	Sewer Enterprise Fund	234,720
	Parking District Enterprise Fund	1,440
	Storm Water Enterprise Fund	36,720
	Internal Service Fund	619,440
Non-Major Governmental Funds	General Fund	1,098,897
	Capital Improvement Capital Projects Fund	3,606,224
	Sewer Enterprise Fund	147,072
	Storm Water Enterprise Fund	698,541
	Internal Service Fund	60,459
Sewer Enterprise	Capital Improvement Capital Projects Fund	57,076
	Total	<u>\$38,829,083</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022 follows:

	Authorized and Issued	Balance at June 30, 2021	Additions	Retirement	Balance at June 30, 2022	Current Portion
Governmental Activities						
Lease Revenue Bonds:						
2020A Police Station Project, 4.00 to 5.00% (1)	\$43,905,000	\$42,970,000		\$980,000	\$41,990,000	\$1,030,000
Plus: Unamortized bond premium		9,483,824		379,353	9,104,471	
2021A Community Civic Campus Project, 4.00% (2)	86,410,000	86,410,000		2,210,000	84,200,000	2,155,000
Plus: Unamortized bond premium		18,116,565		724,663	17,391,902	
2022A Orange Memorial Park Project, 4.00 to 5.25% (3)	65,420,000		\$65,420,000		65,420,000	
Plus: Unamortized bond premium			6,686,317		6,686,317	
Total Lease Revenue Bonds	195,735,000	156,980,389	72,106,317	4,294,016	224,792,690	3,185,000
Direct Borrowing:						
2007 Loans Payable to the Successor Agency (4)		3,595,152		1,445,000	2,150,152	
Leases Financings (5):						
2013 Fire Truck		285,529		140,892	144,637	144,637
Total Leases Financings		285,529		140,892	144,637	144,637
Total Direct Borrowing		3,880,681		1,585,892	2,294,789	144,637
Net Governmental Long-Term Debt	\$195,735,000	\$160,861,070	\$72,106,317	\$5,879,908	\$227,087,479	\$3,329,637
Business-Type Activities						
Revenue Bonds:						
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (6)	\$6,000,000	\$2,325,000		\$345,000	\$1,980,000	\$360,000
Direct Borrowing:						
1999 State Water Resources Loan, 2.6%, due 8/1/22 (7)	47,721,252	6,300,086		3,109,618	3,190,468	3,190,468
2004 State Water Resources Loan, 2.5%, due 1/1/27 (7)	21,258,529	6,513,692		1,239,209	5,274,483	1,270,190
2008 State Water Resources Loan, 2.4%, (8)	9,164,505	4,179,619		480,127	3,699,492	491,650
2018 State Water Resources Loan, 1.8% (9)	53,403,000	43,487,062	\$5,147,945		48,635,007	
Total Direct Borrowing	131,547,286	60,480,459	5,147,945	4,828,954	60,799,450	4,952,308
Net Business-Type Long-Term Debt	\$137,547,286	\$62,805,459	\$5,147,945	\$5,173,954	\$62,779,450	\$5,312,308

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 5 – LONG-TERM DEBT (Continued)

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

(3) **2022A Lease Revenue Bonds** – In May 2022, the City of South San Francisco Public Facilities Financing Authority entered into a \$65.4 million lease agreement to finance costs of the acquisition, construction and installation of certain capital improvements of the City to be located at the City-owned Orange Memorial Park and pay the costs incurred in connection with the issuance of the Series 2022A Bonds. The Series 2022A Bonds are equally and ratably payable from base rental payments to be made by the City for the right to use certain real property consisting of the same properties pledged under the 2021A Bonds. The lease agreement contains provisions that in an event of default, the lessor may exercise any and all remedies available to it under the lease agreement, including the right to enforce the terms of the lease.

(4) As of June 30, 2022, the Oyster Point Improvements Impact Fund owed the Successor Agency (formerly the Merged Redevelopment Project Area Capital Project Fund) for developer fees in the amount of \$3,595,152 for the Flyover and Hookramps Projects that were completed in prior years. The outstanding balance will be paid off from the future developer fees. With the dissolution of the Agency effective January 31, 2012, the Successor Agency assumed the asset which the City is to repay. This payable is recorded as a long-term obligation (see also Note 14). Prior to the dissolution of all Redevelopment Agencies in California by the State, the former Redevelopment Agency (Agency) advanced \$12,176,207 to the Oyster Point Improvement Impact Fee Capital Projects Fund (the Oyster Point Fund). The impact fees are collected according to a fee methodology adopted under the terms of AB 1600. The fees are assessed against commercial development in a specific geographic area that is primarily east of Highway 101 to repay the former Agency for the funds it advanced to the Oyster Point Fund to pay for freeway interchange improvements at Highway 101 and Oyster Point Blvd, and are assessed per an adopted Engineering report's formula that measures each new development's impact on the area's trip traffic. While the former Agency advanced the funds, the impact fee was put in place specifically to charge future developers for their share of traffic trips generated prior to the construction of the improvements. When the Agency was dissolved, the Successor Agency, and therefore, all local taxing entities, are entitled to receive future Oyster Point Impact fees collected by the City from developers. Future developers, not the City of South San Francisco, are legally obligated to pay the future fees until the liability owed to the Successor Agency is paid off as long as the fee continues to be levied and is in place. The repayment has significantly slowed since 2007, as development has subsided and fees assessed have therefore dropped. Management believes it may take 10-30 years or more before the Successor Agency is fully paid back.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 5 – LONG-TERM DEBT (Continued)

(5) The City has entered into long-term **lease financing agreements** with various financing agencies. Under these 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 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. Lease financing payments are made from revenues of the Equipment Replacement Internal Service Fund and the General Fund. The lease agreements contain provisions that in an event of default, the lessor may (a) seize the properties, (b) sell or lease the properties or (c) exercise any and all remedies available to it under applicable law, including the right to enforce the terms of the lease, recover damages from the breach of the lease, and rescind the lease as to any portion of or all of the properties.

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

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

As of June 30, 2022, the City is in compliance with the provisions of Article VI of the Installment Purchase Agreement associated with the 2005D Bonds.

The 1999 and 2004 State Water Resources Loans and the 2005D Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Sewer Enterprise Fund. Net Revenues available for debt service amounted to \$8.3 million which represented coverage of 1.62 over the \$5,126,802 in total debt service.

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

(8) **2008 State Water Resources Control Board Loan** – In November 2007, the City approved the \$11.8 million loan agreement with the SWRCB to finance the City's Wet Weather Program project. Under the terms of the contract, the City has agreed to repay \$11.8 million to the State in exchange for receiving \$9.2 million in proceeds to be used to fund the Project. The difference between the repayment obligation and proceeds amounted to \$2.6 million and represents in-substance interest on the outstanding balance. Debt service payments commenced on August 15, 2009.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 5 – LONG-TERM DEBT (Continued)

(9) **2018 State Water Resources Control Board Loan** – In September 2018, the City entered into a \$53.4 million loan agreement with the SWRCB to finance the South San Francisco/San Bruno’s Water Quality Control Plant Wet Weather and Digester Project. A portion of this amount, \$4 million, is anticipated to be forgiven on the date of completion of construction. For the remaining \$49.4 million, under the terms of the loan agreement the City has agreed to repay \$59.2 million to the State. The difference between the repayment obligation and proceeds amounted to \$9.8 million and represents in-substance interest on the outstanding balance.

As of June 30, 2022, the City has drawn down \$48.6 million from SWRCB, with the remaining balance of \$4.8 million expected to be drawn down in fiscal year 2023. There was no debt service payment required in fiscal year 2022, with the first debt service payment due in fiscal year ending 2024. Future debt service is expected to average \$3 million per year through fiscal year 2043.

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

The 2008 and 2018 loans are secured by a pledge of sewer service charge revenues of the City’s Sewer Enterprise Fund. Sewer service charge revenues available for debt service amounted to \$22.6 million which represented coverage of 42 over the \$538,642 in debt service.

B. Debt Service Requirements

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

For the Year Ended June 30	Governmental Activities		Business-Type Activities	
	Lease Revenue Bonds		2005 Water and Wastewater Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$3,185,000	\$8,280,065	\$360,000	\$90,000
2024	3,320,000	8,205,338	375,000	71,625
2025	5,170,000	8,058,737	395,000	52,375
2026	5,410,000	7,826,538	415,000	32,125
2027	5,650,000	7,580,287	435,000	10,875
2028-2032	32,225,000	33,938,388		
2033-2037	39,855,000	26,306,437		
2038-2042	49,280,000	16,877,788		
2043-2047	47,515,000	5,414,012		
	<u>191,610,000</u>	<u>\$122,487,590</u>	<u>\$1,980,000</u>	<u>\$257,000</u>
Plus: Unamortized bond premium	<u>33,182,690</u>			
	<u>\$224,792,690</u>			

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 5 – LONG-TERM DEBT (Continued)

Future debt service requirements, including interest and leases financings, but excluding the 2007 Loan payable to the Redevelopment Successor Agency and the 2018 State Water Resources Loan at June 30, 2022, were as follows:

For the Year Ended June 30	Direct Borrowings			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$144,637	\$2,870	\$4,952,308	\$266,607
2024			1,805,393	145,017
2025			1,850,025	105,421
2026			1,895,761	64,842
2027			540,574	23,253
2028-2032			1,120,382	23,621
Totals	144,637	\$2,870	12,164,443	\$628,761
2007 Loans Payable	2,150,152			
2018 State Water Resources Loan			48,635,007	
	<u>\$2,294,789</u>		<u>\$60,799,450</u>	

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

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

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

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

C. Legal Debt Margin

The City is subject to a debt limit that is 3.75% of the total assessed value of property, net of exempt real property. At June 30, 2022, that amount was \$924,439,440. As of June 30, 2022, the City did not have any outstanding debt applicable to the limit.

D. Debt without City Commitment

In April 2022 the Community Facilities District No. 2021-01 Special Tax Bonds, Series 2022 in the amount of \$19,685,000 were issued by the City of South San Francisco Community Facilities District No. 2021-01. The City is the collecting and paying agent for the debt issued by the District, but has no direct or contingent liability or moral obligation for the payment of this debt. As of June 30, 2022 the outstanding balance of the issue was \$19,685,000.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

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 is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

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

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

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

B. Fund Balance

The City’s fund balances are classified in accordance with generally accepted accounting principles which require the City to classify its fund balances based on spending constraints imposed on the use of resources.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

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

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

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2022, are below:

Fund Balance Classifications	General Fund	Low and Moderate Income Housing Assets	Capital Project Funds		
			Capital Improvement	East of 101 Sewer Impact Fees	Traffic Impact Fees
Nonspendables:					
Items not in spendable form:					
Inventory and prepaid items	\$4,099				
Total Nonspendable Fund Balances	4,099				
Restricted for:					
Sewer Impact Fees				\$4,872,806	
Traffic impact fees projects					\$24,761,557
Civic campus projects			\$16,847,198		
Low and moderate housing projects		\$3,029,092			
Redevelopment and community development activities	14,763,033				
Total Restricted Fund Balances	14,763,033	3,029,092	16,847,198	4,872,806	24,761,557
Committed for:					
Capital projects	4,244,813				
Local services	11,839,164				
Total Committed Fund Balances	16,083,977				
Assigned to:					
Capital projects	7,482,439				
Total Assigned Fund Balances	7,482,439				
Unassigned:					
General fund	38,313,108				
Other fund deficits			(1,437,892)		
Total Unassigned Fund Balances	38,313,108		(1,437,892)		
Total Fund Balances	\$76,646,656	\$3,029,092	\$15,409,306	\$4,872,806	\$24,761,557

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

Fund Balance Classifications (continued)	Capital Project Funds					Other Governmental Funds
	Child Care Impact Fees	Capital Infrastructure Reserve Fund	Capital Improvements Police Station	Capital Improvements Civic Campus	Capital Improvements Orange Memorial Park	
Restricted for:						
Child Care impact fees projects	\$13,901,164					
Police station projects			\$468,782			
Civic campus projects				\$37,280,365	\$71,684,403	
Gas Tax projects						\$287,907
Developer contributions projects						7,567,347
Community Development Block Grant projects						163,662
Maintenance districts projects						4,859,706
Transportation sales tax projects						3,713,678
City programs projects						10,908,572
Other Special Revenues projects						9,044,236
Capital projects activities						34,191,712
Total Restricted Fund Balances	<u>13,901,164</u>		<u>468,782</u>	<u>37,280,365</u>	<u>71,684,403</u>	<u>70,736,820</u>
Assigned to:						
Capital infrastructure projects		\$24,889,824				
Total Assigned Fund Balances		<u>24,889,824</u>				
Total Fund Balances	<u>\$13,901,164</u>	<u>\$24,889,824</u>	<u>\$468,782</u>	<u>\$37,280,365</u>	<u>\$71,684,403</u>	<u>\$70,736,820</u>

C. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year. Encumbrances outstanding in governmental funds as of June 30, 2022, were as listed below:

Governmental funds:	<u>Amount</u>
General Fund	\$7,482,439
Low and Moderate Income Housing Assets Special Revenue Fund	10,743
Capital Improvement Capital Projects Fund	27,517,978
Capital Infrastructure Reserve Capital Projects Fund	1,617,850
Capital Improvements Police Station Capital Projects Fund	47,722
Capital Improvements Civic Campus Capital Projects Fund	34,182,728
Other Governmental Funds	<u>2,677,758</u>
Total	<u><u>\$73,537,218</u></u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLANS

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

A. General Information about the Pension Plans

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous		
	Classic Plan*	Tier 2 Plan*	PEPRA Plan
	Prior to	After	On or after
Hire date	April 25, 2010	April 25, 2010	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	9.99%	9.99%	9.99%
Required Unfunded Actuarial Liability Contribution	\$6,718,047		

* Effective July 2021, Classic Plan and Tier 2 Plan members in the Executive Management Unit are required to pay an additional 2% for their share of pension costs.

	Safety		
	Classic Plan **	Tier 2 Plan **	PEPRA Plan
	Prior to	After	On or after
Hire date	April 25, 2010	April 25, 2010	January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	20.59%	20.59%	20.59%
Required Unfunded Actuarial Liability Contribution	\$8,906,578		

** Effective October 2018, Classic Plan and Tier 2 Plan members in the Executive Management Unit are required to pay an additional 2% for their share of pension costs.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2022 were \$6,718,047 and \$8,906,578, respectively, which were made under the lump sum payment option.

Employees Covered – As of the June 30, 2020 actuarial valuation date and the June 30, 2021 measurement date, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	481	297
Inactive employees entitled to but not yet receiving benefits	396	104
Active employees	283	158
Total	1,160	559

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

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

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The long-term portion of governmental activities net pension liability is liquidated primarily by the General Fund. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities as of the June 30, 2021 measurement date were based on the following actuarial assumptions:

	<u>Miscellaneous and Safety (1)</u>
Valuation Date	6/30/2020
Measurement Date	6/30/2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increase	(2)
Investment Rate of Return	7.15% (3)
Mortality	Derived using CalPERS Membership Data for all Funds (4)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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

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

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

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

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

(a) In the CalPERS's Annual Comprehensive Financial Reports, Fixed income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020 (Measurement Date)	\$254,824,922	\$167,734,633	\$87,090,289
Changes in the year:			
Service cost	4,274,015		4,274,015
Interest on the total pension liability	17,951,111		17,951,111
Changes of benefit terms			
Changes of assumptions			
Differences between actual and expected experience	1,018,943		1,018,943
Plan to plan resource movement			
Contribution - employer		8,623,876	(8,623,876)
Contribution - employees		2,006,497	(2,006,497)
Net investment income		38,008,815	(38,008,815)
Benefit payments, including refunds of employee contributions	(13,832,759)	(13,832,759)	
Administrative expenses		(167,557)	167,557
Other Miscellaneous Income/(Expense)			
Net changes	<u>9,411,310</u>	<u>34,638,872</u>	<u>(25,227,562)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$264,236,232</u>	<u>\$202,373,505</u>	<u>\$61,862,727</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020 (Measurement Date)	\$359,168,480	\$240,958,874	\$118,209,606
Changes in the year:			
Service cost	7,072,216		7,072,216
Interest on the total pension liability	25,441,168		25,441,168
Changes of benefit terms			
Changes of assumptions			
Differences between actual and expected experience	1,772,836		1,772,836
Plan to plan resource movement			
Contribution - employer		12,413,770	(12,413,770)
Contribution - employees		2,893,339	(2,893,339)
Net investment income		54,912,645	(54,912,645)
Benefit payments, including refunds of employee contributions	(17,313,787)	(17,313,787)	
Administrative expenses		(240,703)	240,703
Other Miscellaneous Income/(Expense)			
Net changes	<u>16,972,433</u>	<u>52,665,264</u>	<u>(35,692,831)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$376,140,913</u>	<u>\$293,624,138</u>	<u>\$82,516,775</u>
Grand Total - Both Plans	<u>\$640,377,145</u>	<u>\$495,997,643</u>	<u>\$144,379,502</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$95,542,624	\$133,020,062
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$61,862,727	\$82,516,775
1% Increase	8.15%	8.15%
Net Pension Liability	\$33,959,512	\$40,965,167

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

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

For the year ended June 30, 2022, the City recognized pension expense of \$4,436,373 and \$5,970,893 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$10,407,266. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$9,491,640	
Changes of assumptions		
Differences between actual and expected experience	1,100,830	
Net differences between projected and actual earnings on plan investments		(\$18,914,071)
Total	\$10,592,470	(\$18,914,071)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$13,387,919	
Changes of assumptions		
Differences between actual and expected experience	1,671,857	
Net differences between projected and actual earnings on plan investments		(\$27,272,371)
Total	\$15,059,776	(\$27,272,371)
Grand Total	\$25,652,246	(\$46,186,442)

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

\$22,879,559 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Miscellaneous Plan:</i>		<i>Safety Plan:</i>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2023	(\$3,928,150)	2023	(\$5,867,151)
2024	(4,110,738)	2024	(5,672,976)
2025	(4,542,742)	2025	(6,504,757)
2026	(5,231,611)	2026	(7,555,630)

E. Subsequent Event – Reduction of CalPERS Discount Rate

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.80% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 8 – DEFERRED COMPENSATION PLAN

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

The City has no liability for any losses incurred by the Plan and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The City has a contract with Empower Retirement to manage and invest the assets of the Plan. The assets in the Plan are the sole property of the participants or their beneficiaries. Since the assets held under the Plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements. The Plan requires investments to be stated at fair value and it requires all gains and losses on Plan investments to accrue directly to participant accounts.

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

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

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

B. *Defined Benefit Plan Description*

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits provided – The following is a summary of Plan benefits by employee group as of June 30, 2022:

<i>Eligibility</i>	<ul style="list-style-type: none"> • Hired < 4/25/2010 • Retire directly from City and elect coverage: <ul style="list-style-type: none"> • Age 50 and 5 years City service or • Disability retirement with 5 years City service
<i>Benefit</i>	<ul style="list-style-type: none"> • City pays single premium up to largest HMO single premium Cap for 2021/22: <ul style="list-style-type: none"> - \$1,430.80/month pre-65 (Blue Shield) - \$785.04/month post-65 Medicare eligible (Blue Shield) - \$1,971.53/ month post-65 not Medicare eligible (Kaiser) • Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65
<i>Surviving Spouse Benefit</i>	<ul style="list-style-type: none"> • Participation with premium payment • AFSCME, Local 1569, Mid-Management, IAFF <ul style="list-style-type: none"> • surviving spouses covered 2 months following death of
<i>Other OPEB</i>	<ul style="list-style-type: none"> • City also reimburses Medicare Part B • No City-paid contribution for dental, vision, or life

For the year ended June 30, 2022, the City’s contributions to the Plan were \$4,810,361.

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

Active employees	181
Inactive employees or beneficiaries currently receiving benefit payments	368
Total	549

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions	
Valuation Date	• June 30, 2021
Measurement Date	• June 30, 2021
Contribution Policy	• City contributes \$802,000 per year into trust
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level dollar
Amortization Period	• Average of 21 years remaining for 2021/22
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.25% at June 30, 2021 • 6.75% at June 30, 2020 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.50% per annum
Salary Increases	• Aggregate - 2.75% annually • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Non-Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Kaiser) - 4.75 for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Disability, Termination Mortality Improvement	• CalPERS 1997-2015 Experience Study • Mortality projected fully generational with Scale MP-2021
Healthcare participation for future retirees	• 100% if covered, 95% if waived

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	59.0%	4.56%
Fixed income	25.0%	0.78%
TIPS	5.0%	0.08%
Commodities	3.0%	1.22%
REITs	8.0%	4.06%
Total	100.0%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		6.25%

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

Changes of Assumptions – For the measurement date of June 30, 2022, the discount rate decreased from 6.75% to 6.25%, the inflation rate decreased from 2.75% to 2.50%, the payroll growth rate decreased from 3.00% to 2.75%, the medical trend rate for Kaiser Senior Advantage decreased from 7.0% to 6.75% and the mortality improvement scale was updated to Scale MP- 2021.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2020 Measurement Date	\$90,241,209	\$25,868,613	\$64,372,596
Changes Recognized for the Measurement Period:			
Service Cost	1,515,601		1,515,601
Interest on the total OPEB liability	6,058,295		6,058,295
Changes in benefit terms			
Differences between expected and actual experience	(3,331,956)		(3,331,956)
Changes of assumptions	1,446,069		1,446,069
Contributions from the employer		4,810,361	(4,810,361)
Net investment income		7,140,915	(7,140,915)
Benefit payments	(4,008,599)	(4,008,599)	
Administrative expenses		(9,829)	9,829
Net changes	1,679,410	7,932,848	(6,253,438)
Balance at June 20, 2021 Measurement Date	\$91,920,619	\$33,801,461	\$58,119,158

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

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

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$70,042,838	\$58,119,158	\$48,248,701

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

Net OPEB Liability/(Asset)		
Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$48,009,017	\$58,119,158	\$70,365,417

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$4,372,607. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$4,868,877	
Differences between actual and expected experience	483,000	(\$2,183,006)
Changes of assumptions	947,425	(808,048)
Net differences between projected and actual earnings on plan investments		(3,831,526)
Total	\$6,299,302	(\$6,822,580)

\$4,868,877 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2023	(\$1,800,034)
2024	(1,598,303)
2025	(916,853)
2026	(1,076,965)

H. Defined Contribution Plan

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

The plan is administered by Matrix Trust Company. Employee contributions for the fiscal year totaled \$397,012. Employer contributions of \$493,299 were paid into the Defined Contribution Plan. No liability for the defined contribution has been included in the report since the City fully paid the annual required contribution. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, the assets have been excluded from these financial statements.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 10 – LEASES

A. Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$1,000,000 or more, based on the present value of future lease payments remaining at the start of the lease.

Lessee – The City does not have any noncancellable leases of nonfinancial assets as of June 30, 2022, other than the financed purchase discussed in Note 5. The Conference Center Authority is a lessee for the noncancellable lease of the Conference Center from the City. At the commencement of a lease, City or Conference Center Authority recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City or Conference Center Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City or Conference Center Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City or Conference Center Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City or Conference Center Authority generally uses its respective estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City or Conference Center Authority is reasonably certain to exercise.

The City and Conference Center Authority monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor – The City is a lessor for a noncancellable leases of buildings, billboards and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 10 – LEASES (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

B. Leases Receivable

The balances related to leases receivable and deferred inflows of resources as of June 30, 2022 were:

	Lease Receivable	Deferred Inflows of Resources
Governmental Activities		
Leases Receivable (Lessor)		
General Fund:		
Conference Center	\$2,409,308	\$2,404,923
Costco	4,165,186	4,107,234
Billboards	6,881,282	6,695,107
Low and Moderate Income Housing Assets Fund:		
Magnolia	1,197,345	1,183,182
Total governmental activities leases receivable	\$14,653,121	\$14,390,446

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 10 – LEASES (Continued)

Conference Center – 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. The cost and carrying amount of leased land under this lease receivable is \$5,040,000. The City recognized \$343,560 in lease revenue and \$82,454 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Costco – Price Club Associates leases the land for the Costco store on South Airport Boulevard from the City. Lease payments are based on a percentage of Costco’s gross annual sales, with minimum annual rent set at \$400,000, payable in monthly installments of \$33,333. In fiscal 2014, Costco exercised the option to extend the lease through fiscal year 2029, with an option for a 6 year extension through fiscal year 2035. The City recognized \$328,579 in lease revenue and \$129,373 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Billboards – The City leases digital billboard space to third parties under three lease agreements. The original terms of the leases were thirty years and as of June 30, 2022, the leases had 22 to 29 years remaining. The rent is based on a minimum annual guaranteed payment, paid on an annual basis, which increases 15% every five years. The City recognized \$252,169 in lease revenue and \$208,007 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Magnolia – Magnolia Housing leases the land for Magnolia Plaza Senior Apartments from the City. Minimum lease payments are set at \$51,800, and are payable through the fiscal year 2062. The City recognized \$29,580 in lease revenue and \$36,383 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

C. Lease Payable

The Conference Center Authority’s lease payable consists of the following as of June 30, 2022:

	Balance June 30, 2021 (as restated)	Deductions	Balance June 30, 2022	Current Portion
Land Lease	\$2,748,483	\$339,176	\$2,409,307	\$349,429

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 10 – LEASES (Continued)

The Authority has a property lease agreement with the City of South San Francisco for 30 years expiring in 2029. Under the agreement, the City subleases to the Authority, the property in exchange for the annual lease payment for the use of land. During the fiscal year, the lease payments totaled \$420,000. The total principal and interest paid during the year was \$80,824 and \$339,176, respectively. The initial present value of the right of use asset and lease liability, at a treasury bond rate of 3.00% over the thirty years, was \$2,748,483. The balance of the right of use asset as of June 30, 2022 was \$1,948,783, net of accumulated amortization, which is reported with the Authority’s capital assets in Note 3. The balance of the lease liability as of June 30, 2022 was \$2,409,307. There are termination clauses included in the lease agreement, however management has determined that it is not likely that those clauses will be exercised.

Future minimum lease payments as of June 30, 2022 are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$349,429	\$70,571	\$420,000
2024	359,990	60,010	420,000
2025	370,871	49,129	420,000
2026	382,080	37,920	420,000
2027	393,629	26,371	420,000
2028-2029	553,308	16,692	570,000
	<u>\$2,409,307</u>	<u>\$260,693</u>	<u>\$2,670,000</u>

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS

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

A. *Oyster Point Marina*

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

NOTE 12 – RISK MANAGEMENT

A. *Insurance Coverage*

The City participates in Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a nonprofit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN JPA provides \$1,000,000 of self-funded general liability and automobile coverage (except \$250,000 is for the Employee benefits Plan Administration liability) and \$29,000,000 excess liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. For the year ended June 30, 2022, the City paid PLAN JPA \$2,036,357 in premiums and did not receive a refund of premiums paid in prior years. Financial statements may be obtained from PLAN JPA 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City has also purchased excess coverage insurance for worker's compensation claims from Public Risk, Innovation, Solutions and Management (PRISM) (formerly CSAC Excess Insurance Authority (CSAC-EIA)). PRISM provides coverage up to statutory limits in excess of the City's \$500,000 self-insured retention. For the past five fiscal years, general liability and worker compensation settlements did not exceed insurance coverage.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 12 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

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

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

	June 30, 2022			Fiscal Year
	Workers' Compensation	General Liability	Total	2020-2021 Total
Balance, beginning of year	\$15,696,000	\$53,797	\$15,749,797	\$14,965,224
Current year claims and changes in estimates of prior years claims	2,608,615	282,672	2,891,287	3,637,605
Claims Paid	(2,061,615)	(96,211)	(2,157,826)	(2,853,032)
Balance, end of year	<u>\$16,243,000</u>	<u>\$240,258</u>	<u>\$16,483,258</u>	<u>\$15,749,797</u>
Current portion	<u>\$2,807,000</u>	<u>\$240,258</u>	<u>\$3,047,258</u>	<u>\$2,878,797</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Federal and State Grant Programs

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

C. *Miller Parking Garage*

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

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

D. *Construction Contract Dispute*

Following a competitive bid process, the City awarded a contract for construction of certain improvements related to the Grand Boulevard Initiative. The project finished well past the contract completion date and the City withheld funds for late completion and to correct incomplete and defective work. The City and the contractor engaged a third-party mediator, but were unable to resolve the dispute at mediation in August 2022. The contractor filed a complaint in San Mateo County Superior Court on September 14, 2022, seeking \$6,500,000 in compensatory damages, interest, and costs of suit. No trial date has been set as of November 2022. The City disputes the allegations and intends to vigorously pursue affirmative claims against the contractor. The City may be negatively impacted should the court rule in favor of the contractor, however any such impact cannot be determined at this time.

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

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

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

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

A. *Cash and Investments*

Cash and investments of the Successor Agency as of June 30, 2022 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, 2022.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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B. *Loans Receivable*

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

C. *Capital Assets*

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

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

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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Capital assets recorded at June 30 are comprised of:

	Balance June 30, 2021	Retirement	Balance June 30, 2022
Fiduciary activities			
Capital assets not being depreciated:			
Land	\$111,219		\$111,219
Total capital assets not being depreciated	111,219		111,219
Capital assets being depreciated:			
Buildings and Improvements	329,671		329,671
Equipment and Vehicle	242,190		242,190
Furniture and Fixtures	21,506		21,506
Total capital assets being depreciated	593,367		593,367
Less accumulated depreciation for:			
Buildings and Improvements	(84,953)	(\$6,594)	(91,547)
Equipment and Vehicle	(242,190)		(242,190)
Furniture and Fixtures	(21,506)		(21,506)
Total accumulated depreciation	(348,649)	(6,594)	(355,243)
Net capital assets being depreciated	244,718	(6,594)	238,124
Fiduciary activity capital assets, net	\$355,937	(\$6,594)	\$349,343

D. Defeased Bonds

As of June 30, 2022, the outstanding balance of defeased debt was \$3,905,000 for the 1997 Downtown /Central Redevelopment Tax Allocation Bonds.

E. Commitments And Contingencies

State Approval of Enforceable Obligations

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)
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State Asset Transfer Review

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022

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

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Total Pension Liability								
Service cost	\$3,449,973	\$3,075,813	\$3,079,994	\$3,922,518	\$4,001,207	\$4,118,735	\$4,267,487	\$4,274,015
Interest on total pension liability	13,930,544	14,393,013	14,870,988	15,430,998	15,885,315	16,624,514	17,306,781	17,951,111
Changes of benefit terms								
Changes of assumptions		(3,374,655)		12,421,358	(1,361,078)			
Difference between expected and actual experience		(1,567,798)	(476,337)	1,958,164	187,342	2,853,948	1,771,483	1,018,943
Benefit payments, including refunds of employee contributions	(9,287,975)	(10,407,243)	(11,085,829)	(11,565,392)	(12,164,689)	(12,756,888)	(13,336,957)	(13,832,759)
Net change in total pension liability	8,092,542	2,119,130	6,388,816	22,167,646	6,548,097	10,840,309	10,008,794	9,411,310
Total pension liability - beginning	188,659,588	196,752,130	198,871,260	205,260,076	227,427,722	233,975,819	244,816,128	254,824,922
Total pension liability - ending (a)	\$196,752,130	\$198,871,260	\$205,260,076	\$227,427,722	\$233,975,819	\$244,816,128	\$254,824,922	\$264,236,232
Plan fiduciary net position								
Contributions - employer	\$4,235,454	\$4,546,984	\$5,726,981	\$5,228,454	\$6,165,764	\$6,851,659	\$7,823,463	\$8,623,876
Contributions - employee	1,466,176	1,411,273	1,622,453	1,720,600	1,727,041	1,816,507	1,883,698	2,006,497
Net investment income	21,712,340	3,221,551	687,860	15,616,363	12,458,090	10,240,873	8,084,207	38,008,815
Benefit payments, including refunds of employee contributions	(9,287,975)	(10,407,243)	(11,085,829)	(11,565,392)	(12,164,689)	(12,756,888)	(13,336,957)	(13,832,759)
Plan to plan resource movement		(50,555)	229		(365)	(20)	(32)	
Administrative expense		(160,268)	(86,726)	(205,472)	(233,683)	(112,374)	(230,510)	(167,557)
Other miscellaneous income					(443,767)	365		
Net change in plan fiduciary net position	18,125,995	(1,438,258)	(3,135,032)	10,794,553	7,508,391	6,040,122	4,223,869	34,638,872
Plan fiduciary net position - beginning	125,614,993	143,740,988	142,302,730	139,167,698	149,962,251	157,470,642	163,510,764	167,734,633
Plan fiduciary net position - ending (b)	\$143,740,988	\$142,302,730	\$139,167,698	\$149,962,251	\$157,470,642	\$163,510,764	\$167,734,633	\$202,373,505
Net pension liability - ending (a)-(b)	\$53,011,142	\$56,568,530	\$66,092,378	\$77,465,471	\$76,505,177	\$81,305,364	\$87,090,289	\$61,862,727
Plan fiduciary net position as a percentage of the total pension liability	73.06%	71.56%	67.80%	65.94%	67.30%	66.79%	65.82%	76.59%
Covered payroll	\$17,725,581	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270	\$26,275,955	\$27,681,286
Net pension liability as percentage of covered payroll	299.07%	317.83%	308.71%	263.57%	323.76%	325.31%	331.44%	223.48%

Notes to Schedule:

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

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020, and 2021, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$4,210,973	\$5,399,856	\$5,228,454	\$6,166,024	\$6,851,659	\$7,831,598	\$8,616,536	\$9,491,640
Contributions in relation to the actuarially determined contributions	<u>4,210,973</u>	<u>5,399,856</u>	<u>5,228,454</u>	<u>6,166,024</u>	<u>6,851,659</u>	<u>7,831,598</u>	<u>8,616,536</u>	<u>9,491,640</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270	\$26,275,955	\$27,681,286	\$28,788,170
Contributions as a percentage of covered payroll	23.66%	25.22%	17.79%	26.09%	27.41%	29.81%	31.13%	32.97%
Notes to Schedule								
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Methods and assumptions used to determine contribution rates:								
Actuarial cost method	Entry age							
Amortization method	Level percentage of payroll							
Asset valuation method	Fair value of assets							
Inflation	2.75% for 2015 to 2019, and 2.625% for 2020, and 2.50% for 2021 and 2022							
Salary increases	Varies by entry age and service							
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7.00% for 2021 and 2022, net of administrative expenses, including inflation							
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.							
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, 2021, and 2022, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.							

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022

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

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Total Pension Liability								
Service cost	\$5,143,842	\$4,968,087	\$5,329,842	\$6,264,307	\$6,511,672	\$6,379,124	\$6,880,000	\$7,072,216
Interest on total pension liability	18,899,544	19,398,484	20,134,558	21,238,842	22,129,483	23,249,091	24,284,010	25,441,168
Changes of benefit terms								
Changes of assumptions		(4,789,129)		18,010,606	(1,293,579)			
Difference between expected and actual experience		(4,226,388)	(915,267)	4,520,149	1,318,613	2,853,684	742,624	1,772,836
Benefit payments, including refunds of employee contributions	(13,161,296)	(13,556,606)	(14,463,995)	(14,760,979)	(15,629,698)	(15,909,734)	(16,384,059)	(17,313,787)
Net change in total pension liability	10,882,090	1,794,448	10,085,138	35,272,925	13,036,491	16,572,165	15,522,575	16,972,433
Total pension liability - beginning	256,002,648	266,884,738	268,679,186	278,764,324	314,037,249	327,073,740	343,645,905	359,168,480
Total pension liability - ending (a)	\$266,884,738	\$268,679,186	\$278,764,324	\$314,037,249	\$327,073,740	\$343,645,905	\$359,168,480	\$376,140,913
Plan fiduciary net position								
Contributions - employer	\$6,535,399	\$7,191,715	\$8,535,737	\$8,071,060	\$9,323,936	\$10,164,921	\$11,402,434	\$12,413,770
Contributions - employee	2,151,163	1,714,039	1,961,907	1,980,507	2,134,552	2,486,989	2,890,991	2,893,339
Net investment income	29,348,051	4,264,997	950,612	21,553,126	17,363,158	14,404,633	11,506,885	54,912,645
Benefit payments, including refunds of employee contributions	(13,161,296)	(13,556,606)	(14,463,995)	(14,760,979)	(15,629,698)	(15,909,734)	(16,384,059)	(17,313,787)
Plan to plan resource movement			(229)		(512)	20	32	
Administrative expense		(219,696)	(118,968)	(283,579)	(325,104)	(157,625)	(326,879)	(240,703)
Other miscellaneous income					(617,378)	512		
Net change in plan fiduciary net position	24,873,317	(605,551)	(3,134,936)	16,560,135	12,248,954	10,989,716	9,089,404	52,665,264
Plan fiduciary net position - beginning	170,937,835	195,811,152	195,205,601	192,070,665	208,630,800	220,879,754	231,869,470	240,958,874
Plan fiduciary net position - ending (b)	\$195,811,152	\$195,205,601	\$192,070,665	\$208,630,800	\$220,879,754	\$231,869,470	\$240,958,874	\$293,624,138
Net pension liability - ending (a)-(b)	\$71,073,586	\$73,473,585	\$86,693,659	\$105,406,449	\$106,193,986	\$111,776,435	\$118,209,606	\$82,516,775
Plan fiduciary net position as a percentage of the total pension liability	73.37%	72.65%	68.90%	66.44%	67.53%	67.47%	67.09%	78.06%
Covered payroll	\$15,994,412	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254	\$24,264,339	\$24,378,494
Net pension liability as percentage of covered payroll	444.37%	440.49%	456.60%	538.79%	484.19%	486.51%	487.17%	338.48%

Notes to Schedule:

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

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020, and 2021, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$7,191,715	\$8,538,138	\$8,071,060	\$9,322,781	\$10,164,821	\$11,401,783	\$12,413,770	\$13,387,919
Contributions in relation to the actuarially determined contributions	<u>7,191,715</u>	<u>8,538,138</u>	<u>8,071,060</u>	<u>9,322,781</u>	<u>10,164,821</u>	<u>11,401,783</u>	<u>12,413,770</u>	<u>13,387,919</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$16,679,857	\$18,986,895	\$19,563,549	\$21,932,480	\$22,975,254	\$24,264,339	\$24,378,494	\$24,325,363
Contributions as a percentage of covered payroll	43.12%	44.97%	41.26%	42.51%	44.24%	46.99%	50.92%	55.04%
Notes to Schedule								
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Methods and assumptions used to determine contribution rates:								
Actuarial cost method	Entry age							
Amortization method	Level percentage of payroll							
Asset valuation method	Fair value of assets							
Inflation	2.75% for 2015 to 2019, and 2.625% for 2020, and 2.50% for 2021 and 2022							
Salary increases	Varies by entry							
Investment rate of return	7.50% for 2015 to 2018, 7.375%							
Retirement age	The							
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-							

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*
(Amounts in 000's)

Measurement Date	6/30/17	6/30/18	6/30/2019	6/30/2020	6/30/2021
Total OPEB Liability					
Service Cost	\$1,574	\$1,535	\$1,558	\$1,604	\$1,516
Interest	5,087	5,325	5,568	5,952	6,058
Changes in benefit terms					
Differences between expected and actual experience		91	2,895		(3,332)
Changes of assumptions			(672)	(1,859)	1,446
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)	(4,009)
Net change in total OPEB liability	3,760	3,625	5,971	1,645	1,679
Total OPEB liability - beginning	75,240	79,000	82,625	88,596	90,241
Total OPEB liability - ending (a)	<u>\$79,000</u>	<u>\$82,625</u>	<u>\$88,596</u>	<u>\$90,241</u>	<u>\$91,920</u>
Plan fiduciary net position					
Contributions - employer	\$3,703	\$4,128	\$4,180	\$4,854	\$4,810
Contributions - employee					
Net investment income	1,803	1,566	1,402	838	7,141
Administrative expense	(9)	(37)	(5)	(12)	(9)
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)	(4,009)
Net change in plan fiduciary net position	2,596	2,331	2,199	1,628	7,933
Plan fiduciary net position - beginning	17,114	19,710	22,041	24,240	25,868
Plan fiduciary net position - ending (b)	<u>\$19,710</u>	<u>\$22,041</u>	<u>\$24,240</u>	<u>\$25,868</u>	<u>\$33,801</u>
Net OPEB liability - ending (a)-(b)	<u>\$59,290</u>	<u>\$60,584</u>	<u>\$64,356</u>	<u>\$64,373</u>	<u>\$58,119</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>24.95%</u>	<u>26.68%</u>	<u>27.36%</u>	<u>28.67%</u>	<u>36.77%</u>
Covered-employee payroll	<u>\$26,539</u>	<u>\$26,986</u>	<u>\$27,662</u>	<u>\$28,215</u>	<u>\$26,824</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>223.41%</u>	<u>224.50%</u>	<u>232.65%</u>	<u>228.15%</u>	<u>216.67%</u>

* Fiscal year 2018 was the first year of implementation.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022**

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

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022
Actuarially determined contribution	\$6,279	\$6,839	\$6,995	\$7,253	\$7,373
Contributions in relation to the actuarially determined contribution	4,128	4,180	4,854	4,810	4,869
Contribution deficiency (excess)	\$2,151	\$2,659	\$2,141	\$2,443	\$2,504
Covered-employee payroll	\$26,986	\$27,662	\$28,215	\$26,824	\$25,079
Contributions as a percentage of covered-employee payroll	15.30%	15.11%	17.20%	17.93%	19.41%

* Fiscal year 2018 was the first year of implementation.

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

Valuation Date	<ul style="list-style-type: none"> • June 30, 2019
Contribution Policy	<ul style="list-style-type: none"> • City contributes \$802,000 per year into trust
Actuarial Cost Method	<ul style="list-style-type: none"> • Entry Age Normal, Level Percentage of Payroll
Amortization Method	<ul style="list-style-type: none"> • Level dollar
Amortization Period	<ul style="list-style-type: none"> • Average of 21 years remaining for 2021/22
Discount Rate and Long-Term Expected Rate of Return on Assets	<ul style="list-style-type: none"> • 6.75% at June 30, 2020 • 6.75% at June 30, 2019 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	<ul style="list-style-type: none"> • 2.75% per annum
Salary Increases	<ul style="list-style-type: none"> • Aggregate - 3% annually
Healthcare/Medical Trend	<ul style="list-style-type: none"> • Merit - CalPERS 1997-2015 Experience Study • Non-Medicare - 7.00% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	<ul style="list-style-type: none"> • CalPERS 1997-2015 Experience Study
Mortality Improvement	<ul style="list-style-type: none"> • Mortality projected fully generational with Scale MP-2019
Healthcare participation for future retirees	<ul style="list-style-type: none"> • 100% if covered, 95% if waived

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

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

GENERAL PURPOSE FUND

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

MEASURE W FUND

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

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2022**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
ASSETS			
Cash and investments	\$41,281,273	\$8,780,342	\$50,061,615
Receivables:			
Accounts	15,224,674	3,078,388	18,303,062
Accrued interest	161,122		161,122
Leases	13,455,776		13,455,776
Due from other funds	1,270,000		1,270,000
Due from Conference Center	40,379		40,379
Inventory	4,099		4,099
Restricted cash and investments	152,797		152,797
Properties held for redevelopment	14,763,033		14,763,033
Total Assets	<u>\$86,353,153</u>	<u>\$11,858,730</u>	<u>\$98,211,883</u>
LIABILITIES			
Accounts payable	\$4,582,555	\$6,891	\$4,589,446
Accrued salaries and benefits	1,766,827		1,766,827
Other payable	842,046		842,046
Deposits	1,159,644		1,159,644
Total Liabilities	<u>8,351,072</u>	<u>6,891</u>	<u>8,357,963</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	13,207,264		13,207,264
FUND BALANCES			
Nonspendable	4,099		4,099
Restricted	14,763,033		14,763,033
Committed	4,244,813	11,839,164	16,083,977
Assigned	7,469,764	12,675	7,482,439
Unassigned	38,313,108		38,313,108
Total Fund Balances	<u>64,794,817</u>	<u>11,851,839</u>	<u>76,646,656</u>
Total Liabilities and Fund Balances	<u>\$86,353,153</u>	<u>\$11,858,730</u>	<u>\$98,211,883</u>

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
REVENUES			
Property taxes	\$49,779,284		\$49,779,284
Sales taxes	22,361,011	\$15,399,766	37,760,777
Transient occupancy taxes	12,135,638		12,135,638
Franchise Fees	4,863,076		4,863,076
Other taxes	6,537,423		6,537,423
Intergovernmental	3,196,346		3,196,346
Interest and rentals	1,553,209		1,553,209
Licenses and permits	14,062,474		14,062,474
Charges for services	9,747,605		9,747,605
Fines and forfeitures	700,961		700,961
Other	515,004		515,004
	<u>125,452,031</u>	<u>15,399,766</u>	<u>140,851,797</u>
Total Revenues			
EXPENDITURES			
Current:			
City Council	252,677		252,677
City Clerk	887,678		887,678
City Treasurer	39,852		39,852
City Attorney	1,138,457		1,138,457
City Manager	3,911,694	279,786	4,191,480
Finance	3,148,914		3,148,914
Non-departmental	2,580,748		2,580,748
Human Resources	2,065,927		2,065,927
Fire	32,560,468		32,560,468
Police	33,281,487		33,281,487
Public Works	6,294,564		6,294,564
Parks and Recreation	18,092,526		18,092,526
Library	6,495,279		6,495,279
Economic and Community Development	11,006,922		11,006,922
	<u>121,757,193</u>	<u>279,786</u>	<u>122,036,979</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,694,838</u>	<u>15,119,980</u>	<u>18,814,818</u>
OTHER FINANCING SOURCES (USES)			
Gain from sale of property	1,507,641		1,507,641
Transfers in	4,763,729		4,763,729
Transfers out	(10,033,749)	(11,201,861)	(21,235,610)
	<u>(3,762,379)</u>	<u>(11,201,861)</u>	<u>(14,964,240)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances before special items	(67,541)	3,918,119	3,850,578
SPECIAL ITEMS			
Remittance of land sale proceeds	(2,962,923)		(2,962,923)
Net Change in Fund Balances	(3,030,464)		887,655
Fund balance - July 1	67,825,281	7,933,720	75,759,001
Fund balance - June 30	<u>\$64,794,817</u>	<u>\$11,851,839</u>	<u>\$76,646,656</u>

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2022**

	General Purpose			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$41,074,710	\$41,074,710	\$49,779,284	\$8,704,574
Sales taxes	19,531,177	20,281,177	22,361,011	2,079,834
Transient occupancy taxes	7,085,194	8,585,194	12,135,638	3,550,444
Franchise fees	4,600,000	4,600,000	4,863,076	263,076
Other taxes	3,614,753	3,614,753	6,537,423	2,922,670
Intergovernmental	2,325,338	5,818,982	3,196,346	(2,622,636)
Interest and rentals	3,564,976	3,504,976	1,553,209	(1,951,767)
Licenses and permits	16,453,166	16,453,166	14,062,474	(2,390,692)
Charges for services	9,287,470	7,848,478	9,747,605	1,899,127
Fines and forfeitures	676,975	676,975	700,961	23,986
Other	232,718	394,382	515,004	120,622
Amounts available for appropriation	<u>108,446,477</u>	<u>112,852,793</u>	<u>125,452,031</u>	<u>12,599,238</u>
Charges to appropriations (outflows)				
City Council	292,426	292,427	252,677	39,750
City Clerk	1,151,844	1,231,044	887,678	343,366
City Treasurer	160,245	160,244	39,852	120,392
City Attorney	910,049	910,049	1,138,457	(228,408)
City Manager	3,214,467	4,106,430	4,159,376	(52,946)
Finance	3,807,781	4,385,682	3,603,809	781,873
Non-departmental	1,294,252	1,369,252	2,581,079	(1,211,827)
Human Resources	2,042,597	2,307,004	2,184,942	122,062
Fire	29,508,065	29,892,151	32,975,264	(3,083,113)
Police	32,386,774	32,843,169	33,383,916	(540,747)
Public Works	5,978,429	6,396,059	6,743,595	(347,536)
Parks and Recreation	16,729,027	18,371,855	18,920,003	(548,148)
Library	6,221,935	6,897,585	6,495,735	401,850
Economic and Community Development	8,227,651	16,293,222	15,860,574	432,648
Total charges to appropriations	<u>111,925,542</u>	<u>125,456,173</u>	<u>129,226,957</u>	<u>(3,770,784)</u>
OTHER FINANCING SOURCES (USES)				
Gain from sale of property	630,000	690,000	1,507,641	817,641
Transfers in	1,187,080	5,519,792	4,763,729	(756,063)
Transfers out	(1,125,000)	(13,098,660)	(10,033,749)	3,064,911
Total Other Financing Sources (Uses)	<u>692,080</u>	<u>(6,888,868)</u>	<u>(3,762,379)</u>	<u>3,126,489</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	<u>(2,786,985)</u>	<u>(19,492,248)</u>	<u>(7,537,305)</u>	<u>11,954,943</u>
SPECIAL ITEMS				
Remittance of land sale proceeds			<u>(2,962,923)</u>	<u>(2,962,923)</u>
Net Change in Fund Balances	<u>(\$2,786,985)</u>	<u>(\$19,492,248)</u>	<u>(10,500,228)</u>	<u>\$8,992,020</u>
Fund Balance - July 1			67,825,281	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>7,469,764</u>	
Fund Balance - June 30			<u>\$64,794,817</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2022**

	Measure W			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes				
Sales taxes	\$12,708,000	\$12,708,000	\$15,399,766	\$2,691,766
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
Amounts available for appropriation	<u>12,708,000</u>	<u>12,708,000</u>	<u>15,399,766</u>	<u>2,691,766</u>
Charges to appropriations (outflows)				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager	393,090	405,765	292,461	113,304
Finance				
Non-departmental				
Human Resources				
Fire				
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
Total charges to appropriations	<u>393,090</u>	<u>405,765</u>	<u>292,461</u>	<u>113,304</u>
OTHER FINANCING SOURCES (USES)				
Gain from sale of property				
Transfers in				
Transfers out	(8,646,783)	(21,417,675)	(11,201,861)	10,215,814
Total Other Financing Sources (Uses)	<u>(8,646,783)</u>	<u>(21,417,675)</u>	<u>(11,201,861)</u>	<u>10,215,814</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	3,668,127	(9,115,440)	3,905,444	13,020,884
SPECIAL ITEMS				
Remittance of land sale proceeds				
Net Change in Fund Balances	<u>\$3,668,127</u>	<u>(\$9,115,440)</u>	3,905,444	<u>\$13,020,884</u>
Fund Balance - July 1			7,933,720	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>12,675</u>	
Fund Balance - June 30			<u>\$11,851,839</u>	

(Continued)

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2022**

	Total			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$41,074,710	\$41,074,710	\$49,779,284	\$8,704,574
Sales taxes	32,239,177	32,989,177	37,760,777	4,771,600
Transient occupancy taxes	7,085,194	8,585,194	12,135,638	3,550,444
Franchise fees	4,600,000	4,600,000	4,863,076	263,076
Other taxes	3,614,753	3,614,753	6,537,423	2,922,670
Intergovernmental	2,325,338	5,818,982	3,196,346	(2,622,636)
Interest and rentals	3,564,976	3,504,976	1,553,209	(1,951,767)
Licenses and permits	16,453,166	16,453,166	14,062,474	(2,390,692)
Charges for services	9,287,470	7,848,478	9,747,605	1,899,127
Fines and forfeitures	676,975	676,975	700,961	23,986
Other	232,718	394,382	515,004	120,622
	<u>121,154,477</u>	<u>125,560,793</u>	<u>140,851,797</u>	<u>15,291,004</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council	292,426	292,427	252,677	39,750
City Clerk	1,151,844	1,231,044	887,678	343,366
City Treasurer	160,245	160,244	39,852	120,392
City Attorney	910,049	910,049	1,138,457	(228,408)
City Manager	3,607,557	4,512,195	4,451,837	60,358
Finance	3,807,781	4,385,682	3,603,809	781,873
Non-departmental	1,294,252	1,369,252	2,581,079	(1,211,827)
Human Resources	2,042,597	2,307,004	2,184,942	122,062
Fire	29,508,065	29,892,151	32,975,264	(3,083,113)
Police	32,386,774	32,843,169	33,383,916	(540,747)
Public Works	5,978,429	6,396,059	6,743,595	(347,536)
Parks and Recreation	16,729,027	18,371,855	18,920,003	(548,148)
Library	6,221,935	6,897,585	6,495,735	401,850
Economic and Community Development	8,227,651	16,293,222	15,860,574	432,648
	<u>112,318,632</u>	<u>125,861,938</u>	<u>129,519,418</u>	<u>(3,657,480)</u>
OTHER FINANCING SOURCES (USES)				
Gain from sale of property	630,000	690,000	1,507,641	817,641
Transfers in	1,187,080	5,519,792	4,763,729	(756,063)
Transfers out	(9,771,783)	(34,516,335)	(21,235,610)	13,280,725
	<u>(7,954,703)</u>	<u>(28,306,543)</u>	<u>(14,964,240)</u>	<u>13,342,303</u>
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	881,142	(28,607,688)	(3,631,861)	24,975,827
SPECIAL ITEMS				
Remittance of land sale proceeds			(2,962,923)	(2,962,923)
Net Change in Fund Balances	<u>\$881,142</u>	<u>(\$28,607,688)</u>	<u>(6,594,784)</u>	<u>\$22,012,904</u>
Fund Balance - July 1			75,759,001	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>7,482,439</u>	
Fund Balance - June 30			<u>\$76,646,656</u>	

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

Library Impact Fee – Accounts for citywide fees to provide new development’s share of the expansion, rehabilitation and replacement of library facilities and collections to accommodate the increased demand for library services caused by future development

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

Debt Service – Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting the new City police station located within the City’s new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2020A Bonds, as well as capital improvements constituting the City’s new Civic Center Campus, and related improvements, facilities and equipment, and pay the costs incurred in connection with the issuance of the Series 2021A Bonds.

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**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

SPECIAL REVENUE FUNDS

	Gas Tax	Developer Contributions	Community Development Block Grant	Maintenance Districts	Transportation Sales Tax
ASSETS					
Cash and investments	\$163,649	\$11,435,046		\$4,824,117	\$3,680,937
Receivables:					
Accounts	123,159	453,481	\$249,130	55,850	22,727
Accrued interest	1,099	29,183			10,014
Loans			677,858		
Restricted cash and investments			2,091		
Total Assets	\$287,907	\$11,917,710	\$929,079	\$4,879,967	\$3,713,678
LIABILITIES					
Liabilities:					
Accounts payable		\$161,397	\$30,630	\$20,261	
Other payable			524,787		
Deposits		4,188,966			
Unearned revenue					
Due to other funds			210,000		
Total Liabilities		4,350,363	765,417	20,261	
Fund Balances:					
Restricted	\$287,907	7,567,347	163,662	4,859,706	\$3,713,678
Total Fund Balances	287,907	7,567,347	163,662	4,859,706	3,713,678
Total Liabilities and Fund Balances	\$287,907	\$11,917,710	\$929,079	\$4,879,967	\$3,713,678

SPECIAL REVENUE FUNDS

Solid Waste Reduction	Supplemental Law Enforcement Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee	Road Maintenance and Rehabilitation
\$774,021	\$965	\$11,008,982	\$872,019	\$1,690,372	\$2,490,013	\$1,898,482
34,871	134	35,175	332 2,815 15,106	39,335 5,115	6,079	119,856 4,677
<u>\$808,892</u>	<u>\$1,099</u>	<u>\$11,044,157</u>	<u>\$890,272</u>	<u>\$1,734,822</u>	<u>\$2,496,092</u>	<u>\$2,023,015</u>
\$2,104		\$135,585	\$43,539 11,010 217,980			
<u>2,104</u>		<u>135,585</u>	<u>272,529</u>			
<u>806,788</u>	<u>\$1,099</u>	<u>10,908,572</u>	<u>617,743</u>	<u>\$1,734,822</u>	<u>\$2,496,092</u>	<u>\$2,023,015</u>
<u>806,788</u>	<u>1,099</u>	<u>10,908,572</u>	<u>617,743</u>	<u>1,734,822</u>	<u>2,496,092</u>	<u>2,023,015</u>
<u>\$808,892</u>	<u>\$1,099</u>	<u>\$11,044,157</u>	<u>\$890,272</u>	<u>\$1,734,822</u>	<u>\$2,496,092</u>	<u>\$2,023,015</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
	SMC Measure W 1/2 Cent Sales Tax	Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees
ASSETS					
Cash and investments	\$1,278,810	\$2,546,153	\$29,149	\$10,382,735	\$38,906
Receivables:					
Accounts	83,097				98,053
Accrued interest	2,770	5,456	687	25,929	
Loans					
Restricted cash and investments					
Total Assets	\$1,364,677	\$2,551,609	\$29,836	\$10,408,664	\$136,959
LIABILITIES					
Liabilities:					
Accounts payable		\$37,072			\$143,943
Other payable					
Deposits					
Unearned revenue					
Due to other funds					
Total Liabilities		37,072			143,943
Fund Balances:					
Restricted	\$1,364,677	2,514,537	\$29,836	\$10,408,664	(6,984)
Total Fund Balances	1,364,677	2,514,537	29,836	10,408,664	(6,984)
Total Liabilities and Fund Balances	\$1,364,677	\$2,551,609	\$29,836	\$10,408,664	\$136,959

CAPITAL PROJECTS FUNDS					DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee	Library Impact Fee	Debt Service	
\$3,223,001	\$8,895,473	\$185,475	\$6,923,491	\$673		\$72,342,469
7,071	19,439	428	30,107	1		1,279,891
			2,000,000			186,179
						2,692,964
						2,091
<u>\$3,230,072</u>	<u>\$8,914,912</u>	<u>\$185,903</u>	<u>\$8,953,598</u>	<u>\$674</u>		<u>\$76,503,594</u>
			\$39,500			\$614,031
						535,797
						4,188,966
						217,980
						210,000
			39,500			5,766,774
<u>\$3,230,072</u>	<u>\$8,914,912</u>	<u>\$185,903</u>	<u>8,914,098</u>	<u>\$674</u>		<u>70,736,820</u>
<u>3,230,072</u>	<u>8,914,912</u>	<u>185,903</u>	<u>8,914,098</u>	<u>674</u>		<u>70,736,820</u>
<u>\$3,230,072</u>	<u>\$8,914,912</u>	<u>\$185,903</u>	<u>\$8,953,598</u>	<u>\$674</u>		<u>\$76,503,594</u>

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Community Development Block Grant	Maintenance Districts	Transportation Sales Tax
REVENUES					
Property taxes				\$2,220,652	
Sales taxes					
Other taxes					\$2,122,941
Intergovernmental	\$1,716,706		\$664,707		
Interest and rentals	(12,714)	(\$332,865)	15,258		(114,917)
Charges for services		2,613,506	203,639		
Other		37,299			
Total Revenues	1,703,992	2,317,940	883,604	2,220,652	2,008,024
EXPENDITURES					
Current:					
Fire					
Police					
Public works					
Parks and recreation				2,203,316	
Economic and community development		529,538	828,328		
Other					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures		529,538	828,328	2,203,316	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,703,992	1,788,402	55,276	17,336	2,008,024
OTHER FINANCING SOURCES (USES)					
Transfers in		8,496		25,968	2,362
Transfers out	(1,746,357)	(674,452)			(821,307)
Total Other Financing Sources (Uses)	(1,746,357)	(665,956)		25,968	(818,945)
Net Change in Fund Balances	(42,365)	1,122,446	55,276	43,304	1,189,079
Fund balance - July 1	330,272	6,444,901	108,386	4,816,402	2,524,599
Fund balance - June 30	<u>\$287,907</u>	<u>\$7,567,347</u>	<u>\$163,662</u>	<u>\$4,859,706</u>	<u>\$3,713,678</u>

SPECIAL REVENUE FUNDS

Solid Waste Reduction	Supplemental Law Enforcement Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee	Road Maintenance and Rehabilitation
	\$166,041					\$1,343,632
\$209,224	(1,505)	(\$358,098)	(\$31,346)	(\$58,804)	(\$70,109)	(53,544)
		1,041,789				
		362,502	5,450	157,275	1,253,473	
209,224	164,536	1,046,193	(25,896)	98,471	1,183,364	1,290,088
75,656	64,536					
		1,049,683	185,386			
75,656	64,536	1,049,683	185,386			
133,568	100,000	(3,490)	(211,282)	98,471	1,183,364	1,290,088
(28,541)	(100,000)	(489,105)			(464,237)	(296,282)
(28,541)	(100,000)	(489,105)			(464,237)	(296,282)
105,027		(492,595)	(211,282)	98,471	719,127	993,806
701,761	1,099	11,401,167	829,025	1,636,351	1,776,965	1,029,209
\$806,788	\$1,099	\$10,908,572	\$617,743	\$1,734,822	\$2,496,092	\$2,023,015

(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, 2022**

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
	SMC Measure W 1/2 Cent Sales Tax	Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees
REVENUES					
Property taxes					
Sales taxes	\$825,500				
Other taxes					
Intergovernmental					\$13,302,803
Interest and rentals	(31,622)	(\$62,973)	(\$8,080)	(\$298,394)	
Charges for services		1,744,396	1,444,207	3,130,802	696,031
Other					
Total Revenues	<u>793,878</u>	<u>1,681,423</u>	<u>1,436,127</u>	<u>2,832,408</u>	<u>13,998,834</u>
EXPENDITURES					
Current:					
Fire		37,072			
Police					
Public works				2,800	14,058,921
Parks and recreation					
Economic and community development					
Other					
Debt service:					
Principal repayments			1,445,000		
Interest and fiscal charges					
Total Expenditures		<u>37,072</u>	<u>1,445,000</u>	<u>2,800</u>	<u>14,058,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>793,878</u>	<u>1,644,351</u>	<u>(8,873)</u>	<u>2,829,608</u>	<u>(60,087)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(43,462)	(629,200)		(147,072)	
Total Other Financing Sources (Uses)	<u>(43,462)</u>	<u>(629,200)</u>		<u>(147,072)</u>	
Net Change in Fund Balances	750,416	1,015,151	(8,873)	2,682,536	(60,087)
Fund balance - July 1	<u>614,261</u>	<u>1,499,386</u>	<u>38,709</u>	<u>7,726,128</u>	<u>53,103</u>
Fund balance - June 30	<u><u>\$1,364,677</u></u>	<u><u>\$2,514,537</u></u>	<u><u>\$29,836</u></u>	<u><u>\$10,408,664</u></u>	<u><u>(\$6,984)</u></u>

CAPITAL PROJECTS FUNDS					DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee	Library Impact Fee	Debt Service	
						\$2,220,652
						825,500
						2,288,982
						17,027,848
(\$79,929)	(\$223,229)	(\$4,891)	(\$347,603)	(\$19)		(2,075,384)
1,707,708	3,963,057	73,981	3,425,285	693		20,254,318
						1,815,999
1,627,779	3,739,828	69,090	3,077,682	674		42,357,915
						37,072
						64,536
						14,137,377
						2,203,316
						1,357,866
			4,375,209			5,610,278
					\$3,190,000	4,635,000
					5,097,833	5,097,833
			4,375,209		8,287,833	33,143,278
1,627,779	3,739,828	69,090	(1,297,527)	674	(8,287,833)	9,214,637
					8,287,833	8,324,659
(1,480)	(169,698)					(5,611,193)
(1,480)	(169,698)				8,287,833	2,713,466
1,626,299	3,570,130	69,090	(1,297,527)	674		11,928,103
1,603,773	5,344,782	116,813	10,211,625			58,808,717
\$3,230,072	\$8,914,912	\$185,903	\$8,914,098	\$674		\$70,736,820

**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, 2022**

	GAS TAX			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental	\$1,886,008	\$1,716,706	(\$169,302)	\$610,685	\$664,707	\$54,022
Interest and rentals	15,000	(12,714)	(27,714)	72,569	15,258	(57,311)
Charges for services					203,639	203,639
Other						
Total Revenues	<u>1,901,008</u>	<u>1,703,992</u>	<u>(197,016)</u>	<u>683,254</u>	<u>883,604</u>	<u>200,350</u>
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development				856,551	1,072,940	(216,389)
Other						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures				<u>856,551</u>	<u>1,072,940</u>	<u>(216,389)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,901,008</u>	<u>1,703,992</u>	<u>(197,016)</u>	<u>(173,297)</u>	<u>(189,336)</u>	<u>(16,039)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(2,421,465)	(1,746,357)	675,108			
Total Other Financing Sources (Uses)	<u>(2,421,465)</u>	<u>(1,746,357)</u>	<u>675,108</u>			
NET CHANGE IN FUND BALANCES	<u>(\$520,457)</u>	<u>(42,365)</u>	<u>\$478,092</u>	<u>(\$173,297)</u>	<u>(189,336)</u>	<u>(\$16,039)</u>
Adjustment to budgetary basis:						
Encumbrance adjustments					244,612	
Fund balance - July 1		<u>330,272</u>			<u>108,386</u>	
Fund balance - June 30		<u>\$287,907</u>			<u>\$163,662</u>	

<u>MAINTENANCE DISTRICTS</u>			<u>TRANSPORTATION SALES TAX</u>			<u>SOLID WASTE REDUCTION</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$1,903,851	\$2,220,652	\$316,801						
			\$1,527,755	\$2,122,941	\$595,186			
			25,000	(114,917)	(139,917)	\$180,000	\$209,224	\$29,224
<u>1,903,851</u>	<u>2,220,652</u>	<u>316,801</u>	<u>1,552,755</u>	<u>2,008,024</u>	<u>455,269</u>	<u>180,000</u>	<u>209,224</u>	<u>29,224</u>
	26,754	(26,754)				214,843	75,656	139,187
2,219,453	2,203,316	16,137					126,753	(126,753)
<u>2,219,453</u>	<u>2,230,070</u>	<u>(10,617)</u>				<u>214,843</u>	<u>202,409</u>	<u>12,434</u>
<u>(315,602)</u>	<u>(9,418)</u>	<u>306,184</u>	<u>1,552,755</u>	<u>2,008,024</u>	<u>455,269</u>	<u>(34,843)</u>	<u>6,815</u>	<u>41,658</u>
25,968	25,968		(1,882,795)	2,362	2,362	(106,627)	(28,541)	78,086
			(821,307)	1,061,488	1,061,488			
25,968	25,968		(1,882,795)	(818,945)	1,063,850	(106,627)	(28,541)	78,086
<u>(\$289,634)</u>	16,550	<u>\$306,184</u>	<u>(\$330,040)</u>	1,189,079	<u>\$1,519,119</u>	<u>(\$141,470)</u>	(21,726)	<u>\$119,744</u>
	26,754						126,753	
	<u>4,816,402</u>			<u>2,524,599</u>			<u>701,761</u>	
	<u>\$4,859,706</u>			<u>\$3,713,678</u>			<u>\$806,788</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, 2022**

	SUPPLEMENTAL LAW ENFORCEMENT SERVICES			CITY PROGRAMS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes	\$100,000	\$166,041	\$66,041			
Intergovernmental						
Interest and rentals		(1,505)	(1,505)		(\$358,098)	(\$358,098)
Charges for services					1,041,789	\$1,041,789
Other					362,502	362,502
Total Revenues	<u>100,000</u>	<u>164,536</u>	<u>64,536</u>		<u>1,046,193</u>	<u>1,046,193</u>
EXPENDITURES						
Current:						
Police		64,536	(64,536)			
Public works						
Parks and recreation						
Economic and community development						
Other					1,049,683	(1,049,683)
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures		<u>64,536</u>	<u>(64,536)</u>		<u>1,049,683</u>	<u>(1,049,683)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>100,000</u>	<u>100,000</u>			<u>(3,490)</u>	<u>(3,490)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(100,000)	(100,000)		(\$1,934,611)	(489,105)	1,445,506
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>		<u>(1,934,611)</u>	<u>(489,105)</u>	<u>1,445,506</u>
NET CHANGE IN FUND BALANCES				<u>(\$1,934,611)</u>	<u>(492,595)</u>	<u>\$1,442,016</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>1,099</u>			<u>11,401,167</u>	
Fund balance - June 30		<u>\$1,099</u>			<u>\$10,908,572</u>	

AFFORDABLE HOUSING TRUST			PEG EQUIPMENT AND ACCESS			ROAD MAINTENANCE AND REHABILITATION		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$217,980		(217,980)				\$1,300,000	\$1,343,632	\$43,632
	(\$31,346)	(\$31,346)	\$5,000	(\$58,804)	(\$63,804)		(53,544)	(53,544)
	5,450	5,450	125,000	157,275	32,275			
217,980	(25,896)	(243,876)	130,000	98,471	(31,529)	1,300,000	1,290,088	(9,912)
374,227	280,336	93,891						
374,227	280,336	93,891						
(156,247)	(306,232)	(149,985)	130,000	98,471	(31,529)	1,300,000	1,290,088	(9,912)
						(2,477,055)	(296,282)	2,180,773
						(2,477,055)	(296,282)	2,180,773
(\$156,247)	(306,232)	(\$149,985)	\$130,000	98,471	(\$31,529)	(\$1,177,055)	993,806	\$2,170,861
	94,950							
	829,025			1,636,351			1,029,209	
	\$617,743			\$1,734,822			\$2,023,015	

(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, 2022**

	SMC MEASURE W 1/2 CENT SALES TAX			DEBT SERVICE FUND		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes	\$600,000	\$825,500	\$225,500			
Other taxes						
Intergovernmental						
Interest and rentals		(31,622)	(31,622)			
Charges for services						
Other						
Total Revenues	<u>600,000</u>	<u>793,878</u>	<u>193,878</u>			
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development						
Other						
Debt service:						
Principal repayments				\$3,190,000	\$3,190,000	
Interest and fiscal charges				5,097,833	5,097,833	
Total Expenditures				<u>8,287,833</u>	<u>8,287,833</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>600,000</u>	<u>793,878</u>	<u>193,878</u>	<u>(8,287,833)</u>	<u>(8,287,833)</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in				8,287,833	8,287,833	
Transfers out	(641,753)	(43,462)	598,291			
Total Other Financing Sources (Uses)	<u>(641,753)</u>	<u>(43,462)</u>	<u>598,291</u>	<u>8,287,833</u>	<u>8,287,833</u>	
NET CHANGE IN FUND BALANCES	<u>(\$41,753)</u>	<u>750,416</u>	<u>\$792,169</u>			
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>614,261</u>				
Fund balance - June 30		<u>\$1,364,677</u>				

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, 2022**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and investments	\$2,901,666	\$18,410,189	\$10,357,318	\$6,728,360	\$38,397,533
Receivables:					
Accounts					
Accrued interest	9,122	52,307	24,769	18,894	105,092
Deposit		216,000	93,790		309,790
Prepaid items			1,204,373		1,204,373
Total current assets	<u>2,910,788</u>	<u>18,678,496</u>	<u>11,680,250</u>	<u>6,747,254</u>	<u>40,016,788</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation				4,402,557	4,402,557
Total non-current assets				<u>4,402,557</u>	<u>4,402,557</u>
Total Assets	<u>2,910,788</u>	<u>18,678,496</u>	<u>11,680,250</u>	<u>11,149,811</u>	<u>44,419,345</u>
LIABILITIES					
Current liabilities:					
Accounts payable	125,149	29,571	206,804	68,035	429,559
Other payable				32	32
Current portion of accrued insurance loss		3,047,258			3,047,258
Current portion of compensated absences	64,204		1,156,941		1,221,145
Current portion of long-term debt				144,637	144,637
Total current liabilities	<u>189,353</u>	<u>3,076,829</u>	<u>1,363,745</u>	<u>212,704</u>	<u>4,842,631</u>
Noncurrent liabilities:					
Accrued insurance loss		13,436,000			13,436,000
Compensated absences obligation	160,866		567,128		727,994
Total noncurrent liabilities	<u>160,866</u>	<u>13,436,000</u>	<u>567,128</u>		<u>14,163,994</u>
Total Liabilities	<u>350,219</u>	<u>16,512,829</u>	<u>1,930,873</u>	<u>212,704</u>	<u>19,006,625</u>
NET POSITION:					
Net investment in capital assets					
Unrestricted	2,560,569	2,165,667	9,749,377	4,257,919	4,257,919
				6,679,188	21,154,801
Total Net Position	<u>\$2,560,569</u>	<u>\$2,165,667</u>	<u>\$9,749,377</u>	<u>\$10,937,107</u>	<u>\$25,412,720</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, 2022**

	<u>City Service</u>	<u>Self Insurance</u>	<u>Health and Retirement Benefits</u>	<u>Equipment Replacement</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$5,387,183	\$6,420,013	\$15,359,131	\$1,370,243	\$28,536,570
Total Operating Revenues	<u>5,387,183</u>	<u>6,420,013</u>	<u>15,359,131</u>	<u>1,370,243</u>	<u>28,536,570</u>
OPERATING EXPENSES					
Personnel expenses	2,199,493	876,699	15,118,036		18,194,228
Professional services	469,266	98,461			567,727
Program supplies	1,707,775		1,125	328,446	2,037,346
Insurance	12,988	2,610,838			2,623,826
Self-insurance and claims		2,248,076			2,248,076
Repair and maintenance	657,991			198,626	856,617
Utilities	176,937				176,937
Depreciation				967,562	967,562
Other	14,972		541,005		555,977
Total Operating Expenses	<u>5,239,422</u>	<u>5,834,074</u>	<u>15,660,166</u>	<u>1,494,634</u>	<u>28,228,296</u>
Operating Income (Loss)	<u>147,761</u>	<u>585,939</u>	<u>(301,035)</u>	<u>(124,391)</u>	<u>308,274</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	(104,605)	(600,713)	(287,019)	(217,390)	(1,209,727)
Interest expense				(6,614)	(6,614)
Gain from disposal of capital assets				10,418	10,418
Other		335,290			335,290
Total Nonoperating Revenues (Expenses)	<u>(104,605)</u>	<u>(265,423)</u>	<u>(287,019)</u>	<u>(213,586)</u>	<u>(870,633)</u>
Net income (loss) before transfers	43,156	320,516	(588,054)	(337,977)	(562,359)
TRANSFERS					
Transfers in	49,440		250,000	832,865	1,132,305
Change in Net Position	92,596	320,516	(338,054)	494,888	569,946
Net Position - July 1	<u>2,467,973</u>	<u>1,845,151</u>	<u>10,087,431</u>	<u>10,442,219</u>	<u>24,842,774</u>
Net Position - June 30	<u>\$2,560,569</u>	<u>\$2,165,667</u>	<u>\$9,749,377</u>	<u>\$10,937,107</u>	<u>\$25,412,720</u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	\$5,418,210	\$6,755,303	\$15,359,131	\$1,370,243	\$28,902,887
Cash payments to suppliers for goods and services	(3,039,929)	(2,709,299)		(509,095)	(6,258,323)
Cash payments to employees for services	(2,184,197)	(954,835)	(16,902,464)		(20,041,496)
Cash payments for judgments and claims		(1,514,615)			(1,514,615)
Net Cash Provided by Operating Activities	194,084	1,576,554	(1,543,333)	861,148	1,088,453
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	49,440		250,000	832,865	1,132,305
Net Cash Provided by Noncapital Financing Activities	49,440		250,000	832,865	1,132,305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease				(140,892)	(140,892)
Interest payments				(6,614)	(6,614)
Acquisition of capital assets, net				(424,683)	(424,683)
Proceeds from the sale of capital assets				17,719	17,719
Net Cash Used in Capital and Related Financing Activities				(554,470)	(554,470)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	(237,931)	(1,361,148)	(634,023)	(493,331)	(2,726,433)
Changes in fair values of investments	131,457	753,848	356,973	272,316	1,514,594
Net Cash Provided by Investing Activities	(106,474)	(607,300)	(277,050)	(221,015)	(1,211,839)
Net Increase (Decrease) in cash and cash equivalents	137,050	969,254	(1,570,383)	918,528	454,449
Cash and cash equivalents, beginning	2,764,616	17,440,935	11,927,701	5,809,832	37,943,084
Cash and cash equivalents, ending	\$2,901,666	\$18,410,189	\$10,357,318	\$6,728,360	\$38,397,533
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$147,761	\$585,939	(\$301,035)	(\$124,391)	\$308,274
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation				967,562	967,562
Other non-operating revenue (expenses)		335,290			335,290
Net change in assets and liabilities:					
Accounts and lease receivables	31,027				31,027
Deposit					
Prepaid items			(1,204,373)		(1,204,373)
Accounts payable	(172)	(78,136)	84,551	17,948	24,191
Other payable				29	29
Accrued insurance losses		733,461			733,461
Compensated absence obligations	15,468		(122,476)		(107,008)
Net Cash Provided by (Used in) Operating Activities	\$194,084	\$1,576,554	(\$1,543,333)	\$861,148	\$1,088,453
NONCASH TRANSACTIONS					
Retirement of capital assets				(\$7,301)	(\$7,301)

CUSTODIAL FUNDS

Custodial Funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

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. The City does not make any contributions to the fund.

Oyster Point CFD – Accounts for Community Facilities District No. 2021-01 special assessment collections and debt service payments.

**CITY OF SOUTH SAN FRANCISCO
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	SSF Employee Deferred Comp Trust Oversight	Oyster Point CFD	TOTAL
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$139,655		\$139,655
Interest receivable	396		396
Restricted cash and investments		\$20,221,759	20,221,759
	<u> </u>	<u> </u>	<u> </u>
Total Assets	140,051	20,221,759	20,361,810
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Accounts payable	2,500		2,500
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	2,500		2,500
	<u> </u>	<u> </u>	<u> </u>
NET POSITION			
Restricted for others	137,551		137,551
Restricted for bondholders		20,221,759	20,221,759
	<u> </u>	<u> </u>	<u> </u>
Total Net Position	\$137,551	\$20,221,759	\$20,359,310
	<u> </u>	<u> </u>	<u> </u>

**CITY OF SOUTH SAN FRANCISCO
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	SSF Employee Deferred Comp Trust Oversight	Oyster Point CFD	TOTAL
ADDITIONS			
Plan contributions	\$32,041		\$32,041
Contribution from property owners		\$20,764,872	20,764,872
Interest and rentals	(4,559)	11,452	6,893
Total Additions	<u>27,482</u>	<u>20,776,324</u>	<u>20,803,806</u>
DEDUCTIONS			
Professional services	20,100		20,100
Payments to bondholders		554,565	554,565
Total Deductions	<u>20,100</u>	<u>554,565</u>	<u>574,665</u>
Change in net position	7,382	20,221,759	20,229,141
NET POSITION			
Beginning of the year	<u>130,169</u>		<u>130,169</u>
End of the year	<u>\$137,551</u>	<u>\$20,221,759</u>	<u>\$20,359,310</u>

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

STATISTICAL SECTION - (Continued)
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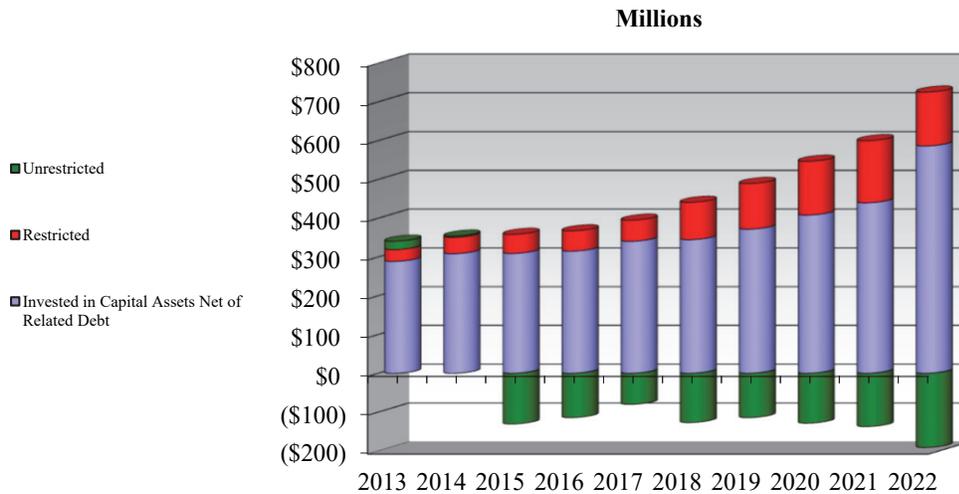
Miscellaneous Information

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

Sources

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

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



	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$216,508,668	\$230,440,390	\$230,517,037	\$231,142,079	\$254,344,554
Restricted	30,514,986	42,367,623	49,311,828	52,406,602	54,478,093
Unrestricted	8,021,490	(12,317,511)	(134,389,522)	(120,119,617)	(86,808,434)
Total governmental activities net position	<u>\$255,045,144</u>	<u>\$260,490,502</u>	<u>\$145,439,343</u>	<u>\$163,429,064</u>	<u>\$222,014,213</u>
Business-type activities					
Net investment in capital assets	\$72,217,660	\$78,045,318	\$78,598,277	\$83,930,073	\$86,167,704
Restricted					
Unrestricted	13,353,988	15,367,085	4,196,654	6,243,225	7,199,925
Total business-type activities net position	<u>\$85,571,648</u>	<u>\$93,412,403</u>	<u>\$82,794,931</u>	<u>\$90,173,298</u>	<u>\$93,367,629</u>
Primary government					
Net investment in capital assets	\$288,726,328	\$308,485,708	\$309,115,314	\$315,072,152	\$340,512,258
Restricted	30,514,986	42,367,623	49,311,828	52,406,602	54,478,093
Unrestricted	21,375,478	3,049,574	(130,192,868)	(113,876,392)	(79,608,509)
Total primary government net position	<u>\$340,616,792</u>	<u>\$353,902,905</u>	<u>\$228,234,274</u>	<u>\$253,602,362</u>	<u>\$315,381,842</u>
Governmental activities					
Net investment in capital assets	\$254,570,044	\$271,349,364	\$296,243,640	\$316,169,957	\$452,722,446
Restricted	96,316,988	117,752,590	138,701,991	160,119,056	139,059,768
Unrestricted	(129,833,581)	(114,028,420)	(130,288,161)	(144,181,245)	(194,945,964)
Total governmental activities net position	<u>\$221,053,451</u>	<u>\$275,073,534</u>	<u>\$304,657,470</u>	<u>\$332,107,768</u>	<u>\$396,836,250</u>
Business-type activities					
Net investment in capital assets	\$90,097,907	\$100,463,280	\$111,968,328	\$123,628,942	\$133,598,554
Restricted					
Unrestricted	3,227,395	44,966	2,040,842	7,208,752	4,271,663
Total business-type activities net position	<u>\$93,325,302</u>	<u>\$100,508,246</u>	<u>\$114,009,170</u>	<u>\$130,837,694</u>	<u>\$137,870,217</u>
Primary government					
Net investment in capital assets	\$344,667,951	\$371,812,644	\$408,211,968	\$439,798,899	\$586,321,000
Restricted	96,316,988	117,752,590	138,701,991	160,119,056	139,059,768
Unrestricted	(126,606,186)	(113,983,454)	(128,247,319)	(136,972,493)	(190,674,301)
Total primary government net position	<u>\$314,378,753</u>	<u>\$375,581,780</u>	<u>\$418,666,640</u>	<u>\$462,945,462</u>	<u>\$534,706,467</u>

Source: City of South San Francisco, Department of Finance

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental Activities:				
General Government	\$8,360,945	\$7,155,035	\$8,421,857	\$9,044,518
Fire Department	22,746,291	21,200,903	22,005,883	22,488,964
Police Department	24,756,958	24,376,379	23,910,436	23,158,168
Public Works	15,773,710	14,980,417	14,493,039	11,916,572
Park, Recreation and Maintenance Services	12,570,236	12,658,309	12,383,880	12,901,657
Library	4,615,967	4,310,550	4,300,885	4,442,577
Economic and Community Development	16,126,427	5,525,541	5,928,316	7,603,275
Interest on Long -Term Debt	52,139			
Total Governmental Activities Expenses	<u>105,002,673</u>	<u>90,207,134</u>	<u>91,444,296</u>	<u>91,555,731</u>
Business-Type Activities:				
Sewer Rental	20,870,522	19,301,103	23,969,579	18,273,580
Parking District	792,609	943,859	503,014	894,769
Storm Water	1,655,950	1,078,868	1,234,616	1,289,465
Total Business-Type Activities Expenses	<u>23,319,081</u>	<u>21,323,830</u>	<u>25,707,209</u>	<u>20,457,814</u>
Total Primary Government Expenses	<u>\$128,321,754</u>	<u>\$111,530,964</u>	<u>\$117,151,505</u>	<u>\$112,013,545</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$1,951,016	\$5,785,598	\$3,946,302	\$4,194,563
Fire Department	2,987,956	3,304,952	3,520,275	3,450,524
Police Department	2,640,146	2,805,640	2,370,736	2,076,837
Public Works	2,926,227	4,734,813	5,071,729	10,361,525
Park, Recreation and Maintenance Services	3,433,567	3,571,947	3,708,272	3,744,137
Library	125,416	138,827	120,850	164,271
Economic and Community Development	3,457,020	5,800,849	5,337,177	6,131,463
Operating Grants and Contributions	5,455,010	5,601,916	5,753,845	5,581,492
Capital Grants and Contributions	4,036,786	1,538,225	632,735	1,147,337
Total Government Activities Program Revenues	<u>27,013,144</u>	<u>33,282,767</u>	<u>30,461,921</u>	<u>36,852,149</u>
Business-Type Activities:				
Charges for Services:				
Sewer Rental	19,338,107	19,155,467	19,798,033	19,569,341
Parking District	732,932	785,586	819,051	843,199
Storm Water	427,291	409,458	407,640	412,105
Operating Grants and Contributions	6,137,401	7,619,601	6,242,687	5,802,788
Capital Grants and Contributions				
Total Business-Type Activities Program Revenue	<u>26,635,731</u>	<u>27,970,112</u>	<u>27,267,411</u>	<u>26,627,433</u>
Total Primary Government Program Revenues	<u>\$53,648,875</u>	<u>\$61,252,879</u>	<u>\$57,729,332</u>	<u>\$63,479,582</u>
Net (Expense)/Revenue				
Governmental Activities	(\$77,989,529)	(\$56,924,367)	(\$60,982,375)	(\$54,703,582)
Business-Type Activities	3,316,650	6,646,282	1,560,202	6,169,619
Total Primary Government Net Expense	<u>(\$74,672,879)</u>	<u>(\$50,278,085)</u>	<u>(\$59,422,173)</u>	<u>(\$48,533,963)</u>

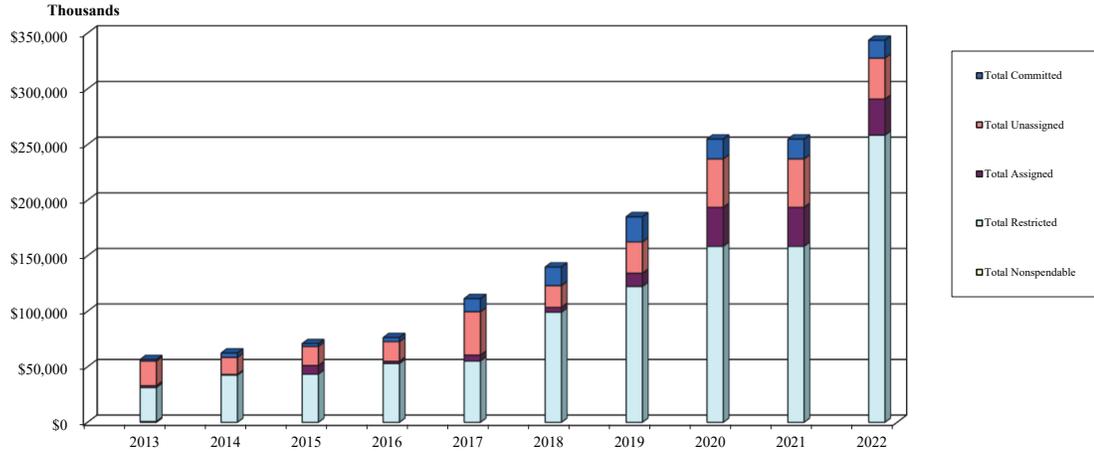
2017	2018	2019	2020	2021	2022
\$10,253,403	\$12,506,188	\$12,139,671	\$15,378,452	\$19,611,586	\$20,793,108
25,750,126	30,352,387	31,986,738	34,442,874	34,492,838	28,530,628
25,838,242	30,732,288	32,994,122	36,095,698	33,376,962	35,635,007
12,396,998	18,379,278	20,425,958	17,737,243	7,567,745	7,544,142
15,217,677	17,162,377	17,962,298	19,620,848	17,159,696	19,482,582
5,184,282	5,910,406	6,241,093	6,728,102	6,274,811	6,060,920
8,927,162	10,094,626	10,557,116	9,837,938	11,728,168	12,034,671
			512,376	2,200,344	4,686,930
<u>103,567,890</u>	<u>125,137,550</u>	<u>132,306,996</u>	<u>140,353,531</u>	<u>132,412,150</u>	<u>134,767,988</u>
22,661,768	24,397,607	25,719,049	26,213,885	26,644,459	26,246,647
940,181	1,202,319	896,994	1,116,840	1,338,092	1,170,305
1,333,409	1,026,948	1,188,182	1,206,694	922,057	1,309,360
<u>24,935,358</u>	<u>26,626,874</u>	<u>27,804,225</u>	<u>28,537,419</u>	<u>28,904,608</u>	<u>28,726,312</u>
<u>\$128,503,248</u>	<u>\$151,764,424</u>	<u>\$160,111,221</u>	<u>\$168,890,950</u>	<u>\$161,316,758</u>	<u>\$163,494,300</u>
\$2,225,049	\$1,966,755	\$7,930,983	\$5,217,199	\$6,968,307	\$5,413,298
4,242,940	6,327,921	6,052,804	6,073,247	5,952,872	7,857,602
2,146,909	2,230,824	2,351,491	2,092,791	1,642,726	2,878,353
10,869,608	24,727,897	27,811,701	23,355,636	24,859,635	17,734,041
3,756,369	4,489,665	4,293,474	2,872,786	1,165,630	3,058,826
96,987	102,124	105,466	97,603	19,037	1,054,339
3,911,597	13,052,441	14,214,991	9,067,781	4,275,808	28,676,546
4,533,539	5,827,149	12,091,079	8,757,554	8,021,958	10,852,746
577,995	2,515,868	1,629,730	4,930,640	5,498,698	3,342,651
<u>32,360,993</u>	<u>61,240,644</u>	<u>76,481,719</u>	<u>62,465,237</u>	<u>58,404,671</u>	<u>80,868,402</u>
19,897,769	22,417,156	24,078,076	24,296,811	24,705,044	22,778,206
916,687	1,084,472	1,180,538	1,003,222	764,514	993,986
418,840	656,315	540,679	412,707	410,745	412,842
5,763,645	5,834,455	6,452,950	7,440,041	14,815,460	5,663,695
					5,252,622
<u>26,996,941</u>	<u>29,992,398</u>	<u>32,252,243</u>	<u>33,152,781</u>	<u>40,695,763</u>	<u>35,101,351</u>
<u>\$59,357,934</u>	<u>\$91,233,042</u>	<u>\$108,733,962</u>	<u>\$95,618,018</u>	<u>\$99,100,434</u>	<u>\$115,969,753</u>
(\$71,206,897)	(\$63,896,906)	(\$55,825,277)	(\$77,888,294)	(\$74,007,479)	(\$53,899,586)
2,061,583	3,365,524	4,448,018	4,615,362	11,791,155	6,375,039
<u>(\$69,145,314)</u>	<u>(\$60,531,382)</u>	<u>(\$51,377,259)</u>	<u>(\$73,272,932)</u>	<u>(\$62,216,324)</u>	<u>(\$47,524,547)</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$26,420,861	\$22,890,828	\$24,650,648	\$26,438,620
Sales Taxes	12,931,805	12,725,141	13,932,125	15,188,686
Transient Occupancy Tax	9,659,281	11,174,017	12,947,473	13,393,437
Franchise fees				3,982,092
Other Taxes	7,588,471	8,141,010	8,650,056	5,124,574
Motor Vehicle In-Lieu	33,767	40,074	26,995	26,708
Property taxes in lieu of vehicle license fees	4,955,873	5,319,154	5,551,651	5,770,060
Interest Earnings	809,721	1,108,177	629,036	1,354,266
Gain from sale of property				
Other	1,965,744	2,012,444	4,577,239	2,334,407
Extraordinary Item				
Transfers	(906,857)	(1,041,120)	(1,429,308)	(919,547)
Special items	11,873,226			
Total Government Activities	<u>75,331,892</u>	<u>62,369,725</u>	<u>69,535,915</u>	<u>72,693,303</u>
Business-Type Activities:				
Interest Earnings	95,177	153,353	126,874	289,201
Transfers	906,857	1,041,120	1,429,308	919,547
Total Business-Type Activities	<u>1,002,034</u>	<u>1,194,473</u>	<u>1,556,182</u>	<u>1,208,748</u>
Total Primary Government	<u>\$76,333,926</u>	<u>\$63,564,198</u>	<u>\$71,092,097</u>	<u>\$73,902,051</u>
Change in Net Position				
Governmental Activities	(\$2,657,637)	\$5,445,358	\$8,553,540	\$17,989,721
Business-Type Activities	4,318,684	7,840,755	3,116,384	7,378,367
Total Primary Government	<u>\$1,661,047</u>	<u>\$13,286,113</u>	<u>\$11,669,924</u>	<u>\$25,368,088</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$29,023,618	\$29,551,445	\$33,446,750	\$37,415,367	\$41,561,039	\$40,011,221
24,087,776	28,340,393	31,843,568	31,855,027	33,039,229	38,143,689
13,631,507	13,978,533	17,091,222	13,829,025	6,710,271	12,135,638
4,090,073	4,403,493	4,469,808	4,594,577	4,498,202	4,863,076
5,708,187	5,871,096	4,995,404	4,515,376	4,529,764	6,537,423
28,933	34,452	32,200	53,089	49,785	77,558
6,133,230	6,438,199	7,150,867	7,457,005	4,888,696	11,988,715
622,518	1,097,916	4,808,664	6,384,253	941,856	(6,724,092)
		840,298			1,518,059
2,365,820	5,180,288	7,799,392	9,152,218	11,602,214	14,458,939
(1,105,038)	(1,997,377)	(2,101,222)	(8,060,646)	(4,984,746)	(1,419,235)
45,205,422	(7,154,626)	(531,591)	276,939	(1,378,533)	(2,962,923)
<u>129,792,046</u>	<u>85,743,812</u>	<u>109,845,360</u>	<u>107,472,230</u>	<u>101,457,777</u>	<u>118,628,068</u>
27,710	37,072	633,704	824,916	52,623	(761,751)
<u>1,105,038</u>	<u>1,997,377</u>	<u>2,101,222</u>	<u>8,060,646</u>	<u>4,984,746</u>	<u>1,419,235</u>
<u>1,132,748</u>	<u>2,034,449</u>	<u>2,734,926</u>	<u>8,885,562</u>	<u>5,037,369</u>	<u>657,484</u>
<u>\$130,924,794</u>	<u>\$87,778,261</u>	<u>\$112,580,286</u>	<u>\$116,357,792</u>	<u>\$106,495,146</u>	<u>\$119,285,552</u>
\$58,585,149	\$21,846,906	\$54,020,083	\$29,583,936	\$27,450,298	\$64,728,482
<u>3,194,331</u>	<u>5,399,973</u>	<u>7,182,944</u>	<u>13,500,924</u>	<u>16,828,524</u>	<u>7,032,523</u>
<u>\$61,779,480</u>	<u>\$27,246,879</u>	<u>\$61,203,027</u>	<u>\$43,084,860</u>	<u>\$44,278,822</u>	<u>\$71,761,005</u>

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



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$805,677	\$14,163	\$1,134	\$33,580	\$474	\$106	\$372	\$574	\$574	\$4,099
Restricted						20,582,335	19,201,948	18,372,633	18,372,633	14,763,033
Committed	1,406,430	3,879,451	2,536,790	3,654,283	11,780,724	16,725,897	22,619,868	17,723,338	17,723,338	16,083,977
Assigned	566,104	743,746	1,458,029	1,578,153	5,244,279	4,334,322	11,881,363	5,720,788	5,720,788	7,482,439
Unassigned	23,498,194	15,891,899	17,285,422	17,751,169	39,278,746	19,644,232	31,239,632	43,296,762	43,296,762	38,313,108
Total General Fund	\$26,276,405	\$20,529,259	\$21,281,375	\$23,017,185	\$56,304,223	\$61,286,892	\$84,943,183	\$85,114,095	\$85,114,095	\$76,646,656 (a)
All Other Governmental Funds										
Nonspendable							\$39,205			
Restricted	\$30,539,396	\$42,392,238	\$43,437,361	\$52,938,897	\$55,195,500	\$78,603,366	103,135,202	\$140,143,149	\$140,143,149	\$243,582,187
Assigned	1,105,320		6,188,554	367,023				29,363,924	29,363,924	24,889,824
Unassigned	(1,379,895)	(521,604)	(40,459)		(88,331)	(11,073)	(2,971,345)	235,649	235,649	(1,437,892)
Total all other governmental funds	\$30,264,821	\$41,870,634	\$49,585,456	\$53,305,920	\$55,107,169	\$78,592,293	\$100,203,062	\$169,742,722	\$169,742,722	\$267,034,119

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

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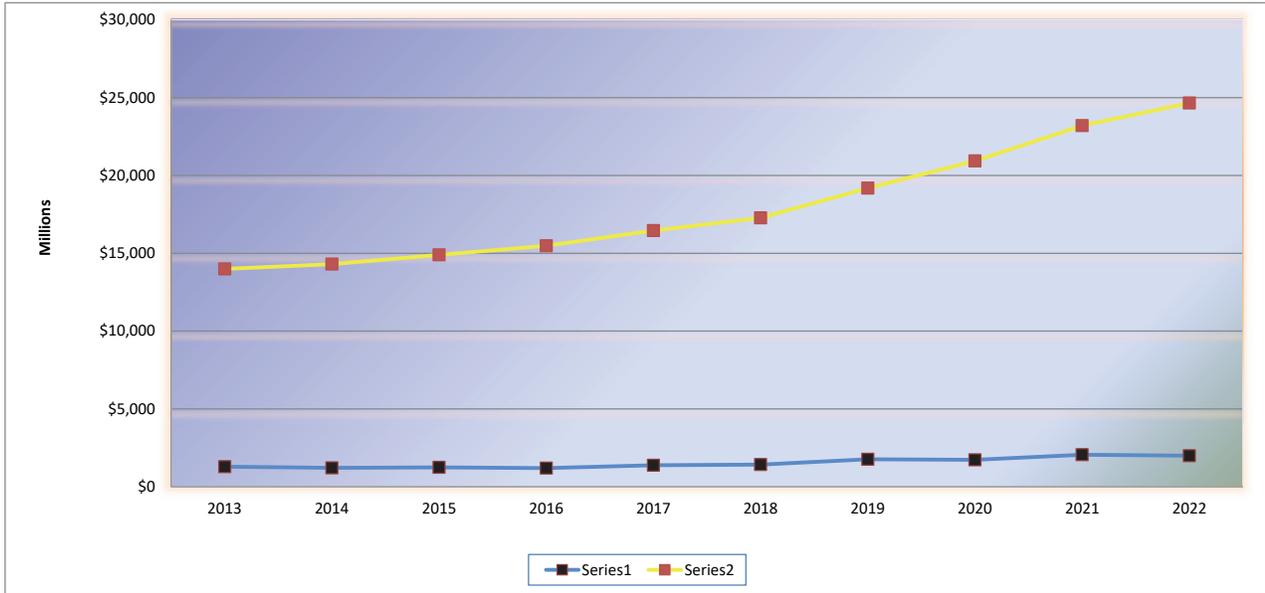
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	2013	2014	2015	2016
Revenues				
Property Taxes	\$27,077,697	\$23,010,136	\$24,650,648	\$26,438,620
Other Taxes	31,894,811	33,931,446	38,275,478	41,811,097
Intergovernmental revenues	13,054,594	10,757,440	10,453,071	12,360,354
Interest and Rents	3,238,089	3,632,693	3,531,966	4,207,453
Licenses and permits	3,054,451	4,366,271	4,795,158	6,896,897
Charges for services	9,275,724	16,864,409	13,387,712	15,386,358
Fines and forfeitures	1,753,682	1,528,319	1,221,413	791,756
Other	1,837,675	2,249,728	4,660,668	2,439,579
Total Revenues	91,186,723	96,340,442	100,976,114	110,332,114
Expenditures				
Current:				
General government	6,658,532	5,970,429	7,167,969	8,469,924
Fire Department	20,877,917	20,163,759	21,247,989	24,175,340
Police Department	22,542,135	23,309,568	23,611,743	25,458,986
Public works	9,186,493	16,791,894	15,923,071	14,846,346
Recreation and Community Services	10,927,433	11,552,502	11,826,407	13,234,028
Library	4,112,570	3,987,928	4,247,650	4,681,188
Economic and Community Development	20,512,545	5,972,966	5,917,508	7,907,655
Other			480,290	395,749
Capital outlay				
Debt service:				
Principal repayment		453,381	352,674	656,000
Interest and fiscal charges	52,139			
Total Expenditures	94,869,764	88,202,427	90,775,301	99,825,216
Excess (deficiency) of revenues over (under) expenditures	(3,683,041)	8,138,015	10,200,813	10,506,898
Other Financing Sources (Uses)				
Transfers in	4,467,530	21,870,234	17,983,227	8,143,075
Transfers (out)	(6,780,943)	(24,149,582)	(19,717,102)	(13,193,699)
Lease revenue bonds issued				
Premium on bonds				
Sale of capital assets				
Total other financing sources (uses)	(2,313,413)	(2,279,348)	(1,733,875)	(5,050,624)
Net Change in fund balances before extraordinary and special items	(5,996,454)	5,858,667	8,466,938	5,456,274
Extraordinary item				
Special item				
Net change in fund balances	(\$5,996,454)	\$5,858,667	\$8,466,938	\$5,456,274
Debt service as a percentage of noncapital expenditures	0.1%	0.6%	0.4%	0.7%

For The Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022
\$35,156,848	\$35,989,644	\$40,597,617	\$44,872,372	\$46,449,735	\$51,999,936
49,608,385	54,597,272	60,721,378	57,214,783	51,008,432	64,411,396
4,019,771	8,433,240	13,179,593	18,317,060	17,867,273	24,822,304
3,100,692	3,524,727	7,231,303	8,864,998	3,620,391	(2,537,324)
7,823,403	14,674,809	15,381,416	15,900,500	15,589,002	14,062,474
14,485,367	31,961,419	41,055,659	27,442,005	23,191,413	45,787,046
899,118	423,604	926,729	814,354	535,750	700,961
2,906,625	6,454,460	7,994,701	3,067,691	7,893,148	2,524,116
<u>118,000,209</u>	<u>156,059,175</u>	<u>187,088,396</u>	<u>176,493,763</u>	<u>166,155,144</u>	<u>201,770,909</u>
9,399,930	10,403,449	10,166,977	12,453,262	12,112,319	15,422,722
25,632,366	26,059,072	27,576,879	28,161,459	31,817,325	32,597,540
25,998,097	26,970,854	28,533,292	37,468,430	70,954,323	39,678,917
12,143,965	23,859,399	38,459,963	40,070,330	51,501,254	87,823,372
14,897,157	15,468,370	16,530,603	17,130,302	15,795,645	20,295,842
5,157,355	5,379,836	5,628,693	5,940,870	5,903,883	6,495,279
8,943,111	9,338,793	9,085,390	8,780,903	11,227,503	12,709,167
274,183	256,298	333,024	723,901	3,490,091	5,610,278
					5,520,422
23,000	2,382,000	3,464,000	1,210,000	975,000	4,635,000
			739,146	2,307,460	5,525,760
<u>102,469,164</u>	<u>120,118,071</u>	<u>139,778,821</u>	<u>152,678,603</u>	<u>206,084,803</u>	<u>236,314,299</u>
<u>15,531,045</u>	<u>35,941,104</u>	<u>47,309,575</u>	<u>23,815,160</u>	<u>(39,929,659)</u>	<u>(34,543,390)</u>
14,327,130	26,486,651	22,230,499	38,117,966	37,970,252	36,220,467
(16,368,499)	(30,795,941)	(24,581,721)	(46,647,023)	(43,202,081)	(38,772,007)
			43,905,000	86,410,000	65,420,000
			10,242,530	18,116,565	6,686,317
<u>1,016,276</u>	<u>3,990,605</u>	<u>840,298</u>	<u></u>	<u>(2,718,691)</u>	<u>1,507,641</u>
<u>(1,025,093)</u>	<u>(318,685)</u>	<u>(1,510,924)</u>	<u>45,618,473</u>	<u>96,576,045</u>	<u>71,062,418</u>
<u>14,505,952</u>	<u>35,622,419</u>	<u>45,798,651</u>	<u>69,433,633</u>	<u>56,646,386</u>	<u>36,519,028</u>
<u>20,582,335</u>	<u>(7,154,626)</u>	<u>(531,591)</u>	<u>276,939</u>	<u>(1,378,533)</u>	<u>(2,962,923)</u>
<u>\$35,088,287</u>	<u>\$28,467,793</u>	<u>\$45,267,060</u>	<u>\$69,710,572</u>	<u>\$55,267,853</u>	<u>\$33,556,105</u>
0.0%	2.2%	3.0%	1.7%	2.9%	7.0%

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



Fiscal Year	Real Property Net Taxable value				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2013	\$ 5,606,400,603	\$ 1,628,754,902	\$ 5,050,279,321	\$ 418,927,733	\$ 12,704,362,559	\$ 1,288,434,392	\$ 13,992,796,951	\$ 13,992,796,951	0.42174%
2014	\$ 5,900,441,192	\$ 1,713,575,060	\$ 4,273,694,531	\$ 1,204,288,116	\$ 13,091,998,899	\$ 1,212,353,871	\$ 14,304,352,770	\$ 14,304,352,770	0.13474%
2015	\$ 6,313,393,048	\$ 2,402,335,027	\$ 4,588,967,014	\$ 345,957,716	\$ 13,650,652,805	\$ 1,244,971,467	\$ 14,895,624,272	\$ 14,895,624,272	0.13804%
2016	\$ 6,716,642,000	\$ 2,000,204,271	\$ 5,189,813,366	\$ 376,874,603	\$ 14,283,534,240	\$ 1,197,263,526	\$ 15,480,797,766	\$ 15,480,797,766	0.13634%
2017	\$ 7,087,550,257	\$ 2,160,377,671	\$ 5,414,028,340	\$ 412,344,220	\$ 15,074,300,488	\$ 1,381,715,511	\$ 16,456,015,999	\$ 16,456,015,999	0.13632%
2018	\$ 7,458,269,085	\$ 2,171,084,856	\$ 5,838,028,479	\$ 383,589,586	\$ 15,850,972,006	\$ 1,423,348,022	\$ 17,274,320,028	\$ 17,274,320,028	0.13631%
2019	\$ 7,882,766,880	\$ 2,511,501,574	\$ 6,673,522,321	\$ 353,621,189	\$ 17,421,411,964	\$ 1,765,066,449	\$ 19,186,478,413	\$ 19,186,478,413	0.13640%
2020	\$ 8,459,303,983	\$ 2,717,851,133	\$ 7,535,473,093	\$ 491,981,925	\$ 19,204,610,134	\$ 1,727,590,717	\$ 20,932,200,851	\$ 20,932,200,851	0.13638%
2021	\$ 9,020,710,463	\$ 2,872,601,136	\$ 8,744,250,213	\$ 507,383,957	\$ 21,144,945,769	\$ 2,056,800,753	\$ 23,201,746,522	\$ 23,201,746,522	0.13622%
2022	\$ 9,440,006,474	\$ 4,059,376,407	\$ 8,650,209,742	\$ 508,430,937	\$ 22,658,023,560	\$ 1,993,694,829	\$ 24,651,718,389	\$ 24,651,718,389	0.13587%

Source: HdL Coren & Cone, San Mateo County Assessor 2012/13-2021/22 Tax Property Values.

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

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

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>School Districts</u>	<u>Total Direct/Overlapping Tax Rates</u>	
2013	1.000	0.1959	1.1959	(1,19)
2014	1.000	0.2046	1.2046	(1,20)
2015	1.000	0.1822	1.1822	(1,21)
2016	1.000	0.1750	1.1750	(1,22)
2017	1.000	0.1749	1.1749	(1,23)
2018	1.000	0.1642	1.1642	(1,24)
2019	1.000	0.1548	1.1548	(1,25)
2020	1.000	0.1648	1.1648	(1,26)
2021	1.000	0.1893	1.1893	(1,27)
2022	1.000	0.1542	1.1542	(1,28)

Notes:

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

(19) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0521 percent, which includes SSFUSD bonds, San Mateo Jr College bond, and San Mateo Comm College. 4 has a rate of 1.0921 percent which includes Brisbane ESD Bond, Jefferson High bonds, SM Jr College bond and San Mateo Comm College. 1 has a rate of 1.0905 percent, which includes San Bruno Pk Elem bond, SM Union High, SM Jr College bond and San Mateo Comm Coll bond.

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

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

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

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

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

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

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

(27) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0563, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.1543 which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SM Jr College bonds. 1 has a rate of 1.1112, which includes San Bruno Pk Elem bond, SM Union High, SM High, SM Jr College bond and San Mateo Jr. Coll bonds.

(28) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0579, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.1190 which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SMCCCD 2021 and SM Jr College bonds. 1 has a rate of 1.1103, which includes San Bruno Pk Elem bond, SM Union High, SM High, SMCCCD 2021 and San Mateo Jr. Coll bonds.

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

Taxpayer	2021-22			2012-13		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.*	\$3,007,406,548	1	12.20%	\$1,886,267,716	1	13.48%
HCP Oyster Point III LLC	842,373,175	2	3.42%			--
ARE San Francisco LLC*	802,990,156	3	3.26%	333,776,264	4	2.39%
Slough SSF LLC*	692,494,640	4	2.81%	477,096,721	3	3.41%
GNS North Tower LP*	467,753,941	5	1.90%			--
GNS South Tower LP*	427,069,629	6	1.73%			--
United Airlines Inc	346,047,018	7	1.40%	206,348,820	6	1.47%
Britannia Pointe Grand LP	325,871,517	8	1.32%	280,470,089	5	2.00%
ARE East Grand Ave Owner LLC	242,919,318	9	0.99%			--
BMR 1000 Gateway LP*	232,173,757	10	0.94%			--
Slough BTC LLC	--	--	--	560,040,064	2	4.00%
BMR 180 Oyster Point LLC*	--	--	--	135,762,000	7	0.97%
Gateway Center LLC	--	--	--	135,430,223	8	0.97%
Britannia Biotech Gateway LP	--	--	--	132,496,505	9	0.95%
Myers Peninsula Venture LLC*	--	--	--	122,122,090	10	0.87%
Subtotal	<u>\$7,387,099,699</u>		<u>29.97%</u>	<u>\$4,269,810,492</u>		<u>30.51%</u>

Total Net Assessed Valuation:

Fiscal Year 2021-22 \$24,651,718,389

Fiscal Year 2012-13 \$13,992,796,951

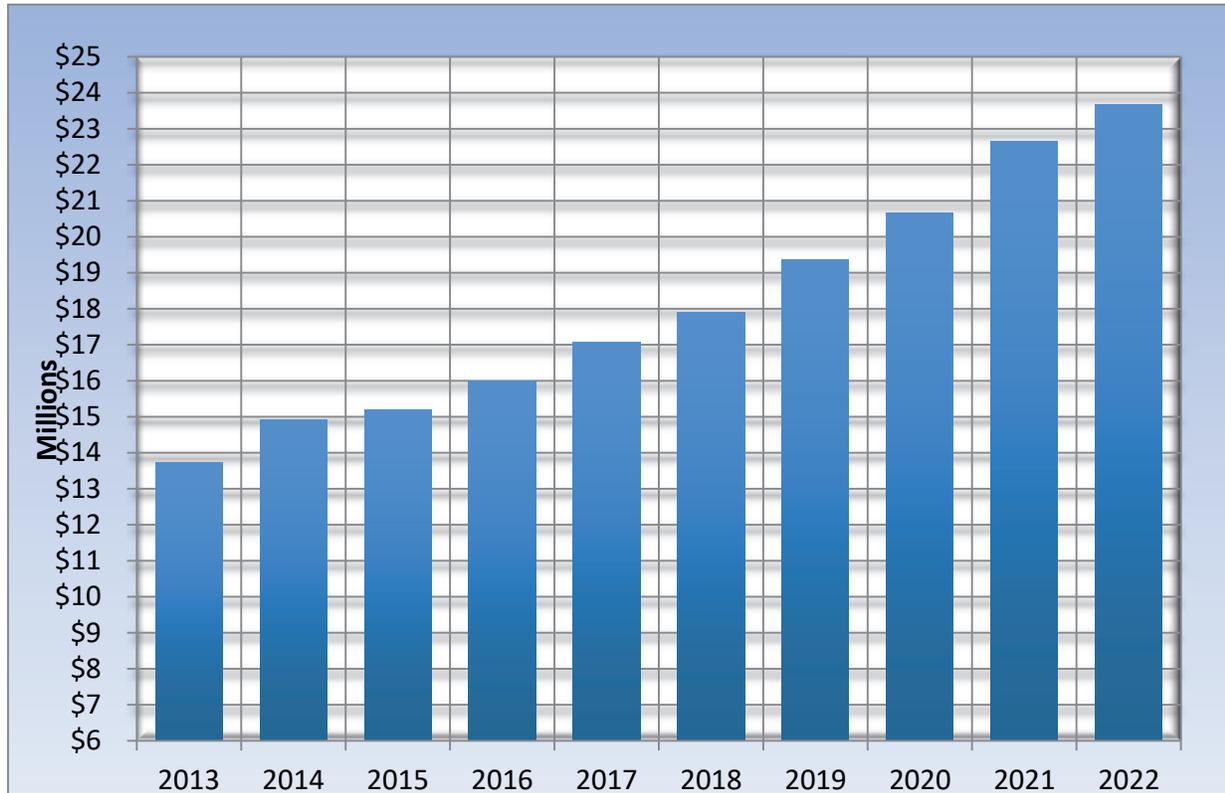
* Pending Appeals on Parcels

Source:

HdL Coren & Cone, 2012/13 & 2021/22 Top Ten Property Taxpayers (Net Values).

San Mateo County Assessor 2012/13 & 2021/22 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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



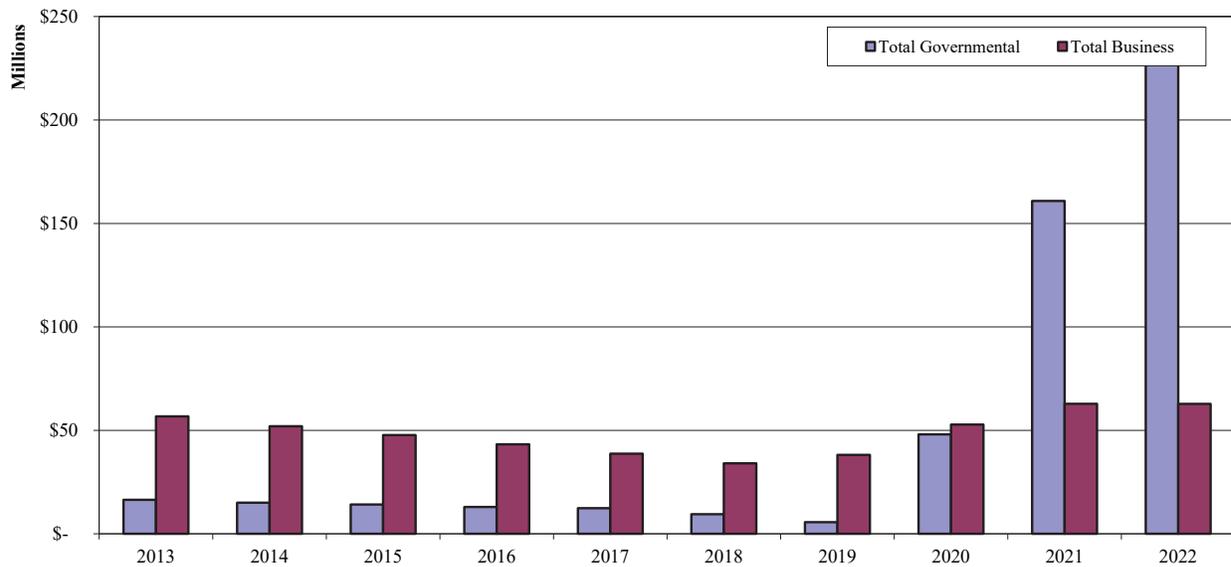
Fiscal Year	Allocations (5)	Collections	Delinquencies	Percent of Delinquent taxes
2013	\$ 13,740,246	(4)	(4)	0.0%
2014	14,928,197	(4)	(4)	0.0%
2015	15,184,788	(4)	(4)	0.0%
2016	15,994,773	(4)	(4)	0.0%
2017	17,065,875	(4)	(4)	0.0%
2018	17,894,855	(4)	(4)	0.0%
2019	19,365,814	(4)	(4)	0.0%
2020	20,651,650	(4)	(4)	0.0%
2021	22,660,544	(4)	(4)	0.0%
2022	23,680,782	(4)	(4)	0.0%

Notes:

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

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

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



Governmental Activities

Fiscal Year	Loans from Successor Agency	Lease Revenue Bonds	Capital Lease	Total
2013	\$ 13,343,039		\$ 3,084,553	\$ 16,427,592
2014	11,722,826		3,316,836	15,039,662
2015	11,370,152		2,786,573	14,156,725
2016	10,714,152		2,238,998	12,953,150
2017	10,691,152		1,673,522	12,364,674
2018	8,309,152		1,135,102	9,444,254
2019	4,845,152		753,619	5,598,771
2020	3,635,152	43,905,000	489,781	48,029,933
2021	3,595,152	156,980,389	285,529	160,861,070
2022	2,150,152	224,792,690	144,637	227,087,479

Business-Type Activities

Fiscal Year	Sewer Revenue Bonds	State Water Resources Loans	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2013	\$ 4,640,000	\$ 52,118,587	\$ 56,758,587	\$ 73,186,179	3.65%	1,113.78
2014	4,385,000	47,591,019	51,976,019	67,015,681	3.30%	1,019.27
2015	4,120,000	43,543,614	47,663,614	61,820,339	2.92%	957.19
2016	3,850,000	39,392,832	43,242,832	56,195,982	2.59%	858.60
2017	3,570,000	35,136,032	38,706,032	51,070,706	2.22%	761.32
2018	3,275,000	30,770,503	34,045,503	43,489,757	1.80%	648.35
2019	2,970,000	35,148,205	38,118,205	43,716,976	1.63%	644.04
2020	2,655,000	50,150,607	52,805,607	100,835,540	3.48%	1,501.98
2021	2,325,000	60,480,459	62,805,459	223,666,529	7.10%	3,468.13
2022	1,980,000	60,799,450	62,779,450	289,866,929	n/a	n/a

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of South San Francisco

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF SOUTH SAN FRANCISCO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2022**

2021-22 Assessed Valuation:	\$24,651,718,389
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	\$24,651,718,389

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2022	% Applicable (1)	City's Share of Debt 6/30/22
San Mateo Community College District	\$733,897,184	9.255%	\$67,922,184
Jefferson Union High School District	250,808,014	4.467	11,203,594
South San Francisco Unified School District	164,131,912	90.986	149,337,061
Brisbane School District	24,851,439	24.834	6,171,606
City of South San Francisco Community Facilities District No. 2021-1	19,685,000	100.000	19,685,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$254,319,445

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Mateo County General Fund Obligations	\$612,605,687	9.255%	\$56,696,656
San Mateo County Board of Education Certificates of Participation	6,490,000	9.255	600,650
San Mateo County Flood Control and Sea LRR District General Fund Obligations	14,675,000	61.572	9,035,691
South San Francisco Unified School District General Fund Obligations	2,980,000	90.986	2,711,383
Jefferson Union High School District Certificates of Participation	47,490,000	4.467	\$2,121,378
City of South San Francisco Lease Revenue Bonds	224,792,690	100.000	224,792,690
City of South San Francisco Loans Payable	2,150,152	100.000	\$2,150,152
City of South San Francisco Capital Leases	144,637	100.000	144,637
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,825,000	9.255	\$354,004
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$298,607,241

TOTAL DIRECT DEBT 227,087,479

Total Overlapping Debt \$325,839,207

COMBINED TOTAL DEBT \$552,926,686 (2)

(1) Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.03%
Total Direct Debt	0.92%
Combined Total Debt	2.24%

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, 2022**

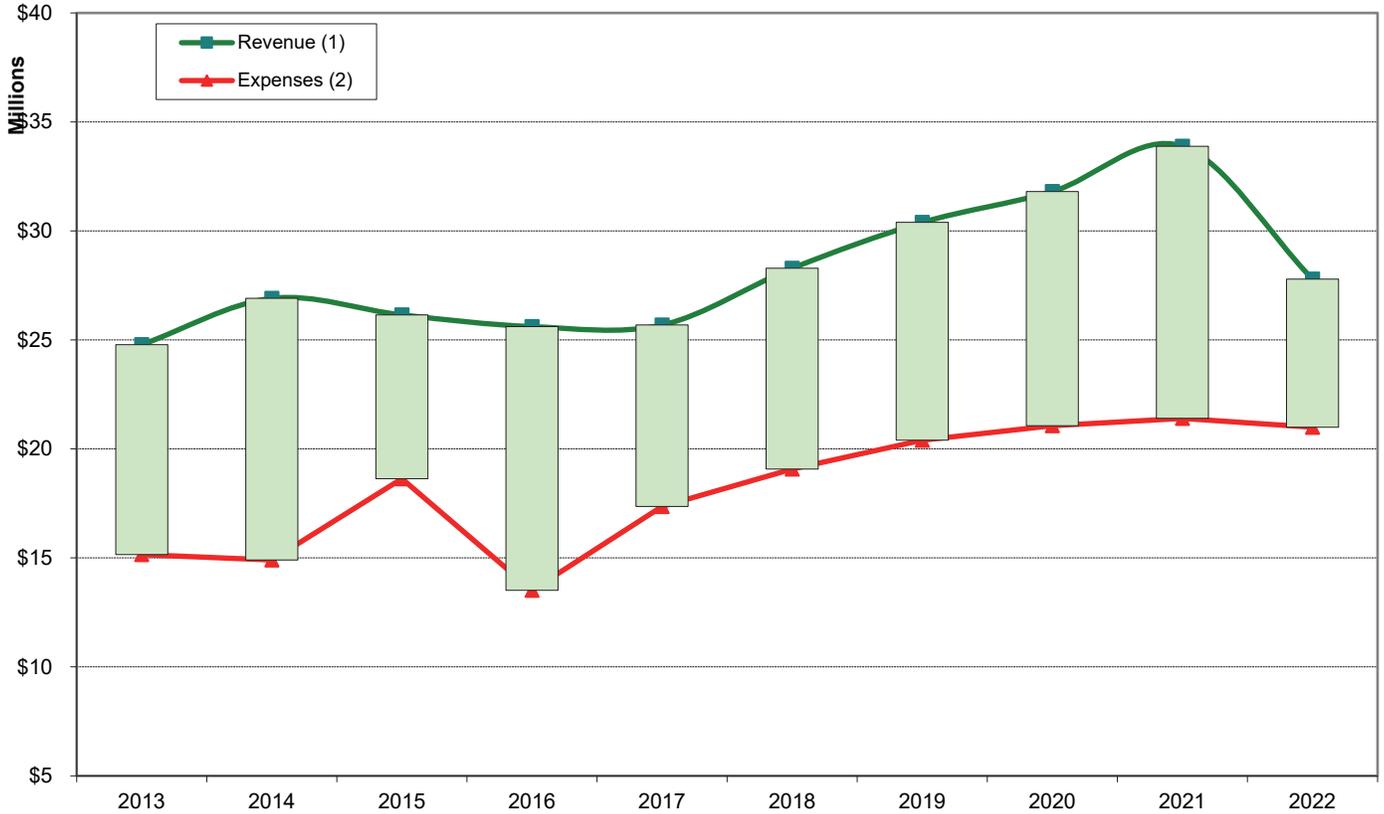
ASSESSED VALUATION:	\$24,651,718,389
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$924,439,440
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	0
LEGAL BONDED DEBT MARGIN	\$924,439,440

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
2013	\$ 524,729,886	0	\$ 524,729,886	0.00%
2014	536,413,229	0	536,413,229	0.00%
2015	558,585,910	0	558,585,910	0.00%
2016	580,561,386	0	580,561,386	0.00%
2017	617,102,145	0	617,102,145	0.00%
2018	647,787,001	0	647,787,001	0.00%
2019	719,492,940	0	719,492,940	0.00%
2020	784,957,532	0	784,957,532	0.00%
2021	870,065,495	0	870,065,495	0.00%
2022	924,439,440	0	924,439,440	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	
2013	\$ 24,782,587	\$ 15,151,968	\$ 9,630,619	\$ 245,000	\$ 208,459	\$ 453,459	21.24
2014	26,908,316	14,904,225	12,004,091	255,000	199,831	454,831	26.39
2015	26,147,550	18,630,672	7,516,878	265,000	190,533	455,533	16.50
2016	25,610,518	13,514,706	12,095,812	270,000	180,566	450,566	26.85
2017	25,684,966	17,357,273	8,327,693	280,000	169,976	449,976	18.51
2018	28,287,485	19,073,940	9,213,545	295,000	158,616	453,616	20.31
2019	30,393,993	20,398,157	9,995,836	305,000	146,616	451,616	22.13
2020	31,807,110	21,064,165	10,742,945	315,000	134,019	449,019	23.93
2021	33,885,393	21,401,332	12,484,061	330,000	120,593	450,593	27.71
2022	27,789,553	20,992,476	6,797,077	345,000	106,331	451,331	15.06

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

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

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

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

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

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

	Fiscal Year						
	2016	2017	2018	2019	2020	2021	2022
Revenues							
Service Charges	\$19,515,093	\$19,750,636	\$22,188,154	\$23,556,871	\$24,150,139	\$24,526,952	\$22,567,226
Connection and Other Fees	104,283	147,134	229,002	521,205	146,672	178,092	210,980
Interest Income	238,389	23,552	31,061	488,437	623,256	41,888	(652,348)
Developer Fees							
Other Cities' Participation (1)	5,752,765	5,763,644	5,834,455	5,827,480	6,887,043	9,138,461	5,663,695
Total Revenues	<u>\$25,610,530</u>	<u>\$25,684,966</u>	<u>\$28,282,672</u>	<u>\$30,393,993</u>	<u>\$31,807,110</u>	<u>\$33,885,393</u>	<u>\$27,789,553</u>
Operating Expenses (2)	<u>\$18,759,650</u>	<u>\$13,514,718</u>	<u>\$19,073,943</u>	<u>\$20,398,147</u>	<u>\$21,064,167</u>	<u>\$21,401,330</u>	<u>\$21,049,553</u>
Wastewater System Net Revenues	<u>\$6,850,880</u>	<u>\$12,170,248</u>	<u>\$9,208,729</u>	<u>\$9,995,846</u>	<u>\$10,742,943</u>	<u>\$12,484,063</u>	<u>\$6,740,000</u>
Parity Debt Service (3)							
State Water Resources Control Board Loans	\$5,449,692	\$5,454,747	\$5,469,175	\$5,477,075	\$5,485,587	\$5,497,048	\$5,510,447
CSCDA Series 2005D Revenue Bonds	178,036	167,284	155,706	143,608	130,815	117,175	102,716
Total Parity Debt	<u>\$5,627,728</u>	<u>\$5,622,031</u>	<u>\$5,624,881</u>	<u>\$5,620,683</u>	<u>\$5,616,402</u>	<u>\$5,614,223</u>	<u>\$5,613,163</u>
Total Parity Debt Service Coverage	<u>1.22</u>	<u>2.16</u>	<u>1.64</u>	<u>1.78</u>	<u>1.91</u>	<u>2.22</u>	<u>1.20</u>

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

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

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

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

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

2006 RDA Revenue Bonds						1999 RDA Revenue Bonds (Housing)					
Funding Source: RDA tax increment revenues						Funding Source: RDA Gateway and Low Moderate Income Housing tax increment revenues. Gateway bonds defeased in FY 05-06.					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2015		\$ 1,605,000	\$ 2,904,331	\$ 4,509,331		2015	\$ 230,000	\$ 58,750	\$ 288,750		
2016		1,680,000	2,834,619	4,514,619		2016	245,000	46,875	291,875		
2017		1,745,000	2,761,756	4,506,756		2017	255,000	34,375	289,375		
2018						2018	275,000	21,125	296,125		
2019						2019	285,000	7,125	292,125		
2020						2020					
2021						2021					
2022						2022					

Bond was paid off in fiscal year 2017

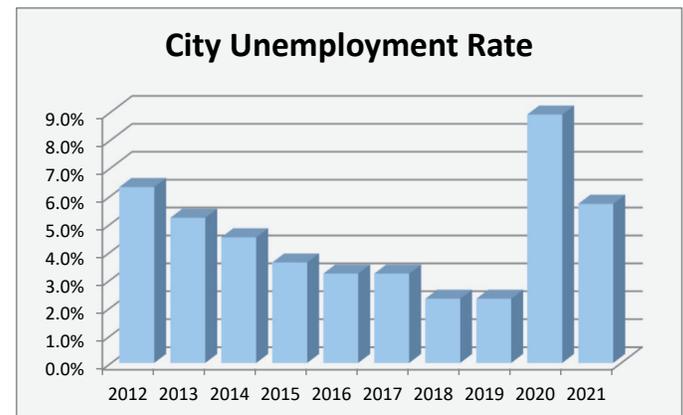
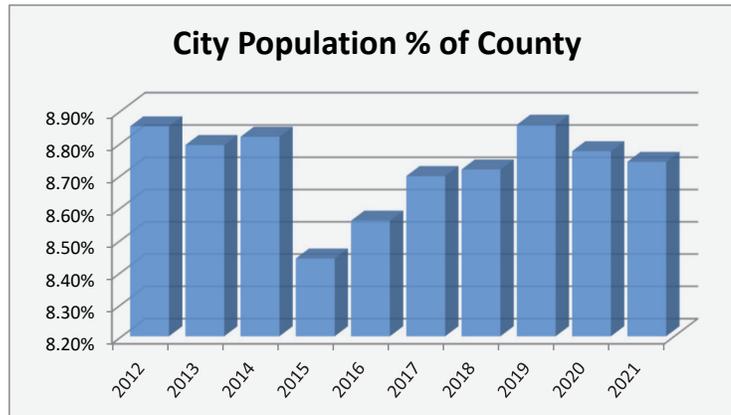
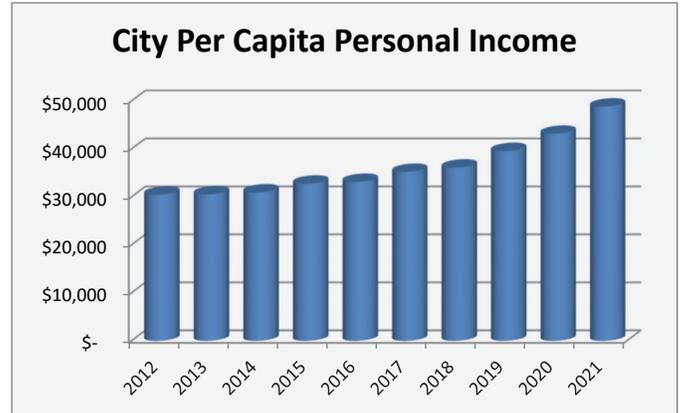
1999 Certificates of Participation						1989 Cal Health Facilities Financing Authority Revenue Bonds					
Funding Source: RDA tax increment revenues						Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage	Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total				Principal	Interest	Total	
2015											
2016											
2017											
2018											
2019											
2020											
2021											
2022											

RDA All Non-housing (A)					
Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018		0	0	0	
2019		0	0	0	
2020		0	0	0	
2021		0	0	0	
2022		0	0	0	

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

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

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



Year	Estimated City Population (1)	City Personal Income (2) (in thousands)	City Per Capita Personal Income (2)	City Unemployment Rate (3)	San Mateo County Population (4)	City Population % of County
2012	65,127	\$ 1,982,857	\$ 30,446	6.3%	735,678	8.85%
2013	65,710	\$ 2,005,666	\$ 30,523	5.2%	747,373	8.79%
2014	65,749	\$ 2,033,156	\$ 30,923	4.5%	745,635	8.82%
2015	64,585	\$ 2,114,826	\$ 32,744	3.6%	765,135	8.44%
2016	65,451	\$ 2,167,750	\$ 33,120	3.2%	764,797	8.56%
2017	67,082	\$ 2,303,425	\$ 35,193	3.2%	771,410	8.70%
2018	67,078	\$ 2,421,033	\$ 36,092	2.3%	769,545	8.72%
2019	67,879	\$ 2,684,438	\$ 39,547	2.3%	766,573	8.85%
2020	67,135	\$ 2,895,980	\$ 43,136	8.9%	765,245	8.77%
2021	64,492	\$ 3,148,543	\$ 48,820	5.7%	737,888	8.74%

Notes:

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

Data Sources:

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

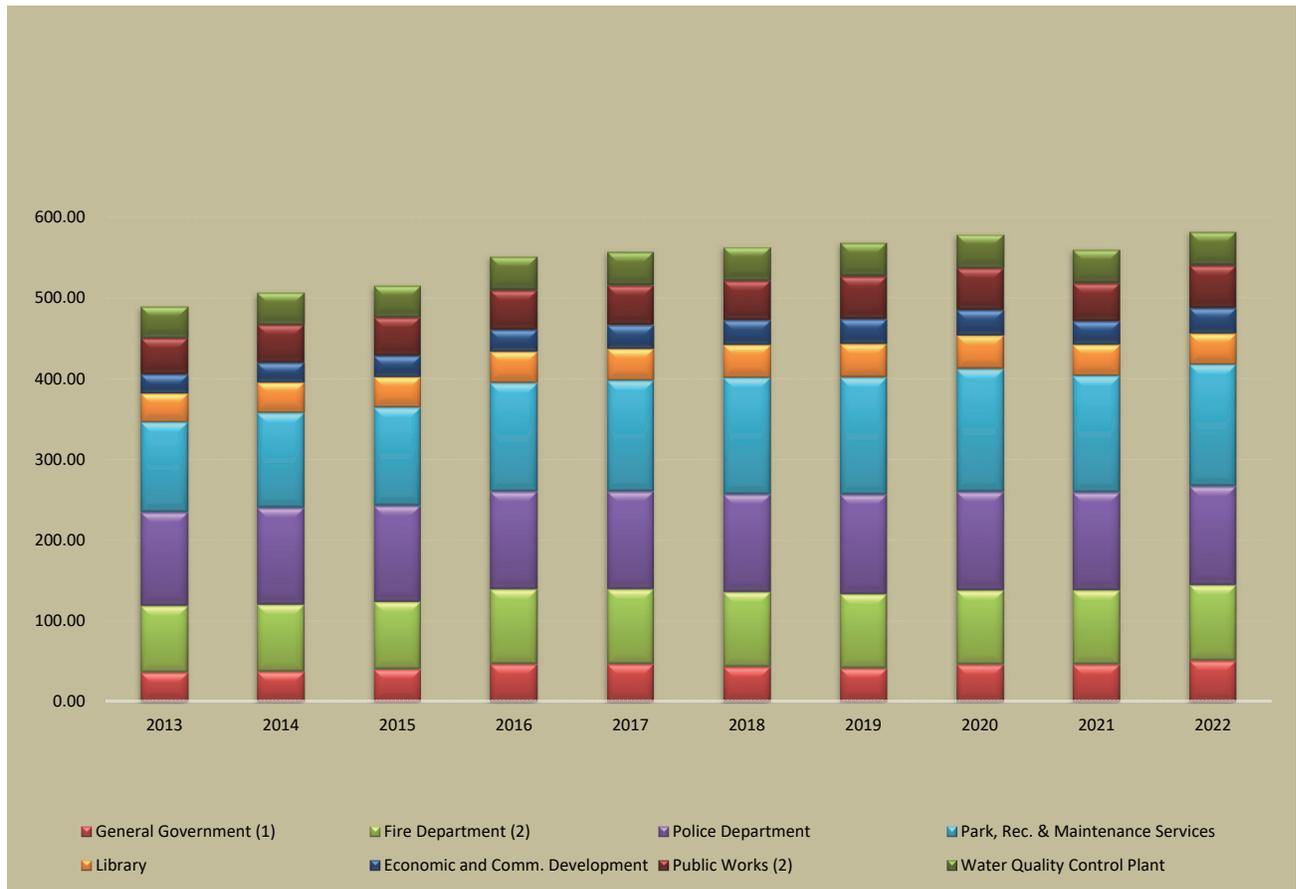
CITY OF SOUTH SAN FRANCISCO
Principal Employers
Current Year and Nine Years Ago

Employer	2021-22			2012-13		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Genentech Inc.	8,632	1	13.4%	7,777	1	11.9%
ABBVIE	1,000	2	1.6%			
Costco Wholesale (4 stores)	834	3	1.3%	508	3	0.8%
Life Technologies Corporation	622	4	1.0%	650	2	1.0%
Amgen Inc	600	5	0.9%	419	4	0.6%
Verily Life Sciences LLC	555	6	0.9%			
Amazon.com Services	425	7	0.7%			
ZS Associates, Inc	390	8	0.6%			
MRL San Francisco, LLC	317	9	0.5%			
Frank & Grossman Landscape Contractors	265	10	0.4%			
Successfactors, Inc				400	5	0.6%
Guardsmark LLC				351	6	0.5%
American Etc Inc/ Royal Laundry				318	7	0.5%
The New French Bakery, Inc				300	8	0.5%
DBI Beverage				232	9	0.4%
Oroweat/ Entenmann's				230	10	0.4%
Subtotal	<u>13,640</u>		<u>21.1%</u>	<u>11,185</u>		<u>17.2%</u>
Total City Population	<u>64,492</u>			<u>65,127</u>		

Data Sources:

- (1) SSF Business License Database- Business licenses expiring 12/31/22.
- (2) City of South San Francisco CAFR 2012-13
- (3) Population: HDL/California State Dept of Finance 2021.

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



Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government (1)	36.60	37.60	40.60	47.10	47.10	43.60	41.60	46.60	46.60	51.30
Fire Department (2)	82.48	82.98	83.48	92.68	92.68	92.68	91.93	91.68	91.68	93.49
Police Department	115.65	119.75	118.87	120.87	120.87	120.87	122.87	121.87	120.92	122.09
Park, Rec. & Maintenance Services	111.66	117.21	121.31	134.16	137.19	144.29	144.79	151.75	143.84	150.44
Library	35.35	37.66	37.71	38.71	39.26	40.49	41.49	41.49	38.56	38.15
Economic and Comm. Development	23.45	24.40	26.15	27.15	29.40	30.40	30.40	31.40	29.00	31.40
Public Works (2)	45.02	47.21	47.68	49.00	49.00	49.00	53.00	52.00	47.00	52.85
Water Quality Control Plant	38.82	39.63	39.06	41.74	41.50	41.50	41.50	41.50	41.50	41.50
Total	489.03	506.44	514.86	551.41	557.00	562.83	567.58	578.29	559.10	581.22

Notes:

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

Source: City of South San Francisco's FY2013-2022 Adopted Operating budget.

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

	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program								
Public safety:								
Fire:								
Inspections conducted	1,817	2,563	3,426	2,292	2,511	2,375	3,888	3,060
Police:								
Police calls for service	31,532	32,477	33,313	34,811	38,299	38,541	40,503	60,333
Law violations:								
Part I crimes	1,874	2,126	2,103	2,276	2,007	2,070	3,481	1,955
Physical arrests (adult and juvenile)	1,933	2,071	1,870	1,891	1,943	1,871	1,635	2,025
Traffic violations	3,828	4,211	3,785	3,359	3,620	4,172	2,119	1,985
Parking violations	13,378	12,006	15,291	18,339	26,228	12,269	13,276	17,667
Public works								
Street resurfacing (miles) (Eng Div)	0	2	8	3.3	7.0	7.9	19.57	9.60
Potholes repaired (square miles prior)/(square feet)	0.11	2	0	(2) 3221	410	190	165	264
Asphalt used for street repairs (tons)	250	151	94	148	13	46	69	68
Culture and recreation:								
Recreation class participants	(5) 26,879	23,399	23,939	25,688	23,394	17,333	(4) 5,282	8,631
Library:								
Total items borrowed	643,630	565,806	558,106	544,059	582,497	(3) 450,637	(3) 245,869	456,652
Items in collection	130,106	(1) 208,400	209,895	219,114	228,224	247,393	260,205	229,891
Wastewater								
Residential connections	16,470	16,491	16,488	12,556	12,559	12,549	12,571	12,672
Commercial connections	1,560	1,561	1,562	1,575	1,576	1,582	1,575	1,523
Other connections	128	131	140	140	140	140	140	140
Average daily sewage treatment (millions of gallons)	8.89	7.92	8.41	8.62	8.62	7.12	6.76	7.35

Note: N/A denotes information not available.

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations	1	1	1	1	1	1	1	1	1	1
Police Fleet	51	50	53	53	52	59	63	60	63	60
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	127
Street lights (3)	4,505	4,505	4,505	4,505	4,505	4,531	4,531	4,531	4,581	4,581
Parking District lights (4)	20	20	20	20	16	16	16	16	16	16
Traffic Signals	74	74	74	76	76	76	76	76	80	80
Culture and recreation:										
Community services:										
City parks	28	28	28	28	28	28	28	28	28	28
City parks acreage	190	190	190	190	190	190	210	210	210	210
Playgrounds (5)	24	24	24	24	24	24	24	34	34	34
City trails	6	6	6	6	6	6	6	6	6	6
Community gardens	1	1	1	1	1	1	1	1	1	1
Community centers	4	4	4	4	4	4	4	4	4	4
Senior centers (2)	1	1	1	1	1	1	1	1	1	1
Skate Park	1	1	1	1	1	1	1	1	1	1
Dog park	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Basketball Courts	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	5	5	5	5	5	5	5	5	5	5
Library:										
City Libraries (1)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Miles of sanitary sewers	164	164	164	164	164	164	164	164	164	164
Miles of storm sewers	125	125	125	125	125	125	125	125	125	125
Number of treatment plants	1	1	1	1	1	1	1	1	1	1

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

- (1) Community Learning Center not included on count as it is only a homework center not a library.
- (2) The only senior center is Magnolia Center but programming still continues at El Camino.
- (3) Year 2013- Includes all lights in SSF billed as LS-2 from PG&E.
- (4) Year 2017- Lot 6 sold for Rotary Plaza development.
- (5) Year 2020 -Playgrounds in the Common Greens areas are now included.

CITY OF SOUTH SAN FRANCISCO
Miscellaneous Information
Last Four Fiscal Years

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

	2019	2020	2021	2022
Transient Occupancy Tax Detail				
TOT Collected	\$ 15,535,213	\$ 12,591,459	\$ 6,215,172	\$ 11,268,807
1% Measure I Special Tax	1,556,009	1,114,911	495,099	866,831
Total TOT Collection	\$ 17,091,222	\$ 13,706,371	\$ 6,710,270	\$ 12,135,638
1% Measure I Special Tax Use				
Police	\$ 311,202	\$ 222,982	\$ 99,020	\$ 173,366
Fire	311,202	222,982	99,020	173,366
Library	311,202	222,982	99,020	173,366
Parks	311,202	222,982	99,020	173,366
Recreation	311,202	222,982	99,020	173,366
Total 1% Measure I Special Tax	\$ 1,556,009	\$ 1,114,911	\$ 495,099	\$ 866,831

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