



City of South San Francisco California
Annual Comprehensive Financial Report
Year Ended June 30, 2024

**CITY OF SOUTH SAN FRANCISCO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

Prepared by:

Department of Finance

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CITY COUNCIL 2024

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

SHARON RANALS, CITY MANAGER

December 19, 2024

To the Honorable Mayor, Members of the City Council, and residents of South San Francisco:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of South San Francisco (City) for the fiscal year (FY) ended June 30, 2024. The City of South San Francisco is required to publish annually 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, 2024.

The financial statements in this report represent the finances of the City of South San Francisco. Management assumes full responsibility for the completeness and fairness of the information contained within the report, and to the best of our knowledge, the enclosed data is accurate in all material respects. It is reported in a manner that fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain a comprehensive understanding of the City's financial activities have been included.

To provide a reasonable basis for these representations, management has established an internal control framework designed to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The City contracted with Maze & Associates (Maze), a licensed certified public accounting firm, to conduct the annual audit. Maze concluded that the financial statements present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, in conformity with GAAP. This favorable conclusion is commonly referred to as an unmodified opinion.

In addition to the financial statement audit, the City participates in the federally mandated "Single Audit" to meet the needs of federal grantor agencies. This audit requires that the independent auditor report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements related to the administration of federal awards. The Single Audit report will be issued by March 2025.

The provisions of Governmental Accounting Standards Board (GASB) Statement 34, "basic Financial Statements-and Management's Discussion & Analysis-for State and Local Governments" 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 is a California general law City incorporated in 1908 and operates under the Council-Manager form of government. The City shifted from at-large to district elections in November 2018 for the City Council. A five-member City Council is elected to four-year terms, with a rotating Mayor chosen by the 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 City encompasses approximately 9.5 square miles and has a population of 64,601. 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.

The City 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 Birthplace of Biotech, hosting more than 250 companies in the biotech cluster.

This report includes all financial activities of the City, 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

In FY 2023-24, the City experienced strong revenue growth, primarily due to higher property tax receipts, sales taxes, and interest income. However, the City continues to face challenges, due to negotiated increases to employee compensation, increases to health care costs, and pension costs increases. The high inflation environment also has led to significant increase in supplies and services cost. As a result, the City is anticipating future expenditures will outpace revenues. The City has maintained a very healthy reserves that allows it to weather some of these challenges. The City implemented a 5% budget reduction in its General Fund across all departments to mitigate the anticipated shortfall in FY 2024-25. The City placed a Business License Tax Measure on the November 2024 ballot, which was approved by over 80% of voters, and is projected to bring in an additional of \$2.6 million annually to General Fund.

Unemployment rates increased slightly during the year, from 3.1% in July 2023 to 3.9% in June 2024. This is slightly higher than the County of San Mateo's unemployment rate of 3.5% but significantly better than the State's unemployment rate of 5.3% as of June 2024.

The good news is that during Fiscal Year 2023-24 the City continued to see signs of recovery from the economic challenges associated with the global COVID-19 pandemic. Despite immediate and longer-term challenges, the City remains well-positioned for economic growth thanks to its key industries, strategic location, and robust infrastructure plans. The City is known as the "Birthplace of Biotechnology," with over 250 companies in the biotech cluster—including Genentech—making it one of the most significant biotech hubs globally. The biotech sector continues to thrive, supported by the city's proximity to leading universities and venture capital networks that foster innovation and attract talent.

Tourism also holds growth potential. This sector is poised to benefit from the City's easy access to major transportation routes and San Francisco International Airport, further drawing visitors to South San Francisco and contributing to economic diversification.

Our Planning Division has also been hard at work in approving new permits for new or expanded businesses, including commercial recreation and clean technology businesses. 3.5 million square feet of biotech space is currently under construction. Last year, our City

was recognized by the Governor’s office for being a leader in tackling our state’s affordable housing crisis. Many exciting affordable homes for seniors and families are in the pipeline.

With these fundamentals in place, South San Francisco is on track to leverage both local and regional economic opportunities for continued prosperity.

MAJOR CITY SPONSORED INITIATIVES

The City is committed to providing innovative, responsive services to enhance the quality of life of the community through which it continued to implement services and programs that are consistent with the community’s mission, vision, values, and strategic goals. Major programs/projects and accomplishments for FY 2023-24 are included as follows:

Strategic Plans

- Adopted the Lindenville Specific Plan September 2023. This plan would be the guiding document to help realize Shape SSF 2040’s vision for the Lindenville sub-area as a mixed-use neighborhood, employment hub, and cultural center of South San Francisco.
- Launched the Age-Friendly Community Action Plan in collaboration with AARP and the Center for Age-Friendly Excellence to ensure that our seniors are well supported.

City Services

- Inaugurated the Library | Parks & Recreation Center in October 2023. This state-of-the-art facility allows our Library and Parks and Recreation departments to significantly expand our services to host more programs for seniors and children. It also provides various educational workshops and health classes for our residents.
- Expanded childcare programs in partnership with the South San Francisco Unified School District as part of the Expanded Learning Opportunities Program to provide additional 120 before and after school spaces at no cost to low-income families.
- Expanded Every Kid Deserves a Bike program to serve students from Buri Buri, Monte Verde, and Ponderosa Elementary schools. Since the inception of the program three years ago, the City has distributed about 860 bicycles with helmets and education on how to ride a bike and ride in safety.
- Created a new shuttle line connecting Westborough to Avalon, Buri Buri, Serra Highlands and BART.
- Expanded the free Shuttle Service’s Orange Line to Colma’s Veterans Village to provide our military veterans with free and convenient transportation and access to medical facilities, shopping, and other essential city services.
- Extended a two-year pilot program with a mental health clinician available for incidents involving behavioral health crises.
- Added 12 additional Automated License Plate Reader cameras.
- Saw an overall reduction in both property and violent crimes.

Major Capital Projects Completed

- New Library | Parks and Recreation Center, an 80,000 square foot state of the art facility located at Civic Campus Way
- Orange Memorial Park Sports Field
- Oyster Point park and dog park
- Centennial Way Park South project with a skate park and bike pump track.
- Westborough walk path update
- Completed approximately 19 miles of surface seal treatment comprised of 57 local streets and six city parking lots.

FINANCIAL INFORMATION

The City Council adopts the annual budget by June 30, following a public hearing process. This budget serves as the cornerstone of the City's financial planning and control framework, organized by fund, function, and department. Budgetary control is legally maintained at the fund level, with the City Manager authorized to transfer amounts within any fund, including between departments and line items. Any adjustments that increase a fund's total expenditures, or transfers between funds, require City Council approval. Unspent, encumbered appropriations are carried forward into the following fiscal year, while unencumbered appropriations lapse unless otherwise authorized by the City Council and City Manager.

The City's internal accounting controls are designed: (1) to safeguard assets, (2) ensure the reliability of financial records for accurate financial reporting, and (3) verify that transactions are executed per management's authorization. These controls provide reasonable assurance but are not absolute due to cost-benefit considerations that management regularly evaluates. Key internal control practices include segregation of accounting duties, transaction approvals, and regular reconciliation of records.

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

The City continues to earn a triple-A credit rating, reflecting its strong financial position, sound management, prudent policies, and effective budgetary performance. Furthermore, the City's Reserve Policy aligns with Government Finance Officers Association (GFOA) best practices, maintaining reserves at 15-20 percent of operating revenues to provide financial stability and flexibility.

OTHER INFORMATION

Award

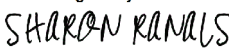
The City’s ACFR for the fiscal year ended June 30, 2023, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report’s attainment of easily readable and efficiently organized content and satisfaction of generally 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. Each member of the department has our sincere appreciation for the contributions to furthering the fiscal year-end audit while maintaining excellent levels of financial services and accountability. Special thanks go to the City’s acting Accounting Supervisor, Steven Lew, who oversaw the compilation and review of the financial statements, our Accountant II, Akshay Joshi, Financial Services Manager, Jennifer Clemente, who are also major contributors to this effort. The audit firm, Maze & Associates, has also been very helpful in meeting the City’s audit and financial reporting requirements.

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:

8A40B2F441FD4BA...
Sharon Ranals
City Manager

DocuSigned by:

5143A80C87F9464...
Karen Chang
Director of Finance



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, 2023

Christopher P. Morill

Executive Director/CEO

Citizens of South San Francisco

City Clerk
Rosa Govea Acosta

City Treasurer
Frank Risso

City Council
James Coleman, Mayor
Eddie Flores (District 5), Vice Mayor
Mark Addiego (District 1), Member
Mark Nagales (District 2), Member
Flor Nicolas (District 3), Member

City Attorney
Sky Woodruff

City Manager
Sharon Ranals

Assistant City Manager
Rich Lee

Deputy City Manager
Christina Fernandez

Library Director
Valerie Sommer

Capital Project Director
Jacob Gilchrist

Park & Rec Director
Gregory Mediati

Econ & Comm Dev Director
Nell Selander

Chief of Police
Scott Campbell

Fire Chief
Matthew Samson

Public Works Director
Eunejune Kim

Finance Director
Karen Chang

Human Resources Director
Leah Lockhart

Info Technology Director
Tony Barrera

City Council & Directory of Officials*

City Council

James Coleman (District 4)	Mayor
Eddie Flores (District 5)	Vice Mayor
Mark Addiego (District 1)	Councilmember
Mark Nagales (District 2)	Councilmember
Buenaflor Nicolas (District 3))	Councilmember

Elected Officials

Rosa Govea Acosta	City Clerk
Frank Risso	City Treasurer

Appointed Officials

Sharon Ranals	City Manager
Richard Lee	Assistant City Manager
Christina Fernandez	Deputy City Manager
Karen Chang	Finance Director
Scott Campbell	Chief of Police
Tony Barrera	Information Technology Director
Jacob Gilchrist	Capital Projects Director
Nell Selander	Economic & Community Development Director
Leah Lockhart	Human Resources Director
Matthew Samson	Fire Chief
Eunejune Kim	Public Works Director
Valerie Sommer	Library Director
Greg Mediati	Parks & Recreation Director

Budget Subcommittee

Mark Addiego
James Coleman

**As of December 6, 2024*

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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, 2024, 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 0.60%, 0.72%, and 1.89%, 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, 2024, 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 opinions. 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 there is a substantial likelihood that, individually or in the aggregate, they would 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.

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 19, 2024, 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.

A handwritten signature in cursive script that reads "Maye & Associates".

Pleasant Hill, California
December 19, 2024

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to provide a narrative overview and analysis of City of South San Francisco's financial activities for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished with the Transmittal Letter and Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- Total Net Position for Governmental activities in FY 2023-24 increased by \$59.3 million, or 13.7%, from \$434.3 million in the prior year, to \$493.6 million. The reduction in other assets was due to drawing down from bond proceeds to fund capital projects, such as Orange Memorial Parks and Civic Campus. The growth in assets of \$52.8 million is primarily due to street, library, and parks projects of approximately \$31.8 million, as well as increased cash received from impact fees of \$18.8 million. Additionally, while the net pension liability grew by approximately \$10 million, this was offset by a decrease of \$11.2 million in the OPEB liability, which further augmented the increase in net position during the fiscal year.
- Total Net Position for Business-Type activities in FY 2023-24 increased by \$4.1 million, or 2.9%, from \$142.9 million in the prior year, to \$147 million. The growth in Net Position was a result of increased contributions from partner cities relating to sewer services as well as repayments on cost-sharing for improvements.
- Revenues from Governmental Activities (excluding transfers and special items) increased by \$22.9 million, or 10.6%, to \$239.3 million in FY 2023-24 from \$216.4 million in the prior year.
- Total program revenues from the City's Enterprise Funds increased by \$3.3 million, or 9.5% to \$39.3 million from \$35.9 million in the prior year. This was largely due to the recovery of sewer services charge revenues resulting from the reopening of businesses and more workers returning to work. The City's Parking Enterprise revenues remained flat at around \$1 million. The Storm Water Enterprise Fund experienced a slight increase of \$0.2 million in capital grants and contributions in FY 2023-24.
- Expenses from Governmental Activities (excluding transfers and special items) increased by \$7.5 million, or 4.4%, to \$179.1 million in FY2023-24 from \$171.6 million in the prior year due to an \$11.5 million increase in the amount of capital expenditures during the period relating primarily to library, parks, and public works improvements. This was partially offset by decreases in general government expenses as general fund projects were completed or neared completion. Expenses from Business-Type Activities increased by \$3.9 million, or 11.7%, to \$37.3 million compared to \$33.4 million in the prior year.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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;
- 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 a 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, 2024

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 details 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 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.

The City's Business-Type Activities also include the Parking Authority of the City of South San Francisco, as the City Council also governs this entity.

- ***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
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Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually, with all non-Major Funds summarized and presented only in a single column. Subordinate schedules present the details of these non-Major funds. Major Funds present the major activities of the City for the year and may change from year to year because 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 2023-24 are presented versus FY 2022-23.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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, 2024 for Governmental Activities:

Governmental Net Position

Table 1
Governmental Net Position as of June 30
(In Millions)

			Increase / (Decrease)	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
Cash and investments	\$ 310.7	\$ 285.8	\$ 24.9	8.7%
Other assets	108.1	117.0	(8.9)	(7.6%)
Capital assets	569.4	532.7	36.7	6.9%
Total assets	<u>988.2</u>	<u>935.5</u>	<u>52.7</u>	<u>5.6%</u>
Total outflows of resources	<u>64.0</u>	<u>64.6</u>	<u>(0.6)</u>	<u>(0.9%)</u>
Total outflow of resources	<u>64.0</u>	<u>64.6</u>	<u>(0.6)</u>	<u>(0.9%)</u>
Long-term debt outstanding	211.5	219.0	(7.5)	(3.4%)
Other liabilities	321.6	331.4	(9.8)	(3.0%)
Total liabilities	<u>533.1</u>	<u>550.4</u>	<u>(17.3)</u>	<u>(3.1%)</u>
Deferred inflows of resources	<u>25.6</u>	<u>15.4</u>	<u>10.2</u>	<u>66.2%</u>
Total deferred inflow of resources	<u>25.6</u>	<u>15.4</u>	<u>10.2</u>	<u>66.2%</u>
Net position:				
Net investment in capital assets	413.1	390.8	22.3	5.7%
Restricted	159.7	130.1	29.6	22.8%
Unrestricted	(79.2)	(86.6)	7.4	(8.5%)
Total net position	<u>\$ 493.6</u>	<u>\$ 434.3</u>	<u>\$ 59.3</u>	<u>13.7%</u>

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

As shown in table 1, the total net position for Governmental Activities increased by \$59.3 million in FY 2023-24 compared to the prior year, reflecting significant increases in assets. Cash and investments increased by \$24.9 million. Other assets, which includes receivables, properties held for redevelopment, and restricted cash and investments, decreased by \$8.9 million due to reduction of the restricted cash, which represented the use of bond proceeds for capital assets such as the Civic Campus and Orange Memorial Park that were completed in October 2023 during the present fiscal year. Capital assets increased by \$36.7 million primarily due to the capitalization of \$16.8 million in bond-funded library and parks-related project activity as well as other bond funded street and trail improvement projects of \$13.9 million.

Pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of \$48.3 million and Net Pension Liability of \$216.5 million attributable to Governmental Activities.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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)	
	2024	2023	Amount	%
Revenues				
Program revenues:				
Charges for services	\$ 57.1	\$ 53.4	\$ 3.7	6.9%
Operating grants and contributions	19.1	12.9	6.2	48.1%
Capital grants and contributions	9.2	2.0	7.2	360.0%
Total program revenues	<u>\$ 85.4</u>	<u>\$ 68.3</u>	<u>\$ 17.1</u>	<u>25.0%</u>
General revenues:				
Taxes:				
Property taxes	\$ 52.2	\$ 47.7	\$ 4.5	9.4%
Sales taxes	39.5	37.7	1.8	4.8%
Transient occupancy taxes	14.9	16.3	(1.4)	(8.6%)
Other taxes	12.4	13.4	(1.0)	(7.5%)
Property taxes in lieu	6.6	8.8	(2.2)	(25.0%)
Investment earnings	15.0	5.1	9.9	194.1%
Miscellaneous	13.2	19.1	(5.9)	(30.9%)
Total general revenues	<u>\$ 153.9</u>	<u>\$ 148.1</u>	<u>\$ 5.8</u>	<u>3.9%</u>
Total revenues	<u>\$ 239.3</u>	<u>\$ 216.4</u>	<u>\$ 22.9</u>	<u>10.6%</u>
Expenses				
General government	\$ 16.8	\$ 25.0	\$ (8.2)	(32.8%)
Fire department	39.6	36.9	2.7	7.3%
Police department	40.4	37.9	2.5	6.6%
Public Works	28.8	21.9	6.9	31.5%
Parks and Recreation	26.6	23.5	3.1	13.2%
Library	8.0	6.6	1.4	21.2%
Economic and Community Development	12.1	12.9	(0.8)	(6.2%)
Interest on long-term debt	6.8	6.9	(0.1)	(1.4%)
Total expenses	<u>\$ 179.1</u>	<u>\$ 171.6</u>	<u>\$ 7.5</u>	<u>4.4%</u>
Excess / (deficiency) before transfers	<u>\$ 60.2</u>	<u>\$ 44.8</u>	<u>\$ 15.4</u>	<u>34.4%</u>
Special Item	0.0	(5.2)	5.2	(100.0%)
Transfers	(0.9)	(2.1)	1.2	(57.1%)
Change in net position	59.3	37.5	21.8	58.1%
Net position - beginning	434.3	396.8	37.5	9.5%
Net position - ending	<u>\$ 493.6</u>	<u>\$ 434.3</u>	<u>\$ 59.3</u>	<u>13.7%</u>

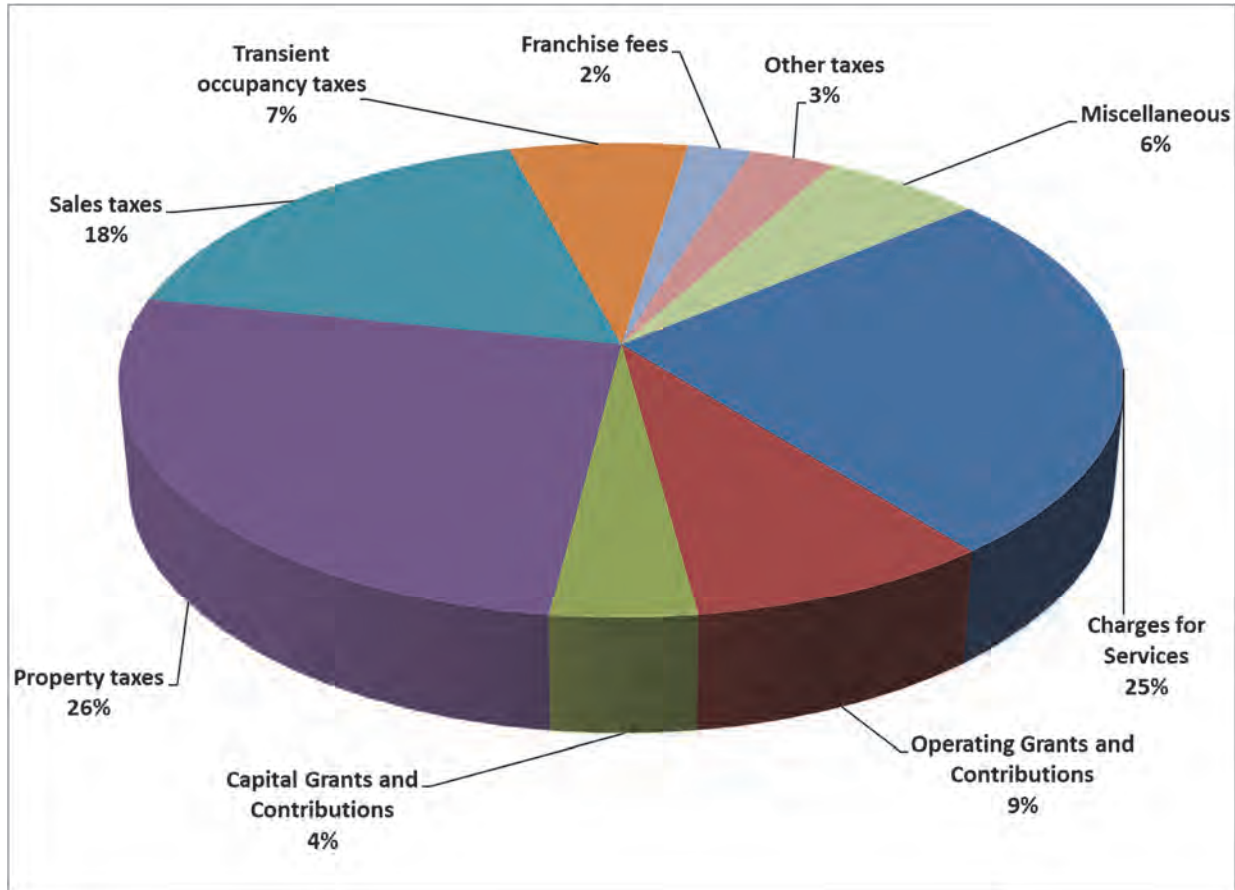
CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

As shown in table 2, total Governmental revenues (excluding transfers and special items) increased by \$22.9 million, or 10.6%, compared to the prior year. The increase was primarily due to higher investment earnings as well as increases in both operating and capital grants and contributions. The increase in capital grants primarily related to state and local grants for ongoing public works and infrastructure improvement projects. The increase in operating grants was mainly due to increased amounts claimed and recognized by the city under the American Rescue Plan Act. However, these increases were offset slightly by a decrease in miscellaneous revenues collected during this fiscal year. These are amounts received from the state as part of the settlements and obligations related to the Successor Agency, and can vary depending on the timing and activities of associated projects. On the other hand, the Charges for Services from facility rentals, and childcare and aquatic programs offered by the City during the year were higher due to the City's ongoing recovery from the COVID-19 pandemic. There was also an increase in the property tax primarily due to a continued strong real estate market and the City received a higher residual tax allocation from the Successor Agency. However, a decrease in revenue was also seen in Property Taxes in Lieu (\$2.2 million), otherwise known as the California Vehicle Licensing Fee (VLF) due to the continuing impact of a change in the ratio of basic aid to non-basic aid school districts in San Mateo County which affects the availability of VLF. Investment earnings rose by \$9.9 million to \$15.0 million, compared to the prior year, due to a continued rising 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.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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

Chart 1
Revenues by Source - Governmental Activities FY 2023-24



Governmental program expenses increased by \$7.5 million, or 4.4%, in comparison to the prior year. Public works expenses increased by \$6.9 million due to multiple ongoing infrastructure improvements and beautification projects that are currently underway. The remaining increase is mainly due to higher salary and benefit costs, due to regular annual raises and cost-of-living increases, as well as increasing headcount relating to library, parks, and recreation facilities.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 3 illustrates the difference between program revenues and program expenses. Program revenues consist of capital and operating grants and contributions, and fees for services. General City revenues, such as property taxes, sales taxes, transient occupancy taxes, licenses and permits, and investment earnings, cover the shortfall between program revenues and program expenses.

Table 3
Net (Expense) / Revenue from Services
Governmental Activities
(In Millions)

			Increase / (Decrease)	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
General government	\$ (0.3)	\$ (12.9)	\$ 12.6	(97.7%)
Fire department	(30.2)	(27.6)	(2.6)	9.4%
Police department	(37.4)	(34.7)	(2.7)	7.8%
Public works department	6.9	(3.1)	10.0	(322.6%)
Recreation and community services	(21.9)	(19.1)	(2.8)	14.7%
Library	(7.2)	(5.7)	(1.5)	26.3%
Economic and community development	3.2	6.7	(3.5)	(52.2%)
Interest on long-term debt	(6.8)	(6.9)	0.1	(1.4%)
Total	<u>\$ (93.7)</u>	<u>\$ (103.3)</u>	<u>\$ 9.6</u>	<u>(9.3%)</u>

In FY 2023-24, the net expense for governmental activities decreased by \$9.6 million from \$103.3 million to \$93.7 million, due to a \$17 million increase in program revenues primarily in grants and contributions, offset by a \$7.5 million increase in Governmental program expenses, as previously discussed.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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, 2024 for Business-Type Activities:

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

			Increase / (Decrease)	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
Cash and Investments	\$ 38.9	\$ 32.3	\$ 6.6	20.4%
Other assets	2.1	3.2	(1.1)	(34.4%)
Capital assets	187.9	192.8	(4.9)	(2.5%)
Total assets	228.9	228.3	0.6	0.3%
Deferred outflows related to pension/OPEB	7.1	7.1	0.0	0.0%
Total Deferred outflows of resources	7.1	7.1	0.0	0.0%
Long-term liabilities outstanding	51.3	55.7	(4.4)	(7.9%)
Other liabilities	36.7	36.7	0.0	0.0%
Total liabilities	88.0	92.4	(4.4)	(4.8%)
Deferred inflows related to pension/OPEB	1.0	0.2	0.8	400.0%
Total deferred inflows of resources	1.0	0.2	0.8	400.0%
Net position:				
Net investment in capital assets	132.1	132.8	(0.7)	(0.5%)
Restricted	0.0	0.0	0.0	0.0%
Unrestricted	14.9	10.1	4.8	100.0%
Total net position	\$ 147.0	\$ 142.9	\$ 4.1	2.9%

The total net position for Business-Type Activities increased by \$4.1 million, or 2.9%, compared to the prior year. Total assets increased slightly by \$0.6 million, or 0.3%, reflecting decreases of capital assets related primarily to regular depreciation. This was offset somewhat by higher cash balances due to higher contributions from partner cities and an additional payment made by San Bruno related to a loan. Total liabilities decreased by \$4.4 million due to a lower notes payable balance at year end and a \$0.8 million lower net OPEB liability due to investment gains and regular attrition during the measurement period.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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 \$5.3 million and Net Pension Liability of \$24 million attributable to Business-Type Activities.

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>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
Expenses				
Sewer Enterprise	\$ 32.0	\$ 30.6	\$ 1.4	4.6%
Parking District	1.2	1.3	(0.1)	(7.7%)
Storm Water	4.1	1.5	2.6	173.3%
Total expenses	<u>37.3</u>	<u>33.4</u>	<u>3.9</u>	<u>11.7%</u>
Revenues				
Program Revenues				
Charges for Services	27.4	25.4	2.0	7.9%
Operating and Capital grants and contributions	11.8	10.5	1.3	12.4%
Total program revenues	<u>39.2</u>	<u>35.9</u>	<u>3.3</u>	<u>9.2%</u>
General revenues				
Investment earnings	1.3	0.3	1.0	333.3%
Total general revenues	<u>1.3</u>	<u>0.3</u>	<u>1.0</u>	<u>333.3%</u>
Excess (deficiency) before transfers	3.2	2.8	0.4	14.3%
Transfers	0.9	2.2	(1.3)	(59.1%)
Change in net position	4.1	5.0	(0.9)	(18.0%)
Net position - beginning	<u>142.9</u>	<u>137.9</u>	<u>5.0</u>	<u>3.6%</u>
Net position - ending	<u>\$ 147.0</u>	<u>\$ 142.9</u>	<u>\$ 4.1</u>	<u>2.9%</u>

Expenses from Business-Type Activities in FY2023-24 increased by \$3.9 million to \$37.3 million while total revenues (program and general revenues combined) increased slightly, by \$3.3 million to \$39.2 million. The total change in net position of \$4.1 million was a decrease of \$0.9 million after transfers compared to the \$5 million increase in net position in the prior year. This was largely due to the recovery of sewer services charge revenues resulting from the reopening of businesses and more workers returning to work.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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, 2024, the City's Governmental Funds reported combined fund balances of \$328.3 million, an increase of \$16.3 million, or 5.2%, compared to the prior year. This was primarily due to near completion of the bond funded capital improvement projects such as Civic Campus, the Police Station, and various Street Projects. The General Fund ending fund balance, which includes Measure W, was \$106.3 million, reflecting an increase of \$17.7 million, or 20.0%, over the prior year primarily due to stronger revenues in most major revenue categories and also from the replenishment of revenue loss from American Rescue Plan Act.

Total Governmental Fund revenues (excluding transfers and special items) increased by \$17.5 million, or 8.2%, from \$214.7 million to \$232.2 million, with increases primarily from interest income, sales tax, property taxes, and charges for city services. The City saw a steady increase of property taxes due to a strong real estate market, and investment earnings rose due to sustained high interest rates and general economic growth.

Total Governmental Fund expenditures (excluding transfers and special items) decreased by \$18.5 million, or 7.9%, from \$233.3 million in the prior year to \$214.7 million in FY 2023-24. This was mainly due to significant reductions in capital expenditures as certain significant project neared completion. These reductions were also offset by other departments seeing increases in expenditures as personnel costs remained high as a result of annual salary adjustment and an increase in headcounts. Additionally, higher costs of materials and supplies due to high inflation also resulted in increased expenditures.

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:

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

Revenues	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
Property taxes	\$ 47,980	\$ 49,280	\$ 1,300	2.7%	
Sales taxes	39,351	37,951	(1,400)	-3.6%	
Transient occupancy taxes	14,910	14,000	(910)	-6.1%	Reflects taxes on hotel stays and other short term accommodations, and was revised downwards due to an expected slower rebound in business travel.
Other taxes	6,950	6,651	(299)	-4.3%	Other taxes includes real property transfer tax, business license and commercial parking tax. In the prior year there was a midyear budget revision up, however revenue streams from new business startups and traffic to returned to FY2021-22 levels leading to a revision downward.
Franchise Fee	4,600	4,600	-		
Intergovernmental	3,140	7,765	4,625	147.3%	Reflects multiple federal, state and local grants applied for during the year, adjustments for Transit Authority grants and the Metropolitan Transportation Commission grants for street projects as well as a C/CAG grant for shuttle services as well as various other projects.
Interest and rentals	3,940	4,450	510	12.9%	This was revised upwards during the year due to sustained high interest rates that led to better investment performance and higher income.
Licenses and permits	16,963	12,463	(4,500)	-26.5%	A decrease in projections for Building division had led to a decision to revise the budget downwards during the mid-year review
Charges for services	9,709	11,569	1,860	19.2%	A increase in projections for Planning division had led to a decision to revise the budget upwards during the mid-year review
Fines and forfeitures	700	700	-		
Other	338	338	-		
Total	\$ 148,581	\$ 149,767	\$ 1,186	0.8%	

Expenditures	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and \$100,000 variance)
City Council	\$ 269	\$ 269	\$ -		
City Clerk	1,265	1,124	(141)	-11.1%	Overall year end budget realignment between General Fund departments to ensure proper payroll budget allocations.
City Treasurer	133	133	-		
City Attorney	1,109	1,109	-		
City Manager	5,407	4,956	(451)	-8.3%	Overall year end budget realignment between General Fund departments to ensure proper payroll budget allocations.
Finance	3,992	3,901	(91)	-2.3%	
Non-Departmental	1,394	1,394	-		
Human Resources	2,885	2,849	(36)	-1.2%	
Economic and Community Development	8,500	15,074	6,574	77.3%	Roll over of purchase orders from the previous year for plan review and building inspection services.
Fire	32,762	36,751	3,989	12.2%	Overall year end budget realignment between General Fund departments to ensure proper payroll budget allocations.
Police	36,838	37,355	517	1.4%	
Public Works	11,954	14,239	2,285	19.1%	A roll over of purchase orders from the prior year, an increase in expenditures due to grant funding off the Free Shuttle program & a overall year end budget realignment between General Fund departments to ensure proper payroll budget allocations.
Library	8,045	8,014	(31)	-0.4%	
Parks and Recreation	24,675	25,769	1,094	4.4%	
Capital Outlays	-	79	79	100.0%	
Total	\$ 139,228	\$ 153,016	\$ 13,788	9.9%	

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

Analysis of Major Governmental Funds

General Fund

In FY 2023-24, total General Fund revenues, excluding transfers in, were \$164.0 million which was \$14.3 million, or 9.5% higher than the final amended budget. Total General Fund expenditures, excluding transfers out and including encumbrances, ended FY 2023-24 at \$139.7 million which was \$13.3 million, or 8.6%, lower than the final budget due to carryover of a significant number of purchase orders.

As of June 30, 2024, the General Fund total fund balance was \$106.3 million, \$20.7 million of which was attributable to Measure W. Of the remaining fund balance, \$29.67 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 \$56.0 million was held in designation/reserve accounts for various purposes including unassigned fund balance (available for operational use), encumbrances (committed expenditure items), capital projects and land held for development.

Revenues. Property tax collections in FY 2023-24 were \$56.4 million, which was \$7.1 million or 14.3% over final budget, primarily due to the continued strong real estate market and also from receipt of a higher residual tax allocation from the Successor Agency.

Sales tax revenue, including Measure W, was \$39.0 million, which was \$1.1 million or 2.7% over final budget, reflecting sustained consumer spending due to economic growth coupled with ongoing inflation.

Transient occupancy taxes totaled \$14.9 million for the year, which was \$0.9 million, or 6.5%, over the final budget. This category was budgeted conservatively due to the expected lingering impacts of slower recovery in business travel in the hospitality industry as was seen in the prior year. However, travel continued its rebound leading to higher 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 \$6.5 million which was \$1.3 million, or 16.3%, lower than final budget mainly due to the timing of receipt of various grants, many of which are on a reimbursement basis so that these revenues depend on progress of projects during the year.

Licenses and permits revenues were \$14.0 million, which was \$1.5 million, or 12.1% higher than the final budget. This category can be very difficult to budget since receipts depend on the timing of development projects within the City, which have increased in the current year relative to prior year.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

Charges for services were \$13.0 million, which was \$1.4 million or 12.1% above budget. This category was revised upward during the mid-year review due to higher-than-expected receipts at the time for classes, rentals and child care. The year ended stronger than expected and ultimately exceeded the original budget.

Measure W revenue increased slightly from \$15.6 million in FY2022-23 to \$15.8 million in FY 2023-24 and exceeded budget by \$0.2 million primarily due to the City's prudent budget approach to this volatile revenue category, which ultimately ended up closely matching actual revenue.

Expenditures. Compared to the prior year, General Fund expenditures, excluding transfers and including encumbrances, increased from \$142.6 million to \$147.5 million. This was driven by increased spending on ongoing capital projects specifically relating to public works and library, parks, and recreation facilities. The city is currently engaged in street and traffic improvement projects as well as upgrades and construction relating to parks & recreation as well as library facilities, which has driven the bulk of the increase. This was also offset by reduced expenditures in other functions, due mainly to lower retiree health and workers' compensation benefits as well as lower IT and professional services costs allocation. Overall, due to lesser actual expenditures incurred on the capital projects than initially budgeted, as well as the reduced general government costs, the General Fund ended the year with a \$5.5 million favorable variance versus the final budget.

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.

The Capital Improvement Fund consists of 1) regular capital projects 2) Bond funded Street Projects (\$24 million) and 3) Bond funded Solar Projects (\$2 million). The decrease in fund balance for this fund was mainly due to draw down from bond proceeds to fund the streets projects.

The reduction in fund balance of \$5 million for the Capital Improvement for Orange Memorial Park also resulted from drawdowns from the bond proceeds for the projects.

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 2023-24, combined ending fund balance for Capital Improvement Funds was \$70.5 million which decreased \$16.1 million from the combined ending fund balance of \$186.6 million in the prior year. As mentioned above, the decrease was due to the spending down of previous bond proceeds. The Civic Center Campus and the Capital Improvement Orange Memorial Park Projects were completed in the fall of 2023.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

Capital Infrastructure Reserve Fund fund balance was reduced by \$1.9 million to \$19.4 million due to expenditures for maintenance and repairs at city facilities and also street projects and Caltrain station enhancements.

Other Governmental Funds

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

It's worth noting that impact fee funds, presented as non-major funds, received considerable developer payments during the year owing to the continuing high level of development activity in the City. This includes \$6.6 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, and \$10 million in city-wide traffic impact fees used for various street and traffic improvement projects.

Enterprise Funds

Sewer Enterprise Fund

The Sewer Enterprise fund reported operating revenue (before non-operating revenues and operating transfers) of \$34.6 million in FY2023-24, an increase of \$4.5 million, or 15.0%, from \$30.1 million in the prior year. This increase in revenue is due to increased water usage and therefore larger sewer effluent volumes on which service charges are based. In addition, the revenue increase was due to Other Cities increase in participation of Operating and Maintenance Cost sharing. Operating expenses increased \$3 million, or 8.0%, from \$27.9 million to \$30.9 million, due to higher payroll-related expenses.

Parking District Fund

In FY 2023-24, the Parking District fund reported an operating loss (before non-operating revenues and operating transfers) of \$0.2 million which was similar to the loss in the prior year of \$0.2 million. Operating revenues and expenses remained flat, with insignificant changes from prior year, as parking meter and garage usage remained consistent.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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 \$2.7 million - \$0.3 million from the General Fund, \$0.7 million from non-Major Governmental Funds, and \$1.7 million from the Sewer Enterprise Fund. Operating expenses in this fund totaled \$4.1 million, an increase of \$2.6 million, or 173.3%, from \$1.3 million in the prior year, primarily due to higher payroll-related expenditures as well as for the new storm water master plan.

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, 2024, the City had \$757.3 million in capital assets (as shown in table 7 below), net of depreciation, representing an increase of \$31.8 million from the prior year, driven primarily by construction projects such as the completion of new WQCP digesters and the Civic Center Campus.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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)	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
Governmental Activities:				
Land	\$ 77.7	\$ 72.2	\$ 5.5	7.6%
Buildings and improvements	153.6	150.6	3.0	2.0%
Equipment and vehicles	27.2	25.9	1.3	5.0%
Furniture and fixtures	2.6	2.6	0.0	0.0%
Infrastructure - streets	212.8	208.3	4.5	2.2%
Infrastructure - traffic control devices	17.6	12.6	5.0	39.7%
Infrastructure - storm drains	8.9	8.9	0.0	0.0%
Construction in progress	289.1	260.9	28.2	10.8%
Less accumulated depreciation	<u>(220.1)</u>	<u>(209.3)</u>	<u>(10.8)</u>	<u>5.2%</u>
Totals	<u>\$ 569.4</u>	<u>\$ 532.7</u>	<u>\$ 36.7</u>	<u>6.9%</u>
Business-Type Activities				
Land	\$ 0.8	\$ 0.8	\$ -	0.0%
Buildings and improvements	152.2	80.1	72.1	90.0%
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	19.2	18.5	0.7	3.8%
Construction in progress	14.7	86.2	(71.5)	(82.9%)
Less accumulated depreciation	<u>(92.5)</u>	<u>(86.3)</u>	<u>(6.2)</u>	<u>7.2%</u>
Totals	<u>\$ 187.9</u>	<u>\$ 192.8</u>	<u>\$ (4.9)</u>	<u>(2.5%)</u>
Total City	\$ 757.3	\$ 725.5	\$ 31.8	4.4%

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

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

			Increase / (Decrease)	
	<u>2024</u>	<u>2023</u>	<u>Amount</u>	<u>%</u>
<i>Governmental Activities</i>				
Lease Revenue Bonds	\$ 185.1	\$ 188.4	\$ (3.3)	(1.8%)
Plus: Unamortized Bond Premium	30.4	31.8	(1.4)	(4.4%)
Loan payable to Successor Agency	1.2	2.1	(0.9)	(42.9%)
Total Governmental Activities Outstanding Debt	<u>\$ 216.7</u>	<u>\$ 222.3</u>	<u>\$ (5.6)</u>	<u>(2.5%)</u>
<i>Business-type Activities</i>				
State Water Resources Board loans	\$ 54.5	\$ 58.4	\$ (3.9)	(6.7%)
2005 Sewer Bonds	1.2	1.6	(0.4)	(25.0%)
Total Business-type Activities Outstanding Debt	<u>\$ 55.7</u>	<u>\$ 60.0</u>	<u>\$ (4.3)</u>	<u>(7.2%)</u>

The decrease of \$5.6 million in Governmental Activities outstanding debt stems from debt service payments of \$5.6 million during FY 2023-24.

The decrease of \$4.3 million in Business-Type Activities outstanding debt also stems from debt service payments of \$4.3 million made during the fiscal year. This is consistent with the prior year decrease as well, and relates to the ongoing, regular repayment of the loan balance.

The largest remaining debt obligations are as follows:

- 2004, 2008, 2018 State Water Resources Control Board Loans – Original debt: \$83,826,034; 1.8% to 2.5% interest rate; due 4/30/26, 7/15/28, 10/3/42. 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 two of the three current loans.

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2024

- 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. The current outstanding principal amount as of June 30, 2024 is \$39,880,000.

- 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. The current outstanding principal amount as of June 30, 2024 is \$78,805,000.

- 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 construction 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 the replacement of two bridges over Colma Creek at Orange Memorial Park. Measure W sales tax revenue will fund the repayments. The current outstanding principal amount as of June 30, 2024 is \$65,420,000.

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, 2024

	Primary Government			Component Unit South San Francisco Conference Center
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments (Note 2)	\$310,660,105	\$38,859,752	\$349,519,857	\$4,436,299
Receivables:				
Accounts	23,384,093	1,956,947	25,341,040	375,524
Accrued interest	1,831,987	194,830	2,026,817	
Loans	1,133,309		1,133,309	
Employee loans (Note 1T)	100,000		100,000	
Leases (Note 10)	17,249,557		17,249,557	
Deposits	309,790		309,790	42,069
Inventory	574		574	
Prepaid items	1,296,700		1,296,700	
Restricted cash and investments (Note 2)	59,345,147	63	59,345,210	
Properties held for redevelopment (Note 10)	3,552,149		3,552,149	
Capital assets (Note 3):				
Nondepreciable	366,871,612	15,513,216	382,384,828	23,925
Depreciable, net accumulated depreciation	202,506,489	172,337,497	374,843,986	2,431,039
Total Assets	<u>988,241,512</u>	<u>228,862,305</u>	<u>1,217,103,817</u>	<u>7,308,856</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 7)	54,672,658	6,074,740	60,747,398	
Related to OPEB (Note 9)	9,388,568	1,043,174	10,431,742	
Total Deferred Outflows of Resources	<u>64,061,226</u>	<u>7,117,914</u>	<u>71,179,140</u>	
LIABILITIES				
Accounts payable	8,596,619	841,605	9,438,224	351,365
Accrued salaries and benefits	2,359,771		2,359,771	75,709
Accrued interest payable	671,562	753,681	1,425,243	
Other payables	4,009,575	182,110	4,191,685	
Deposits payable	3,861,996	7,500	3,869,496	508,244
Unearned revenue	4,051,966	44,942	4,096,908	
Accrued insurance losses (Note 12):				
Due within one year	3,802,759		3,802,759	
Due in more than one year	14,434,000		14,434,000	
Compensated absences obligation (Note 1M):				
Due within one year	6,465,618	693,825	7,159,443	
Due in more than one year	3,362,191	311,388	3,673,579	
Debt and lease financing obligations (Note 5):				
Due within one year	5,170,000	4,433,082	9,603,082	
Due in more than one year	211,518,616	51,265,794	262,784,410	
Lease liability (Note 10):				
Due within one year				370,871
Due in more than one year				1,329,017
Net pension liability - due in more than one year (Note 7)	216,473,465	24,052,607	240,526,072	
Net OPEB Liability - due in more than one year (Note 9)	48,338,984	5,370,998	53,709,982	
Total Liabilities	<u>533,117,122</u>	<u>87,957,532</u>	<u>621,074,654</u>	<u>2,635,206</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 7)	455,033	50,559	505,592	
Related to OPEB (Note 9)	8,631,517	959,057	9,590,574	
Related to leases (Note 10)	16,512,778		16,512,778	
Total Deferred Inflows of Resources	<u>25,599,328</u>	<u>1,009,616</u>	<u>26,608,944</u>	
NET POSITION (Note 6)				
Net investment in capital assets	413,101,538	132,151,837	545,253,375	755,076
Restricted for:				
Debt service				
Special revenue projects	53,597,615		53,597,615	
Capital projects	103,286,310		103,286,310	
Redevelopment and community development activities	2,823,118		2,823,118	
Total Restricted Net Position	<u>159,707,043</u>		<u>159,707,043</u>	
Unrestricted	(79,222,293)	14,861,234	(64,361,059)	3,918,574
Total Net Position	<u>\$493,586,288</u>	<u>\$147,013,071</u>	<u>\$640,599,359</u>	<u>\$4,673,650</u>

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$16,789,551	\$9,018,870	\$7,471,327	
Fire	39,521,911	9,241,357	98,116	
Police	40,395,860	2,064,168	905,927	
Public Works	28,825,661	18,318,463	8,234,308	\$9,198,820
Parks and Recreation	26,613,851	4,247,632	499,078	
Library	8,022,064	72,893	773,937	
Economic and Community Development	12,148,452	14,136,592	1,186,182	
Interest on long term debt	6,810,509			
Total Governmental Activities	<u>179,127,859</u>	<u>57,099,975</u>	<u>19,168,875</u>	<u>9,198,820</u>
Business-type Activities				
Sewer	32,039,611	25,987,927	8,659,655	2,692,083
Parking District	1,246,726	1,027,298		
Storm Water	4,132,098	453,422		525,014
Total Business-type Activities	<u>37,418,435</u>	<u>27,468,647</u>	<u>8,659,655</u>	<u>3,217,097</u>
Total Primary Government	<u>\$216,546,294</u>	<u>\$84,568,622</u>	<u>\$27,828,530</u>	<u>\$12,415,917</u>
Component Unit				
Conference Center	<u>\$4,989,033</u>	<u>\$3,195,770</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 capital assets
- Miscellaneous

Transfers (Note 4)

Total general revenues, special item and transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
(\$299,354)		(\$299,354)	
(30,182,438)		(30,182,438)	
(37,425,765)		(37,425,765)	
6,925,930		6,925,930	
(21,867,141)		(21,867,141)	
(7,175,234)		(7,175,234)	
3,174,322		3,174,322	
(6,810,509)		(6,810,509)	
<u>(93,660,189)</u>		<u>(93,660,189)</u>	
	\$5,300,054	5,300,054	
	(219,428)	(219,428)	
	<u>(3,153,662)</u>	<u>(3,153,662)</u>	
	1,926,964	1,926,964	
<u>(93,660,189)</u>	<u>1,926,964</u>	<u>(91,733,225)</u>	
			<u>(\$1,793,263)</u>
52,201,446		52,201,446	
39,529,259		39,529,259	
14,922,567		14,922,567	1,884,717
5,329,885		5,329,885	
7,097,906		7,097,906	
81,869		81,869	
6,581,499		6,581,499	
14,966,581	1,314,069	16,280,650	155,350
48,524		48,524	
13,068,935		13,068,935	48,926
(917,154)	917,154		
<u>152,911,317</u>	<u>2,231,223</u>	<u>155,142,540</u>	<u>2,088,993</u>
59,251,128	4,158,187	63,409,315	295,730
<u>434,335,160</u>	<u>142,854,884</u>	<u>577,190,044</u>	<u>4,377,920</u>
<u>\$493,586,288</u>	<u>\$147,013,071</u>	<u>\$640,599,359</u>	<u>\$4,673,650</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 2024. 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.

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.

CAPITAL INFRASTRUCTURE RESERVE FUND

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

CAPITAL IMPROVEMENT 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.

**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	Capital Projects Funds			
	General Fund	Capital Improvement	Capital Infrastructure Reserve	Capital Improvement Orange Memorial Park
ASSETS				
Cash and investments (Note 2)	\$94,701,752	\$519,239	\$19,146,909	\$14
Receivables:				
Accounts	16,741,316	7,267,297		
Accrued interest	559,583		126,018	
Loans				
Employee loans (Note 1T)			100,000	
Leases (Note 10)	16,084,447			
Due from other funds (Note 4B)	200,000			
Inventory	574			
Restricted cash and investments (Note 2)		2,678,464		53,959,071
Properties held for redevelopment (Note 1O)	2,823,118			
	<u>\$131,110,790</u>	<u>\$10,465,000</u>	<u>\$19,372,927</u>	<u>\$53,959,085</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$2,156,534	\$3,677,359		\$1,080,133
Accrued salaries and benefits	2,359,771			
Other payable	480,065	2,081,469		160,752
Deposits payable	505,990			
Unearned revenue	1,000,899	1,772,126		
Due to other funds (Note 4B)				
	<u>6,503,259</u>	<u>7,530,954</u>		<u>1,240,885</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable	2,874,314	6,953,184		
Related to leases (Note 10)	15,388,754			
	<u>18,263,068</u>	<u>6,953,184</u>		
FUND BALANCE				
Fund Balances (Note 6):				
Nonspendable	696,267			
Restricted	2,823,118	2,590,861		52,718,200
Committed	24,645,312			
Assigned	7,761,552		\$19,372,927	
Unassigned	70,418,214	(6,609,999)		
	<u>106,344,463</u>	<u>(4,019,138)</u>	<u>19,372,927</u>	<u>52,718,200</u>
Total Fund Balances (Deficits)	<u>106,344,463</u>	<u>(4,019,138)</u>	<u>19,372,927</u>	<u>52,718,200</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$131,110,790</u>	<u>\$10,465,000</u>	<u>\$19,372,927</u>	<u>\$53,959,085</u>

See accompanying notes to basic financial statements

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$153,162,417	\$267,530,331
1,959,236	25,967,849
911,666	1,597,267
1,133,309	1,133,309
	100,000
1,165,110	17,249,557
	200,000
	574
2,707,612	59,345,147
729,031	3,552,149
<u>\$161,768,381</u>	<u>\$376,676,183</u>

\$718,606	\$7,632,632
	2,359,771
1,223,223	3,945,509
3,356,006	3,861,996
1,278,941	4,051,966
200,000	200,000
<u>6,776,776</u>	<u>22,051,874</u>

	9,827,498
<u>1,124,024</u>	<u>16,512,778</u>
<u>1,124,024</u>	<u>26,340,276</u>

	696,267
153,831,903	211,964,082
	24,645,312
	27,134,479
<u>35,678</u>	<u>63,843,893</u>
<u>153,867,581</u>	<u>328,284,033</u>

<u>\$161,768,381</u>	<u>\$376,676,183</u>
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**CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023**

Total fund balances reported on the governmental funds balance sheet	\$328,284,033
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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.	563,868,581
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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.	29,183,859
--	------------

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	(216,688,616)
Interest payable	(671,562)
Deferred outflows related pension	54,672,658
Deferred outflows related to OPEB	9,388,568
Net OPEB liability	(48,338,984)
Net pension liability	(216,473,465)
Deferred inflows related to OPEB	(8,631,517)
Deferred inflows related to pension	(455,033)
Compensated absences	(7,505,418)
	(7,505,418)

Net position of governmental activities	\$493,586,288
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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, 2024**

	Capital Projects Funds			
	General Fund	Capital Improvement	Capital Infrastructure Reserve	Capital Improvement Orange Memorial Park
REVENUES				
Property taxes	\$56,352,378			
Sales taxes	39,002,014			
Transient occupancy taxes	14,922,567			
Franchise Fees	5,329,885			
Other taxes	7,097,906			
Intergovernmental	6,497,111	\$3,750,017		
Interest and rentals	7,054,421		\$829,323	\$2,214,307
Licenses and permits	13,978,818			
Charges for services	12,975,439		250,000	
Fines and forfeitures	480,957			
Other	339,588	2,398,929		
Total Revenues	<u>164,031,084</u>	<u>6,148,946</u>	<u>1,079,323</u>	<u>2,214,307</u>
EXPENDITURES				
Current:				
City Council	301,415			
City Clerk	972,958			
City Treasurer	170,820			
City Attorney	1,719,156			
City Manager	3,571,928			
Finance	3,267,080			
Non-departmental	1,451,360			
Human Resources	2,609,554			
Fire	36,737,241			
Police	37,093,241			
Public Works	10,126,863	24,281,112	5,181	4,061,625
Parks and Recreation	22,747,701			
Library	7,706,106			
Economic and Community Development	11,123,819			
Other				
Capital Outlay	108,750			
Debt service:				
Principal repayments				
Interest and fiscal charges				
Total Expenditures	<u>139,707,992</u>	<u>24,281,112</u>	<u>5,181</u>	<u>4,061,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,323,092</u>	<u>(18,132,166)</u>	<u>1,074,142</u>	<u>(1,847,318)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4C)	6,342,328	11,607,351		
Transfers out (Note 4C)	(12,880,123)		(1,930,678)	(3,238,588)
Total Other Financing Sources (Uses)	<u>(6,537,795)</u>	<u>11,607,351</u>	<u>(1,930,678)</u>	<u>(3,238,588)</u>
Net Change in Fund Balances	<u>17,785,297</u>	<u>(6,524,815)</u>	<u>(856,536)</u>	<u>(5,085,906)</u>
Fund balances - July 1, as previously reported	88,559,166	2,505,677	20,229,463	57,804,106
Adjustment - changes from major fund to nonmajor fund				
Fund balances - July 1, as adjusted	<u>88,559,166</u>	<u>2,505,677</u>	<u>20,229,463</u>	<u>57,804,106</u>
Fund balances (deficits) - June 30	<u>\$106,344,463</u>	<u>(\$4,019,138)</u>	<u>\$19,372,927</u>	<u>\$52,718,200</u>

See accompanying notes to financial statements

Capital Projects Funds			
(Formerly Major) Capital Improvement Police Station	(Formerly Major) Capital Improvement Civic Campus	Other Governmental Funds	Total Governmental Funds
		\$2,430,567	\$58,782,945
		1,035,179	40,037,193
			14,922,567
			5,329,885
		2,539,983	9,637,889
		19,273,483	29,520,611
		6,555,138	16,653,189
			13,978,818
		25,325,018	38,550,457
			480,957
		1,524,575	4,263,092
		<u>58,683,943</u>	<u>232,157,603</u>
			301,415
			972,958
			170,820
			1,719,156
			3,571,928
			3,267,080
		29,304	1,480,664
			2,609,554
		84,879	36,822,120
		254,809	37,348,050
		22,305,868	60,780,649
		2,442,487	25,190,188
			7,706,106
		823,929	11,947,748
		1,478,859	1,478,859
		6,862,592	6,971,342
		4,204,000	4,204,000
		8,205,338	8,205,338
		<u>46,692,065</u>	<u>214,747,975</u>
		<u>11,991,878</u>	<u>17,409,628</u>
		19,487,817	37,437,496
		(20,555,261)	(38,604,650)
		(1,067,444)	(1,167,154)
		10,924,434	16,242,474
331,784	5,703,795	136,907,568	312,041,559
(331,784)	(5,703,795)	6,035,579	
		<u>142,943,147</u>	<u>312,041,559</u>
		<u>\$153,867,581</u>	<u>\$328,284,033</u>

CITY OF SOUTH SAN FRANCISCO
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$16,242,474

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	46,441,746
Current year depreciation	(9,948,099)

Long-Term Debt Payments

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

Repayment of principal is added back to fund balance	4,204,000
Amortization of premium is added back to fund balance	1,382,613

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	5,541,168
Interest payable	12,216
Compensated absences	(490,069)
Net pension liability, deferred outflows and inflows of resources	(10,981,645)
Net OPEB liability, deferred outflows and inflows of resources	4,258,806

Allocation of Internal Service Fund Activity

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

2,587,918

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$59,251,128

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, 2024

	<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	\$47,980,000	\$49,280,000	\$56,352,378	\$7,072,378
Sales taxes	39,351,500	37,951,500	39,002,014	1,050,514
Transient occupancy taxes	14,910,000	14,000,000	14,922,567	922,567
Franchise fees	4,600,000	4,600,000	5,329,885	729,885
Other taxes	6,950,000	6,650,000	7,097,906	447,906
Intergovernmental	3,139,827	7,765,466	6,497,111	(1,268,355)
Interest and rentals	3,940,000	4,450,000	7,054,421	2,604,421
Licenses and permits	16,962,894	12,462,894	13,978,818	1,515,924
Charges for services	9,709,257	11,569,271	12,975,439	1,406,168
Fines and forfeitures	700,000	700,000	480,957	(219,043)
Other	337,826	337,826	339,588	1,762
	<u>148,581,304</u>	<u>149,766,957</u>	<u>164,031,084</u>	<u>14,264,127</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
City Council	269,486	269,487	301,415	(31,928)
City Clerk	1,265,011	1,123,510	972,958	150,552
City Treasurer	133,428	133,428	170,820	(37,392)
City Attorney	1,108,825	1,108,825	1,719,156	(610,331)
City Manager	5,406,710	4,955,637	3,599,862	1,355,775
Finance	3,992,281	3,901,140	3,686,978	214,162
Non-departmental	1,394,367	1,394,368	1,742,622	(348,254)
Human Resources	2,884,524	2,849,228	2,857,825	(8,597)
Fire	32,761,869	36,750,577	37,327,182	(576,605)
Police	36,838,240	37,354,911	37,093,604	261,307
Public Works	11,954,045	14,239,034	11,399,312	2,839,722
Parks and Recreation	24,675,441	25,769,325	24,953,537	815,788
Library	8,044,806	8,013,719	7,712,864	300,855
Economic and Community Development	8,499,933	15,074,057	13,822,659	1,251,398
Capital Outlay		79,112	108,750	(29,638)
	<u>139,228,966</u>	<u>153,016,358</u>	<u>147,469,544</u>	<u>5,546,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4C)	7,581,177	8,992,379	6,342,328	(2,650,051)
Transfers out (Note 4C)	(9,686,750)	(26,359,981)	(12,880,123)	13,479,858
	<u>(2,105,573)</u>	<u>(17,367,602)</u>	<u>(6,537,795)</u>	<u>10,829,807</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	<u>\$7,246,765</u>	<u>(\$20,617,003)</u>	10,023,745	<u>\$30,640,748</u>
Fund Balance - July 1			88,559,166	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>7,761,552</u>	
Fund Balance - June 30			<u>\$106,344,463</u>	

See accompanying notes to financial statements

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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, 2024**

	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)	\$31,869,399	\$3,642,161	\$3,348,192	\$38,859,752	\$43,129,774
Receivables:					
Accounts	1,940,954	5,981	10,012	1,956,947	290,558
Accrued interest	154,599	22,445	17,786	194,830	234,720
Deposits					309,790
Prepaid items					1,296,700
Restricted cash and investments (Note 2)	63			63	
Total current assets	<u>33,965,015</u>	<u>3,670,587</u>	<u>3,375,990</u>	<u>41,011,592</u>	<u>45,261,542</u>
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	1,344,864	421,149	13,747,203	15,513,216	
Depreciable, net accumulated depreciation	161,823,775	9,007,935	1,505,787	172,337,497	5,509,520
Total non-current assets	<u>163,168,639</u>	<u>9,429,084</u>	<u>15,252,990</u>	<u>187,850,713</u>	<u>5,509,520</u>
Total Assets	<u>197,133,654</u>	<u>13,099,671</u>	<u>18,628,980</u>	<u>228,862,305</u>	<u>50,771,062</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7)	6,074,740			6,074,740	
Related to OPEB (Note 9)	1,043,174			1,043,174	
Total Deferred Outflows of Resources	<u>7,117,914</u>			<u>7,117,914</u>	
LIABILITIES					
Current liabilities:					
Accounts payable	615,294	7,068	219,243	841,605	963,987
Other payable	36,058		146,052	182,110	64,066
Accrued interest payable	753,681			753,681	
Deposits payable	7,500			7,500	
Unearned revenue	44,942			44,942	
Due to other funds (Note 4B)					
Accrued insurance loss (Note 12)					3,802,759
Compensated absences obligation (Note 1M)	643,212	6,594	44,019	693,825	1,278,335
Current portion of long-term debt (Note 5)	4,433,082			4,433,082	
Total current liabilities	<u>6,533,769</u>	<u>13,662</u>	<u>409,314</u>	<u>6,956,745</u>	<u>6,109,147</u>
Noncurrent liabilities:					
Accrued insurance losses (Note 12)					14,434,000
Compensated absences obligation (Note 1M)	298,251	13,137		311,388	1,044,056
Noncurrent portion of long-term debt (Note 5)	51,265,794			51,265,794	
Net pension liability (Note 7)	24,052,607			24,052,607	
Net OPEB liability (Note 9)	5,370,998			5,370,998	
Total noncurrent liabilities	<u>80,987,650</u>	<u>13,137</u>		<u>81,000,787</u>	<u>15,478,056</u>
Total Liabilities	<u>87,521,419</u>	<u>26,799</u>	<u>409,314</u>	<u>87,957,532</u>	<u>21,587,203</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7)	50,559			50,559	
Related to OPEB (Note 9)	959,057			959,057	
Total Deferred Inflows of resources	<u>1,009,616</u>			<u>1,009,616</u>	
NET POSITION:					
Net investment in capital assets	107,469,763	9,429,084	15,252,990	132,151,837	5,509,520
Unrestricted	8,250,770	3,643,788	2,966,676	14,861,234	23,674,339
Total Net Position	<u>\$115,720,533</u>	<u>\$13,072,872</u>	<u>\$18,219,666</u>	<u>\$147,013,071</u>	<u>\$29,183,859</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, 2024**

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$25,844,338		\$451,722	\$26,296,060	\$34,876,208
Other cities' participation	8,659,655			8,659,655	
Permit fees	143,589			143,589	
Parking fees		\$1,027,298		1,027,298	
Total Operating Revenues	34,647,582	1,027,298	451,722	36,126,602	34,876,208
OPERATING EXPENSES					
Personnel expenses	11,824,025	362,347	1,239,132	13,425,504	21,003,586
Professional services	2,916,770	210,517	195,187	3,322,474	1,029,955
OPEB Expenses	535,039	1,613		536,652	
Program supplies	2,233,224	69,000	2,541,029	4,843,253	2,346,366
Insurance	357,456		3,094	360,550	3,536,800
Self-insurance and claims					3,274,637
Repair and maintenance	1,704,928		42,514	1,747,442	1,053,697
Rents	1,689,059			1,689,059	
Utilities	1,757,657	204,430	18,560	1,980,647	141,932
Administration	1,786,837	147,401	54,354	1,988,592	
Depreciation	6,038,100	251,418	33,651	6,323,169	1,266,646
Other	75,514		4,577	80,091	649,434
Total Operating Expenses	30,918,609	1,246,726	4,132,098	36,297,433	34,303,053
Operating Income (Loss)	3,728,973	(219,428)	(3,680,376)	(170,831)	573,155
NONOPERATING REVENUES (EXPENSES)					
Interest income	1,049,306	148,173	116,590	1,314,069	1,548,846
Gain on dispositions of capital assets					48,524
Interest expense	(1,121,002)			(1,121,002)	
Other			1,700	1,700	167,393
Total Nonoperating Revenues (Expenses)	(71,696)	148,173	118,290	194,767	1,764,763
Income (loss) before contributions and transfers	3,657,277	(71,255)	(3,562,086)	23,936	2,337,918
TRANSFERS					
Capital subventions and grants	2,692,083		525,014	3,217,097	
Transfers in (Note 4C)	4,327		2,657,131	2,661,458	250,000
Transfers (out) (Note 4C)	(1,744,304)			(1,744,304)	
Change in Net Position	4,609,383	(71,255)	(379,941)	4,158,187	2,587,918
Net Position - July 1	111,111,150	13,144,127	18,599,607	142,854,884	26,595,941
Net Position - June 30	\$115,720,533	\$13,072,872	\$18,219,666	\$147,013,071	\$29,183,859

See accompanying notes to financial statements

**CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	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	\$33,358,844	\$1,030,598	\$879,629	\$35,269,071	
Cash payments to suppliers for goods and services	(13,329,350)	(634,648)	(2,559,718)	(16,523,716)	(\$8,098,419)
Cash payments to employees for services	(11,086,472)	(358,483)	(1,233,559)	(12,678,514)	(20,890,526)
Cash received from interfund service provided					35,209,359
Cash payments for judgments and claims					(2,321,940)
Net Cash Provided by (Used in) Operating Activities	<u>8,943,022</u>	<u>37,467</u>	<u>(2,913,648)</u>	<u>6,066,841</u>	<u>3,898,474</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	4,327		2,657,131	2,661,458	250,000
Transfers out	(1,744,304)			(1,744,304)	
Net Cash Provided by Noncapital Financing Activities	<u>(1,739,977)</u>		<u>2,657,131</u>	<u>917,154</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	1,776,356			1,776,356	
Principal paid on long-term debt	(4,368,202)			(4,368,202)	
Interest paid on long-term debt	(1,131,820)			(1,131,820)	
Subventions and grants	2,692,083		525,014	3,217,097	
Acquisition of capital assets, net	(856,807)		(493,767)	(1,350,574)	(1,447,666)
Proceeds from the sale of capital assets					48,524
Net Cash Used in Capital and Related Financing Activities	<u>(1,888,390)</u>		<u>31,247</u>	<u>(1,857,143)</u>	<u>(1,399,142)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	671,446	97,558	80,306	849,310	1,011,995
Changes in fair value of investments	320,913	46,591	36,920	404,424	487,229
Net Cash Provided by Investing Activities	<u>992,359</u>	<u>144,149</u>	<u>117,226</u>	<u>1,253,734</u>	<u>1,499,224</u>
Net Increase (Decrease) in cash and cash equivalents	6,307,014	181,616	(108,044)	6,380,586	4,248,556
Cash and cash equivalents, beginning	25,562,448	3,460,545	3,456,236	32,479,229	38,881,218
Cash and cash equivalents, ending	<u>\$31,869,462</u>	<u>\$3,642,161</u>	<u>\$3,348,192</u>	<u>\$38,859,815</u>	<u>\$43,129,774</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$3,728,973	(\$219,428)	(\$3,680,376)	(\$170,831)	\$573,155
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
to cash flows from operating activities:					
Depreciation	6,038,100	251,418	33,651	6,323,169	1,266,646
Other non-operating revenue (expenses)			1,700	1,700	167,393
Net change in assets and liabilities:					
Accounts and lease receivables	(1,284,738)	3,300	426,207	(855,231)	165,758
Deposit					
Prepaid items					61,584
Accounts payable	(64,260)	(1,624)	153,550	87,666	632,455
Other payable	(208,606)	(63)	146,047	(62,622)	(115,659)
Unearned revenue	(4,000)			(4,000)	
Accrued insurance losses					952,697
(Decrease) increase due to retirement system	1,152,627			1,152,627	
(Decrease) increase due to OPEB	(473,201)			(473,201)	
Compensated absence obligations	58,127	3,864	5,573	67,564	194,445
Net Cash Provided by (Used in) Operating Activities	<u>\$8,943,022</u>	<u>\$37,467</u>	<u>(\$2,913,648)</u>	<u>\$6,066,841</u>	<u>\$3,898,474</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, 2023**

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Property taxes		\$1,036,213
Plan contributions		53,635
Interest and rentals	\$642,233	122,612
Other	23,281	
	665,514	1,212,460
Total Additions	665,514	1,212,460
DEDUCTIONS		
Economic and Community Development	11,841,451	
Professional services		24,801
Payments to bondholders		962,493
Depreciation	6,593	
	11,848,044	987,294
Total Deductions	11,848,044	987,294
Change in net position	(11,182,530)	225,166
NET POSITION		
Beginning of the year	23,865,677	2,352,724
End of the year	\$12,683,147	\$2,577,890

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, 2024

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 2024. 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, 2024

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. South San Francisco Housing Authority

The **South San Francisco Housing Authority** was established by the City of South San Francisco in 1955 under the provisions of the State Health and Safety Code to address a shortage of low income housing in the City. Although the City Council appoints the Authority Commissioners, the City Council can only remove those appointed Commissioners for inefficiency, neglect of duty or misconduct. The Housing Authority operates independent of the City and the City is not financially accountable for the Housing Authority. Therefore, the operations of the Housing Authority are not included in the financial reporting entity of the City.

E. 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. 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.

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.

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

Capital Improvement 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 include the Employee Deferred Comp Trust Oversight Fund and the Community Facilities District 2021-01, which accounted for payments of special assessment bonds.

G. 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 and right to use subscription 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

H. *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 Transit Station Enhancement In-Lieu Fee Special Revenue Fund; 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, 2024.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

I. 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, 2024:

	Expenditures in Excess of Budget (Non GAAP Legal Basis)
General Fund:	
City Council	\$31,928
City Treasurer	37,392
City Attorney	610,331
Non-departmental	348,254
Human Resources	8,597
Fire	576,605
Capital Outlay	29,638
Non-Major Funds:	
Supplemental Law Enforcement Services Special Revenue Fund	28,029
City Programs Special Revenue Fund	774,354

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

J. 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.

K. 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.

L. 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 and intangible right to use subscription assets, the measurement of which is discussed in Note 1R below.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

City	
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
Authority	
Buildings	30-40 years
Improvements	5-10 years
Machinery and vehicles	5-10 years
Furniture and fixtures	5-10 years
Food service equipment	5-15 years
Kitchen tableware	5-10 years
Office and maintenance equipment	2-5 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.

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$9,143,295	\$937,649	\$10,080,944
Additions	7,067,577	785,301	7,852,878
Payments	(6,383,063)	(717,737)	(7,100,800)
Ending Balance	\$9,827,809	\$1,005,213	\$10,833,022
Current Portion	\$6,465,618	\$693,825	\$7,159,443

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.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. *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).

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

Q. *Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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.

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

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

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

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

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

S. *Subscription Based Information Technology Arrangements (SBITAs)* – A SBITA is a contract that conveys control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes subscription asset with an initial, individual value of \$1,000,000 or more, based on the present value of future subscription payments remaining at the start of the agreement.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported in the statement of net position. The City did not have any subscription agreements that met the capitalization threshold as of June 30, 2024.

- T. *Employee Downpayment Assistance Loan Program*** – The City established an employee down payment assistance loan program in 2017 and appropriated \$1 million for the program, offering a loan of up to \$100,000 to full-time employees that have passed their probationary period and are a first time homebuyer (meaning they have not owned a home in three years). The employee borrower is required to put down at least 3% of the purchase price and the loan term is up to 30 years and the home must be located within the counties of San Francisco and San Mateo. The loan does not bear interest, but is instead a shared appreciation loan. The loan becomes due and payable upon transfer of title, the home is no longer owner-occupied, upon a cash-out refinance, and/or when the employee no longer works for the City (the employee would have 12 months to refinance and repay the loan, with a one-time extension for a documented hardship).

In August 2023, the City loaned \$100,000 to a City employee for the purpose of purchasing a home. The loan is secured by a deed of trust, has a term of 30 years and the shared appreciation is 6.23% of the principal outstanding on the loan divided by the purchase price, multiplied by the appreciation. The appreciation is calculated based on the difference between the purchase price and the sales price at the time of resale or the fair market value in the event of prepayment of the note or default or the amount paid by a creditor for title to the property if acquired through a deed in lieu of foreclosure, less any fees. If the employee prepays the loan on or before the 5th anniversary of the loan effective date, the shared appreciation is capped at the rate of 5%. In the event the employee rents any portion of the property, the rental payments are due and payable to the City.

- U. *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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. *New Accounting Pronouncement*

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provisions of this Statement were implemented during fiscal year 2024 related to the change within the financial reporting entity for the presentation of a new major fund's beginning fund balance, as noted on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 2 – CASH AND INVESTMENTS

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

A. *Policies*

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments as of June 30, 2024 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	\$349,519,857
Restricted cash and investments	<u>59,345,210</u>
Total Primary Government cash and investments	<u>408,865,067</u>
Statement of Fiduciary Net Position:	
Cash and investments available for operations	129,172
Restricted cash and investments	<u>13,392,999</u>
Total Fiduciary cash and investments	<u>13,522,171</u>
Conference Center:	
Cash and investments available for operations	<u>4,436,299</u>
Total South San Francisco	
Conference Center cash and investments	<u>4,436,299</u>
Total cash and investments	<u><u>\$426,823,537</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, 2024

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	5 years	N/A	No Limit	No Limit
Federal Agency or U.S. Government Sponsored Enterprise Obligations	5 years	N/A	No Limit	25%
Supranational Obligations	5 years	AA	30%	10%
Corporate Medium-Term Notes	5 years	A	30%	5% (B)
Asset-Backed Securities	5 years	AA	20%	5%
Commercial Paper	270 days	A1,P1	25%	5% (B)
Negotiable Certificates of Deposit	5 years	A-1 or A	30%	5%
Repurchase Agreements	90 days	AA	No Limit \$75 million	No Limit
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	per acct	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.

(B) No more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
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.

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 is by holding most investments to maturity, thus reversing unrealized market gains and losses.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

	Remaining maturity			Total
	Less than 1 year	One to Five Years	More than Five Years	
<i>City and Fiduciary:</i>				
U.S. Treasury Securities	\$65,795,122	\$59,414,471		\$125,209,593
Federal Agency Securities	5,572,339	48,316,239		53,888,578
Local Agency Investment Fund	120,519,709			120,519,709
Money Market Funds	19,934,742			19,934,742
Corporate Medium Term Notes	2,231,007	48,487,533		50,718,540
Asset-Backed Securities		31,938,161		31,938,161
Supranational Obligations		8,849,054		8,849,054
<i>South San Francisco Conference Center:</i>				
Local Agency Investment Fund	3,982,761			3,982,761
Total Investments	<u>\$218,035,680</u>	<u>\$197,005,458</u>		415,041,138
Cash in Banks and on Hand - City of South San Francisco				11,328,861
Cash in Banks and on Hand - South San Francisco Conference Center				<u>453,538</u>
Total Cash and Investments				<u>\$426,823,537</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, 2024, these investments have an average maturity of 217 days.

Money market funds are available for withdrawal on demand and as of June 30, 2024 have an average maturity of 13 to 26 days.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024, for each of the Primary Government’s investment types as provided by Moody’s investment rating system, except as noted:

Investment Type	AAA/AAAmf	Aa1 -Aa3	A1 -A3	Total
City and Fiduciary:				
Federal Agency Securities	\$53,888,578			\$53,888,578
Money Market Funds	19,934,742			19,934,742
Corporate Medium Term Notes	3,608,218	\$16,318,485	\$30,791,837	50,718,540
Asset-Backed Securities	21,836,776			21,836,776
Supranational Obligations	8,849,054			8,849,054
Totals	<u>\$108,117,368</u>	<u>\$ 16,318,485</u>	<u>\$ 30,791,837</u>	155,227,690
City and Fiduciary:				
<i>Not rated:</i>				
Asset-Backed Securities				10,101,385 (A)
Local Agency Investment Fund				120,519,709
<i>Exempt from credit rating disclosure:</i>				
U.S. Treasury Securities				125,209,593
South San Francisco Conference Center:				
<i>Not rated:</i>				
Local Agency Investment Fund				<u>3,982,761</u>
Total Investments				<u>\$415,041,138</u>

(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, 2024

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, 2024:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
City and Fiduciary:		
U.S. Treasury Securities	\$125,209,593	\$125,209,593
Federal Agency Securities	53,888,578	53,888,578
Corporate Medium Term Notes	50,718,540	50,718,540
Asset Backed Securities	31,938,161	31,938,161
Supranational Obligations	8,849,054	8,849,054
Totals	\$270,603,926	270,603,926
 <i>Investments Measured at Amortized Cost:</i>		
City and Fiduciary:		
Money Market Mutual Funds		19,934,742
 <i>Investments Exempt from Fair Value Hierarchy:</i>		
City and Fiduciary:		
Local Agency Investment Fund		120,519,709
South San Francisco Conference Center:		
Local Agency Investment Fund		3,982,761
Total Investments		\$415,041,138

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.

I. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, that represent 5 percent or more of total investments are as follows at June 30, 2024:

Issuer	Investment Type	Amount
Federal Farm Credit Banks (FFCB)	Federal Agency Securities	\$24,083,889

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 3 – CAPITAL ASSETS

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

	Balance June 30, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Governmental activities					
Capital assets not being depreciated:					
Land	\$72,238,228	\$5,490,074			\$77,728,302
Construction in Progress	260,914,304	39,420,106	(\$7,302)	(\$11,183,798)	289,143,310
Total capital assets not being depreciated	333,152,532	44,910,180	(7,302)	(11,183,798)	366,871,612
Capital assets being depreciated:					
Buildings and Improvements	150,492,534	1,372,517		1,716,144	153,581,195
Infrastructure - Streets	208,348,708			4,470,084	212,818,792
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	12,591,370			4,997,570	17,588,940
Equipment and Vehicle	7,382,928	166,351	(36,914)		7,512,365
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	390,357,247	1,538,868	(36,914)	11,183,798	403,042,999
Less accumulated depreciation for:					
Buildings and Improvements	(50,319,388)	(3,638,355)			(53,957,743)
Infrastructure - Streets	(126,957,137)	(5,365,299)			(132,322,436)
Infrastructure - Storm Drains	(4,389,061)	(204,499)			(4,593,560)
Infrastructure - Traffic Control Devices	(5,743,324)	(579,121)			(6,322,445)
Equipment and Vehicle	(6,667,213)	(80,846)	36,914		(6,711,145)
Furniture and Fixtures	(2,058,722)	(79,979)			(2,138,701)
Total accumulated depreciation	(196,134,845)	(9,948,099)	36,914		(206,046,030)
Net Governmental Fund					
Capital Assets Being Depreciated	194,222,402	(8,409,231)		11,183,798	196,996,969
Internal Service Fund Capital Assets					
Capital assets being depreciated:					
Equipment and Vehicle	18,503,026	1,447,666	(319,538)		19,631,154
Accumulated depreciation	(13,174,526)	(1,266,646)	319,538		(14,121,634)
Net Internal Service Fund Capital Assets Being Depreciated	5,328,500	181,020			5,509,520
Governmental activities capital assets, net	\$532,703,434	\$36,681,969	(\$7,302)		\$569,378,101
Total capital assets not being depreciated	\$333,152,532	\$44,910,180	(\$7,302)	(\$11,183,798)	\$366,871,612
Net capital assets being depreciated	199,550,902	(8,228,211)		11,183,798	202,506,489
Governmental activities capital assets, net	\$532,703,434	\$36,681,969	(\$7,302)		\$569,378,101

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance June 30, 2023	Additions	Retirement	Transfer	Balance June 30, 2024
Business-type activities					
Capital assets, not being depreciated:					
Land	\$794,587				\$794,587
Construction in Progress	86,190,801	\$586,324		(\$72,058,496)	14,718,629
Total capital assets not being depreciated	86,985,388	586,324		(72,058,496)	15,513,216
Capital assets being depreciated:					
Buildings and Improvements	80,173,059			72,058,496	152,231,555
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	764,250	(\$15,029)		19,204,767
Furniture and Fixtures	31,154				31,154
Total capital assets being depreciated	192,115,764	764,250	(15,029)	72,058,496	264,923,481
Less accumulated depreciation for:					
Buildings and Improvements	(26,924,993)	(3,250,989)			(30,175,982)
Clean Water Facilities and Lines	(39,639,809)	(1,936,594)			(41,576,403)
Infrastructure - Storm Drains	(1,946,692)	(187,980)			(2,134,672)
Infrastructure - Streets	(2,888,541)	(209,571)			(3,098,112)
Equipment and Vehicle	(14,846,655)	(738,035)	15,029		(15,569,661)
Furniture and Fixtures	(31,154)				(31,154)
Total accumulated depreciation	(86,277,844)	(6,323,169)	15,029		(92,585,984)
Net capital assets being depreciated	105,837,920	(5,558,919)		72,058,496	172,337,497
Business-type activities capital assets, net	\$192,823,308	(\$4,972,595)			\$187,850,713

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Component Unit:				
South San Francisco Conference Center				
Capital assets not being depreciated:				
Construction in Progress		\$23,925		\$23,925
Capital assets being depreciated:				
Depreciable:				
Buildings and Improvements	\$10,928,538	\$181,687	(52,665)	11,057,560
Furniture and Fixtures	932,393	6,000	(\$9,628)	928,765
Machinery and Equipment	599,715	77,027		676,742
Total Depreciable	12,460,646	264,714	(62,293)	12,663,067
Right of Use Assets:				
Leased Land	8,351,928			8,351,928
	20,812,574	264,714	(62,293)	21,014,995
Less accumulated depreciation and amortization				
Depreciable	(11,033,779)	(374,133)	62,293	(11,345,619)
Leased Land	(6,959,940)	(278,397)		(7,238,337)
	(17,993,719)	(652,530)	62,293	(18,583,956)
Capital Assets Being Depreciated	2,818,855	(387,816)		2,431,039
Component Unit Capital Assets, Net	\$2,818,855	(\$363,891)		\$2,454,964

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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	\$718,001
Fire	338,295
Police	1,096,756
Public works	7,089,247
Parks and recreation	576,702
Library	58,455
Economic and community development	70,643
Total Governmental Functions	9,948,099
Internal Service Funds	1,266,646
Total Governmental Activities	\$11,214,745
<i>Business-Type Activities</i>	
Sewer Enterprise	\$6,038,100
Parking District	251,418
Storm Water	33,651
Total Business-Type Activities	\$6,323,169

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, 2024

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	Community Development Block Grant Special Revenue Fund	\$100,000
	Oyster Point Development Impact Fees Capital Projects Fund	100,000
		\$200,000

C. Transfers

Transfers between funds during the fiscal year ended June 30, 2024 were as follows:

FROM FUND (OUT)	TO FUND (IN)	AMOUNT
General Fund	Capital Improvement Capital Projects Fund	\$896,323
	Non-Major Governmental Funds	11,483,800
	Storm Water Enterprise Fund	250,000
	Retiree Health Benefits Internal Service Fund	250,000
Capital Infrastructure Reserve Capital Projects Fund	Capital Improvement Capital Projects Fund	1,930,678
Capital Improvements Orange Memorial Park Capital Projects Fund	Non-Major Governmental Funds	3,238,588
Non-Major Governmental Funds	General Fund	6,342,328
	Capital Improvement Capital Projects Fund	8,719,869
	Non-Major Governmental Funds	4,765,429
	Sewer Enterprise Fund	4,327
	Storm Water Enterprise Fund	723,308
Sewer Enterprise Fund	Capital Improvement Capital Projects Fund	60,481
	Storm Water Enterprise Fund	1,683,823
	Total	\$40,348,954

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024 follows:

	Authorized and Issued	Balance at June 30, 2023	Retirement	Balance at June 30, 2024	Current Portion
Governmental Activities					
Lease Revenue Bonds:					
2020A Police Station Project, 4.00 to 5.00% (1)	\$43,905,000	\$40,960,000	\$1,080,000	\$39,880,000	\$1,135,000
Plus: Unamortized bond premium		8,725,118	379,353	8,345,765	
2021A Community Civic Campus Project, 4.00% (2)	86,410,000	82,045,000	2,240,000	79,805,000	2,330,000
Plus: Unamortized bond premium		16,667,239	724,663	15,942,576	
2022A Orange Memorial Park Project, 4.00 to 5.25% (3)	65,420,000	65,420,000		65,420,000	1,705,000
Plus: Unamortized bond premium		6,407,720	278,597	6,129,123	
Total Lease Revenue Bonds	195,735,000	220,225,077	4,702,613	215,522,464	5,170,000
Direct Borrowing:					
2007 Loans Payable to the Successor Agency (4)		2,050,152	884,000	1,166,152	
Total Direct Borrowing		2,050,152	884,000	1,166,152	
Net Governmental Long-Term Debt	\$195,735,000	\$222,275,229	\$5,586,613	\$216,688,616	\$5,170,000
Business-Type Activities					
Revenue Bonds:					
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (5)	\$6,000,000	\$1,620,000	\$375,000	\$1,245,000	\$395,000
Direct Borrowing:					
2004 State Water Resources Loan, 2.5%, due 1/1/27 (6)	21,258,529	4,004,293	1,301,944	2,702,349	1,334,493
2008 State Water Resources Loan, 2.4%, (7)	9,164,505	3,207,842	503,449	2,704,393	515,532
2018 State Water Resources Loan, 1.8% (8)	53,403,000	51,234,943	2,187,809	49,047,134	2,188,057
Total Direct Borrowing	83,826,034	58,447,078	3,993,202	54,453,876	4,038,082
Net Business-Type Long-Term Debt	\$89,826,034	\$60,067,078	\$4,368,202	\$55,698,876	\$4,433,082

(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, 2024

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) **2007 Loan Payable to the Successor Agency** – As of June 30, 2023, 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 \$2,050,152 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 Redevelopment 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, 2024

NOTE 5 – LONG-TERM DEBT (Continued)

(5) On October 25, 2005, the California Statewide Communities Development Authority issued **2005D Water and Wastewater Revenue Bonds**. The City participated in the pooled bond sale and the City's portion of 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, 2024, the City is in compliance with the provisions of Article VI of the Installment Purchase Agreement associated with the 2005D Bonds.

The 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 \$9.9 million which represented coverage of 5.33 over the \$1,848,676 in total debt service.

(6) In **2004**, the **State Water Resources Control Board (SWRCB)** authorized a single loan to improve and expand the City's wastewater treatment plant. Loan proceeds were issued as the projects progressed, with debt service payments commencing one year after project completion. The loan agreements include provisions that, in the event of default, all principal payments shall be immediately due and payable, interest on all amounts owed shall be paid at the highest legal rate, and any additional payments shall be made. The SWRCB shall also enforce its rights under the agreements through any judicial proceedings, whether in law or equity.

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

(8) **2018 State Water Resources Control Board Loan** – In September 2018, the City entered into a \$53.4 million loan agreement with the SWRCB to finance the South San Francisco/San Bruno's Water Quality Control Plant Wet Weather and Digester Project. A portion of this amount, \$4 million, was anticipated to be forgiven on the date of completion of construction. Construction was completed in October 2022, and the \$4 million was forgiven during the year ended June 30, 2023. 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.

The first debt service payment starts on 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 5 – LONG-TERM DEBT (Continued)

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 \$25.3 million which represented coverage of 6.98 over the \$3,651,345 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
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	5,910,000	7,322,988		
2029	6,165,000	7,066,837		
2030-2034	35,080,000	31,080,738		
2035-2039	43,400,000	22,762,937		
2040-2044	53,525,000	12,631,213		
2045-2046	24,795,000	1,671,912		
	<u>185,105,000</u>	<u>\$106,002,187</u>	<u>\$1,245,000</u>	<u>\$95,375</u>
Plus: Unamortized bond premium	<u>30,417,464</u>			
	<u>\$215,522,464</u>			

Future debt service requirements, including interest and leases financings, but excluding the 2007 Loan payable to the Redevelopment Successor Agency in the amount of \$1,166,152 at June 30, 2024, were as follows:

For the Year Ended June 30	Direct Borrowings	
	Principal	Interest
2025	\$4,038,082	\$1,015,313
2026	4,123,204	930,194
2027	2,808,110	843,532
2028	2,861,900	789,443
2029	2,916,737	734,607
2030-2034	12,399,420	2,955,109
2035-2039	13,556,272	1,798,258
2040-2043	11,750,151	533,473
Totals	<u>\$54,453,876</u>	<u>\$9,599,929</u>

**CITY OF SOUTH SAN FRANCISCO
 NOTES TO BASIC FINANCIALS STATEMENTS
 For the Fiscal Year Ended June 30, 2024**

NOTE 5 – LONG-TERM DEBT (Continued)

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 still in service leased through the issuance of leasing arrangements follows:

Leasing Arrangement	Fund/Activity	Original Cost
Capital Leases	Governmental Activity	\$4,674,699

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, 2024, that amount was \$1,158,457,210. As of June 30, 2024, 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, 2024 the outstanding balance of the issue was \$19,610,000.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

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.

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

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, 2024, are below:

<u>Fund Balance Classifications</u>	Capital Project Funds				<u>Other Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Capital Infrastructure Reserve Fund</u>	<u>Capital Improvements Orange Memorial Park</u>	
Nonspendables:					
Items not in spendable form:					
Inventory and prepaid items	\$574				
Leases	695,693				
Total Nonspendable Fund Balances	696,267				
Restricted for:					
Civic campus projects		\$2,590,861		\$52,718,200	\$2,343,160
Police station projects					110,261
Redevelopment and community development activities	2,823,118				
Gas Tax projects					852,546
Developer contributions projects					7,834,404
Community Development Block Grant projects					158,250
Maintenance districts projects					5,204,999
Transportation sales tax projects					7,352,752
City programs projects					16,654,537
Low and moderate housing projects					3,009,469
Other Special Revenues projects					12,530,658
Capital projects activities					97,780,867
Total Restricted Fund Balances	2,823,118	2,590,861		52,718,200	153,831,903
Committed for:					
Capital projects	3,921,810				
Local services	20,723,502				
Total Committed Fund Balances	24,645,312				
Assigned to:					
Capital projects	7,761,552				
Capital infrastructure projects			\$19,372,927		
Total Assigned Fund Balances	7,761,552		19,372,927		
Unassigned:					
General fund	70,418,214				
Other fund deficits		(6,609,999)			35,678
Total Unassigned Fund Balances	70,418,214	(6,609,999)			35,678
Total Fund Balances	\$106,344,463	(\$4,019,138)	\$19,372,927	\$52,718,200	\$153,867,581

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

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, 2024, were as listed below:

General Fund	\$7,761,552
Capital Improvement Capital Projects Fund	23,510,183
Capital Infrastructure Reserve Capital Projects Fund	1,612,169
Capital Improvements Orange Memorial Park	39,880,126
Other Governmental Funds	<u>9,143,094</u>
Total	<u>\$81,907,124</u>

NOTE 7 – PENSION PLANS

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

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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 7 – PENSION PLAN (Continued)

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

The Plans’ provisions and benefits in effect at June 30, 2024, 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 - 63	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%	7.25%
Required employer contribution rates	10.27%	10.27%	10.27%
Required Unfunded Actuarial Liability Contribution	\$7,310,052		

* 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%	12.5%
Required employer contribution rates	22.32%	22.32%	22.32%
Required Unfunded Actuarial Liability Contribution	\$10,046,255		

** 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 7 – PENSION PLAN (Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City’s required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2024 were \$7,310,052 and \$10,046,255, respectively, which were made under the lump sum payment option.

Employees Covered – As of the June 30, 2022 actuarial valuation date and the June 30, 2023 measurement date, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	511	326
Inactive employees entitled to but not yet receiving benefits	421	102
Active employees	290	153
Total	1,222	581

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. Payments made by the City to satisfy contribution requirements that are identified by the Plan terms as Plan member contribution requirements are classified as Plan member contributions.

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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 7 – PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liabilities as of the June 30, 2023 measurement date were based on the following actuarial assumptions:

	Miscellaneous and Safety (1)
Valuation Date	6/30/2022
Measurement Date	6/30/2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increase	(2)
Investment Rate of Return	6.90% (3)
Mortality	Derived using CalPERS Membership Data for all Funds (4)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

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

(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 2021 CalPERS Experience Study & Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvements using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. 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 6.90%. 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 benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 7 – PENSION PLAN (Continued)

In determining the long- term expected rate of return, CalPERS took into account both short- term and long- term market return expectations. Using historical returns of all the fund’s asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building- block approach. The expected rate of return was then adjusted for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return (a), (b)
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2022 (Measurement Date)	\$279,928,752	\$184,118,147	\$95,810,605
Changes in the year:			
Service cost	5,072,877		5,072,877
Interest on the total pension liability	19,261,245		19,261,245
Changes of benefit terms	308,146		308,146
Changes of assumptions			
Differences between actual and expected experience	4,176,186		4,176,186
Plan to plan resource movement			
Contribution - employer		10,651,569	(10,651,569)
Contribution - employees		2,150,828	(2,150,828)
Net investment income		11,414,408	(11,414,408)
Benefit payments, including refunds of employee contributions	(15,602,083)	(15,602,083)	
Administrative expenses		(135,392)	135,392
Other Miscellaneous Income/(Expense)			
Net changes	<u>13,216,371</u>	<u>8,479,330</u>	<u>4,737,041</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$293,145,123</u>	<u>\$192,597,477</u>	<u>\$100,547,646</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2022 (Measurement Date)	\$404,168,106	\$269,583,647	\$134,584,459
Changes in the year:			
Service cost	7,558,887		7,558,887
Interest on the total pension liability	27,750,115		27,750,115
Changes of benefit terms	167,406		167,406
Changes of assumptions			
Differences between actual and expected experience	4,909,741		4,909,741
Plan to plan resource movement			
Contribution - employer		15,352,613	(15,352,613)
Contribution - employees		3,143,555	(3,143,555)
Net investment income		16,694,253	(16,694,253)
Benefit payments, including refunds of employee contributions	(21,698,219)	(21,698,219)	
Administrative expenses		(198,239)	198,239
Other Miscellaneous Income/(Expense)			
Net changes	<u>18,687,930</u>	<u>13,293,963</u>	<u>5,393,967</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$422,856,036</u>	<u>\$282,877,610</u>	<u>\$139,978,426</u>
Grand Total - Both Plans	<u>\$716,001,159</u>	<u>\$475,475,087</u>	<u>\$240,526,072</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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	5.90%	5.90%	
Net Pension Liability	\$138,820,419	\$197,528,405	
Current Discount Rate	6.90%	6.90%	
Net Pension Liability	\$100,547,646	\$139,978,426	
1% Increase	7.90%	7.90%	
Net Pension Liability	\$68,990,767	\$92,878,819	

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, 2024, the City recognized pension expense of \$15,975,319 and \$22,780,883 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$38,756,202. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,928,580	
Changes of assumptions	2,438,341	
Differences between actual and expected experience	2,629,450	(\$277,335)
Net differences between projected and actual earnings on plan investments	8,695,153	
Total	\$22,691,524	(\$277,335)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$17,693,350	
Changes of assumptions	\$4,194,985	(\$228,257)
Differences between actual and expected experience	3,383,141	
Net differences between projected and actual earnings on plan investments	12,784,398	
Total	\$38,055,874	(\$228,257)
Grand Total	\$60,747,398	(\$505,592)

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 7 – PENSION PLAN (Continued)

\$22,691,524 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, 2025. 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
2025	\$5,243,093	2025	\$7,894,281
2026	1,929,196	2026	2,876,680
2027	6,078,093	2027	9,006,903
2028	235,227	2028	356,403

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.

**CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

Benefits provided – The following is a summary of Plan benefits by employee group as of June 30, 2024:

<i>Eligibility</i>	<ul style="list-style-type: none"> • Hired < 4/25/2010 • Retire directly from City and elect coverage: <ul style="list-style-type: none"> • Age 50 and 5 years City service or • Disability retirement with 5 years City service
<i>Benefit</i>	<ul style="list-style-type: none"> • City pays single premium up to largest HMO single premium <p>Cap for 2022/23:</p> <ul style="list-style-type: none"> - \$1,430.80/month pre-65 (Blue Shield) - \$785.04/month post-65 Medicare eligible (Blue Shield) - \$1,971.53/ month post-65 not Medicare eligible (Kaiser) <ul style="list-style-type: none"> • Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65
<i>Surviving Spouse Benefit</i>	<ul style="list-style-type: none"> • Participation with premium payment • AFSCME, Local 1569, Mid-Management, IAFF <ul style="list-style-type: none"> • surviving spouses covered 2 months following death of retiree
<i>Other OPEB</i>	<ul style="list-style-type: none"> • City also reimburses Medicare Part B • No City-paid contribution for dental, vision, or life

For the year ended June 30, 2024, the City’s contributions to the Plan were \$5,215,767.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of the June 30, 2023 measurement date:

Active employees	375
Inactive employees or beneficiaries currently receiving benefit payments	156
Total	531

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

D. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, rolled forward to June 30, 2023, based on the following actuarial methods and assumptions:

Actuarial Assumptions	
Valuation Date	• June 30, 2023
Measurement Date	• June 30, 2023
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 18 years remaining for 2023/24
Asset Valuation Method	• Investment gains and losses spread over 5-year rolling period
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.25% at June 30, 2023 • 6.25% at June 30, 2022 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.50% annually
Salary Increases	• Aggregate - 2.75% annually • Merit - CalPERS 2000-2019 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 • Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 • Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.
Mortality, Retirement, Disability, Termination	• CalPERS 2000-2019 Experience Study
Mortality Improvement	• 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, 2024

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	49.0%	4.56%
Fixed income	23.0%	1.56%
TIPS	5.0%	-0.08%
Commodities	3.0%	1.22%
REITs	20.0%	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, 2023, the medical trend rate was updated and the Experience Study was updated to CalPERS 2000-2019.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023 Measurement Date	\$94,931,780	\$30,019,481	\$64,912,299
Changes Recognized for the Measurement Period:			
Service Cost	1,306,697		1,306,697
Interest on the total OPEB liability	5,866,485		5,866,485
Changes in benefit terms			
Differences between expected and actual experience	(16,440,986)		(16,440,986)
Changes of assumptions	5,560,618		5,560,618
Contributions from the employer		5,551,201	(5,551,201)
Net investment income		1,952,728	(1,952,728)
Benefit payments	(4,749,439)	(4,749,439)	
Administrative expenses		(8,798)	8,798
Net changes	(8,456,625)	2,745,692	(11,202,317)
Balance at June 30, 2024 Measurement Date	\$86,475,155	\$32,765,173	\$53,709,982

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%
(5.25%)	(6.25%)	(7.25%)
\$64,481,646	\$53,709,982	\$44,752,882

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
\$44,143,775	\$53,709,982	\$65,239,140

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024, the City recognized OPEB expense of \$483,760. At June 30, 2024, 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	\$5,215,767	
Differences between actual and expected experience		(\$9,590,574)
Changes in assumptions	3,243,693	
Net differences between projected and actual earnings on plan investments	1,972,282	
Total	\$10,431,742	(\$9,590,574)

\$5,215,767 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, 2025. 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
2025	(\$4,124,291)
2026	(1,564,310)
2027	1,326,051
2028	(12,049)

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 \$398,600. Employer contributions of \$634,838 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, 2024

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, 2024, 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, 2024

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, 2024 were:

	Lease Receivable	Deferred Inflows of Resources
Governmental Activities		
Leases Receivable (Lessor)		
General Fund:		
Conference Center	\$1,699,888	\$1,782,964
Costco	3,598,989	3,450,076
Billboards	6,743,258	6,190,768
Park SFO	2,152,472	2,075,106
Bandwidth	1,889,840	1,889,840
Low and Moderate Income Housing Assets Fund:		
Magnolia	1,165,110	1,124,024
Total governmental activities leases receivable	\$17,249,557	\$16,512,778

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 was 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 \$278,398 in lease revenue and \$60,010 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with this lease 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 \$328,578 in lease revenue and \$112,660 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with this lease 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, 2024, the leases had 20 to 27 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 \$252,170 in lease revenue and \$203,961 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.

Park SFO – The City leases land for two parking garages at the San Francisco International Airport (SFO) to a third party under two lease agreements. The original terms of the leases were thirty and thirty-nine years and as of June 30, 2024, the leases had twelve years remaining. The annual rent increases 3% every five years. The City recognized \$159,623 in lease revenue and \$82,256 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.

Bandwidth – In October 2023, the City entered into an agreement to lease land to a third party for the installation of a fiber optic cable and conduit. The lease term is twenty-five years and the annual rent is increased by the shelter component of the consumer price index. The City did not recognize lease revenue or interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with the lease 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 per year, and are payable through the fiscal year 2062. The City recognized \$29,579 in lease revenue and \$35,444 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 10 – LEASES (Continued)

C. Lease Payable

The Conference Center Authority's lease payable consists of the following as of June 30, 2024:

	Balance June 30, 2023	Deductions	Balance June 30, 2024	Current Portion
Land Lease	\$2,059,878	\$359,990	\$1,699,888	\$370,871

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 \$60,010 and \$359,990, 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, 2024 was \$1,113,590, 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, 2024 was \$1,699,888. 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, 2024 are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$370,871	\$49,129	\$420,000
2026	382,080	37,920	420,000
2027	393,629	26,371	420,000
2028	405,526	14,474	420,000
2029	147,782	2,219	150,001
	\$1,699,888	\$130,113	\$1,830,001

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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.

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

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

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

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

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 \$34,000,000 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, 2024, the City paid PLAN JPA \$2,774,466 in premiums and did not receive a refund of premiums paid in prior years. Financial statements may be obtained from PLAN JPA 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

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

B. Liability for Uninsured Claims

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

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

	June 30, 2024			Fiscal Year
	Workers' Compensation	General Liability	Total	2022-2023 Total
Balance, beginning of year	\$16,909,000	\$375,062	\$17,284,062	\$16,483,258
Current year claims and changes in estimates of prior years claims	2,813,961	585,752	3,399,713	3,724,396
Claims Paid	(2,237,961)	(209,055)	(2,447,016)	(2,923,592)
Balance, end of year	<u>\$17,485,000</u>	<u>\$751,759</u>	<u>\$18,236,759</u>	<u>\$17,284,062</u>
Current portion	<u>\$3,051,000</u>	<u>\$751,759</u>	<u>\$3,802,759</u>	<u>\$3,047,258</u>

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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.

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. A Mandatory Settlement Conference is scheduled for September 2025, and a jury trial is scheduled for October 2025. 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.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

E. Housing Successor Excess Surplus

Health and Safety Code (HSC) Section 34176.1(d) defines an excess surplus as an unencumbered balance held by the housing successor that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the housing successor fund during the housing successor’s preceding four fiscal years, whichever is greater. If a housing successor has an excess surplus, the HSC Section requires that the housing successor encumber the excess surplus for eligible purposes described in the HSC Section 34176.1(a)(3) or transfer the funds to another local housing successor within three fiscal years. If the housing successor fails to comply with this provision, the housing successor, within 90 days of the end of the third fiscal year, is required to transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

In the fiscal year 2022 Housing Successor Report an excess surplus of \$1,076,383 that must be encumbered or expended within three fiscal years, or by the end of fiscal year 2025. This excess surplus was committed to a predevelopment loan for the Rotary Gardens (522 Linden) project on April 10, 2024 by Resolution 59-2024 and will be expended in fiscal year 2025.

Furthermore, the fiscal year 2023 Housing Successor Report identified an additional excess surplus of \$468,518, which must be encumbered or expended within three fiscal years, or by the end of fiscal year 2026. City staff is in the process of identifying a suitable project to spend down this excess surplus of \$468,518 by the June 30, 2026 deadline.

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, 2024 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, 2024.

CITY OF SOUTH SAN FRANCISCO
NOTES TO BASIC FINANCIALS STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024

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, 2023	Additions	Deletion	Balance June 30, 2024
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		(\$4,506)	237,684
Furniture and Fixtures	21,506			21,506
Total capital assets being depreciated	593,367		(4,506)	588,861
Less accumulated depreciation for:				
Buildings and Improvements	(98,140)	(\$6,593)		(104,733)
Equipment and Vehicle	(242,190)		4,506	(237,684)
Furniture and Fixtures	(21,506)			(21,506)
Total accumulated depreciation	(361,836)	(6,593)	4,506	(363,923)
Net capital assets being depreciated	231,531	(6,593)		224,938
Fiduciary activity capital assets, net	\$342,750	(\$6,593)		\$336,157

D. *Defeased Bonds*

As of June 30, 2024, the outstanding balance of defeased debt was \$2,735,000 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, 2024

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, 2023

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	6/30/2022	6/30/2023
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	\$4,896,807	\$5,072,877
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	18,379,820	19,261,245
Changes of benefit terms										308,146
Changes of assumptions		(3,374,655)		12,421,358	(1,361,078)				7,856,877	
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	(893,635)	4,176,186
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)	(14,547,349)	(15,602,083)
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	15,692,520	13,216,371
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	264,236,232	279,928,752
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	279,928,752	293,145,123
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	\$9,491,964	\$10,651,569
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	2,293,651	2,150,828
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	(15,367,557)	11,414,408
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)	(14,547,349)	(15,602,083)
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)	(126,067)	(135,392)
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	(18,255,358)	8,479,330
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	202,373,505	184,118,147
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	184,118,147	192,597,477
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	\$95,810,605	\$100,547,646
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%	65.77%	65.70%
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	\$28,788,170	\$31,400,311
Net pension liability as percentage of covered payroll	299.07%	317.83%	308.71%	263.57%	323.76%	325.31%	331.44%	223.48%	332.81%	320.21%

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, 2021 and 2023, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. 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.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$4,210,973	\$5,399,856	\$5,228,454	\$6,166,024	\$6,851,659
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>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$17,798,104	\$21,409,193	\$29,390,370	\$23,630,354	\$24,993,270
Contributions as a percentage of covered payroll	23.66%	25.22%	17.79%	26.09%	27.41%
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

Fiscal Year Ended June 30	2020	2021	2022	2023	2024
Actuarially determined contribution	\$7,831,598	\$8,616,536	\$9,491,640	\$10,675,385	\$8,928,580
Contributions in relation to the actuarially determined contributions	<u>7,831,598</u>	<u>8,616,536</u>	<u>9,491,640</u>	<u>10,675,385</u>	<u>8,928,580</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$26,275,955	\$27,681,286	\$28,788,170	\$31,400,311	\$34,728,211
Contributions as a percentage of covered payroll	29.81%	31.13%	32.97%	34.00%	25.71%
Valuation date:	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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, 2.625% for 2020, 2.50% for 2021 and 2022 and 2.30% for 2023 and 2024.
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, 7.00% for 2021 and 2022 and 6.80% for 2023 and 2024, 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. For 2023 and 2024, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2023

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	6/30/2022	6/30/2023
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	\$7,567,350	\$7,558,887
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	26,419,737	27,750,115
Changes of benefit terms										167,406
Changes of assumptions		(4,789,129)		18,010,606	(1,293,579)				12,584,955	
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	(684,769)	4,909,741
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)	(17,860,080)	(21,698,219)
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	28,027,193	18,687,930
Total pension liability - beginning	<u>256,002,648</u>	<u>266,884,738</u>	<u>268,679,186</u>	<u>278,764,324</u>	<u>314,037,249</u>	<u>327,073,740</u>	<u>343,645,905</u>	<u>359,168,480</u>	<u>376,140,913</u>	<u>404,168,106</u>
Total pension liability - ending (a)	<u>266,884,738</u>	<u>268,679,186</u>	<u>278,764,324</u>	<u>314,037,249</u>	<u>327,073,740</u>	<u>343,645,905</u>	<u>359,168,480</u>	<u>376,140,913</u>	<u>404,168,106</u>	<u>422,856,036</u>
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	\$13,387,919	\$15,352,613
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	2,886,541	3,143,555
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	(22,271,961)	16,694,253
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)	(17,860,080)	(21,698,219)
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)	(182,910)	(198,239)
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	(24,040,491)	13,293,963
Plan fiduciary net position - beginning	<u>170,937,835</u>	<u>195,811,152</u>	<u>195,205,601</u>	<u>192,070,665</u>	<u>208,630,800</u>	<u>220,879,754</u>	<u>231,869,470</u>	<u>240,958,874</u>	<u>293,624,138</u>	<u>269,583,647</u>
Plan fiduciary net position - ending (b)	<u>195,811,152</u>	<u>195,205,601</u>	<u>192,070,665</u>	<u>208,630,800</u>	<u>220,879,754</u>	<u>231,869,470</u>	<u>240,958,874</u>	<u>293,624,138</u>	<u>269,583,647</u>	<u>282,877,610</u>
Net pension liability - ending (a)-(b)	<u>\$71,073,586</u>	<u>\$73,473,585</u>	<u>\$86,693,659</u>	<u>\$105,406,449</u>	<u>\$106,193,986</u>	<u>\$111,776,435</u>	<u>\$118,209,606</u>	<u>\$82,516,775</u>	<u>\$134,584,459</u>	<u>\$139,978,426</u>
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%	66.70%	66.90%
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	\$24,325,363	\$26,580,095
Net pension liability as percentage of covered payroll	444.37%	440.49%	456.60%	538.79%	484.19%	486.51%	487.17%	338.48%	553.27%	526.63%

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, 2021 and 2023, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. 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.

**CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$7,191,715	\$8,538,138	\$8,071,060	\$9,322,781	\$10,164,821
Contributions in relation to the actuarially determined contributions	<u>7,191,715</u>	<u>8,538,138</u>	<u>8,071,060</u>	<u>9,322,781</u>	<u>10,164,821</u>
Contribution deficiency (excess)	<u>\$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
Contributions as a percentage of covered payroll	43.12%	44.97%	41.26%	42.51%	44.24%
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

Fiscal Year Ended June 30	2020	2021	2022	2023	2024
Actuarially determined contribution	\$11,401,783	\$12,413,770	\$13,387,919	\$15,352,613	\$17,693,350
Contributions in relation to the actuarially determined contributions	<u>11,401,783</u>	<u>12,413,770</u>	<u>13,387,919</u>	<u>15,352,613</u>	<u>17,693,350</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$24,264,339	\$24,378,494	\$24,325,363	\$26,580,095	\$28,215,841
Contributions as a percentage of covered payroll	46.99%	50.92%	55.04%	57.76%	62.71%
Valuation date:	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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, 2.625% for 2020, 2.50% for 2021 and 2022 and 2.30% for 2023.
Salary increases	Varies by entry
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022 and 6.80% for 2023, net of administrative
Retirement age	The probabilities of Retirement are based on the CalPERS Experience
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. For 2023, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2023

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	6/30/2022	6/30/2023
Total OPEB Liability							
Service Cost	\$1,574	\$1,535	\$1,558	\$1,604	\$1,516	\$1,374	\$1,307
Interest	5,087	5,325	5,568	5,952	6,058	5,704	5,866
Changes in benefit terms							
Differences between expected and actual experience		91	2,895		(3,332)		(16,441)
Changes of assumptions			(672)	(1,859)	1,446		5,561
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)	(4,009)	(4,067)	(4,749)
Net change in total OPEB liability	3,760	3,625	5,971	1,645	1,679	3,011	(8,456)
Total OPEB liability - beginning	75,240	79,000	82,625	88,596	90,241	91,920	94,931
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>	<u>\$94,931</u>	<u>\$86,475</u>
Plan fiduciary net position							
Contributions - employer	\$3,703	\$4,128	\$4,180	\$4,854	\$4,810	\$4,869	\$5,551
Contributions - employee							
Net investment income	1,803	1,566	1,402	838	7,141	(4,575)	1,953
Administrative expense	(9)	(37)	(5)	(12)	(9)	(9)	(9)
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)	(4,009)	(4,067)	(4,749)
Net change in plan fiduciary net position	2,596	2,331	2,199	1,628	7,933	(3,782)	2,746
Plan fiduciary net position - beginning	17,114	19,710	22,041	24,240	25,868	33,801	30,019
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>	<u>\$30,019</u>	<u>\$32,765</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>	<u>\$64,912</u>	<u>\$53,710</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>	<u>31.62%</u>	<u>37.89%</u>
Covered-employee payroll	<u>\$26,539</u>	<u>\$26,986</u>	<u>\$27,662</u>	<u>\$28,215</u>	<u>\$26,824</u>	<u>\$25,079</u>	<u>\$24,911</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>	<u>258.83%</u>	<u>215.61%</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, 2023

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	2023	2024
Actuarially determined contribution	\$6,279	\$6,839	\$6,995	\$7,253	\$7,373	\$7,053	\$7,058
Contributions in relation to the actuarially determined contribution	4,128	4,180	4,854	4,810	4,869	5,551	5,216
Contribution deficiency (excess)	\$2,151	\$2,659	\$2,141	\$2,443	\$2,504	\$1,502	\$1,842
Covered-employee payroll	\$26,986	\$27,662	\$28,215	\$26,824	\$25,079	\$24,911	\$24,095
Contributions as a percentage of covered-employee payroll	15.30%	15.11%	17.20%	17.93%	19.41%	22.28%	21.65%

* Fiscal year 2018 was the first year of implementation.

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

Valuation Date	• June 30, 2023
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 18 years remaining for 2023/24
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.25% at June 30, 2023 • 6.25% at June 30, 2022 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.50% annually
Salary Increases	• Aggregate - 2.75% annually • Merit - CalPERS 2000-2019 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 • Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 • Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076.
Mortality, Retirement, Disability, Termination	• CalPERS 2000-2019 Experience Study
Mortality Improvement	• Mortality projected fully generational with Scale MP-2021
Healthcare participation for future retirees	• 100% if covered, 95% if waived

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SUPPLEMENTARY INFORMATION

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GENERAL FUND

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

GENERAL PURPOSE FUND

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

MEASURE W FUND

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

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2023**

	<u>General Purpose</u>	<u>Measure W</u>	<u>Total</u>
ASSETS			
Cash and investments	\$76,731,090	\$17,970,662	\$94,701,752
Receivables:			
Accounts	13,988,476	2,752,840	16,741,316
Accrued interest	559,583		559,583
Leases	16,084,447		16,084,447
Due from other funds	200,000		200,000
Due from Conference Center			
Inventory	574		574
Properties held for redevelopment	2,823,118		2,823,118
Total Assets	\$110,387,288	\$20,723,502	\$131,110,790
LIABILITIES			
Accounts payable	\$2,156,534		\$2,156,534
Accrued salaries and benefits	2,359,771		2,359,771
Other payable	480,065		480,065
Deposits	505,990		505,990
Unearned revenue	1,000,899		1,000,899
Total Liabilities	6,503,259		6,503,259
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts receivable	2,874,314		2,874,314
Related to leases	15,388,754		15,388,754
Total Deferred Inflows of Resources	18,263,068		18,263,068
FUND BALANCES			
Nonspendable	696,267		696,267
Restricted	2,823,118		2,823,118
Committed	3,921,810	\$20,723,502	24,645,312
Assigned	7,761,552		7,761,552
Unassigned	70,418,214		70,418,214
Total Fund Balances	85,620,961	20,723,502	106,344,463
Total Liabilities and Fund Balances	\$110,387,288	\$20,723,502	\$131,110,790

**CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Purpose	Measure W	Total
REVENUES			
Property taxes	\$56,352,378		\$56,352,378
Sales taxes	23,228,076	\$15,773,938	39,002,014
Transient occupancy taxes	14,922,567		14,922,567
Franchise Fees	5,329,885		5,329,885
Other taxes	7,097,906		7,097,906
Intergovernmental	6,497,111		6,497,111
Interest and rentals	7,054,421		7,054,421
Licenses and permits	13,978,818		13,978,818
Charges for services	12,975,439		12,975,439
Fines and forfeitures	480,957		480,957
Other	339,588		339,588
Total Revenues	148,257,146	15,773,938	164,031,084
EXPENDITURES			
Current:			
City Council	301,415		301,415
City Clerk	972,958		972,958
City Treasurer	170,820		170,820
City Attorney	1,719,156		1,719,156
City Manager	3,405,299	166,629	3,571,928
Finance	3,267,080		3,267,080
Non-departmental	1,451,360		1,451,360
Human Resources	2,609,554		2,609,554
Fire	36,737,241		36,737,241
Police	37,093,241		37,093,241
Public Works	10,126,863		10,126,863
Parks and Recreation	22,747,701		22,747,701
Library	7,706,106		7,706,106
Economic and Community Development	11,123,819		11,123,819
Capital Outlay	108,750		108,750
Total Expenditures	139,541,363	166,629	139,707,992
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,715,783	15,607,309	24,323,092
OTHER FINANCING SOURCES (USES)			
Transfers in	6,342,328		6,342,328
Transfers out	(1,235,536)	(11,644,587)	(12,880,123)
Total Other Financing Sources (Uses)	5,106,792	(11,644,587)	(6,537,795)
Net Change in Fund Balances	13,822,575	3,962,722	17,785,297
Fund balance - July 1	71,798,386	16,760,780	88,559,166
Fund balance - June 30	<u>\$85,620,961</u>	<u>\$20,723,502</u>	<u>\$106,344,463</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, 2024**

	General Purpose			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$47,980,000	\$49,280,000	\$56,352,378	\$7,072,378
Sales taxes	23,351,500	21,951,500	23,228,076	1,276,576
Transient occupancy taxes	14,910,000	14,000,000	14,922,567	922,567
Franchise fees	4,600,000	4,600,000	5,329,885	729,885
Other taxes	6,950,000	6,650,000	7,097,906	447,906
Intergovernmental	3,139,827	7,765,466	6,497,111	(1,268,355)
Interest and rentals	3,940,000	4,450,000	7,054,421	2,604,421
Licenses and permits	16,962,894	12,462,894	13,978,818	1,515,924
Charges for services	9,709,257	11,569,271	12,975,439	1,406,168
Fines and forfeitures	700,000	700,000	480,957	(219,043)
Other	337,826	337,826	339,588	1,762
Amounts available for appropriation	<u>132,581,304</u>	<u>133,766,957</u>	<u>148,257,146</u>	<u>14,490,189</u>
Charges to appropriations (outflows)				
City Council	269,486	269,487	301,415	(31,928)
City Clerk	1,265,011	1,123,510	972,958	150,552
City Treasurer	133,428	133,428	170,820	(37,392)
City Attorney	1,108,825	1,108,825	1,719,156	(610,331)
City Manager	4,931,075	4,480,002	3,433,233	1,046,769
Finance	3,992,281	3,901,140	3,686,978	214,162
Non-departmental	1,394,367	1,394,368	1,742,622	(348,254)
Human Resources	2,884,524	2,849,228	2,857,825	(8,597)
Fire	32,761,869	36,750,577	37,327,182	(576,605)
Police	36,838,240	37,354,911	37,093,604	261,307
Public Works	11,954,045	14,239,034	11,399,312	2,839,722
Parks and Recreation	24,675,441	25,769,325	24,953,537	815,788
Library	8,044,806	8,013,719	7,712,864	300,855
Economic and Community Development	8,499,933	15,074,057	13,822,659	1,251,398
Capital outlay		79,112	108,750	(29,638)
Total charges to appropriations	<u>138,753,331</u>	<u>152,540,723</u>	<u>147,302,915</u>	<u>5,237,808</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,581,177	8,992,379	6,342,328	(2,650,051)
Transfers out	(1,400,000)	(4,875,873)	(1,235,536)	3,640,337
Total Other Financing Sources (Uses)	<u>6,181,177</u>	<u>4,116,506</u>	<u>5,106,792</u>	<u>990,286</u>
Net Change in Fund Balances	<u>\$9,150</u>	<u>(\$14,657,260)</u>	6,061,023	<u>\$20,718,283</u>
Fund Balance - July 1			71,798,386	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>7,761,552</u>	
Fund Balance - June 30			<u>\$85,620,961</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, 2024**

	Measure W			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes				
Sales taxes	\$16,000,000	\$16,000,000	\$15,773,938	(\$226,062)
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
	<u>16,000,000</u>	<u>16,000,000</u>	<u>15,773,938</u>	<u>(226,062)</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager	475,635	475,635	166,629	309,006
Finance				
Non-departmental				
Human Resources				
Fire				
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
Capital outlay				
	<u>475,635</u>	<u>475,635</u>	<u>166,629</u>	<u>309,006</u>
Total charges to appropriations				
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(8,286,750)	(21,484,108)	(11,644,587)	9,839,521
	<u>(8,286,750)</u>	<u>(21,484,108)</u>	<u>(11,644,587)</u>	<u>9,839,521</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>\$7,237,615</u>	<u>(\$5,959,743)</u>	3,962,722	<u>\$9,922,465</u>
Fund Balance - July 1			16,760,780	
Adjustment to budgetary basis:				
Encumbrance adjustments				
Fund Balance - June 30			<u>\$20,723,502</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, 2024**

	Total			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amount	
	Original	Final		
Resources (inflows):				
Property taxes	\$47,980,000	\$49,280,000	\$56,352,378	\$7,072,378
Sales taxes	39,351,500	37,951,500	39,002,014	1,050,514
Transient occupancy taxes	14,910,000	14,000,000	14,922,567	922,567
Franchise fees	4,600,000	4,600,000	5,329,885	729,885
Other taxes	6,950,000	6,650,000	7,097,906	447,906
Intergovernmental	3,139,827	7,765,466	6,497,111	(1,268,355)
Interest and rentals	3,940,000	4,450,000	7,054,421	2,604,421
Licenses and permits	16,962,894	12,462,894	13,978,818	1,515,924
Charges for services	9,709,257	11,569,271	12,975,439	1,406,168
Fines and forfeitures	700,000	700,000	480,957	(219,043)
Other	337,826	337,826	339,588	1,762
	<u>148,581,304</u>	<u>149,766,957</u>	<u>164,031,084</u>	<u>14,264,127</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
City Council	269,486	269,487	301,415	(31,928)
City Clerk	1,265,011	1,123,510	972,958	150,552
City Treasurer	133,428	133,428	170,820	(37,392)
City Attorney	1,108,825	1,108,825	1,719,156	(610,331)
City Manager	5,406,710	4,955,637	3,599,862	1,355,775
Finance	3,992,281	3,901,140	3,686,978	214,162
Non-departmental	1,394,367	1,394,368	1,742,622	(348,254)
Human Resources	2,884,524	2,849,228	2,857,825	(8,597)
Fire	32,761,869	36,750,577	37,327,182	(576,605)
Police	36,838,240	37,354,911	37,093,604	261,307
Public Works	11,954,045	14,239,034	11,399,312	2,839,722
Parks and Recreation	24,675,441	25,769,325	24,953,537	815,788
Library	8,044,806	8,013,719	7,712,864	300,855
Economic and Community Development	8,499,933	15,074,057	13,822,659	1,251,398
Capital outlay		79,112	108,750	(29,638)
	<u>139,228,966</u>	<u>153,016,358</u>	<u>147,469,544</u>	<u>5,546,814</u>
Total charges to appropriations				
OTHER FINANCING SOURCES (USES)				
Transfers in	7,581,177	8,992,379	6,342,328	(2,650,051)
Transfers out	(9,686,750)	(26,359,981)	(12,880,123)	13,479,858
	<u>(2,105,573)</u>	<u>(17,367,602)</u>	<u>(6,537,795)</u>	<u>10,829,807</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>\$7,246,765</u>	<u>(\$20,617,003)</u>	10,023,745	<u>\$30,640,748</u>
Fund Balance - July 1			88,559,166	
Adjustment to budgetary basis:				
Encumbrance adjustments			<u>7,761,552</u>	
Fund Balance - June 30			<u>\$106,344,463</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.

Public Arts In-Lieu Fee – Accounts for development fee revenues that are collected and are required to be used for public art installations.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Oyster Point CFD Special Tax B – Accounts for special assessment collections that are to be used for maintenance and administrative fees of the community facilities district.

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 – 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 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.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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 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.

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.

CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

SPECIAL REVENUE FUNDS

	Gas Tax	Developer Contributions	Community Development Block Grant	Maintenance Districts	Transportation Sales Tax
ASSETS					
Cash and investments	\$691,071	\$9,943,147		\$4,946,013	\$7,155,381
Receivables:					
Accounts	157,009	1,249,158	\$1,239	35,096	157,910
Accrued interest	4,466	66,287			39,461
Loans			660,032		
Leases					
Restricted cash and investments			99,246		
Property held for redevelopment					
	<u>\$852,546</u>	<u>\$11,258,592</u>	<u>\$760,517</u>	<u>\$4,981,109</u>	<u>\$7,352,752</u>
LIABILITIES					
Liabilities:					
Accounts payable		\$61,702	\$8,015	\$6,970	
Other payable		22,794	494,252		
Deposits		3,339,692			
Unearned revenue					
Due to other funds			100,000		
		<u>3,424,188</u>	<u>602,267</u>	<u>6,970</u>	
Total Liabilities		<u>3,424,188</u>	<u>602,267</u>	<u>6,970</u>	
DEFERRED INFLOWS OF RESOURCES					
Related to leases					
Fund Balances:					
Restricted	\$852,546	7,834,404	158,250	4,974,139	\$7,352,752
Unrestricted					
	<u>852,546</u>	<u>7,834,404</u>	<u>158,250</u>	<u>4,974,139</u>	<u>7,352,752</u>
Total Fund Balances	<u>852,546</u>	<u>7,834,404</u>	<u>158,250</u>	<u>4,974,139</u>	<u>7,352,752</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$852,546</u>	<u>\$11,258,592</u>	<u>\$760,517</u>	<u>\$4,981,109</u>	<u>\$7,352,752</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
\$833,212	\$828	\$16,559,092	\$557,384	\$920,651	\$2,885,951	\$4,298,064
38,111	271	121,888	84 3,896 13,951	4,428 5,588	17,498	137,967 23,580
\$871,323	\$1,099	\$16,680,980	\$575,315	\$930,667	\$2,903,449	\$4,459,611
\$18,433 33,717		\$26,443	\$10,940			
52,150		26,443	10,940			
819,173	\$1,099	16,654,537	564,375	\$930,667	\$2,903,449	\$4,459,611
819,173	1,099	16,654,537	564,375	930,667	2,903,449	4,459,611
\$871,323	\$1,099	\$16,680,980	\$575,315	\$930,667	\$2,903,449	\$4,459,611

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	SPECIAL REVENUE FUNDS				
	SMC Measure W 1/2 Cent Sales Tax	Public Arts In-Lieu Fee	Oyster Point CFD Special Tax B	Low and Moderate Income Housing Assets	American Rescue Plan Act
ASSETS					
Cash and investments	\$2,292,264	\$459,650	\$250,132	\$2,450,159	\$1,278,941
Receivables:					
Accounts	81,725			54,613	
Accrued interest	15,830	2,815		15,002	
Loans				459,326	
Leases				1,165,110	
Restricted cash and investments					
Property held for redevelopment					
Total Assets	\$2,389,819	\$462,465	\$250,132	\$4,144,210	\$1,278,941
LIABILITIES					
Liabilities:					
Accounts payable			\$19,272	\$10,717	
Other payable					
Deposits					
Unearned revenue					\$1,278,941
Due to other funds					
Total Liabilities			19,272	10,717	1,278,941
DEFERRED INFLOWS OF RESOURCES					
Related to leases				1,124,024	
Fund Balances:					
Restricted	\$2,389,819	\$462,465	230,860	3,009,469	
Unrestricted					
Total Fund Balances	2,389,819	462,465	230,860	3,009,469	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,389,819	\$462,465	\$250,132	\$4,144,210	\$1,278,941

CAPITAL PROJECTS FUNDS

Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee
\$2,285,883	\$53,367	\$13,528,847	\$135,678	\$3,100,040	\$11,953,165	\$251,713
14,280	2,685	78,800		19,984	69,439	1,463
<u>\$2,300,163</u>	<u>\$56,052</u>	<u>\$13,607,647</u>	<u>\$135,678</u>	<u>\$3,120,024</u>	<u>\$12,022,604</u>	<u>\$253,176</u>
\$57,457			\$100,000			
<u>57,457</u>			<u>100,000</u>			
\$2,242,706	\$56,052	\$13,607,647	35,678	\$3,120,024	\$12,022,604	\$253,176
<u>2,242,706</u>	<u>56,052</u>	<u>13,607,647</u>	<u>35,678</u>	<u>3,120,024</u>	<u>12,022,604</u>	<u>253,176</u>
<u>\$2,300,163</u>	<u>\$56,052</u>	<u>\$13,607,647</u>	<u>\$135,678</u>	<u>\$3,120,024</u>	<u>\$12,022,604</u>	<u>\$253,176</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

CAPITAL PROJECTS FUNDS

	Commercial Linkage Impact Fee	Library Impact Fee	East of 101 Sewer Impact Fees	Traffic Impact Fees	Child Care Impact Fees
ASSETS					
Cash and investments	\$14,252,877	\$43,759	\$6,327,880	\$29,651,541	\$15,065,467
Receivables:					
Accounts	35,386				
Accrued interest	109,816	179	35,190	171,766	91,482
Loans					
Leases					
Restricted cash and investments					
Property held for redevelopment	729,031				
Total Assets	\$15,127,110	\$43,938	\$6,363,070	\$29,823,307	\$15,156,949
LIABILITIES					
Liabilities:					
Accounts payable	\$19,402				
Other payable					
Deposits	16,314				
Unearned revenue					
Due to other funds					
Total Liabilities	35,716				
DEFERRED INFLOWS OF RESOURCES					
Related to leases					
Fund Balances:					
Restricted	15,091,394	\$43,938	\$6,363,070	\$29,823,307	\$15,156,949
Unrestricted					
Total Fund Balances	15,091,394	43,938	6,363,070	29,823,307	15,156,949
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$15,127,110	\$43,938	\$6,363,070	\$29,823,307	\$15,156,949

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
Capital Improvement Police Station	Capital Improvement Civic Campus	Debt Service	Total Nonmajor Governmental Funds
	\$990,260		\$153,162,417
	6,510		1,959,236
			911,666
			1,133,309
			1,165,110
\$110,261	2,498,105		2,707,612
			729,031
\$110,261	\$3,494,875		\$161,768,381
	\$479,255		\$718,606
	672,460		1,223,223
			3,356,006
			1,278,941
			200,000
	1,151,715		6,776,776
			1,124,024
\$110,261	\$2,343,160		153,831,903
			35,678
110,261	2,343,160		153,867,581
\$110,261	\$3,494,875		\$161,768,381

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Community Development Block Grant	Maintenance Districts	Transportation Sales Tax
REVENUES					
Property taxes				\$2,430,567	
Sales taxes					
Other taxes					\$2,154,798
Intergovernmental	\$2,043,297		\$240,767		48,975
Interest and rentals	29,928	\$430,363	13,872		263,189
Charges for services		594,146			
Other					
Total Revenues	<u>2,073,225</u>	<u>1,024,509</u>	<u>254,639</u>	<u>2,430,567</u>	<u>2,466,962</u>
EXPENDITURES					
Current:					
Fire					
Police					
Public works					
Parks and recreation				2,442,487	
Economic and community development		449,109	140,494		
Non-departmental					
Other					
Capital outlay					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures		<u>449,109</u>	<u>140,494</u>	<u>2,442,487</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,073,225</u>	<u>575,400</u>	<u>114,145</u>	<u>(11,920)</u>	<u>2,466,962</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(1,719,093)	(1,570,149)		(37,910)	(793,183)
Total Other Financing Sources (Uses)	<u>(1,719,093)</u>	<u>(1,570,149)</u>		<u>(37,910)</u>	<u>(793,183)</u>
Net Change in Fund Balances	<u>354,132</u>	<u>(994,749)</u>	<u>114,145</u>	<u>(49,830)</u>	<u>1,673,779</u>
Fund balance - July 1, as previously reported	498,414	8,829,153	44,105	5,023,969	5,678,973
Adjustment - changes from major fund to nonmajor fund					
Fund balances (deficits) - July 1, as adjusted	<u>498,414</u>	<u>8,829,153</u>	<u>44,105</u>	<u>5,023,969</u>	<u>5,678,973</u>
Fund balance - June 30	<u>\$852,546</u>	<u>\$7,834,404</u>	<u>\$158,250</u>	<u>\$4,974,139</u>	<u>\$7,352,752</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
	\$186,169					\$1,676,727
\$228,666	1,860	\$783,233	25,450	\$37,042	\$115,379	157,906
		62,813				
		1,412,923		111,652		
<u>228,666</u>	<u>188,029</u>	<u>2,258,969</u>	<u>25,450</u>	<u>148,694</u>	<u>115,379</u>	<u>1,834,633</u>
336,887	28,029					
		774,354	129,657	22,000		
<u>336,887</u>	<u>28,029</u>	<u>774,354</u>	<u>129,657</u>	<u>22,000</u>		
<u>(108,221)</u>	<u>160,000</u>	<u>1,484,615</u>	<u>(104,207)</u>	<u>126,694</u>	<u>115,379</u>	<u>1,834,633</u>
<u>(53,308)</u>	<u>(160,000)</u>	<u>(4,765,429)</u>				<u>(469,146)</u>
<u>(53,308)</u>	<u>(160,000)</u>	<u>(4,765,429)</u>				<u>(469,146)</u>
<u>(161,529)</u>		<u>(3,280,814)</u>	<u>(104,207)</u>	<u>126,694</u>	<u>115,379</u>	<u>1,365,487</u>
980,702	1,099	19,935,351	668,582	803,973	2,788,070	3,094,124
<u>980,702</u>	<u>1,099</u>	<u>19,935,351</u>	<u>668,582</u>	<u>803,973</u>	<u>2,788,070</u>	<u>3,094,124</u>
<u>\$819,173</u>	<u>\$1,099</u>	<u>\$16,654,537</u>	<u>\$564,375</u>	<u>\$930,667</u>	<u>\$2,903,449</u>	<u>\$4,459,611</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	SPECIAL REVENUE FUNDS				
	SMC Measure W 1/2 Cent Sales Tax	Public Arts In-Lieu Fee	Oyster Point CFD Special Tax B	Low and Moderate Income Housing Assets	American Rescue Plan Act
REVENUES					
Property taxes					
Sales taxes	\$1,035,179				
Other taxes			\$199,016		
Intergovernmental					\$4,988,611
Interest and rentals	105,507	\$19,579		\$301,532	
Charges for services		500,000			
Other					
Total Revenues	<u>1,140,686</u>	<u>519,579</u>	<u>199,016</u>	<u>301,532</u>	<u>4,988,611</u>
EXPENDITURES					
Current:					
Fire					
Police					
Public works					
Parks and recreation					
Economic and community development				234,326	
Non-departmental					
Other			134,910		
Capital outlay					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures			<u>134,910</u>	<u>234,326</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,140,686</u>	<u>519,579</u>	<u>64,106</u>	<u>67,206</u>	<u>4,988,611</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(840,764)	(200,000)			(4,988,611)
Total Other Financing Sources (Uses)	<u>(840,764)</u>	<u>(200,000)</u>			<u>(4,988,611)</u>
Net Change in Fund Balances	<u>299,922</u>	<u>319,579</u>	<u>64,106</u>	<u>67,206</u>	
Fund balance - July 1, as previously reported	2,089,897	142,886	166,754	2,942,263	
Adjustment - changes from major fund to nonmajor fund					
Fund balances (deficits) - July 1, as adjusted	<u>2,089,897</u>	<u>142,886</u>	<u>166,754</u>	<u>2,942,263</u>	
Fund balance - June 30	<u><u>\$2,389,819</u></u>	<u><u>\$462,465</u></u>	<u><u>\$230,860</u></u>	<u><u>\$3,009,469</u></u>	

CAPITAL PROJECTS FUNDS

Public Safety Impact Fee	Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee
			\$8,478,182			
\$94,966	\$19,086	\$522,836		\$131,364	\$461,108	\$9,672
479,709	884,195	1,453,256	49,152	6,250	2,158,780	16,550
<u>574,675</u>	<u>903,281</u>	<u>1,976,092</u>	<u>8,527,334</u>	<u>137,614</u>	<u>2,619,888</u>	<u>26,222</u>
84,879						
		3,652	8,554,790			
	884,000					
<u>84,879</u>	<u>884,000</u>	<u>3,652</u>	<u>8,554,790</u>			
489,796	19,281	1,972,440	(27,456)	137,614	2,619,888	26,222
(330,892)				(313,453)	(645,532)	
(330,892)				(313,453)	(645,532)	
158,904	19,281	1,972,440	(27,456)	(175,839)	1,974,356	26,222
2,083,802	36,771	11,635,207	63,134	3,295,863	10,048,248	226,954
<u>2,083,802</u>	<u>36,771</u>	<u>11,635,207</u>	<u>63,134</u>	<u>3,295,863</u>	<u>10,048,248</u>	<u>226,954</u>
<u>\$2,242,706</u>	<u>\$56,052</u>	<u>\$13,607,647</u>	<u>\$35,678</u>	<u>\$3,120,024</u>	<u>\$12,022,604</u>	<u>\$253,176</u>

(Continued)

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	CAPITAL PROJECTS FUNDS				
	Commercial Linkage Impact Fee	Library Impact Fee	East of 101 Sewer Impact Fees	Traffic Impact Fees	Child Care Impact Fees
REVENUES					
Property taxes					
Sales taxes					
Other taxes					
Intergovernmental					
Interest and rentals	\$748,608	\$1,268	\$233,730	\$1,151,395	\$604,159
Charges for services	6,616,930	38,361	861,755	10,889,440	485,015
Other					
Total Revenues	<u>7,365,538</u>	<u>39,629</u>	<u>1,095,485</u>	<u>12,040,835</u>	<u>1,089,174</u>
EXPENDITURES					
Current:					
Fire					
Police					
Public works				3,652	
Parks and recreation					
Economic and community development					
Non-departmental			3,652		3,652
Other	439,938				
Capital outlay	6,862,592				
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures	<u>7,302,530</u>	<u>3,652</u>	<u>3,652</u>	<u>3,652</u>	<u>3,652</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,008</u>	<u>39,629</u>	<u>1,091,833</u>	<u>12,037,183</u>	<u>1,085,522</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out			(4,327)	(3,627,347)	(36,117)
Total Other Financing Sources (Uses)			<u>(4,327)</u>	<u>(3,627,347)</u>	<u>(36,117)</u>
Net Change in Fund Balances	<u>63,008</u>	<u>39,629</u>	<u>1,087,506</u>	<u>8,409,836</u>	<u>1,049,405</u>
Fund balance - July 1, as previously reported	15,028,386	4,309	5,275,564	21,413,471	14,107,544
Adjustment - changes from major fund to nonmajor fund					
Fund balances (deficits) - July 1, as adjusted	<u>15,028,386</u>	<u>4,309</u>	<u>5,275,564</u>	<u>21,413,471</u>	<u>14,107,544</u>
Fund balance - June 30	<u>\$15,091,394</u>	<u>\$43,938</u>	<u>\$6,363,070</u>	<u>\$29,823,307</u>	<u>\$15,156,949</u>

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Capital Improvement Police Station	Capital Improvement Civic Campus	Debt Service	
			\$2,430,567
			1,035,179
			2,539,983
	\$1,796,924		19,273,483
\$5,257	286,849		6,555,138
			25,325,018
			1,524,575
<u>5,257</u>	<u>2,083,773</u>		<u>58,683,943</u>
			84,879
226,780			254,809
	13,406,887		22,305,868
			2,442,487
			823,929
			29,304
			1,478,859
			6,862,592
		\$3,320,000	4,204,000
		8,205,338	8,205,338
<u>226,780</u>	<u>13,406,887</u>	<u>11,525,338</u>	<u>46,692,065</u>
<u>(221,523)</u>	<u>(11,323,114)</u>	<u>(11,525,338)</u>	<u>11,991,878</u>
	7,962,479	11,525,338	19,487,817
			(20,555,261)
	<u>7,962,479</u>	<u>11,525,338</u>	<u>(1,067,444)</u>
<u>(221,523)</u>	<u>(3,360,635)</u>		<u>10,924,434</u>
			136,907,568
<u>331,784</u>	<u>5,703,795</u>		<u>6,035,579</u>
<u>331,784</u>	<u>5,703,795</u>		<u>142,943,147</u>
<u>\$110,261</u>	<u>\$2,343,160</u>		<u>\$153,867,581</u>

**CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2024**

	GAS TAX			DEVELOPER CONTRIBUTIONS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental	\$2,050,003	\$2,043,297	(\$6,706)			
Interest and rentals	15,000	29,928	14,928		\$430,363	\$430,363
Charges for services					594,146	594,146
Other				\$1,593,682		(1,593,682)
Total Revenues	<u>2,065,003</u>	<u>2,073,225</u>	<u>8,222</u>	<u>1,593,682</u>	<u>1,024,509</u>	<u>(569,173)</u>
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development				831,239	449,109	382,130
Non-departmental						
Other						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures				<u>831,239</u>	<u>449,109</u>	<u>382,130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,065,003</u>	<u>2,073,225</u>	<u>8,222</u>	<u>762,443</u>	<u>575,400</u>	<u>(187,043)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(2,428,016)	(1,719,093)	708,923	(3,468,391)	(1,570,149)	1,898,242
Total Other Financing Sources (Uses)	<u>(2,428,016)</u>	<u>(1,719,093)</u>	<u>708,923</u>	<u>(3,468,391)</u>	<u>(1,570,149)</u>	<u>1,898,242</u>
NET CHANGE IN FUND BALANCES	<u>(\$363,013)</u>	<u>354,132</u>	<u>\$717,145</u>	<u>(\$2,705,948)</u>	<u>(994,749)</u>	<u>\$1,711,199</u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		498,414			8,829,153	
Fund balance - June 30		<u>\$852,546</u>			<u>\$7,834,404</u>	

COMMUNITY DEVELOPMENT BLOCK GRANT			MAINTENANCE DISTRICTS			TRANSPORTATION SALES TAX		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$2,154,121	\$2,430,567	\$276,446			
\$556,019	\$240,767	(\$315,252)				\$2,192,837	\$2,154,798	(\$38,039)
5,000	13,872	8,872				25,000	48,975	48,975
200,000		(200,000)					263,189	238,189
<u>761,019</u>	<u>254,639</u>	<u>(506,380)</u>	<u>2,154,121</u>	<u>2,430,567</u>	<u>276,446</u>	<u>2,217,837</u>	<u>2,466,962</u>	<u>249,125</u>
827,408	391,786	435,622	2,460,055	2,442,487	17,568			
<u>827,408</u>	<u>391,786</u>	<u>435,622</u>	<u>2,460,055</u>	<u>2,442,487</u>	<u>17,568</u>			
<u>(66,389)</u>	<u>(137,147)</u>	<u>(70,758)</u>	<u>(305,934)</u>	<u>(11,920)</u>	<u>294,014</u>	<u>2,217,837</u>	<u>2,466,962</u>	<u>249,125</u>
			<u>(500,000)</u>	<u>(37,910)</u>	<u>462,090</u>	<u>(6,115,757)</u>	<u>(793,183)</u>	<u>5,322,574</u>
			<u>(500,000)</u>	<u>(37,910)</u>	<u>462,090</u>	<u>(6,115,757)</u>	<u>(793,183)</u>	<u>5,322,574</u>
<u>(\$66,389)</u>	<u>(137,147)</u>	<u>(\$70,758)</u>	<u>(\$805,934)</u>	<u>(49,830)</u>	<u>\$756,104</u>	<u>(\$3,897,920)</u>	<u>1,673,779</u>	<u>\$5,571,699</u>
	251,292							
	<u>44,105</u>			<u>5,023,969</u>			<u>5,678,973</u>	
	<u>\$158,250</u>			<u>\$4,974,139</u>			<u>\$7,352,752</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, 2024**

	SOLID WASTE REDUCTION			SUPPLEMENTAL LAW ENFORCEMENT SERVICES		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes				\$160,000	\$186,169	\$26,169
Intergovernmental	\$17,000		(\$17,000)			
Interest and rentals					1,860	1,860
Charges for services	220,080	\$228,666	\$8,586			
Other						
Total Revenues	<u>237,080</u>	<u>228,666</u>	<u>(8,414)</u>	<u>160,000</u>	<u>188,029</u>	<u>28,029</u>
EXPENDITURES						
Current:						
Police					28,029	(28,029)
Public works	689,763	336,887	352,876			
Parks and recreation						
Economic and community development		292,129	(292,129)			
Non-departmental						
Other						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures	<u>689,763</u>	<u>629,016</u>	<u>60,747</u>		<u>28,029</u>	<u>(28,029)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(452,683)</u>	<u>(400,350)</u>	<u>52,333</u>	<u>160,000</u>	<u>160,000</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(53,308)	(53,308)		(160,000)	(160,000)	
Total Other Financing Sources (Uses)	<u>(53,308)</u>	<u>(53,308)</u>		<u>(160,000)</u>	<u>(160,000)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$505,991)</u>	<u>(453,658)</u>	<u>\$52,333</u>			
Adjustment to budgetary basis:						
Encumbrance adjustments		292,129				
Fund balance - July 1		<u>980,702</u>			<u>1,099</u>	
Fund balance - June 30		<u>\$819,173</u>			<u>\$1,099</u>	

CITY PROGRAMS			AFFORDABLE HOUSING TRUST			PEG EQUIPMENT AND ACCESS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$783,233	\$783,233		\$25,450	\$25,450	\$5,000	\$37,042	\$32,042
	62,813	62,813						
\$5,473	1,412,923	1,407,450				125,000	111,652	(13,348)
5,473	2,258,969	2,253,496		25,450	25,450	130,000	148,694	18,694
	774,354	(774,354)	\$505,005	151,957	353,048	55,000	22,000	33,000
	774,354	(774,354)	505,005	151,957	353,048	55,000	22,000	33,000
5,473	1,484,615	1,479,142	(505,005)	(126,507)	378,498	75,000	126,694	51,694
(14,893,637)	(4,765,429)	10,128,208				(25,000)		25,000
(14,893,637)	(4,765,429)	10,128,208				(25,000)		25,000
<u>(\$14,888,164)</u>	<u>(3,280,814)</u>	<u>\$11,607,350</u>	<u>(\$505,005)</u>	<u>(126,507)</u>	<u>\$378,498</u>	<u>\$50,000</u>	<u>126,694</u>	<u>\$76,694</u>
				22,300				
	19,935,351			668,582			803,973	
	<u>\$16,654,537</u>			<u>\$564,375</u>			<u>\$930,667</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, 2024**

	ROAD MAINTENANCE AND REHABILITATION			SMC MEASURE W 1/2 CENT SALES TAX		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes				\$974,258	\$1,035,179	\$60,921
Other taxes						
Intergovernmental	\$1,606,044	\$1,676,727	\$70,683			
Interest and rentals		157,906	157,906		105,507	105,507
Charges for services						
Other						
Total Revenues	<u>1,606,044</u>	<u>1,834,633</u>	<u>228,589</u>	<u>974,258</u>	<u>1,140,686</u>	<u>166,428</u>
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development						
Non-departmental						
Other						
Capital outlay						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,606,044</u>	<u>1,834,633</u>	<u>228,589</u>	<u>974,258</u>	<u>1,140,686</u>	<u>166,428</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(5,177,793)	(469,146)	4,708,647	(1,891,815)	(840,764)	1,051,051
Total Other Financing Sources (Uses)	<u>(5,177,793)</u>	<u>(469,146)</u>	<u>4,708,647</u>	<u>(1,891,815)</u>	<u>(840,764)</u>	<u>1,051,051</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$3,571,749)</u></u>	<u>1,365,487</u>	<u><u>\$4,937,236</u></u>	<u><u>(\$917,557)</u></u>	<u>299,922</u>	<u><u>\$1,217,479</u></u>
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		<u>3,094,124</u>			<u>2,089,897</u>	
Fund balance - June 30		<u><u>\$4,459,611</u></u>			<u><u>\$2,389,819</u></u>	

PUBLIC ARTS IN-LIEU FEE			OYSTER POINT CFD SPECIAL TAX B			LOW AND MODERATE INCOME HOUSING ASSETS		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$200,000	\$199,016	(\$984)			
	\$19,579	\$19,579				\$167,000	\$301,532	\$134,532
	500,000	500,000				15,000		(15,000)
	<u>519,579</u>	<u>519,579</u>	<u>200,000</u>	<u>199,016</u>	<u>(984)</u>	<u>182,000</u>	<u>301,532</u>	<u>119,532</u>
						538,354	239,395	298,959
\$120,000		120,000	\$200,000	134,910	65,090			
<u>120,000</u>		<u>120,000</u>	<u>200,000</u>	<u>134,910</u>	<u>65,090</u>	<u>538,354</u>	<u>239,395</u>	<u>298,959</u>
(120,000)	519,579	639,579		64,106	64,106	(356,354)	62,137	418,491
(200,000)	(200,000)							
(200,000)	(200,000)							
<u>(\$320,000)</u>	<u>319,579</u>	<u>\$639,579</u>	<u></u>	<u>64,106</u>	<u>\$64,106</u>	<u>(\$356,354)</u>	<u>62,137</u>	<u>\$418,491</u>
							5,069	
	<u>142,886</u>			<u>166,754</u>			<u>2,942,263</u>	
	<u>\$462,465</u>			<u>\$230,860</u>			<u>\$3,009,469</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, 2024**

	AMERICAN RESCUE PLAN ACT			DEBT SERVICE FUND		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental	\$4,987,373	\$4,988,611	\$1,238			
Interest and rentals						
Charges for services						
Other						
Total Revenues	<u>4,987,373</u>	<u>4,988,611</u>	<u>1,238</u>			
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development						
Non-departmental						
Other						
Capital outlay						
Debt service:						
Principal repayments				\$3,320,000	\$3,320,000	
Interest and fiscal charges				8,205,338	8,205,338	
Total Expenditures				<u>11,525,338</u>	<u>11,525,338</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,987,373</u>	<u>4,988,611</u>	<u>1,238</u>	<u>(11,525,338)</u>	<u>(11,525,338)</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in				11,525,338	11,525,338	
Transfers out	(6,417,952)	(4,988,611)	1,429,341			
Total Other Financing Sources (Uses)	<u>(6,417,952)</u>	<u>(4,988,611)</u>	<u>1,429,341</u>	<u>11,525,338</u>	<u>11,525,338</u>	
NET CHANGE IN FUND BALANCES	<u><u>(\$1,430,579)</u></u>		<u><u>\$1,430,579</u></u>			
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1						
Fund balance - June 30						

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, 2024**

	<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	\$3,333,680	\$20,364,607	\$12,249,279	\$7,182,208	\$43,129,774
Receivables:					
Accounts		290,558			290,558
Accrued interest	19,167	113,880	26,876	74,797	234,720
Deposit		216,000	93,790		309,790
Prepaid items			1,296,700		1,296,700
Total current assets	<u>3,352,847</u>	<u>20,985,045</u>	<u>13,666,645</u>	<u>7,257,005</u>	<u>45,261,542</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation				5,509,520	5,509,520
Total non-current assets				<u>5,509,520</u>	<u>5,509,520</u>
Total Assets	<u>3,352,847</u>	<u>20,985,045</u>	<u>13,666,645</u>	<u>12,766,525</u>	<u>50,771,062</u>
LIABILITIES					
Current liabilities:					
Accounts payable	377,028	321,012	265,947		963,987
Other payable	31,450	32,616			64,066
Current portion of accrued insurance loss		3,802,759			3,802,759
Current portion of compensated absences	108,066		1,170,269		1,278,335
Current portion of long-term debt					
Total current liabilities	<u>516,544</u>	<u>4,156,387</u>	<u>1,436,216</u>		<u>6,109,147</u>
Noncurrent liabilities:					
Accrued insurance loss		14,434,000			14,434,000
Compensated absences obligation	228,392		815,664		1,044,056
Total noncurrent liabilities	<u>228,392</u>	<u>14,434,000</u>	<u>815,664</u>		<u>15,478,056</u>
Total Liabilities	<u>744,936</u>	<u>18,590,387</u>	<u>2,251,880</u>		<u>21,587,203</u>
NET POSITION:					
Net investment in capital assets				5,509,520	5,509,520
Unrestricted	2,607,911	2,394,658	11,414,765	7,257,005	23,674,339
Total Net Position	<u>\$2,607,911</u>	<u>\$2,394,658</u>	<u>\$11,414,765</u>	<u>\$12,766,525</u>	<u>\$29,183,859</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, 2024**

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
OPERATING REVENUES					
Charges for services	\$6,643,230	\$6,912,847	\$18,845,552	\$2,474,579	\$34,876,208
Total Operating Revenues	<u>6,643,230</u>	<u>6,912,847</u>	<u>18,845,552</u>	<u>2,474,579</u>	<u>34,876,208</u>
OPERATING EXPENSES					
Personnel expenses	2,795,657	757,995	17,449,934		21,003,586
Professional services	902,459	127,496			1,029,955
Program supplies	2,345,286	80	1,000		2,346,366
Insurance	10,867	3,525,933			3,536,800
Self-insurance and claims		3,274,637			3,274,637
Repair and maintenance	708,136			345,561	1,053,697
Utilities	141,932				141,932
Depreciation				1,266,646	1,266,646
Other	23,285		626,149		649,434
Total Operating Expenses	<u>6,927,622</u>	<u>7,686,141</u>	<u>18,077,083</u>	<u>1,612,207</u>	<u>34,303,053</u>
Operating Income (Loss)	<u>(284,392)</u>	<u>(773,294)</u>	<u>768,469</u>	<u>862,372</u>	<u>573,155</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	126,373	755,022	386,378	281,073	1,548,846
Interest expense					
Gain from disposal of capital assets				48,524	48,524
Other	149,122	18,271			167,393
Total Nonoperating Revenues (Expenses)	<u>275,495</u>	<u>773,293</u>	<u>386,378</u>	<u>329,597</u>	<u>1,764,763</u>
Net income (loss) before transfers	(8,897)	(1)	1,154,847	1,191,969	2,337,918
TRANSFERS					
Transfers in			250,000		250,000
Change in Net Position	(8,897)	(1)	1,404,847	1,191,969	2,587,918
Net Position - July 1	<u>2,616,808</u>	<u>2,394,659</u>	<u>10,009,918</u>	<u>11,574,556</u>	<u>26,595,941</u>
Net Position - June 30	<u>\$2,607,911</u>	<u>\$2,394,658</u>	<u>\$11,414,765</u>	<u>\$12,766,525</u>	<u>\$29,183,859</u>

**CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	\$6,792,352	\$6,998,261	\$18,944,167	\$2,474,579	\$35,209,359
Cash payments to suppliers for goods and services	(4,131,965)	(3,620,893)		(345,561)	(8,098,419)
Cash payments to employees for services	(2,470,050)	(581,765)	(17,838,711)		(20,890,526)
Cash payments for judgments and claims		(2,321,940)			(2,321,940)
Net Cash Provided by Operating Activities	190,337	473,663	1,105,456	2,129,018	3,898,474
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			250,000		250,000
Net Cash Provided by Noncapital Financing Activities			250,000		250,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets, net				(1,447,666)	(1,447,666)
Proceeds from the sale of capital assets				48,524	48,524
Net Cash Used in Capital and Related Financing Activities				(1,399,142)	(1,399,142)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	80,913	500,661	280,284	150,137	1,011,995
Changes in fair values of investments	39,788	236,391	122,684	88,366	487,229
Net Cash Provided by Investing Activities	120,701	737,052	402,968	238,503	1,499,224
Net Increase (Decrease) in cash and cash equivalents	311,038	1,210,715	1,758,424	968,379	4,248,556
Cash and cash equivalents, beginning	3,022,642	19,153,892	10,490,855	6,213,829	38,881,218
Cash and cash equivalents, ending	\$3,333,680	\$20,364,607	\$12,249,279	\$7,182,208	\$43,129,774
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	(\$284,392)	(\$773,294)	\$768,469	\$862,372	\$573,155
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation				1,266,646	1,266,646
Other non-operating revenue (expenses)	149,122	18,271			167,393
Net change in assets and liabilities:					
Accounts receivable		67,143	98,615		165,758
Deposit					
Prepaid items			61,584		61,584
Accounts payable	260,832	176,230	195,393		632,455
Other payable		32,616	(148,275)		(115,659)
Accrued insurance losses		952,697			952,697
Compensated absence obligations	64,775		129,670		194,445
Net Cash Provided by (Used in) Operating Activities	\$190,337	\$473,663	\$1,105,456	\$2,129,018	\$3,898,474

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, 2024**

	SSF Employee Deferred Comp Trust Oversight	Oyster Point CFD	TOTAL
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$129,172		\$129,172
Interest receivable	722	\$344	1,066
Restricted cash and investments		2,447,652	2,447,652
	<u> </u>	<u> </u>	<u> </u>
Total Assets	129,894	2,447,996	2,577,890
	<u> </u>	<u> </u>	<u> </u>
NET POSITION			
Restricted for others	\$129,894		\$129,894
Restricted for bondholders		\$2,447,996	2,447,996
	<u> </u>	<u> </u>	<u> </u>
Total Net Position	<u> \$129,894 </u>	<u> \$2,447,996 </u>	<u> \$2,577,890 </u>

**CITY OF SOUTH SAN FRANCISCO
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	SSF Employee Deferred Comp Trust Oversight	Oyster Point CFD	TOTAL
ADDITIONS			
Plan contributions	\$53,635		\$53,635
Property taxes		\$1,036,213	1,036,213
Interest and rentals	4,815	117,797	122,612
Total Additions	<u>58,450</u>	<u>1,154,010</u>	<u>1,212,460</u>
DEDUCTIONS			
Professional services	24,801		24,801
Payments to bondholders		962,493	962,493
Total Deductions	<u>24,801</u>	<u>962,493</u>	<u>987,294</u>
Change in net position	33,649	191,517	225,166
NET POSITION			
Beginning of the year	<u>96,245</u>	<u>2,256,479</u>	<u>2,352,724</u>
End of the year	<u><u>\$129,894</u></u>	<u><u>\$2,447,996</u></u>	<u><u>\$2,577,890</u></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 of Taxable Property
2. Direct and 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. Redevelopment Pledged 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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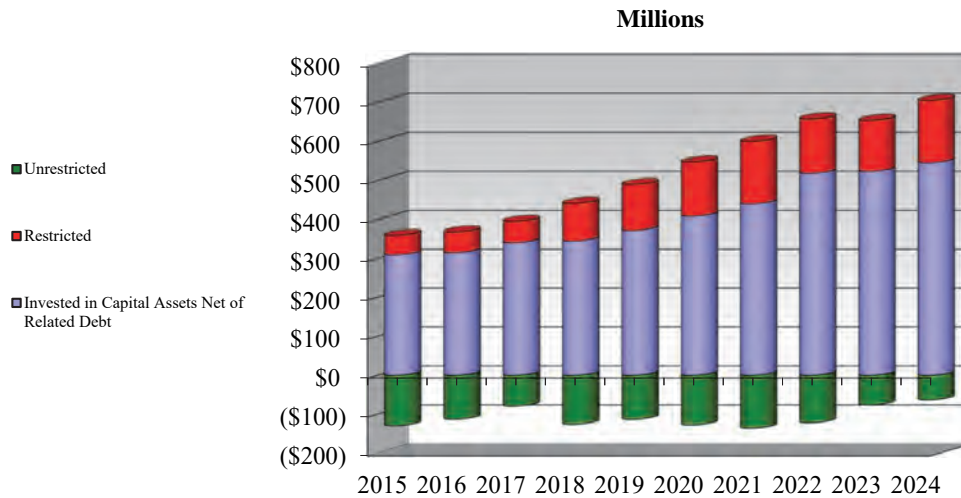
Miscellaneous Information

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)



	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$230,517,037	\$231,142,079	\$254,344,554	\$254,570,044	\$271,349,364
Restricted	49,311,828	52,406,602	54,478,093	96,316,988	117,752,590
Unrestricted	(134,389,522)	(120,119,617)	(86,808,434)	(129,833,581)	(114,028,420)
Total governmental activities net position	\$145,439,343	\$163,429,064	\$222,014,213	\$221,053,451	\$275,073,534
Business-type activities					
Net investment in capital assets	\$78,598,277	\$83,930,073	\$86,167,704	\$90,097,907	\$100,463,280
Restricted					
Unrestricted	4,196,654	6,243,225	7,199,925	3,227,395	44,966
Total business-type activities net position	\$82,794,931	\$90,173,298	\$93,367,629	\$93,325,302	\$100,508,246
Primary government					
Net investment in capital assets	\$309,115,314	\$315,072,152	\$340,512,258	\$344,667,951	\$371,812,644
Restricted	49,311,828	52,406,602	54,478,093	96,316,988	117,752,590
Unrestricted	(130,192,868)	(113,876,392)	(79,608,509)	(126,606,186)	(113,983,454)
Total primary government net position	\$228,234,274	\$253,602,362	\$315,381,842	\$314,378,753	\$375,581,780
	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	\$296,243,640	\$316,169,957	\$384,765,508	\$390,845,692	\$413,101,538
Restricted	138,701,991	160,119,056	139,059,768	130,124,884	159,707,043
Unrestricted	(130,288,161)	(144,181,245)	(126,989,026)	(86,635,416)	(79,222,293)
Total governmental activities net position	\$304,657,470	\$332,107,768	\$396,836,250	\$434,335,160	\$493,586,288
Business-type activities					
Net investment in capital assets	\$111,968,328	\$123,628,942	\$133,598,554	\$132,756,230	\$132,151,837
Restricted					
Unrestricted	2,040,842	7,208,752	4,271,663	10,098,654	14,861,234
Total business-type activities net position	\$114,009,170	\$130,837,694	\$137,870,217	\$142,854,884	\$147,013,071
Primary government					
Net investment in capital assets	\$408,211,968	\$439,798,899	\$518,364,062	\$523,601,922	\$545,253,375
Restricted	138,701,991	160,119,056	139,059,768	130,124,884	159,707,043
Unrestricted	(128,247,319)	(136,972,493)	(122,717,363)	(76,536,762)	(64,361,059)
Total primary government net position	\$418,666,640	\$462,945,462	\$534,706,467	\$577,190,044	\$640,599,359

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 proceeding 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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses				
Governmental Activities:				
General Government	\$8,421,857	\$9,044,518	\$10,253,403	\$12,506,188
Fire Department	22,005,883	22,488,964	25,750,126	30,352,387
Police Department	23,910,436	23,158,168	25,838,242	30,732,288
Public Works	14,493,039	11,916,572	12,396,998	18,379,278
Park, Recreation and Maintenance Services	12,383,880	12,901,657	15,217,677	17,162,377
Library	4,300,885	4,442,577	5,184,282	5,910,406
Economic and Community Development	5,928,316	7,603,275	8,927,162	10,094,626
Interest on Long -Term Debt				
Total Governmental Activities Expenses	<u>91,444,296</u>	<u>91,555,731</u>	<u>103,567,890</u>	<u>125,137,550</u>
Business-Type Activities:				
Sewer Rental	23,969,579	18,273,580	22,661,768	24,397,607
Parking District	503,014	894,769	940,181	1,202,319
Storm Water	1,234,616	1,289,465	1,333,409	1,026,948
Total Business-Type Activities Expenses	<u>25,707,209</u>	<u>20,457,814</u>	<u>24,935,358</u>	<u>26,626,874</u>
Total Primary Government Expenses	<u>\$117,151,505</u>	<u>\$112,013,545</u>	<u>\$128,503,248</u>	<u>\$151,764,424</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$3,946,302	\$4,194,563	\$2,225,049	\$1,966,755
Fire Department	3,520,275	3,450,524	4,242,940	6,327,921
Police Department	2,370,736	2,076,837	2,146,909	2,230,824
Public Works	5,071,729	10,361,525	10,869,608	24,727,897
Park, Recreation and Maintenance Services	3,708,272	3,744,137	3,756,369	4,489,665
Library	120,850	164,271	96,987	102,124
Economic and Community Development	5,337,177	6,131,463	3,911,597	13,052,441
Operating Grants and Contributions	5,753,845	5,581,492	4,533,539	5,827,149
Capital Grants and Contributions	632,735	1,147,337	577,995	2,515,868
Total Government Activities Program Revenues	<u>30,461,921</u>	<u>36,852,149</u>	<u>32,360,993</u>	<u>61,240,644</u>
Business-Type Activities:				
Charges for Services:				
Sewer Rental	19,798,033	19,569,341	19,897,769	22,417,156
Parking District	819,051	843,199	916,687	1,084,472
Storm Water	407,640	412,105	418,840	656,315
Operating Grants and Contributions	6,242,687	5,802,788	5,763,645	5,834,455
Capital Grants and Contributions				
Total Business-Type Activities Program Revenue	<u>27,267,411</u>	<u>26,627,433</u>	<u>26,996,941</u>	<u>29,992,398</u>
Total Primary Government Program Revenues	<u>\$57,729,332</u>	<u>\$63,479,582</u>	<u>\$59,357,934</u>	<u>\$91,233,042</u>
Net (Expense)/Revenue				
Governmental Activities	(\$60,982,375)	(\$54,703,582)	(\$71,206,897)	(\$63,896,906)
Business-Type Activities	1,560,202	6,169,619	2,061,583	3,365,524
Total Primary Government Net Expense	<u>(\$59,422,173)</u>	<u>(\$48,533,963)</u>	<u>(\$69,145,314)</u>	<u>(\$60,531,382)</u>

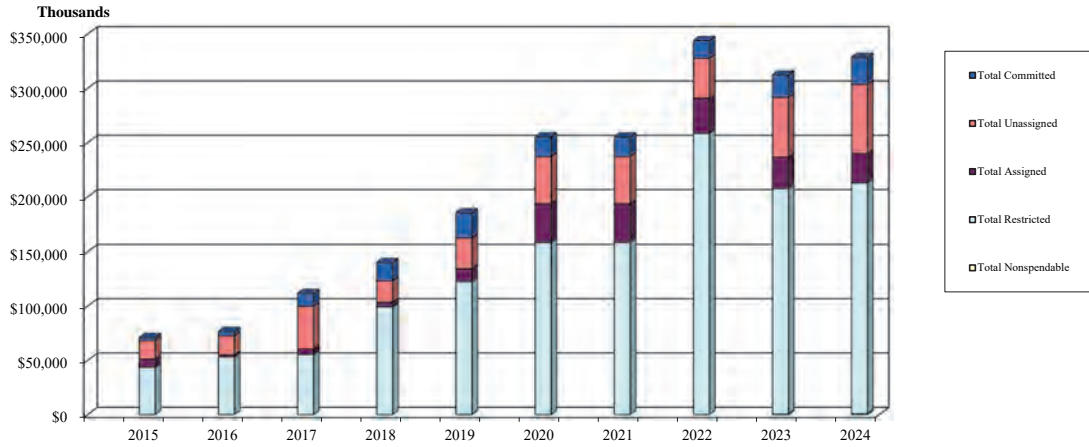
2019	2020	2021	2022	2023	2024
\$12,139,671	\$15,378,452	\$19,611,586	\$20,793,108	\$24,977,978	\$16,789,551
31,986,738	34,442,874	34,492,838	28,530,628	36,852,200	39,521,911
32,994,122	36,095,698	33,376,962	35,635,007	37,885,983	40,395,860
20,425,958	17,737,243	7,567,745	7,544,142	21,880,934	28,825,661
17,962,298	19,620,848	17,159,696	19,482,582	23,539,372	26,613,851
6,241,093	6,728,102	6,274,811	6,060,920	6,639,706	8,022,064
10,557,116	9,837,938	11,728,168	12,034,671	12,923,609	12,148,452
	512,376	2,200,344	4,686,930	6,891,224	6,810,509
<u>132,306,996</u>	<u>140,353,531</u>	<u>132,412,150</u>	<u>134,767,988</u>	<u>171,591,006</u>	<u>179,127,859</u>
25,719,049	26,213,885	26,644,459	26,246,647	30,654,615	32,039,611
896,994	1,116,840	1,338,092	1,170,305	1,272,157	1,246,726
1,188,182	1,206,694	922,057	1,309,360	1,460,610	4,132,098
<u>27,804,225</u>	<u>28,537,419</u>	<u>28,904,608</u>	<u>28,726,312</u>	<u>33,387,382</u>	<u>37,418,435</u>
<u>\$160,111,221</u>	<u>\$168,890,950</u>	<u>\$161,316,758</u>	<u>\$163,494,300</u>	<u>\$204,978,388</u>	<u>\$216,546,294</u>
\$7,930,983	\$5,217,199	\$6,968,307	\$5,413,298	\$9,249,087	\$9,018,870
6,052,804	6,073,247	5,952,872	7,857,602	9,231,756	9,241,357
2,351,491	2,092,791	1,642,726	2,878,353	2,299,209	2,064,168
27,811,701	23,355,636	24,859,635	17,734,041	9,071,365	18,318,463
4,293,474	2,872,786	1,165,630	3,058,826	3,927,532	4,247,632
105,466	97,603	19,037	1,054,339	60,300	72,893
14,214,991	9,067,781	4,275,808	28,676,546	19,532,657	14,136,592
12,091,079	8,757,554	8,021,958	10,852,746	12,919,660	19,168,875
1,629,730	4,930,640	5,498,698	3,342,651	2,031,351	9,198,820
<u>76,481,719</u>	<u>62,465,237</u>	<u>58,404,671</u>	<u>80,868,402</u>	<u>68,322,917</u>	<u>85,467,670</u>
24,078,076	24,296,811	24,705,044	22,778,206	23,891,045	25,987,927
1,180,538	1,003,222	764,514	993,986	1,062,751	1,027,298
540,679	412,707	410,745	412,842	418,583	453,422
6,452,950	7,440,041	14,815,460	5,663,695	6,237,114	8,659,655
			5,252,622	4,276,151	3,217,097
<u>32,252,243</u>	<u>33,152,781</u>	<u>40,695,763</u>	<u>35,101,351</u>	<u>35,885,644</u>	<u>39,345,399</u>
<u>\$108,733,962</u>	<u>\$95,618,018</u>	<u>\$99,100,434</u>	<u>\$115,969,753</u>	<u>\$104,208,561</u>	<u>\$124,813,069</u>
(\$55,825,277)	(\$77,888,294)	(\$74,007,479)	(\$53,899,586)	(\$103,268,089)	(\$93,660,189)
4,448,018	4,615,362	11,791,155	6,375,039	2,498,262	1,926,964
<u>(\$51,377,259)</u>	<u>(\$73,272,932)</u>	<u>(\$62,216,324)</u>	<u>(\$47,524,547)</u>	<u>(\$100,769,827)</u>	<u>(\$91,733,225)</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$24,650,648	\$26,438,620	\$29,023,618	\$29,551,445
Sales Taxes	13,932,125	15,188,686	24,087,776	28,340,393
Transient Occupancy Tax	12,947,473	13,393,437	13,631,507	13,978,533
Franchise fees		3,982,092	4,090,073	4,403,493
Other Taxes	8,650,056	5,124,574	5,708,187	5,871,096
Motor Vehicle In-Lieu	26,995	26,708	28,933	34,452
Property taxes in lieu of vehicle license fees	5,551,651	5,770,060	6,133,230	6,438,199
Interest Earnings	629,036	1,354,266	622,518	1,097,916
Gain from sale of property				
Other	4,577,239	2,334,407	2,365,820	5,180,288
Extraordinary Item				
Transfers	(1,429,308)	(919,547)	(1,105,038)	(1,997,377)
Special items			45,205,422	(7,154,626)
Total Government Activities	<u>69,535,915</u>	<u>72,693,303</u>	<u>129,792,046</u>	<u>85,743,812</u>
Business-Type Activities:				
Interest Earnings	126,874	289,201	27,710	37,072
Transfers	1,429,308	919,547	1,105,038	1,997,377
Total Business-Type Activities	<u>1,556,182</u>	<u>1,208,748</u>	<u>1,132,748</u>	<u>2,034,449</u>
Total Primary Government	<u>\$71,092,097</u>	<u>\$73,902,051</u>	<u>\$130,924,794</u>	<u>\$87,778,261</u>
Change in Net Position				
Governmental Activities	\$8,553,540	\$17,989,721	\$58,585,149	\$21,846,906
Business-Type Activities	3,116,384	7,378,367	3,194,331	5,399,973
Total Primary Government	<u>\$11,669,924</u>	<u>\$25,368,088</u>	<u>\$61,779,480</u>	<u>\$27,246,879</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$33,446,750	\$37,415,367	\$41,561,039	\$40,011,221	\$47,680,587	\$52,201,446
31,843,568	31,855,027	33,039,229	38,143,689	37,722,042	39,529,259
17,091,222	13,829,025	6,710,271	12,135,638	16,357,104	14,922,567
4,469,808	4,594,577	4,498,202	4,863,076	5,240,637	5,329,885
4,995,404	4,515,376	4,529,764	6,537,423	8,059,817	7,097,906
32,200	53,089	49,785	77,558	67,937	81,869
7,150,867	7,457,005	4,888,696	11,988,715	8,760,770	6,581,499
4,808,664	6,384,253	941,856	(6,724,092)	5,104,060	14,966,581
840,298			1,518,059	1,807,446	48,524
7,799,392	9,152,218	11,602,214	14,458,939	17,335,302	13,068,935
(2,101,222)	(8,060,646)	(4,984,746)	(1,419,235)	(2,195,337)	(917,154)
(531,591)	276,939	(1,378,533)	(2,962,923)	(5,173,366)	
<u>109,845,360</u>	<u>107,472,230</u>	<u>101,457,777</u>	<u>118,628,068</u>	<u>140,766,999</u>	<u>152,911,317</u>
633,704	824,916	52,623	(761,751)	291,068	1,314,069
<u>2,101,222</u>	<u>8,060,646</u>	<u>4,984,746</u>	<u>1,419,235</u>	<u>2,195,337</u>	<u>917,154</u>
<u>2,734,926</u>	<u>8,885,562</u>	<u>5,037,369</u>	<u>657,484</u>	<u>2,486,405</u>	<u>2,231,223</u>
<u>\$112,580,286</u>	<u>\$116,357,792</u>	<u>\$106,495,146</u>	<u>\$119,285,552</u>	<u>\$143,253,404</u>	<u>\$155,142,540</u>
\$54,020,083	\$29,583,936	\$27,450,298	\$64,728,482	\$37,498,910	\$59,251,128
<u>7,182,944</u>	<u>13,500,924</u>	<u>16,828,524</u>	<u>7,032,523</u>	<u>4,984,667</u>	<u>4,158,187</u>
<u>\$61,203,027</u>	<u>\$43,084,860</u>	<u>\$44,278,822</u>	<u>\$71,761,005</u>	<u>\$42,483,577</u>	<u>\$63,409,315</u>

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



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$1,134	\$33,580	\$474	\$106	\$372	\$574	\$574	\$4,099	\$477,122	\$696,267
Restricted				20,582,335	19,201,948	18,372,633	18,372,633	14,763,033	2,823,118	2,823,118
Committed	2,536,790	3,654,283	11,780,724	16,725,897	22,619,868	17,723,338	17,723,338	16,083,977	20,536,653	24,645,312
Assigned	1,458,029	1,578,153	5,244,279	4,334,322	11,881,363	5,720,788	5,720,788	7,482,439	8,661,539	7,761,552
Unassigned	17,285,422	17,751,169	39,278,746	19,644,232	31,239,632	43,296,762	43,296,762	38,313,108	56,060,734	70,418,214
Total General Fund	\$21,281,375	\$23,017,185	\$56,304,223	\$61,286,892	\$84,943,183	\$85,114,095	\$85,114,095	\$76,646,656	\$88,559,166	\$106,344,463 (a)
All Other Governmental Funds										
Nonspendable					\$39,205					
Restricted	\$43,437,361	\$52,938,897	\$55,195,500	\$78,603,366	103,135,202	\$140,143,149	\$140,143,149	\$243,582,187	\$204,257,085	\$209,140,964
Assigned	6,188,554	367,023				29,363,924	29,363,924	24,889,824	20,229,463	19,372,927
Unassigned	(40,459)		(88,331)	(11,073)	(2,971,345)	235,649	235,649	(1,437,892)	(1,004,155)	(6,574,321)
Total all other governmental funds	\$49,585,456	\$53,305,920	\$55,107,169	\$78,592,293	\$100,203,062	\$169,742,722	\$169,742,722	\$267,034,119	\$223,482,393	\$221,939,570

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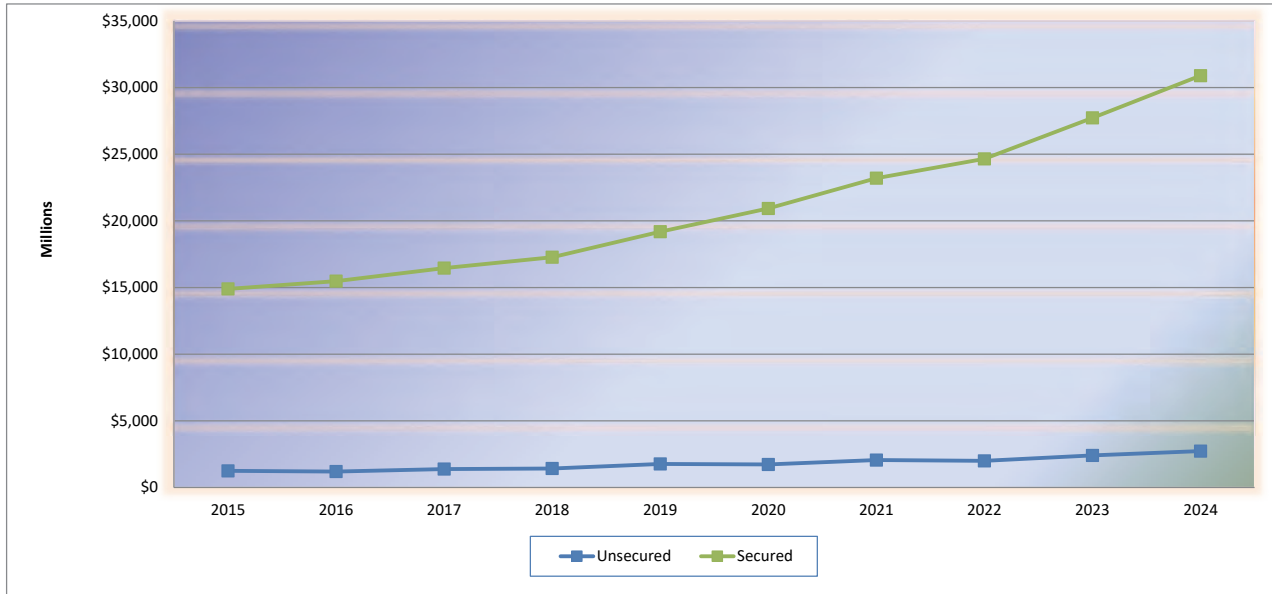
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Revenues				
Property Taxes	\$24,650,648	\$26,438,620	\$35,156,848	\$35,989,644
Other Taxes	38,275,478	41,811,097	49,608,385	54,597,272
Intergovernmental revenues	10,453,071	12,360,354	4,019,771	8,433,240
Interest and Rents	3,531,966	4,207,453	3,100,692	3,524,727
Licenses and permits	4,795,158	6,896,897	7,823,403	14,674,809
Charges for services	13,387,712	15,386,358	14,485,367	31,961,419
Fines and forfeitures	1,221,413	791,756	899,118	423,604
Other	4,660,668	2,439,579	2,906,625	6,454,460
Total Revenues	100,976,114	110,332,114	118,000,209	156,059,175
Expenditures				
Current:				
General government	7,167,969	8,469,924	9,399,930	10,403,449
Fire Department	21,247,989	24,175,340	25,632,366	26,059,072
Police Department	23,611,743	25,458,986	25,998,097	26,970,854
Public works	15,923,071	14,846,346	12,143,965	23,859,399
Recreation and Community Services	11,826,407	13,234,028	14,897,157	15,468,370
Library	4,247,650	4,681,188	5,157,355	5,379,836
Economic and Community Development	5,917,508	7,907,655	8,943,111	9,338,793
Other	480,290	395,749	274,183	256,298
Capital outlay				
Debt service:				
Principal repayment	352,674	656,000	23,000	2,382,000
Interest and fiscal charges				
Total Expenditures	90,775,301	99,825,216	102,469,164	120,118,071
Excess (deficiency) of revenues over (under) expenditures	10,200,813	10,506,898	15,531,045	35,941,104
Other Financing Sources (Uses)				
Transfers in	17,983,227	8,143,075	14,327,130	26,486,651
Transfers (out)	(19,717,102)	(13,193,699)	(16,368,499)	(30,795,941)
Lease revenue bonds issued				
Premium on bonds				
Sale of capital assets			1,016,276	3,990,605
Loss on sale of property held for resale				
Total other financing sources (uses)	(1,733,875)	(5,050,624)	(1,025,093)	(318,685)
Net Change in fund balances				
before extraordinary and special items	8,466,938	5,456,274	14,505,952	35,622,419
Extraordinary item				
Special item			20,582,335	(7,154,626)
Net change in fund balances	\$8,466,938	\$5,456,274	\$35,088,287	\$28,467,793
Debt service as a percentage of noncapital expenditures	0.4%	0.7%	0.0%	2.2%

For The Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
\$40,597,617	\$44,872,372	\$46,449,735	\$51,999,936	\$56,441,357	\$58,782,945
60,721,378	57,214,783	51,008,432	64,411,396	70,762,243	69,927,534
13,179,593	18,317,060	17,867,273	24,822,304	19,574,277	29,520,611
7,231,303	8,864,998	3,620,391	(2,537,324)	7,857,199	16,653,189
15,381,416	15,900,500	15,589,002	14,062,474	20,467,644	13,978,818
41,055,659	27,442,005	23,191,413	45,787,046	27,477,040	38,550,457
926,729	814,354	535,750	700,961	757,019	480,957
7,994,701	3,067,691	7,893,148	2,524,116	11,321,587	4,263,092
<u>187,088,396</u>	<u>176,493,763</u>	<u>166,155,144</u>	<u>201,770,909</u>	<u>214,658,366</u>	<u>232,157,603</u>
10,166,977	12,453,262	12,112,319	15,422,722	15,449,760	14,093,575
27,576,879	28,161,459	31,817,325	32,597,540	35,641,540	36,822,120
28,533,292	37,468,430	70,954,323	39,678,917	36,493,052	37,348,050
38,459,963	40,070,330	51,501,254	87,823,372	89,991,879	60,780,649
16,530,603	17,130,302	15,795,645	20,295,842	22,598,050	25,190,188
5,628,693	5,940,870	5,903,883	6,495,279	6,475,274	7,706,106
9,085,390	8,780,903	11,227,503	12,709,167	12,775,661	11,947,748
333,024	723,901	3,490,091	5,610,278	2,161,116	1,478,859
			5,520,422	141,250	6,971,342
3,464,000	1,210,000	975,000	4,635,000	3,285,000	4,204,000
	739,146	2,307,460	5,525,760	8,280,065	8,205,338
<u>139,778,821</u>	<u>152,678,603</u>	<u>206,084,803</u>	<u>236,314,299</u>	<u>233,292,647</u>	<u>214,747,975</u>
<u>47,309,575</u>	<u>23,815,160</u>	<u>(39,929,659)</u>	<u>(34,543,390)</u>	<u>(18,634,281)</u>	<u>17,409,628</u>
22,230,499	38,117,966	37,970,252	36,220,467	30,464,581	37,437,496
(24,581,721)	(46,647,023)	(43,202,081)	(38,772,007)	(33,708,360)	(38,604,650)
	43,905,000	86,410,000	65,420,000		
	10,242,530	18,116,565	6,686,317		
840,298		(2,718,691)	1,507,641	1,852,123	
				(6,439,913)	
<u>(1,510,924)</u>	<u>45,618,473</u>	<u>96,576,045</u>	<u>71,062,418</u>	<u>(7,831,569)</u>	<u>(1,167,154)</u>
45,798,651	69,433,633	56,646,386	36,519,028	(26,465,850)	16,242,474
(531,591)	276,939	(1,378,533)	(2,962,923)	(5,173,366)	
<u>\$45,267,060</u>	<u>\$69,710,572</u>	<u>\$55,267,853</u>	<u>\$33,556,105</u>	<u>(\$31,639,216)</u>	<u>\$16,242,474</u>
3.0%	1.7%	2.9%	7.0%	7.3%	7.4%

**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					
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%
2023	\$ 10,164,770,095	\$ 4,381,130,308	\$ 10,124,533,866	\$ 656,275,416	\$ 25,326,709,685	\$ 2,403,730,974	\$ 27,730,440,659	\$ 27,730,440,659	0.13605%
2024	\$ 10,795,600,492	\$ 4,711,933,520	\$ 11,823,798,494	\$ 830,930,966	\$ 28,162,263,472	\$ 2,729,928,793	\$ 30,892,192,265	\$ 30,892,192,265	0.13627%

Source: HdL Coren & Cone, San Mateo County Assessor 2014/15-2023/24 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>	
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)
2023	1.000	0.1408	1.1408	(1,29)
2024	1.000	0.2086	1.2086	(1,30)

Notes:

- (1) Like other cities, South San Francisco includes several property tax rate areas with different rates.
- (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.
- (29) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0499, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.1102 which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SMCCCD 2021 and SM Jr College bonds. 1 has a rate of 1.1026, which includes San Bruno Pk Elem bond, SM Union High bond, SM High, SMCCCD 2021 and San Mateo Jr. Coll bonds.
- (30) Of the 68 tax rate areas in the City, 63 have a tax rate of 1.0946, which includes SSFUSD & San Mateo Jr College bond. 4 has a rate of 1.133 which includes Brisbane ESD Bond, Jefferson High bonds, Jefferson USHD, SMCCCD 2021 and SM Jr College bonds. 1 has a rate of 1.0934, which includes San Bruno Pk Elem bond, SM Union High bond, SM High, SMCCCD 2021 and San Mateo Jr. Coll bonds.

Source: HDL, Coren & Cone (San Mateo County Assessor 2014/15 -2023/24 Tax Rate Table

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

Taxpayer	2023-24			2014-15		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.*	\$3,399,735,882	1	11.01%	\$1,763,579,111	1	11.84%
HCP Oyster Point III LLC	878,687,935	2	2.84%			--
Slough SSF LLC	720,471,416	3	2.33%	1,062,682,272	2	7.13%
Kilroy Realty LP	618,062,536	4	2.00%			--
ARE San Francisco LLC*	514,616,833	5	1.67%	407,673,426	3	--
GNS North Tower LP*	484,932,971	6	1.57%			--
BMR 1000 Gateway LP	477,565,994	7	1.55%			--
GNS South Tower LP*	444,194,987	8	1.44%			--
BMR 750 800 850 Gateway LP	441,131,485	9	1.43%			--
ARE-San Francisco No 65 LLC*	389,661,285	10	1.26%			--
Britannia Pointe Grand LP			--	287,378,265	4	1.93%
United Airlines Inc			--	215,075,660	5	1.44%
Myers Peninsula Venture LLC*			--	153,235,444	6	1.03%
BMR 750 800 850 Gateway LP NA*			--	152,901,550	7	1.03%
Gateway Center LLC*			--	138,821,232	8	0.93%
BMR 180 Oyster Point LLC			--	130,222,375	9	0.87%
SFF Logistics Inc			--	118,000,000	10	0.79%
Subtotal	<u>\$8,369,061,324</u>		<u>27.09%</u>	<u>\$4,429,569,335</u>		<u>29.74%</u>

Total Net Assessed Valuation:

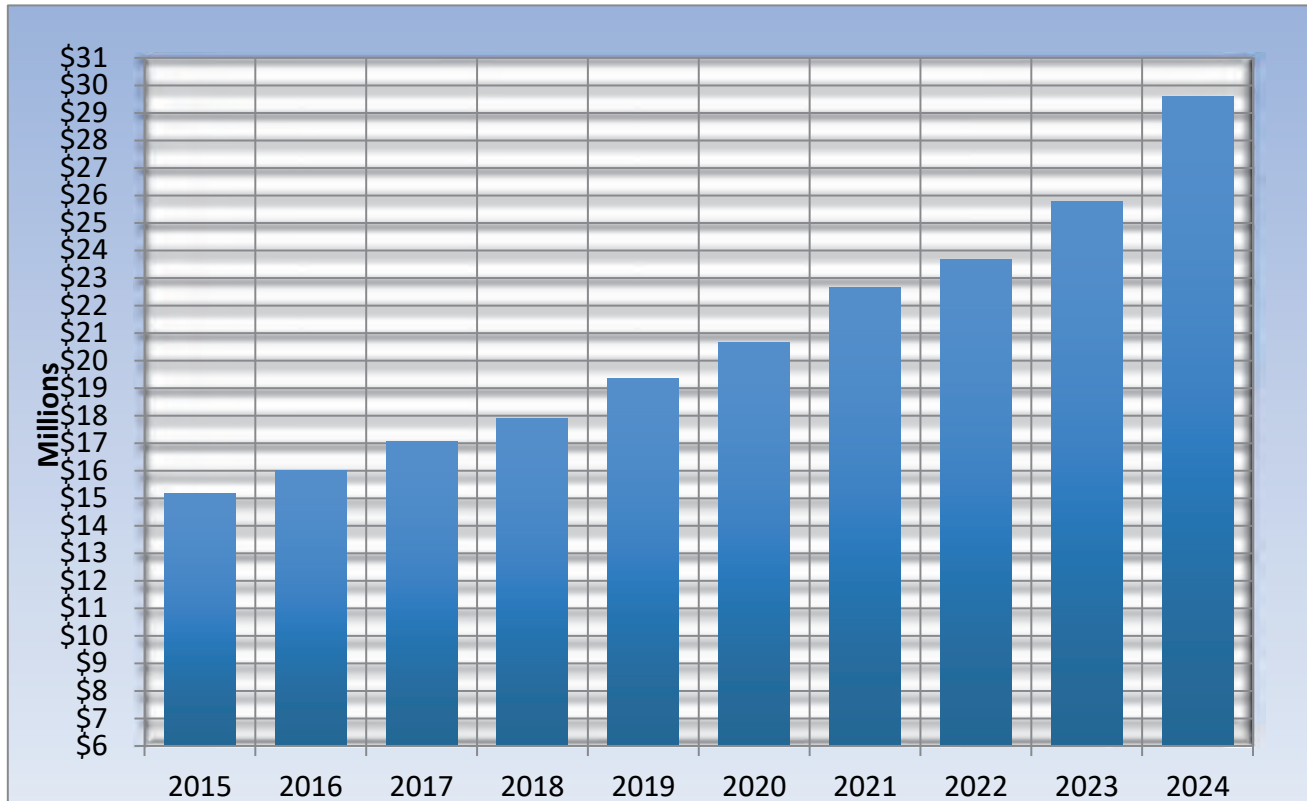
Fiscal Year 2023-24	\$30,892,192,265
Fiscal Year 2014-15	\$14,895,624,272

* Pending Appeals on Parcels

Source:

HdL Coren & Cone, 2014/15 & 2023/24 Top Ten Property Taxpayers (Net Values).
San Mateo County Assessor 2014/15 & 2023/24 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**



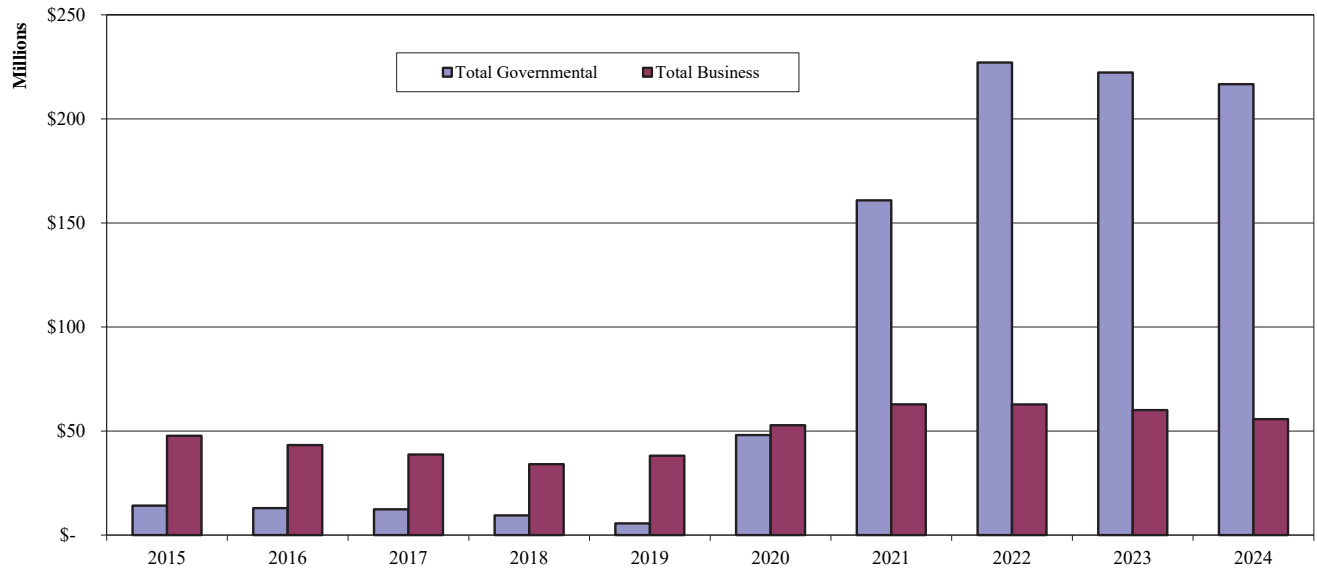
Fiscal Year	Allocations (5)	Collections	Delinquencies	Percent of Delinquent taxes
2015	\$ 15,184,788	(4)	(4)	0.0%
2016	15,994,773	(4)	(4)	0.0%
2017	17,065,875	(4)	(4)	0.0%
2018	17,894,855	(4)	(4)	0.0%
2019	19,365,814	(4)	(4)	0.0%
2020	20,651,650	(4)	(4)	0.0%
2021	22,660,544	(4)	(4)	0.0%
2022	23,680,782	(4)	(4)	0.0%
2023	25,780,768	(4)	(4)	0.0%
2024	29,600,068	(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
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
2023	2,050,152	220,225,077	-	222,275,229
2024	1,166,152	215,522,464	-	216,688,616

Business-Type Activities

Fiscal Year	Sewer Revenue Bonds	State Water Resources Loans	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
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	1.81%	651.73
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	8.55%	4,506.43
2023	1,620,000	58,447,078	60,067,078	282,342,307	7.42%	4,370.56
2024	1,245,000	54,453,876	55,698,876	272,387,492	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, 2024**

2023-24 Assessed Valuation:	\$30,892,192,265
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	\$30,892,192,265

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2024	% Applicable (1)	City's Share of Debt 6/30/24
San Mateo Community College District	\$682,237,216	10.004%	\$68,251,011
Jefferson Union High School District	338,312,020	4.203	14,219,254
South San Francisco Unified School District	303,407,351	91.994	279,116,558
Brisbane School District	29,056,439	22.100	6,421,473
City of South San Francisco Community Facilities District No. 2021-1	19,610,000	100.000	19,610,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$387,618,296

DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Mateo County General Fund Obligations	\$656,146,645	10.004%	\$56,537,270
San Mateo County Board of Education Certificates of Participation	5,735,000	10.004	573,729
San Mateo County Flood Control and Sea LRR District General Fund Obligations	13,065,000	63.447	8,289,351
South San Francisco Unified School District General Fund Obligations	2,560,000	91.994	2,355,046
Jefferson Union High School District Certificates of Participation	46,845,000	4.203	1,968,895
City of South San Francisco Lease Revenue Bonds	215,522,464	100.000	215,522,464
City of South San Francisco Loans Payable	1,166,152	100.000	1,166,152
City of South San Francisco Capital Leases	-	-	-
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,404,654	10.004	340,602
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$286,753,509

TOTAL DIRECT DEBT	\$216,688,616
Total Overlapping Debt	\$457,683,189
COMBINED TOTAL DEBT	\$674,371,805 (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	1.26%
Total Direct Debt	0.70%
Combined Total Debt	2.19%

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, 2024**

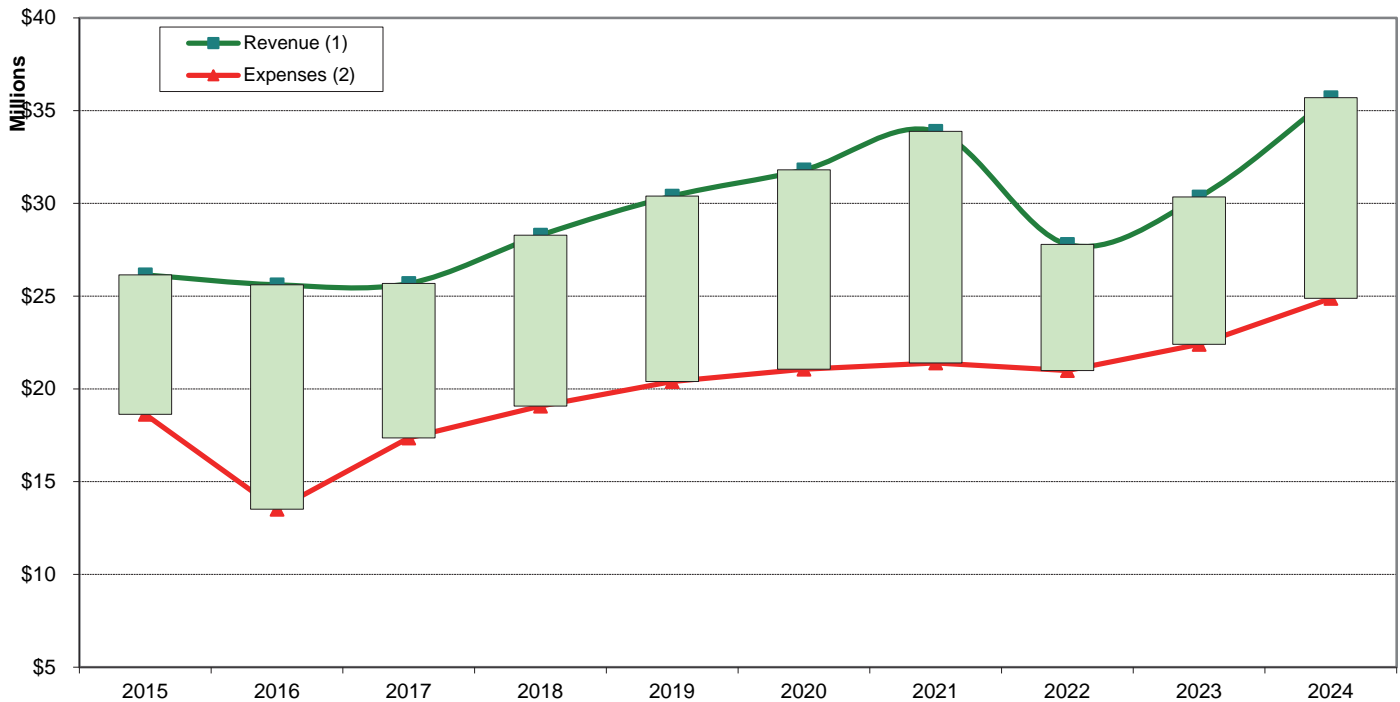
ASSESSED VALUATION:	\$30,892,192,265
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$1,158,457,210
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	-
LEGAL BONDED DEBT MARGIN	\$1,158,457,210

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
2015	\$ 558,585,910	\$ -	\$ 558,585,910	0.00%
2016	580,561,386	-	580,561,386	0.00%
2017	617,102,145	-	617,102,145	0.00%
2018	647,787,001	-	647,787,001	0.00%
2019	719,492,940	-	719,492,940	0.00%
2020	784,957,532	-	784,957,532	0.00%
2021	870,065,495	-	870,065,495	0.00%
2022	924,439,440	-	924,439,440	0.00%
2023	1,039,891,525	-	1,039,891,525	0.00%
2024	1,158,457,210	-	1,158,457,210	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	
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
2023	30,343,556	22,399,721	7,943,835	360,000	90,000	450,000	17.65
2024	35,696,888	24,880,509	10,816,379	375,000	71,625	446,625	24.22

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

Source: City of South San Francisco, Department of Finance

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

	Fiscal Year								
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues									
Service Charges	\$19,515,093	\$19,750,636	\$22,188,154	\$23,556,871	\$24,150,139	\$24,526,952	\$22,567,226	\$23,180,130	\$25,844,338
Connection and Other Fees	104,283	147,134	229,002	521,205	146,672	178,092	210,980	710,915	143,589
Interest Income	238,389	23,552	31,061	488,437	623,256	41,888	(652,348)	215,397	1,049,306
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	6,237,114	8,659,655
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>	<u>\$30,343,556</u>	<u>\$35,696,888</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>	<u>\$22,399,717</u>	<u>\$24,880,510</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>	<u>\$7,943,839</u>	<u>\$10,816,378</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	\$6,088,369	\$5,355,201
CSCDA Series 2005D Revenue Bonds	178,036	167,284	155,706	143,608	130,815	117,175	102,716	85,562	67,001
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>	<u>\$6,173,931</u>	<u>\$5,422,202</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>	<u>1.29</u>	<u>1.99</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 TEN 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					
2023						2023					
2024						2024					

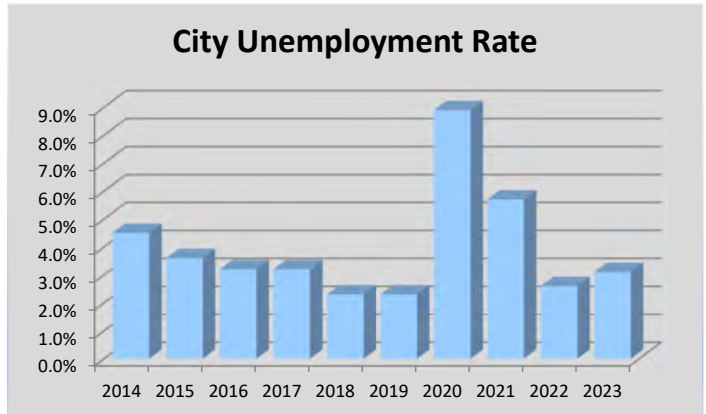
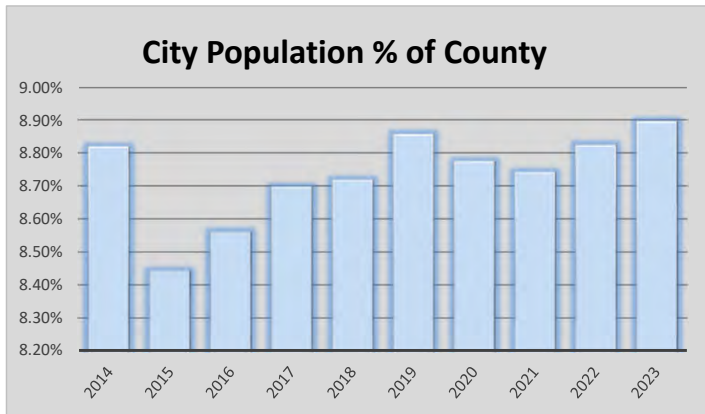
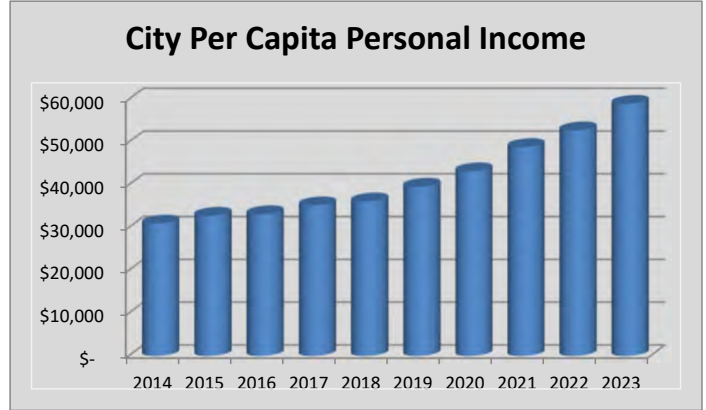
Bond was paid off in fiscal year 2017

RDA All Non-housing (A)					
Funding Source: RDA tax increment revenues					
Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2015		\$ 1,605,000	\$ 2,904,331	\$ 4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018		-	-	-	
2019		-	-	-	
2020		-	-	-	
2021		-	-	-	
2022		-	-	-	
2023		-	-	-	
2024		-	-	-	

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
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%
2022	64,323	3,391,203	52,721	2.6%	729,181	8.82%
2023	64,601	3,806,610	58,924	3.1%	726,353	8.89%

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

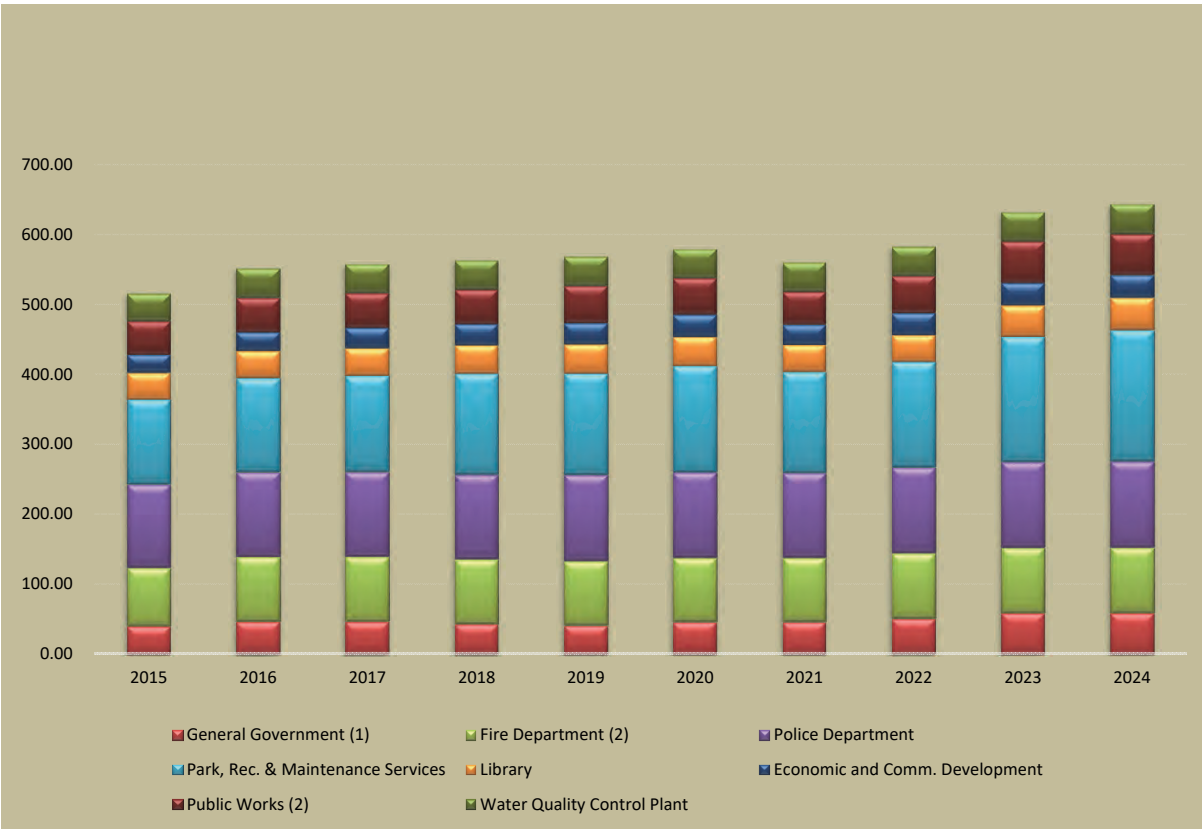
Employer	2023-24			2014-15		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Genentech Inc.	8,637	1	13.4%	8,451	1	12.9%
Verily Life Sciences *	2,220	2	3.4%			
Stripe, Inc	1,088	3	1.7%			
Costco*	834	4	1.3%	616	5	0.9%
ABBVIE *	650	5	1.0%			
Life Technologies Corporation	622	6	1.0%	622	4	0.9%
AMGEN, Inc	600	7	0.9%			
Amazon.com Services*	427	8	0.7%			
Goodwill Industries of San Francisco*	375	9	0.6%			
Archstone South San Francisco	360	10	0.6%			
Layton Construction Co Inc				779	2	1.2%
Onyx Pharmaceuticals Inc				650	3	1.0%
The New French Bakery, Inc				414	6	0.6%
AMGEN San Francisco LLC				406	7	0.6%
Successfactors, Inc				400	8	0.6%
SBM Site Services LLC				388	9	0.6%
Wave Division Holdings LLC				344	10	0.5%
Subtotal	<u>15,813</u>		<u>24.5%</u>	<u>13,070</u>		<u>19.9%</u>
Total City Population	<u>64,601</u>			<u>65,749</u>		

* Multiple locations combined

Data Sources:

- (1) SSF Business License Database- Business licenses expiring 12/31/24.
- (2) City of South San Francisco CAFR 2014-15
- (3) Population: HDL/California State Dept of Finance 2023.

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



Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government (1)	40.60	47.10	47.10	43.60	41.60	46.60	46.60	51.30	59.38	59.38
Fire Department (2)	83.48	92.68	92.68	92.68	91.93	91.68	91.68	93.49	93.49	93.70
Police Department	118.87	120.87	120.87	120.87	122.87	121.87	120.92	122.09	122.44	122.94
Park, Rec. & Maintenance Services	121.31	134.16	137.19	144.29	144.79	151.75	143.84	150.44	179.26	187.41
Library	37.71	38.71	39.26	40.49	41.49	41.49	38.56	38.15	44.06	46.06
Economic and Comm. Development	26.15	27.15	29.40	30.40	30.40	31.40	29.00	31.40	32.40	32.40
Public Works (2)	47.68	49.00	49.00	49.00	53.00	52.00	47.00	52.85	59.37	58.37
Water Quality Control Plant	39.06	41.74	41.50	41.50	41.50	41.50	41.50	41.50	41.50	43.00
Total	514.86	551.41	557.00	562.83	567.58	578.29	559.10	581.22	631.90	643.26

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 FY2015-2024 Adopted Operating budget.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function/Program										
Public safety:										
Fire:										
Inspections conducted	1,817	2,563	3,426	2,292	2,511	2,375	3,888	3,060	2,421	2,062
Police:										
Police calls for service	31,532	32,477	33,313	34,811	38,299	38,541	40,503	60,333	59,580	55,248
Law violations:										
Part I crimes	1,874	2,126	2,103	2,276	2,007	2,070	3,481	1,955	1,892	2,734
Physical arrests (adult and juvenile)	1,933	2,071	1,870	1,891	1,943	1,871	1,635	2,025	1,780	1,418
Traffic violations	3,828	4,211	3,785	3,359	3,620	4,172	2,119	1,985	1,799	1,742
Parking violations	13,378	12,006	15,291	18,339	26,228	12,269	13,276	17,667	16,995	11,859
Public works										
Street resurfacing (miles) (Eng Div)	0	2	8	3.3	7.0	7.9	19.57	9.60	6.55	18.00
Potholes repaired (square miles prior)/(square feet)	0.11	2	0	(2) 3221	410	190	165	264	267	450
Asphalt used for street repairs (tons)	250	151	94	148	13	46	69	68	44.5	51.1
Culture and recreation:										
Recreation class participants*	26,879	23,399	23,939	25,688	23,394	17,333	(4) 5,282	8,631	10,021	11,489
Library:										
Total items borrowed	643,630	565,806	558,106	544,059	582,497	(3) 450,637	(3) 245,869	456,652	439,846	(5) 448,054
Items in collection	130,106	(1) 208,400	(1) 209,895	(1) 219,114	(1) 228,224	(1) 247,393	(1) 260,205	(1) 229,891	(1) 283,792	(1) 207,610
Wastewater										
Residential connections	16,470	16,491	16,488	12,556	12,559	12,549	12,571	12,672	12,673	12,674
Commercial connections	1,560	1,561	1,562	1,575	1,576	1,582	1,575	1,523	1,508	1,493
Other connections	128	131	140	140	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	7.45	8.86

Note: N/A denotes information not available.

* Registration counts excludes all withdrawals from the classes for the year.

(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) Main Library closed for 4 months to move to the new facility

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	53	53	52	59	63	60	63	60	63	63
Public works										
Miles of streets	127	127	127	127	127	127	127	127	139.6	139.6
Street lights	4,505	4,505	4,505	4,531	4,531	4,531	4,581	4,581	4,581	4,668
Parking District lights (3)	20	20	16	16	16	16	16	16	16	16
Traffic Signals	74	76	76	76	76	76	80	80	80	83
Culture and recreation:										
Community services:										
City parks	28	28	28	28	28	28	28	28	30	30
City parks acreage	190	190	190	190	210	210	210	210	225	225
Playgrounds (4)	24	24	24	24	24	34	34	34	35	35
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	13	13
Soccer/football fields	5	5	5	5	5	5	5	5	4	4
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 2017- Lot 6 sold for Rotary Plaza development.

(4) Year 2020 -Playgrounds in the Common Greens areas are now included.

CITY OF SOUTH SAN FRANCISCO
Miscellaneous Information
Last Six Fiscal Years

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

	2019	2020	2021	2022	2023	2024
Transient Occupancy Tax Detail						
TOT Collected	\$15,535,213	\$12,591,459	\$6,215,172	\$11,268,807	\$15,188,739	\$13,856,669
1% Measure I Special Tax	1,556,009	1,114,911	495,099	866,831	1,168,365	1,065,898
Total TOT Collection	\$ 17,091,222	\$ 13,706,370	\$ 6,710,270	\$ 12,135,638	\$ 16,357,104	\$ 14,922,567
1% Measure I Special Tax Use						
Police	\$ 311,202	\$ 222,982	\$ 99,020	\$ 173,366	\$ 233,673	\$ 213,180
Fire	311,202	222,982	99,020	173,366	233,673	213,180
Library	311,202	222,982	99,020	173,366	233,673	213,180
Parks	311,202	222,982	99,020	173,366	233,673	213,180
Recreation	311,202	222,982	99,020	173,366	233,673	213,180
Total 1% Measure I Special Tax	\$ 1,556,010	\$ 1,114,910	\$ 495,099	\$ 866,831	\$ 1,168,365	\$ 1,065,898

* 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).

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