ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

CITY OF SOUTH SAN FRANCISCO

CALIFORNIA

CITY OF SOUTH SAN FRANCISCO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

Prepared by:

Department of Finance

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CITY OF SOUTH SAN FRANCISCO, CALIFORNIA

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CITY COUNCIL 2023

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

SHARON RANALS, CITY MANAGER

December 27, 2023

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of South San Francisco (City) for the fiscal year (FY) ended June 30, 2023. The City of South San Francisco is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent, certified public accounting firm. This report is published to fulfill this requirement for the fiscal year ending June 30, 2023.

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

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

The City contracted with Maze & Associates (Maze), a public accounting firm licensed to perform local government audits in California, to complete the annual audit. Maze concluded that the financial statements present fairly the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, and the respective changes in financial position, and where applicable, cash flows for the year ended June 30, 2023, in accordance with GAAP. This is a favorable conclusion and is commonly referred to as an unmodified opinion.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the City's financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Maze will issue the Single Audit on or before March of 2024.

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

CITY PROFILE

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

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

South San Francisco was incorporated and became a general law city of the State of California on September 19, 1908. The form of government is the Council-Manager plan. The City shifted from at-large to district elections in November 2018 for the City Council. Each Councilmember serves a term of four years, with a rotating Mayor chosen by majority vote of the Council, for a term of one year. The Council appoints the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and appointing department directors.

The offices of City Clerk and City Treasurer are elected and will remain at-large.

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

The City continued to recover from the economic challenges associated with the global COVID-19 pandemic during Fiscal Year 2022-23. Unemployment rates increased slightly during the year from 2.60% in July 2022 to 3.10% in June 2023. This is in-line with the County of San Mateo's unemployment rate of 3.10% but better than the State's unemployment rate of 4.60% as of June 2023.

Property tax revenues remained strong in FY 2022-23, continuing a multi-year trend that has been key to the City's ongoing financial strength. Property taxes rose by 8.56%, supported by stable property sales activity and receipt of an additional $4 million from the Successor Agency Tax allocation. Permit and inspection revenue had seen a 45.5% jump in revenues from FY 2021-22 due to increase in activities. Revenues from transient occupancy taxes have recovered from pandemic levels low and experienced a 34.8% increase in FY 2022-23 as travel activities and tourism rebounded.

An exception to these positive trends occurred with sales tax receipts, which declined by 1.1% in FY 2022-23 after an extraordinarily strong performance in FY 2021-22.

Much uncertainty remains about the City's prospects for further economic recovery, largely due to global economic stresses. Widespread inflation and interest rate increases, rising energy costs, protracted war in Europe, and the potential for global recession all weigh heavily on South San Francisco's fiscal outlook in the wake of FY 2022-23. Amidst these near-term global crises, the City continues to face numerous local challenges including housing affordability, traffic congestion, growth, and crime. To the extent they impact revenue growth, negative global economic trends may also constrain the City's ability to address such local policy priorities.

Despite immediate and longer-term challenges, the City remains well-positioned to take advantage of ongoing regional economic growth. The City remains a desirable location and continues to draw new residents and businesses. South San Francisco is home to the largest biotech cluster in the world, with over 250 biotech companies, and 11.5-million square feet of biotech space on 500-acres. Population growth also appears likely to recover from modest pandemic era declines as residential construction remains robust in a region with continued strong housing demand and a longstanding shortfall of supply. The City's burgeoning tourism industry is also primed for growth with added hotel capacity in recent years. These strong fundamentals, which propelled South San Francisco's economy in prior years, appear likely to support renewed growth as the City emerges from the public health crisis.

In November 2015, voters in the City passed Measure W, which increased the sales tax rate within the City by 0.50%. The tax is deposited into the City's General Fund and will be used to pay for City services. This tax revenue is primarily used to pay the debt service on lease revenue bonds issued for construction of police station, Civic Campus, a new Aquatic Center and facilities at Orange Memorial Park. The Civic Center and Multi-purpose sports field opened in October 2023.

MAJOR CITY SPONSORED INITIATIVES

The City is committed to provide 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 2022-23 are included as follows:

Strategic Plans

- Completed Master Plans for Centennial Way Trail and Orange Memorial Park

City Services

- In partnership with the South San Francisco Unified School District, expanded free after school programs for transitional kindergarten through sixth grade students as a part of the Expanded Learning Opportunities Program (ELOP) through the California Department of Education
- Launched the Joint Advisory Committee of the Child Care Master Plan
- Expanded free South City Shuttle services

Capital Projects

- Completion of Water Quality Plant's Wet Weather Digesters Improvement Project
- Electrification of City's Fleet with addition of 18 new Electric Vehicles
- Completion of Oyster Point Development Phase 1C
- Pavement Management Program – 2021 Surface Seal & Rehab projects
- South Airport Boulevard Improvement Project
- West Orange and Hillside Pedestrian Crossing Improvement Project
- Oyster Point Pump Station
- Water Quality Control Plant Sludge Dewatering Improvements
- Bay Trail Improvements at Oyster Point 2C

FINANCIAL INFORMATION

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

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

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

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

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

City continues to receive a triple A credit rating, which is a good indicator of the City's strong financial position, solid executive management, fiscally sound policies and practices, and responsible budgetary performance.

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

OTHER INFORMATION

Award

The City's ACFR for the fiscal year ended June 30, 2022, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award signified the report's attainment of easily readable and efficiently organized content and satisfaction of generally accepted accounting principles and legal requirements. The award is valid for a period of one year only. However, the City believes that this current report continues to conform to program eligibility requirements.

Acknowledgments

The preparation of the ACFR was made possible by the dedicated services of the entire staff of the Finance Department and our auditor. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. 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: Karen Chang 5143A80C87F9464...	DocuSigned by: Sharon Ranals 8A40B2F441FD4BA...
Karen Chang	Sharon Ranals
Director of Finance	City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

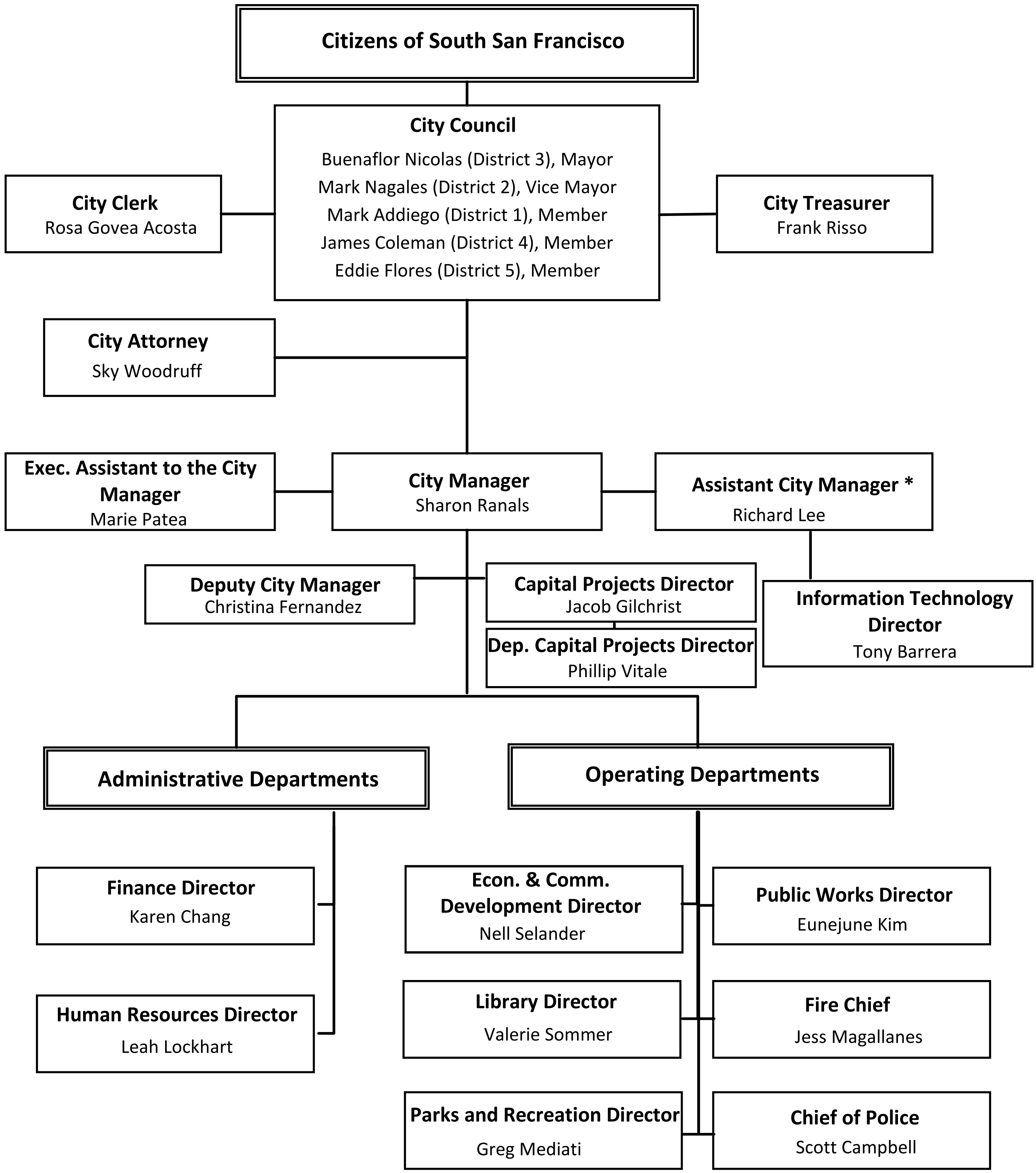
City of South San Francisco
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



* As of June 30, 2023, the Assistant City Manager position was vacant. Rich Lee joined the City in late August 2023

City Council & Directory of Officials*

City Council

Buenaflor Nicolas (District 3)	Mayor
Mark Nagales (District 2)	Vice Mayor
Mark Addiego (District 1)	Councilmember
James Coleman (District 4)	Councilmember
Eddie Flores (District 5)	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	Deputy Economic & Community Development Director
Leah Lockhart	Human Resources Director
Jess Magallanes	Fire Chief
Eunejune Kim	Public Works Director
Valerie Sommer	Library Director
Greg Mediati	Parks & Recreation Director

Budget Subcommittee

Mark Addiego
Buenaflor Nicolas

**As of November 15, 2023*

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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, 2023, 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 0.61%, 0.79%, and 1.32%, 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, 2023, 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.

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3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

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E maze@mazeassociates.com
W **mazeassociates.com**

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 ____, 2023, 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.

Maze & Associates

Pleasant Hill, California
December 27, 2023

The Management's Discussion and Analysis (MD&A) provides an overview of City of South San Francisco's financial activities and fiscal performance for the year ended June 30, 2023. Please read this in conjunction with the accompanying Transmittal Letter and Basic Financial Statements to obtain a complete picture of the City's financial condition.

FINANCIAL HIGHLIGHTS

- Total Net Position for Governmental activities in FY 2022-23 increased by $37.5 million, or 9.5%, from $396.8 million in the prior year, to $434.3 million. The increase in cash and investments of $46 million was mainly due to higher revenues received in the year with a reduction in receivables at the end of the year. The reduction in restricted cash and investments was due to drawing down from bond proceeds to fund capital projects, mainly Orange Memorial Parks and Civic Campus. The decrease in bond trustee account was offset by the capitalization of the Police Station at $53 million. The growth in assets of $28.1 million was offset by a $77.4 million increase in Net Pension Liability.

- Total Net Position for Business-Type activities in FY 2022-23 increased by $5 million, or 3.6%, from $137.9 million in the prior year, to $142.9 million. The growth in Net Position was mainly due to recognition of a $4 million loan forgiven stipulated in the State Water Resources Board loan agreement.

- City-wide Net Pension Liability to CalPERS for FY 2022-23 increased by $86.0 million, or 59.6%, from $144.4 million in the prior year to $230.4 million. This significant increase in liability was driven by revised actuarial assumption, lowered discount rates imposed by CalPERS, and coupling with weaker investment earnings.

- City-wide cash and investments at year end increased $53.3 million, or 20.1%, from $264.8 million in the prior year to $318.1 million. This reflects the underlying strength in the local economy as the City continued to recover from the pandemic and the strong real-estate market.

- Revenues from Governmental Activities (excluding transfers and special items) increased by $12.5 million, or 6.1%, to $216.4 million in FY 2022-23 from $203.9 million in the prior year. Revenues from Business-Type Activities (excluding transfers and special items) increased $1.8 million, or 5.35%, to $36.2 million in FY2022-23 from $34.4 million in the prior year.

- Expenses from Governmental Activities (excluding transfers and special items) increased by $36.8 million, or 27.32%, to $171.6 million in FY2022-23 from $134.8 million in the prior year due to a greater amount of interest paid on debt (due to additional bonds having been issued in the prior year). Expenses from Business-Type Activities increased by $4.7 million, or 16.4%, to $33.4 million compared to $28.7 million in the prior year.

- Property tax revenues categorized under Governmental Activities increased in FY 2022-23 by $7.7 million, or 19.3%, to $47.7 million from $40 million in the prior year. This was primarily due to the continued strong real estate market and also from receipt of a higher tax allocation from the Successor Agency.

- Transient Occupancy Tax ("TOT") was the most dramatically impacted revenue category during the height of the pandemic due to the restrictions on travel and shelter-in-place orders. By the beginning of FY 2021-22, these had largely been removed allowing this revenue category to rebound significantly. TOT revenue had increased to $16.3 million, an increase of $4.2 million, or 34.7%, from $12.1 million in the prior year. Total TOT receipts have almost returned to pre-pandemic levels, but there is still some lag in business travel.

- Revenue from Property Taxes in Lieu, otherwise known as the California Vehicle Licensing Fee (VLF), had decreased to $8.8 million in FY 2022-23 from $12 million in the prior year, a decrease of $3.2 million or 26.7%. This is a volatile revenue source that is difficult to predict, and the decrease was partially due to a change in the ratio of basic aid to non-basic aid school districts in San Mateo County which affects the availability of VLF.

- Total program revenues from the City's Enterprise Funds increased slightly by $0.7 million, or 2.0% to $35.9 million from $35.2 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 returned to work. The City's Parking Enterprise experienced a $0.07 million, or 6.9%, increase in revenues to $1.06 million in FY2022-23 compared to $0.99 million in the prior year due to a higher level of parking activities as consumers returned to the City following removal of pandemic-related restrictions.

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.

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.

- ***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.

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 2022-23 are presented versus FY 2021-22.

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, 2023 for Governmental Activities:

Governmental Net Position

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

			Increase / (Decrease)	
	2023	2022	Amount	%
Cash and investments	$ 285.8	$ 239.8	$ 46.0	19.2%
Other assets	117.0	201.9	(84.9)	(42.1%)
Capital assets	532.7	465.7	67.0	14.4%
Total assets	935.5	907.4	28.1	3.1%
Total outflows of resources	64.6	28.8	35.8	124.3%
Total outflow of resources	64.6	28.8	35.8	124.3%
Long-term debt outstanding	219.0	223.8	(4.8)	(2.1%)
Other liabilities	331.4	253.4	78.0	30.8%
Total liabilities	550.4	477.2	73.2	15.3%
Deferred inflows of resources	15.4	62.1	(46.7)	(75.2%)
Total deferred inflow of resources	15.4	62.1	(46.7)	(75.2%)
Net position:				
Net investment in capital assets	390.8	384.8	6.0	1.6%
Restricted	130.1	139.0	(8.9)	(6.4%)
Unrestricted	(86.6)	(127.0)	40.4	(31.8%)
Total net position	$ 434.3	$ 396.8	$ 37.5	9.5%

As shown in table 1, the total net position for Governmental Activities increased by $37.5 million in FY 2022-23 compared to the prior year, reflecting significant increases in assets. Cash and investments increased by $46 million. Other assets, which includes receivables, properties held for redevelopment, and restricted cash and investments, decreased by $84.9 million due to reduction of the restricted cash, which represented the bond proceeds for capital assets such as the Civic Campus and Orange Memorial Park that were completed in October 2023. Capital assets increased by $67 million due to capitalization of new Police Station and other bond funded street projects.

Pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of $58.4 million and Net Pension Liability of $207.4 million attributable to Governmental Activities.

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

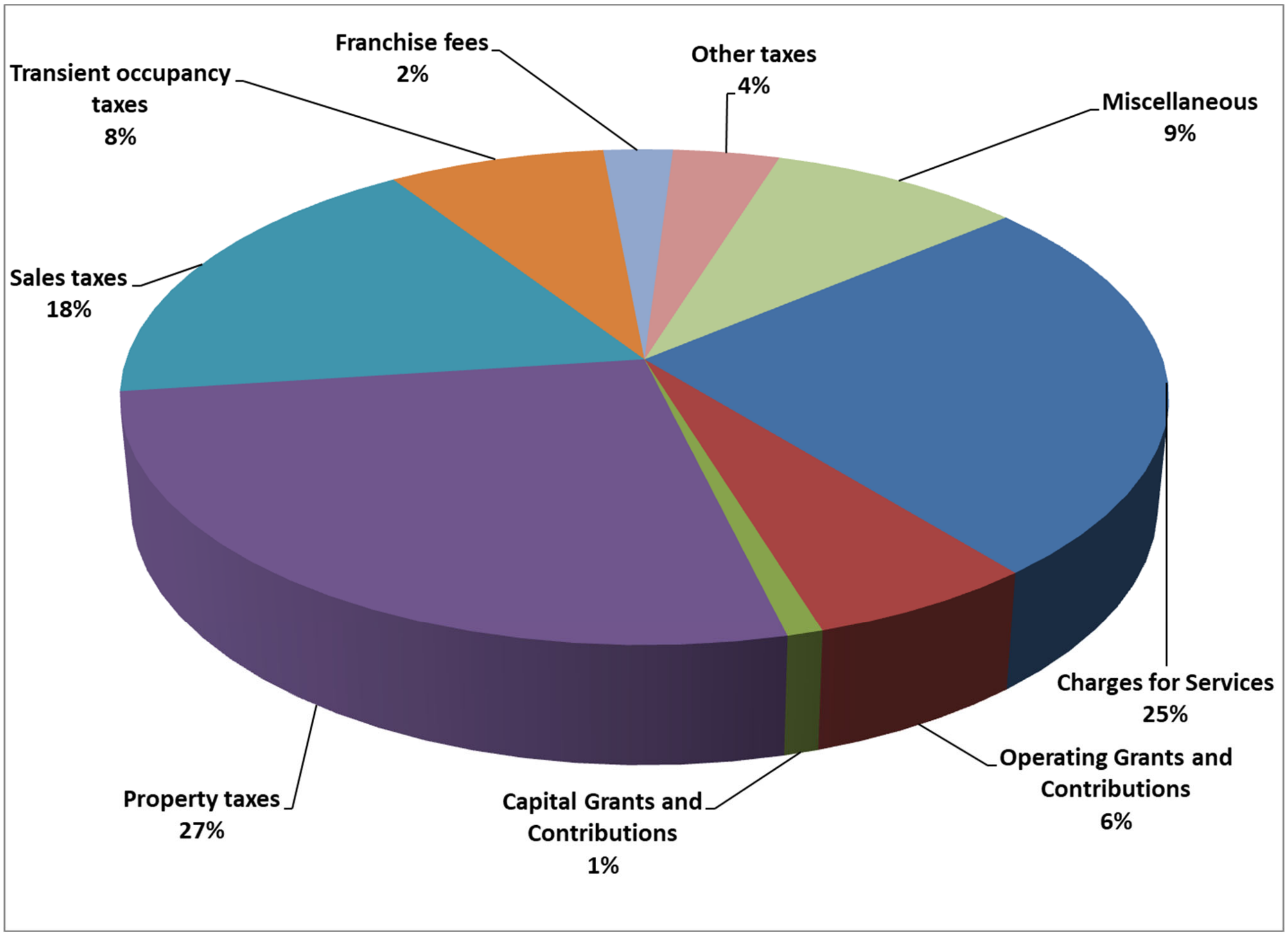
Table 2
Expense and Program Revenue Comparison in Governmental Activities
(In Millions)

			Increase / (Decrease)	
	2023	2022	Amount	%
Revenues				
Program revenues:				
Charges for services	$ 53.4	$ 66.7	$ (13.3)	(19.9%)
Operating grants and contributions	12.9	10.9	2.0	18.3%
Capital grants and contributions	2.0	3.3	(1.3)	(39.4%)
Total program revenues	$ 68.3	$ 80.9	$ (12.6)	(15.6%)
General revenues:				
Taxes:				
Property taxes	$ 47.7	$ 40.0	$ 7.7	19.3%
Sales taxes	37.7	38.1	(0.4)	(1.0%)
Transient occupancy taxes	16.3	12.1	4.2	34.7%
Other taxes	13.4	11.5	1.9	16.5%
Property taxes in lieu	8.8	12.0	(3.2)	(26.7%)
Investment earnings	5.1	(6.7)	11.8	(176.1%)
Miscellaneous	19.1	16.0	3.1	19.4%
Total general revenues	$ 148.1	$ 123.0	$ 25.1	20.4%
Total revenues	$ 216.4	$ 203.9	$ 12.5	6.1%
Expenses				
General government	$ 25.0	$ 20.8	$ 4.2	20.2%
Fire department	36.9	28.5	8.4	29.5%
Police department	37.9	35.7	2.2	6.2%
Public Works	21.9	7.5	14.4	192.0%
Parks and Recreation	23.5	19.5	4.0	20.5%
Library	6.6	6.1	0.5	8.2%
Economic and Community Development	12.9	12.0	0.9	7.5%
Interest on long-term debt	6.9	4.7	2.2	46.8%
Total expenses	$ 171.6	$ 134.8	$ 36.8	27.3%
Excess / (deficiency) before transfers	$ 44.8	$ 69.1	$ (24.3)	(35.2%)
Special Item	(5.2)	(3.0)	(2.2)	73.3%
Transfers	(2.1)	(1.4)	(0.7)	50.0%
Change in net position	37.5	64.7	(27.2)	(42.0%)
Net position - beginning	396.8	332.1	64.7	19.5%
Net position - ending	$ 434.3	$ 396.8	$ 37.5	9.5%

As shown in table 2, total Governmental revenues (excluding transfers and special items) increased by $12.5 million, or 6.1%, compared to the prior year. The increase was due to higher investment earnings. However, the increase was offset by a decrease in Charges for services largely resulting from significant reduction in impact fees collected during this fiscal year. These are fees paid by developers on new development projects within the City and revenue levels can vary depending on the timing of such projects. 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 recovery from the COVID-19 pandemic. The recovery also gave rise to a $4.2 million increase in TOT as travel restrictions were removed, hotel occupancy rates increased, and consumer spending patterns normalized. There was also an increase in the property tax primarily due to a continued strong real estate market and also from receipt of a higher tax allocation from the Successor Agency. However, a decrease in revenue was also seen in Property taxes in lieu ($3.2 million), otherwise known as the California Vehicle Licensing Fee (VLF) due to a change in the ratio of basic aid to non-basic aid school districts in San Mateo County which affects the availability of VLF. Investment earnings rose by $11.8 million to 5.1 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.

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

Chart 1
Revenues by Source - Governmental Activities FY 2022-23



Governmental program expenses increased by $36.8 million, or 27.3%, in comparison to the prior year. Increases were seen in almost all the departments partially due to higher salary and benefit costs as positions were unfrozen during the year but also due to increased spending on operational supplies in response to expanded public services provided as the City continued to recover from the pandemic. Interest on long-term debt increased to $6.9 million, from $4.7 million in the prior year, due to repayments that began on the 2022A bonds which were issued to pay for construction of the Aquatic Center.

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)	
	2023	2022	Amount	%
General government	$ (12.9)	$ (11.2)	$ (1.7)	15.2%
Fire department	(27.6)	(20.7)	(6.9)	33.3%
Police department	(34.7)	(32.0)	(2.7)	8.4%
Public works department	(3.1)	17.3	(20.4)	(117.9%)
Recreation and community services	(19.1)	(15.9)	(3.2)	20.1%
Library	(5.7)	(4.4)	(1.3)	29.5%
Economic and community development	6.7	17.7	(11.0)	(62.1%)
Interest on long-term debt	(6.9)	(4.7)	(2.2)	46.8%
Total	$ (103.3)	$ (53.9)	$ (49.4)	91.7%

In FY 2022-23, the net expense for governmental activities increased by $49.4 million from $53.9 million to $103.3 million, due to a $36.8 million increase in Governmental program expenses, as previously discussed, and a $12.6 million decrease in program revenues primarily in charges for services which included reduction in developer impact fees.

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, 2023 for Business-Type Activities:

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

			Increase / (Decrease)	
	2023	2022	Amount	%
Cash and Investments	$ 32.3	$ 25.0	$ 7.3	29.2%
Other assets	3.2	5.1	(1.9)	(37.3%)
Capital assets	192.8	196.4	(3.6)	(1.8%)
Total assets	228.3	226.5	1.8	0.8%
Deferred outflows related to pension/OPEB	7.1	3.2	3.9	121.9%
Total Deferred outflows of resources	7.1	3.2	3.9	121.9%
Long-term liabilities outstanding	55.7	57.5	(1.8)	(3.1%)
Other liabilities	36.7	29.1	7.6	26.1%
Total liabilities	92.4	86.6	5.8	6.7%
Deferred inflows related to pension/OPEB	0.2	5.3	(5.1)	(96.2%)
Total deferred inflows of resources	0.2	5.3	(5.1)	(96.2%)
Net position:				
Net investment in capital assets	132.8	133.6	(0.8)	(0.6%)
Restricted	0.0	0.0	0.0	0.0%
Unrestricted	10.1	4.3	5.8	100.0%
Total net position	$ 142.9	$ 137.9	$ 5.0	3.6%

The total net position for Business-Type Activities increased by $5 million, or 3.6%, compared to the prior year. Total assets increased slightly by $1.8 million, or 0.8%, reflecting decreases of capital assets related primarily to regular depreciation. This was offset somewhat by higher cash balances due to an additional $6.6 million loan drawdown from State Water Resources Board loan and a lower receivables balance. Total liabilities, on the other hand, increased by $5.8 million due to a higher accounts payable balance at year end and a $5.1 million higher net pension liability due to substantial investment losses during the measurement period.

Similar to Governmental Activities and pursuant to GASB 75 and GASB 68 requirements, respectively, the City, as in prior years, recognized the Net OPEB liability of $6.5 million and Net Pension Liability of $23 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)	
	2023	2022	Amount	%
Expenses				
Sewer Enterprise	$ 30.6	$ 26.2	$ 4.4	16.8%
Parking District	1.3	1.2	0.1	8.3%
Storm Water	1.5	1.3	0.2	15.4%
Total expenses	33.4	28.7	4.7	16.4%
Revenues				
Program Revenues				
Charges for Services	25.4	24.2	1.2	5.0%
Operating and Capital grants and contributions	10.5	11.0	(0.5)	(4.5%)
Total program revenues	35.9	35.2	0.7	2.0%
General revenues				
Investment earnings	0.3	(0.8)	1.1	(137.5%)
Total general revenues	0.3	(0.8)	1.1	(137.5%)
Excess (deficiency) before transfers	2.8	5.7	(2.9)	(50.9%)
Transfers	2.2	1.4	0.8	57.1%
Change in net position	5.0	7.1	(2.1)	(29.6%)
Net position - beginning	137.9	130.8	7.1	5.4%
Net position - ending	$ 142.9	$ 137.9	$ 5.0	3.6%

Expenses from Business-Type Activities in FY2022-23 increased by $4.7 million to $33.4 million while total revenues (program and general revenues combined) increased slightly, by $0.7 million to $35.9 million. The total change in net position was an increase of $5 million after transfers compared to the $7.1 million increase in net position in the prior year. Despite revenues remaining stable in FY2022-23 and positive investment earnings, control of expenses and reduced transfers out to other funds helped to ensure an increase in net position, albeit a lower increase than in the prior year.

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, 2023, the City's Governmental Funds reported combined fund balances of $312.0 million, a decrease of $31.6 million, or 9.21%, compared to the prior year. This was primarily due to near completion of the bond funded capital improvement projects such as Civic Campus, Orange Memorial Park and Street Projects. The General Fund ending fund balance, which includes Measure W, was $88.6 million, reflecting an increase of $12 million, or 15.5%, over the prior year primarily due to stronger revenues in most major revenue categories but also due to expenditures being rolled over to next year.

Total Governmental Fund revenues (excluding transfers and special items) increased by $12.9 million, or 6.4%, from $201.8 million to $214.7 million, with increases in all categories except sales tax and property taxes in lieu. City saw a steady increase of property taxes due to strong real estate market, and investment earnings due to continue climbing interest rates and transient occupancy taxes rebound from lifting of the travel restriction.

Total Governmental Fund expenditures (excluding transfers and special items) decreased by $3.0 million, or 1.3%, from $236.3 million in the prior year to $233.3 million in FY 2022-23. Most departments saw increases in expenditures as public services expanded during the year as the recovery from the pandemic continued, higher costs of materials and supplies due to high inflation. Personnel costs remained high as a result of annual salary adjustment and increase in headcounts. Debt service increased by $3.2 million due to principal and interest repayment beginning for the 2022A bond issuance.

Comparison of General Fund Final Budgets to Original Adopted Budget

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

CITY OF SOUTH SAN FRANCISCO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended June 30, 2023

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

Revenues	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and $100,000 variance)
Property taxes	$ 43,805	$ 45,805	$ 2,000	4.6%	
Sales taxes	34,791	36,191	1,400	4.0%	
Transient occupancy taxes	11,161	14,161	3,000	26.9%	This revenue stream, most impacted by the pandemic imposed travel restrictions, has demonstrated strong recovery, which led to a $3M upward budget revision during mid-year budget cycle.
Other taxes	4,893	5,693	800	16.3%	Other taxes includes real property transfer tax, business license and commercial parking tax. Revenue streams from new business startups and traffic to the City continues to strengthen, which led to increase in upward budget revision
Franchise Fee	4,600	4,600	-		
Intergovernmental	2,845	4,337	1,492	52.4%	Reflects multiple federal, state and local grants applied for during the year, adjustments for Dept of Toxic Substance Control grant, grants to enhance Fire Department security, the Economic Advancement Center and various other projects.
Interest and rentals	5,453	5,453	-		
Licenses and permits	15,500	19,425	3,925	25.3%	Revenue from building and electric has demonstrated significant rebound from pandemic, which led to upward budget adjustment during mid-year.
Charges for services	8,799	8,265	(534)	-6.1%	A decrease in projections for Planning division had led to a decision to revise the budget downwards during the mid-year review
Fines and forfeitures	711	711	-		
Other	259	279	20	7.7%	The increase was due to receiving support from San Mateo County for City's Promotores Program
Total	**$ 132,817**	**$ 144,920**	**$ 12,103**	**9.1%**	

Expenditures	Original Budget	Final Budget	Change	Pct Change	Discussion: (Items of more than 5% and $100,000 variance)
City Council	$ 259	$ 260	$ 1	0.4%	
City Clerk	1,143	1,154	11	1.0%	
City Treasurer	167	168	1	0.6%	
City Attorney	940	940	-		
City Manager	4,927	5,736	809	16.4%	Increase due to receipt of DTSC grant and purchase order roll over.
Finance	3,893	4,405	512	13.2%	Accounts for various purchase orders carried over from the previous FY, e.g. ERP replacement project and other consultant services.
Non-Departmental	1,544	2,153	609	39.4%	Increase due to contributing additional Pension UAL payment
Human Resources	2,518	2,684	166	6.6%	Roll over of purchase orders related to summer youth program
Economic and Community Development	8,908	15,610	6,702	75.2%	Roll over of purchase orders from the previous year for plan review and building inspection services, General Plan update and work related to the Economic Advancement Center and Lindenville PDA
Fire	31,313	33,425	2,112	6.7%	Increase due to funding for Fire boat purchase, Incentive Pay and increase in GEMT IGT Program
Police	32,958	34,511	1,553	4.7%	
Public Works	7,121	8,604	1,483	20.8%	Increase was due to approval of purchase for Mini Street Sweeper and additional consultant costs
Library	6,706	7,274	568	8.5%	Adjustments for appropriations of multiple state and local grants received for Library programs
Parks and Recreation	19,608	22,873	3,265	16.7%	Adjustments for appropriations of various projects such as ballfield restrooms repairs, tennis courts repavement, Orange Memorial Park Basketball court maintenance, Telia Senior Center repair.
Total	**$ 122,005**	**$ 139,797**	**$ 17,792**	**14.6%**	

Analysis of Major Governmental Funds

General Fund

In FY 2022-23, total General Fund revenues, excluding transfers in, were $162.1 million which was $18.1 million, or 12.6% higher than the final amended budget. Total General Fund expenditures, excluding transfers out and including encumbrances, ended FY 2022-23 at $133.9 million which was $5.5 million, or 4.1%, lower than the final budget due to carryover of a significant number of purchase orders.

As of June 30, 2023, the General Fund total fund balance was $88.6 million, $16.8 million of which was attributable to Measure W. Of the remaining fund balance, $29.3 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 $42.5 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 2022-23 were $54 million, which was $8.2 million or 17.9% over final budget. primarily due to the continued strong real estate market and also from receipt of a higher tax allocation from Successor Agency.

Sales tax revenue, including Measure W, was $37.3 million, which was $1.1 million or 3% over final budget, reflecting steady consumer spending with high inflation price.

Transient occupancy taxes totaled $16.4 million for the year, which was $3.6 million, or 15.5%, over the final budget. This category was budgeted conservatively due to the expected lingering impacts of the pandemic on the hospitality industry seen in the prior year. However, travel rebounded quickly leading to high hotel occupancy rates and considerably higher final collections than budget. By way of contrast, pre-pandemic TOT levels were approximately $17 million (FY2018-19).

Intergovernmental revenues were $3.6 million which was $0.8 million, or 18.6%, lower than final budget mainly due to the timing of receipt of various grants, many of which are on a reimbursement basis so it depends on progress of projects during the year.

Licenses and permits revenues were $20.5 million, which was $1 million, or 5% 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.

Charges for services were $11.7 million, which was $3 million or 34.78% above budget. This category was revised downward during the mid-year review due to lower-than-expected receipts at the time for classes, rentals and child care but the year ended much stronger than expected and exceeded the original budget.

Measure W revenue increased slightly from $15.4 million in FY2021-22 to $15.6 million in FY 2022-23 and exceeded budget by $1.9 million primarily due to the City's prudent budget approach to the volatile revenue category.

Expenditures. Higher than expected expenditures in the Fire department are primarily payroll-related, particularly in overtime due to regular staff working additional hours to cover unfilled vacancies. To a lesser extent, the Police department also saw payroll-related expenditures exceed budget, but this was partially offset by underspends in supplies and services. The Non-Departmental category was over budget due to a one-time extra contribution to pension obligation fund. These overspends were offset by savings in other departments, including Finance, Library and Economic and Community Development. Compared to the prior year, General Fund expenditures, excluding transfers and including encumbrances, increased from $129.2 million to $142.3 million. This was driven by the recovery from the pandemic and the commensurate return to a more normal level of services to residents which led to more staffing and operational expenditures. Versus the final budget, the General Fund ended the year with a $1.7 million unfavorable variance.

American Rescue Plan Act Fund

In response to the COVID-19 pandemic, the federal government passed the American Rescue Plan Act (ARPA) in March 2021 which included financial aid to be provided to cities. The City of South San Francisco was awarded $12.3 million in ARPA funds, received in two equal tranches in June 2021 and June 2022. During FY 2022-23, $2 million was transferred to the General Fund to replace revenues lost as a direct result of pandemic impacts. ARPA funds are held as unearned revenue on the balance sheet, netting off against the cash balance, and recognized as revenue as project expenditures are incurred. This results in a zero-fund balance at year end.

Capital Improvement Funds

The City consolidates and reports its governmental fund-type capital project expenditures in these funds. Resources consist of transfers from the General Fund, Major and non-Major funds, developer impact fees, and gasoline taxes and transportation sales taxes from non-Major governmental funds. Resources also come from federal, state, and local grants, contributions from other cities, utilities and private developers. From time to time and when financially feasible and prudent to do so, the City issues bonds which generate proceeds for large-scale public facility projects.

The Capital Improvement Fund consists of 1) regular capital projects 2) Bond funded Street Projects ($12.4 million) and 3) Bond funded Solar Projects ($4 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 $35 million and $12 million for the Capital Improvement for Civic Campus and Orange Memorial Park, respectively, also resulted from significant drawdowns from the bond proceeds for these projects. Civic Campus and Orange Ballfield were both opened in the fall of 2023.

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 2022-23, combined ending fund balance for Capital Improvement Funds was $86.6 million which decreased $63.2 million from the combined ending fund balance of $149.7 million in the prior year. As mentioned above, the decrease was due to the spending down of previous bond proceeds as the new Police Station was completed during the year, the Civic Center Campus and the Capital Improvement Orange Memorial Park Projects were completed in the fall of 2023.

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 high level of development activity in the City. This includes $7.4 million in Commercial Linkage Impact Fees which will be used to provide affordable housing and to support the City's adopted 2015-2023 Housing Element, and $6.6 million in Oyster Point Development Impact Fees to be used for interchange projects in the Oyster Point area. Also worth noting is that the city received $9 million as a Community Benefit for building the New Fire Station.

Enterprise Funds

Sewer Enterprise Fund

The Sewer Enterprise fund reported operating revenue (before non-operating revenues and operating transfers) of $30.1 million in FY2022-23, an increase of $1.7 million, or 6.0%, from $28.4 million in the prior year. This increase in revenue is more 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 $2.1million, or 8.0%, from $ 25.8 million to $27.9 million, due to higher payroll-related expenses.

Parking District Fund

In FY 2023, 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 increased by $0.7 million, or 7.0%, from $1.0 million to $1.1 million, primarily due to increased usage of parking meters as businesses opened up as the City continued to recover from the pandemic and shoppers returned in their cars to the downtown area. Operating expenses increased by $0.1 million, or 9%, from $1.2 million to $1.3 million due to higher program supplies.

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 $2.5 million - $0.3 million from the General Fund, $0.7 million from non-Major Governmental Funds, and $1.5 million from the Infrastructure Reserve Fund. Operating expenses in this fund totaled $1.5 million, an increase of $0.2 million, or 12.0%, from $1.3 million in the prior year, primarily due to higher payroll-related expenditures. Net position increased $1.7 million from $16.8 million to $18.6 million, largely due to transfers in.

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, 2023, the City had $725.5 million in capital assets (as shown in table 7 below), net of depreciation, representing a substantial increase of $63.4 million from the prior year, driven primarily by in-progress construction projects such as the new Civic Center Campus and the completion of the new Police Station.

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

Table 7
Capital Assets (in Millions) at June 30

			Increase / (Decrease)	
	2023	2022	Amount	%
Governmental Activities:				
Land	$ 72.2	$ 72.2	$ -	0.0%
Buildings and improvements	150.6	97.4	53.2	54.6%
Equipment and vehicles	25.9	24.8	1.1	4.4%
Furniture and fixtures	2.6	2.6	0.0	0.0%
Infrastructure - streets	208.3	205.6	2.7	1.3%
Infrastructure - traffic control devices	12.6	12.6	0.0	0.0%
Infrastructure - storm drains	8.9	8.9	0.0	0.0%
Construction in progress	260.9	241.9	19.0	7.9%
Less accumulated depreciation	(209.3)	(200.3)	(9.0)	4.5%
Totals	$ 532.7	$ 465.7	$ 67.0	14.4%
Business-Type Activities				
Land	$ 0.8	$ 0.8	$ -	0.0%
Buildings and improvements	80.1	80.1	0.0	0.0%
Clean water facilities and transmission line	79.9	79.9	0.0	0.0%
Infrastructure - storm drains	6.2	6.2	0.0	0.0%
Infrastructure - streets	7.4	7.4	0.0	0.0%
Equipment and vehicles	18.5	18.5	0.0	0.0%
Construction in progress	86.2	84.0	2.2	2.6%
Less accumulated depreciation	(86.3)	(80.5)	(5.8)	7.2%
Totals	$ 192.8	$ 196.4	$ (3.6)	(1.8%)
Total City	$ 725.5	$ 662.1	$ 63.4	9.6%

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)	
Governmental Activities	2023	2022	Amount	%
Lease Revenue Bonds	$ 188.4	$ 191.6	$ (3.2)	100.0%
Plus: Unamortized Bond Premium	31.8	33.2	(1.4)	100.0%
Loan payable to Successor Agency	2.1	2.2	(0.1)	(4.5%)
Capital leases	0.0	0.1	(0.1)	(100.0%)
Total Governmental Activities Outstanding Debt	$ 222.3	$ 227.1	$ (4.8)	(2.1%)
Business-type Activities				
State Water Resources Board loans	$ 58.4	$ 60.8	$ (2.4)	(3.9%)
2005 Sewer Bonds	1.6	2.0	(0.4)	(20.0%)
Total Business-type Activities Outstanding Debt	$ 60.0	$ 62.8	$ (2.8)	(4.5%)

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

The decrease of $2.7 million in Business-Type Activities outstanding debt stems from the drawdown of an additional $6.6 million State Water Resources Board loan and the retirement of $5.3 million during FY 2022-23. There was also a forgiveness of $4 million in State Water Resources Board Loan.

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.

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

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

- 2022A Lease Revenue Bonds - Original debt: $65,420,000; premium received: $6,686,317; 4-5.25% interest rate; due June 1, 2046. $49,000,000 of the bond proceeds are to be used for construction of the new Aquatic Center. $12.3 million will be used for 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.

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.

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, 2023

	Primary Government			Component Unit South San Francisco Conference Center
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments (Note 2)	$285,835,659	$32,286,454	$318,122,113	$3,882,598
Receivables:				
Accounts	17,519,645	2,878,072	20,397,717	354,694
Accrued interest	1,378,841	134,495	1,513,336	
Loans	1,192,998		1,192,998	
Due from Conference Center	56,072		56,072	
Leases (Note 10)	13,940,969		13,940,969	
Deposits	309,790		309,790	38,504
Inventory	574		574	
Prepaid items	1,358,284		1,358,284	
Restricted cash and investments (Note 2)	78,368,796	192,775	78,561,571	
Properties held for redevelopment (Note 1O)	2,823,118		2,823,118	
Capital assets (Note 3):				
Nondepreciable	333,152,532	86,985,388	420,137,920	
Depreciable, net accumulated depreciation	199,550,902	105,837,920	305,388,822	2,818,855
Total Assets	935,488,180	228,315,104	1,163,803,284	7,094,651
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 7)	57,019,161	6,267,907	63,287,068	
Related to OPEB (Note 9)	7,615,537	846,171	8,461,708	
Total Deferred Outflows of Resources	64,634,698	7,114,078	71,748,776	
LIABILITIES				
Accounts payable	12,796,196	753,939	13,550,135	270,580
Accrued salaries and benefits	2,697,253		2,697,253	74,573
Accrued interest payable	683,778	764,499	1,448,277	
Other payables	9,417,825	244,732	9,662,557	
Deposits payable	3,975,795	7,500	3,983,295	311,700
Unearned revenue	6,328,095	48,942	6,377,037	
Accrued insurance losses (Note 12):				
Due within one year	3,381,062		3,381,062	
Due in more than one year	13,903,000		13,903,000	
Compensated absences obligation (Note 1M):				
Due within one year	6,059,221	656,200	6,715,421	
Due in more than one year	3,084,074	281,449	3,365,523	
Debt and lease financing obligations (Note 5):				
Due within one year	3,320,000	4,368,201	7,688,201	
Due in more than one year	218,955,229	55,698,877	274,654,106	
Lease liability (Note 10):				
Due within one year				359,990
Due in more than one year				1,699,888
Net pension liability - due in more than one year (Note 7)	207,355,558	23,039,506	230,395,064	
Net OPEB Liability - due in more than one year (Note 9)	58,421,069	6,491,230	64,912,299	
Total Liabilities	550,378,155	92,355,075	642,733,230	2,716,731
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 7)	937,798	104,200	1,041,998	
Related to OPEB (Note 9)	1,035,207	115,023	1,150,230	
Related to leases (Note 10)	13,436,558		13,436,558	
Total Deferred Inflows of Resources	15,409,563	219,223	15,628,786	
NET POSITION (Note 6)				
Net investment in capital assets	390,845,692	132,756,230	523,601,922	758,977
Restricted for:				
Debt service				
Special revenue projects	53,688,315		53,688,315	
Capital projects	73,613,451		73,613,451	
Redevelopment and community development activities	2,823,118		2,823,118	
Total Restricted Net Position	130,124,884		130,124,884	
Unrestricted	(86,635,416)	10,098,654	(76,536,762)	3,618,943
Total Net Position	$434,335,160	$142,854,884	$577,190,044	$4,377,920

See accompanying notes to financial statements

CITY OF SOUTH SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities:				
General Government	$24,977,978	$9,249,087	$2,830,103	
Fire	36,852,200	9,231,756	19,969	
Police	37,885,983	2,299,209	904,914	
Public Works	21,880,934	9,071,365	7,901,412	$1,772,530
Parks and Recreation	23,539,372	3,927,532	553,268	
Library	6,639,706	60,300	584,404	258,821
Economic and Community Development	12,923,609	19,532,657	125,590	
Interest on long term debt	6,891,224			
Total Governmental Activities	171,591,006	53,371,906	12,919,660	2,031,351
Business-type Activities				
Sewer	30,654,615	23,891,045	6,237,114	4,000,000
Parking District	1,272,157	1,062,751		
Storm Water	1,460,610	418,583		276,151
Total Business-type Activities	33,387,382	25,372,379	6,237,114	4,276,151
Total Primary Government	$204,978,388	$78,744,285	$19,156,774	$6,307,502
Component Unit				
Conference Center	$3,385,350	$1,324,059		

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

Special Item:

Remittance of land sale proceeds to taxing entities

Transfers (Note 4)

Total general revenues, special item and transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	South San Francisco Conference Center
($12,898,788)		($12,898,788)	
(27,600,475)		(27,600,475)	
(34,681,860)		(34,681,860)	
(3,135,627)		(3,135,627)	
(19,058,572)		(19,058,572)	
(5,736,181)		(5,736,181)	
6,734,638		6,734,638	
(6,891,224)		(6,891,224)	
(103,268,089)		(103,268,089)	
	$3,473,544	3,473,544	
	(209,406)	(209,406)	
	(765,876)	(765,876)	
	2,498,262	2,498,262	
(103,268,089)	2,498,262	(100,769,827)	
			($2,061,291)
47,680,587		47,680,587	
37,722,042		37,722,042	
16,357,104		16,357,104	1,936,096
5,240,637		5,240,637	
8,059,817		8,059,817	
67,937		67,937	
8,760,770		8,760,770	
5,104,060	291,068	5,395,128	79,389
1,807,446		1,807,446	
17,335,302		17,335,302	
(5,173,366)		(5,173,366)	
(2,195,337)	2,195,337		
140,766,999	2,486,405	143,253,404	2,015,485
37,498,910	4,984,667	42,483,577	(45,806)
396,836,250	137,870,217	534,706,467	4,423,726
$434,335,160	$142,854,884	$577,190,044	$4,377,920

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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 2023. 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.

AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND

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

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

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

CAPITAL INFRASTRUCTURE RESERVE FUND

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

CAPITAL IMPROVEMENT POLICE STATION CAPITAL PROJECTS FUND

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

CAPITAL IMPROVEMENT CIVIC CAMPUS CAPITAL PROJECTS FUND

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

CAPITAL IMPROVEMENT ORANGE MEMORIAL PARK CAPITAL PROJECTS FUND

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

CITY OF SOUTH SAN FRANCISCO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

		Special Revenue Fund	Capital Projects Funds		
	General Fund	American Rescue Plan Act	Capital Improvement	Capital Infrastructure Reserve	Capital Improvement Police Station
ASSETS					
Cash and investments (Note 2)	$80,739,818	$6,267,552	$563,919	$20,115,363	
Receivables:					
Accounts	13,715,846		1,343,145		
Accrued interest	423,012			114,100	
Due from Conference Center	56,072				
Loans					
Leases (Note 10)	12,759,503				
Due from other funds (Note 4B)	480,000				
Inventory	574				
Restricted cash and investments (Note 2)			4,435,367		$356,833
Properties held for redevelopment (Note 1O)	2,823,118				
Total Assets	$110,997,943	$6,267,552	$6,342,431	$20,229,463	$356,833
LIABILITIES					
Liabilities:					
Accounts payable	$5,939,493		$589,353		
Accrued salaries and benefits	2,697,253				
Other payable	776,211		1,463,713		$25,049
Deposits payable	742,865				
Unearned revenue		$6,267,552	60,543		
Due to other funds (Note 4B)			380,000		
Total Liabilities	10,155,822	6,267,552	2,493,609		25,049
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable			1,343,145		
Related to leases (Note 10)	12,282,955				
Total Deferred Inflows of Resources	12,282,955		1,343,145		
FUND BALANCE					
Fund Balances (Note 6):					
Nonspendable	477,122				
Restricted	2,823,118		3,509,832		331,784
Committed	20,536,653				
Assigned	8,661,539			$20,229,463	
Unassigned	56,060,734		(1,004,155)		
Total Fund Balances (Deficits)	88,559,166		2,505,677	20,229,463	331,784
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$110,997,943	$6,267,552	$6,342,431	$20,229,463	$356,833

See accompanying notes to basic financial statements

	Capital Projects Funds			
	Capital Improvement Civic Campus	Capital Improvement Orange Memorial Park	Other Governmental Funds	Total Governmental Funds
	$1,391,205	$25,859	$137,850,725	$246,954,441
	68,871		1,935,467	17,063,329
			656,631	1,193,743
				56,072
			1,192,998	1,192,998
			1,181,466	13,940,969
				480,000
				574
	13,890,142	59,684,993	1,461	78,368,796
				2,823,118
	$15,350,218	$59,710,852	$142,818,748	$362,074,040
	$3,658,577	$1,433,694	$841,361	$12,462,478
				2,697,253
	5,918,975	473,052	583,286	9,240,286
			3,232,930	3,975,795
				6,328,095
			100,000	480,000
	9,577,552	1,906,746	4,757,577	35,183,907
	68,871			1,412,016
			1,153,603	13,436,558
	68,871		1,153,603	14,848,574
				477,122
	5,703,795	57,804,106	136,907,568	207,080,203
				20,536,653
				28,891,002
				55,056,579
	5,703,795	57,804,106	136,907,568	312,041,559
	$15,350,218	$59,710,852	$142,818,748	$362,074,040

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	$312,041,559
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.	527,374,934
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.	26,595,941
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	(222,275,229)
Interest payable	(683,778)
Deferred outflows related pension	57,019,161
Deferred outflows related to OPEB	7,615,537
Net OPEB liability	(58,421,069)
Net pension liability	(207,355,558)
Deferred inflows related to OPEB	(1,035,207)
Deferred inflows related to pension	(937,798)
Compensated absences	(7,015,349)
Net position of governmental activities	$434,335,160

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, 2023

		Special Revenue Fund	Capital Projects Funds		
	General Fund	American Rescue Plan Act	Capital Improvement	Capital Infrastructure Reserve	Capital Improvement Police Station
REVENUES					
Property taxes	$54,041,117				
Sales taxes	37,353,784				
Transient occupancy taxes	16,357,104				
Franchise Fees	5,240,637				
Other taxes	8,059,817				
Intergovernmental	3,558,742	$1,995,741	$1,824,995		
Interest and rentals	4,247,107			$235,482	$5,480
Licenses and permits	20,467,644				
Charges for services	11,673,187			434,000	
Fines and forfeitures	757,019				
Other	353,378		449,976		
Total Revenues	162,109,536	1,995,741	2,274,971	669,482	5,480
EXPENDITURES					
Current:					
City Council	241,596				
City Clerk	1,027,822				
City Treasurer	35,279				
City Attorney	1,220,059				
City Manager	4,107,153				
Finance	3,089,869				
Non-departmental	3,484,013				
Human Resources	2,221,160				
Fire	35,512,513				
Police	36,282,833				142,478
Public Works	7,936,326		25,995,702	500	
Parks and Recreation	20,362,073				
Library	6,475,274				
Economic and Community Development	11,770,931				
Other					
Capital Outlay	141,250				
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures	133,908,151		25,995,702	500	142,478
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,201,385	1,995,741	(23,720,731)	668,982	(136,998)
OTHER FINANCING SOURCES (USES)					
Gain from sale of property	1,852,123				
Loss from sale of property	(6,439,913)				
Issuance of debt					
Bond premium					
Transfers in (Note 4C)	5,283,682		10,817,102		
Transfers out (Note 4C)	(11,811,401)	(1,995,741)		(5,329,343)	
Total Other Financing Sources (Uses)	(11,115,509)	(1,995,741)	10,817,102	(5,329,343)	
Net Change in Fund Balances before special items	17,085,876		(12,903,629)	(4,660,361)	(136,998)
SPECIAL ITEMS					
Remittance of land sale proceeds	(5,173,366)				
Net Change in Fund Balances	11,912,510		(12,903,629)	(4,660,361)	(136,998)
Fund balances (deficits) - July 1	76,646,656		15,409,306	24,889,824	468,782
Fund balances (deficits) - June 30	$88,559,166		$2,505,677	$20,229,463	$331,784

See accompanying notes to financial statements

Capital Projects Funds			
Capital Improvement Civic Campus	Capital Improvement Orange Memorial Park	Other Governmental Funds	Total Governmental Funds
		$2,400,240	$56,441,357
		912,453	38,266,237
			16,357,104
			5,240,637
		2,838,448	10,898,265
$2,504,976		9,689,823	19,574,277
636,881	$1,115,571	1,616,678	7,857,199
			20,467,644
		15,369,853	27,477,040
			757,019
		10,518,233	11,321,587
3,141,857	1,115,571	43,345,728	214,658,366
			241,596
			1,027,822
			35,279
			1,220,059
			4,107,153
			3,089,869
		22,809	3,506,822
			2,221,160
		129,027	35,641,540
		67,741	36,493,052
37,617,159	11,820,253	6,621,939	89,991,879
		2,235,977	22,598,050
			6,475,274
		1,004,730	12,775,661
		2,161,116	2,161,116
			141,250
		3,285,000	3,285,000
		8,280,065	8,280,065
37,617,159	11,820,253	23,808,404	233,292,647
(34,475,302)	(10,704,682)	19,537,324	(18,634,281)
			1,852,123
			(6,439,913)
2,898,732		11,465,065	30,464,581
	(3,175,615)	(11,396,260)	(33,708,360)
2,898,732	(3,175,615)	68,805	(7,831,569)
(31,576,570)	(13,880,297)	19,606,129	(26,465,850)
			(5,173,366)
(31,576,570)	(13,880,297)	19,606,129	(31,639,216)
37,280,365	71,684,403	117,301,439	343,680,775
$5,703,795	$57,804,106	$136,907,568	$312,041,559

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, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	($31,639,216)
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	75,422,642
Current year depreciation	(9,190,597)
Current year retirements	(149,603)
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	3,285,000
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	(387,371)
Interest payable	6,228
Compensated absences	(499,594)
Net pension liability, deferred outflows and inflows of resources	(2,851,866)
Net OPEB liability, deferred outflows and inflows of resources	937,453
Allocation of Internal Service Fund Activity	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.	1,183,221
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$37,498,910

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, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	Positive (Negative)
Resources (inflows):				
Property taxes	$43,804,769	$45,804,769	$54,041,117	$8,236,348
Sales taxes	34,791,018	36,191,018	37,353,784	1,162,766
Transient occupancy taxes	11,160,752	14,160,752	16,357,104	2,196,352
Franchise fees	4,600,000	4,600,000	5,240,637	640,637
Other taxes	4,893,252	5,693,252	8,059,817	2,366,565
Intergovernmental	2,844,618	4,337,199	3,558,742	(778,457)
Interest and rentals	5,453,469	4,556,469	4,247,107	(309,362)
Licenses and permits	15,500,000	19,425,400	20,467,644	1,042,244
Charges for services	8,799,097	8,265,097	11,673,187	3,408,090
Fines and forfeitures	710,824	710,824	757,019	46,195
Other	259,383	278,902	353,378	74,476
Amounts available for appropriation	132,817,182	144,023,682	162,109,536	18,085,854
Charges to appropriations (outflows):				
City Council	258,749	260,650	241,596	19,054
City Clerk	1,143,342	1,154,449	1,027,822	126,627
City Treasurer	167,292	167,904	35,279	132,625
City Attorney	940,290	940,291	1,220,059	(279,768)
City Manager	4,926,619	5,735,893	4,197,204	1,538,689
Finance	3,892,875	4,405,085	3,617,322	787,763
Non-departmental	1,544,367	2,152,699	3,486,795	(1,334,096)
Human Resources	2,518,004	2,684,109	2,331,987	352,122
Fire	31,313,293	33,424,718	36,400,487	(2,975,769)
Police	32,957,662	34,511,302	36,283,110	(1,771,808)
Public Works	7,120,654	8,603,705	8,931,895	(328,190)
Parks and Recreation	19,608,365	22,873,151	22,225,939	647,212
Library	6,706,110	7,273,746	6,518,982	754,764
Economic and Community Development	8,907,770	15,609,631	15,909,963	(300,332)
Capital Outlay			141,250	(141,250)
Total charges to appropriations	122,005,392	139,797,333	142,569,690	(2,772,357)
OTHER FINANCING SOURCES (USES)				
Gain from sale of property		897,000	1,852,123	955,123
Loss from sale of property			(6,439,913)	(6,439,913)
Transfers in (Note 4C)	3,245,000	6,151,400	5,283,682	(867,718)
Transfers out (Note 4C)	(13,344,450)	(28,153,088)	(11,811,401)	16,341,687
Total Other Financing Sources (Uses)	(10,099,450)	(21,104,688)	(11,115,509)	9,989,179
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	712,340	(16,878,339)	8,424,337	25,302,676
SPECIAL ITEM				
Remittance of land sale proceeds			(5,173,366)	(5,173,366)
NET CHANGE IN FUND BALANCE	$712,340	($16,878,339)	3,250,971	$20,129,310
Fund Balance - July 1			76,646,656	
Adjustment to budgetary basis:				
Encumbrance adjustments			8,661,539	
Fund Balance - June 30			$88,559,166	

See accompanying notes to financial statements

CITY OF SOUTH SAN FRANCISCO
AMERICAN RESCUE PLAN ACT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES:				
Intergovernmental	$2,270,000	$2,270,000	$1,995,741	($274,259)
Total Revenues	2,270,000	2,270,000	1,995,741	(274,259)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,270,000	2,270,000	1,995,741	(274,259)
OTHER FINANCING SOURCES (USES)				
Transfers out (Note 4C)	(2,270,000)	(4,025,750)	(1,995,741)	2,030,009
NET CHANGE IN FUND BALANCE		($1,755,750)		$1,755,750
Fund balance - July 1				
Fund balance - June 30				

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

SEWER ENTERPRISE FUND

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

PARKING DISTRICT FUND

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

STORM WATER FUND

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

CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments (Note 2)	$25,369,673	$3,460,545	$3,456,236	$32,286,454	$38,881,218
Receivables:					
Accounts	2,432,572	9,281	436,219	2,878,072	456,316
Accrued interest	97,652	18,421	18,422	134,495	185,098
Deposits					309,790
Prepaid items					1,358,284
Restricted cash and investments (Note 2)	192,775			192,775	
Total current assets	28,092,672	3,488,247	3,910,877	35,491,796	41,190,706
Noncurrent assets:					
Capital assets (Note 3):					
Nondepreciable	73,310,803	421,149	13,253,436	86,985,388	
Depreciable, net accumulated depreciation	95,039,129	9,259,353	1,539,438	105,837,920	5,328,500
Total non-current assets	168,349,932	9,680,502	14,792,874	192,823,308	5,328,500
Total Assets	196,442,604	13,168,749	18,703,751	228,315,104	46,519,206
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7)	6,267,907			6,267,907	
Related to OPEB (Note 9)	846,171			846,171	
Total Deferred Outflows of Resources	7,114,078			7,114,078	
LIABILITIES					
Current liabilities:					
Accounts payable	679,554	8,692	65,693	753,939	333,718
Other payable	244,664	63	5	244,732	177,539
Accrued interest payable	764,499			764,499	
Deposits payable	7,500			7,500	
Unearned revenue	48,942			48,942	
Due to other funds (Note 4B)					
Accrued insurance loss (Note 12)					3,381,062
Compensated absences obligation (Note 1M)	616,326	5,641	34,233	656,200	1,294,533
Current portion of long-term debt (Note 5)	4,368,201			4,368,201	
Total current liabilities	6,729,686	14,396	99,931	6,844,013	5,186,852
Noncurrent liabilities:					
Accrued insurance losses (Note 12)					13,903,000
Compensated absences obligation (Note 1M)	267,010	10,226	4,213	281,449	833,413
Noncurrent portion of long-term debt (Note 5)	55,698,877			55,698,877	
Net pension liability (Note 7)	23,039,506			23,039,506	
Net OPEB liability (Note 9)	6,491,230			6,491,230	
Total noncurrent liabilities	85,496,623	10,226	4,213	85,511,062	14,736,413
Total Liabilities	92,226,309	24,622	104,144	92,355,075	19,923,265
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7)	104,200			104,200	
Related to OPEB (Note 9)	115,023			115,023	
Total Deferred Inflows of resources	219,223			219,223	
NET POSITION:					
Net investment in capital assets	108,282,854	9,680,502	14,792,874	132,756,230	5,328,500
Unrestricted (deficit)	2,828,296	3,463,625	3,806,733	10,098,654	21,267,441
Total Net Position	$111,111,150	$13,144,127	$18,599,607	$142,854,884	$26,595,941

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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	$23,180,130		$414,183	$23,594,313	$31,348,296
Other cities' participation	6,237,114			6,237,114	
Permit fees	710,915			710,915	
Parking fees		$1,062,751		1,062,751	
Total Operating Revenues	30,128,159	1,062,751	414,183	31,605,093	31,348,296
OPERATING EXPENSES					
Personnel expenses	10,988,476	346,813	1,207,382	12,542,671	19,852,051
Professional services	2,038,173	284,836	79,489	2,402,498	1,132,997
OPEB Expenses	535,040	1,448		536,488	
Program supplies	2,054,330	147,099	57,965	2,259,394	2,244,118
Insurance	210,870		3,698	214,568	2,890,694
Self-insurance and claims					2,807,004
Repair and maintenance	1,402,551		6,003	1,408,554	1,065,000
Rents	1,689,059			1,689,059	
Utilities	1,867,151	126,330	17,351	2,010,832	104,991
Administration	1,590,725	113,007	48,535	1,752,267	
Depreciation	5,475,767	252,624	33,651	5,762,042	1,045,253
Other	23,346		6,536	29,882	618,144
Total Operating Expenses	27,875,488	1,272,157	1,460,610	30,608,255	31,760,252
Operating Income (Loss)	2,252,671	(209,406)	(1,046,427)	996,838	(411,956)
NONOPERATING REVENUES (EXPENSES)					
Loan forgiveness (Note 5)	4,000,000			4,000,000	
Interest income	215,397	38,129	37,542	291,068	380,178
Gain on dispositions of capital assets					104,926
Interest expense	(2,779,127)			(2,779,127)	(2,870)
Other			4,400	4,400	64,501
Total Nonoperating Revenues (Expenses)	1,436,270	38,129	41,942	1,516,341	546,735
Income (loss) before contributions and transfers	3,688,941	(171,277)	(1,004,485)	2,513,179	134,779
TRANSFERS					
Capital subventions and grants			276,151	276,151	
Transfers in (Note 4C)	3,000	2,000	2,494,778	2,499,778	1,048,442
Transfers (out) (Note 4C)	(304,441)			(304,441)	
Change in Net Position	3,387,500	(169,277)	1,766,444	4,984,667	1,183,221
Net Position (Deficits) - July 1	107,723,650	13,313,404	16,833,163	137,870,217	25,412,720
Net Position (Deficits) - June 30	$111,111,150	$13,144,127	$18,599,607	$142,854,884	$26,595,941

See accompanying notes to financial statements

CITY OF SOUTH SAN FRANCISCO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer Enterprise	Parking District	Storm Water	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$31,312,569	$1,053,470	$3,697,332	$36,063,371	
Cash payments to suppliers for goods and services	(12,293,207)	(679,993)	(175,764)	(13,148,964)	($7,535,837)
Cash payments to employees for services	(10,573,920)	(331,286)	(1,209,620)	(12,114,826)	(20,265,596)
Cash received from interfund service provided					30,956,481
Cash payments for judgments and claims					(2,006,200)
Net Cash Provided by (Used in) Operating Activities	8,445,442	42,191	2,311,948	10,799,581	1,148,848
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts			(630,000)	(630,000)	
Transfers in	3,000	2,000	2,494,778	2,499,778	1,048,442
Transfers in	(304,441)			(304,441)	
Net Cash Provided by Noncapital Financing Activities	(301,441)	2,000	1,864,778	1,565,337	1,048,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	2,991,637			2,991,637	
Principal paid on long-term debt	(5,312,308)			(5,312,308)	(144,637)
Interest paid on long-term debt	(393,601)			(393,601)	(2,870)
Subventions and grants			276,151	276,151	
Acquisition of capital assets, net	(1,834,441)		(1,020,995)	(2,855,436)	(1,979,957)
Proceeds from the sale of capital assets					113,687
Net Cash Used in Capital and Related Financing Activities	(4,548,713)		(744,844)	(5,293,557)	(2,013,777)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	56,697	8,028	(3,165)	61,560	76,260
Changes in fair value of investments	118,127	22,284	22,285	162,696	223,912
Net Cash Provided by Investing Activities	174,824	30,312	19,120	224,256	300,172
Net Increase (Decrease) in cash and cash equivalents	3,770,112	74,503	3,451,002	7,295,617	483,685
Cash and cash equivalents, beginning	21,792,336	3,386,042	5,234	25,183,612	38,397,533
Cash and cash equivalents, ending	$25,562,448	$3,460,545	$3,456,236	$32,479,229	$38,881,218
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$2,252,671	($209,406)	($1,046,427)	$996,838	($411,956)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	5,475,767	252,624	33,651	5,762,042	1,045,253
Other non-operating revenue (expenses)			4,400	4,400	64,501
Net change in assets and liabilities:					
Accounts and lease receivables	1,168,495	(9,281)	3,278,749	4,437,963	(456,316)
Deposit					
Prepaid items					(153,911)
Accounts payable	126,737	(7,336)	43,811	163,212	(66,577)
Other payable	(1,008,699)	63	2	(1,008,634)	148,243
Unearned revenue	15,915			15,915	
Accrued insurance losses					800,804
(Decrease) increase due to retirement system	384,430			384,430	
(Decrease) increase due to OPEB	(104,162)			(104,162)	
Compensated absence obligations	134,288	15,527	(2,238)	147,577	178,807
Net Cash Provided by (Used in) Operating Activities	$8,445,442	$42,191	$2,311,948	$10,799,581	$1,148,848
NONCASH TRANSACTIONS					
Retirement of capital assets					($8,761)
Forgiveness of SWRCB loan	$4,000,000			$4,000,000	
Interest accrued to principal on SWRCB loan	($1,831,943)			($1,831,943)	

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 FIDUCIARY NET POSITION
JUNE 30, 2023

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments (Note 2)	$20,617	$95,626
Accounts receivable	141,362	
Interest receivable	18,417	1,399
Prepaid items		
Advances to the City (Note 5)	2,050,152	
Loans receivable (Note 14B)	80,572	
Restricted cash and investments (Note 2)	21,245,798	2,255,699
Capital assets (Note 14C):		
Nondepreciable	111,219	
Depreciable, net accumulated depreciation	231,531	
Total Assets	23,899,668	2,352,724
LIABILITIES		
Accounts payable	33,991	
Total Liabilities	33,991	
NET POSITION		
Held in trust for other purposes	23,865,677	
Restricted for others		96,245
Restricted for bondholders		2,256,479
Total Net Position	$23,865,677	$2,352,724

See accompanying notes to financial statements

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

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Property taxes		$1,013,213
Intergovernmental	$6,168,452	
Plan contributions		8,225
Interest and rentals	387,064	542,489
Other	141,391	
Total Additions	6,696,907	1,563,927
DEDUCTIONS		
Economic and Community Development	7,000,293	
Professional services		18,805,663
Payments to bondholders		764,850
Depreciation	6,593	
Total Deductions	7,006,886	19,570,513
Change in net position	(309,979)	(18,006,586)
NET POSITION		
Beginning of the year	24,175,656	20,359,310
End of the year	$23,865,677	$2,352,724

See accompanying notes to financial statements

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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 2023. 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.

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.

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.

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

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

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

Capital Improvement Police Station – Accounts for expenditures associated with the acquisition, construction, and installation of certain capital improvements constituting 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

The City also reports the following fund types:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 American Recovery Plan Act Special Revenue Fund, Developer Contributions Special Revenue Fund, Supplemental Law Enforcement Services Special Revenue Fund, City Programs Special Revenue Fund, Affordable Housing Trust Special Revenue Fund and 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, 2023.

Encumbrance accounting, under which, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. Encumbrances outstanding at year-end are reported as a component of fund balances since they do not constitute expenditures or liabilities. Encumbrances are reappropriated in the following year.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023:

	Expenditures in Excess of Budget (Non GAAP Legal Basis)
General Fund:	
City Attorney	$279,768
Non-departmental	1,334,096
Fire	2,975,769
Police	1,771,808
Public Works	328,190
Economic and Community Development	300,332
Capital Outlay	141,250
Non-Major Funds:	
Supplemental Law Enforcement Services Special Revenue Fund	67,741
City Programs Special Revenue Fund	550,723
PEG Equipment and Access Special Revenue Fund	17,209
Debt Service Fund	3,175,615

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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.

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	$8,464,894	$790,072	$9,254,966
Additions	6,754,728	806,022	7,560,750
Payments	(6,076,327)	(658,445)	(6,734,772)
Ending Balance	$9,143,295	$937,649	$10,080,944
Current Portion	$6,059,221	$656,200	$6,715,421

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	Secured	Unsecured
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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. ***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.

U. ***New Funds***

In fiscal year 2022-2023, the City established the following funds:

The Public Arts In-Lieu Fee Special Revenue Fund accounts for development fee revenues that are collected and are required to be used for public art installations.

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

V. ***New Accounting Pronouncement***

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

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

A. Policies

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

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

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

B. Classification

Cash and investments as of June 30, 2023 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	$318,122,113
Restricted cash and investments	78,561,571
Total Primary Government cash and investments	396,683,684
Statement of Fiduciary Net Position:	
Cash and investments available for operations	116,243
Restricted cash and investments	23,501,497
Total Fiduciary cash and investments	23,617,740
Conference Center:	
Cash and investments available for operations	3,882,598
Total South San Francisco Conference Center cash and investments	3,882,598
Total cash and investments	$424,184,022

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

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

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

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

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.

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		
	Less than 1 year	One to Five Years	Total
City and Fiduciary:			
U.S. Treasury Notes	$223,922	$58,289,279	$58,513,201
U.S. Treasury Bills	67,543,129		67,543,129
Federal Agency Securities	3,097,484	50,280,270	53,377,754
Local Agency Investment Fund	108,562,894		108,562,894
Money Market Funds	35,086,693		35,086,693
Corporate Medium Term Notes	7,332,998	47,489,676	54,822,674
Negotiable Certificates of Deposit	3,994,592		3,994,592
Asset-Backed Securities	3,582,332	14,745,219	18,327,551
Supranational Obligations		6,093,964	6,093,964
South San Francisco Conference Center:			
Local Agency Investment Fund	3,505,040		3,505,040
Total Investments	$232,929,084	$176,898,408	409,827,492
Cash in Banks and on Hand - City of South San Francisco			13,978,972
Cash in Banks and on Hand - South San Francisco Conference Center			377,558
Total Cash and Investments			$424,184,022

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, 2023, these investments have an average maturity of 260 days.

Money market funds are available for withdrawal on demand and as of June 30, 2023 have an average maturity of 13 to 26 days.

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, 2023, for each of the Primary Government's investment types as provided by Moody's investment rating system, except as noted:

Investment Type	Aaa	Aaa-mf	Aa1-Aa3	A1-A3	P-1	Total	
City and Fiduciary:							
Federal Agency Securities	$53,377,754					$53,377,754	
Money Market Funds		$35,086,693				35,086,693	
Corporate Medium Term Notes	4,721,012		$10,400,108	$39,701,554		54,822,674	
Negotiable Certificates of Deposit					$3,994,592	3,994,592	
Asset-Backed Securities	9,853,700					9,853,700	
Supranational Obligations	6,093,964					6,093,964	
Totals	$74,046,430	$ 35,086,693	$ 10,400,108	$ 39,701,554	$ 3,994,592	163,229,377	
City and Fiduciary:							
Not rated:							
Asset-Backed Securities						8,473,851	**(A)**
Local Agency Investment Fund						108,562,894	
Exempt from credit rating disclosure:							
U.S. Treasury Notes						58,513,201	
U.S. Treasury Bills						67,543,129	
South San Francisco Conference Center:							
Not rated:							
Local Agency Investment Fund						3,505,040	
Total Investments						$409,827,492	

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

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, 2023:

	Level 2	Total
Investments by Fair Value Level:		
City and Fiduciary:		
U.S. Treasury Notes	$58,513,201	$58,513,201
U.S. Treasury Bills	67,543,129	67,543,129
Federal Agency Securities	53,377,754	53,377,754
Corporate Medium Term Notes	54,822,674	54,822,674
Negotiable Certificates of Deposit	3,994,592	3,994,592
Asset Backed Securities	18,327,551	18,327,551
Supranational Obligations	6,093,964	6,093,964
Totals	$262,672,865	262,672,865
Investments Measured at Amortized Cost:		
City and Fiduciary:		
Money Market Mutual Funds		35,086,693
Investments Exempt from Fair Value Hierarchy:		
City and Fiduciary:		
Local Agency Investment Fund		108,562,894
South San Francisco Conference Center:		
Local Agency Investment Fund		3,505,040
Total Investments		$409,827,492

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.

NOTE 3 – CAPITAL ASSETS

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

	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Governmental activities					
Capital assets not being depreciated:					
Land	$72,249,423		($11,195)		$72,238,228
Construction in Progress	241,858,363	$75,281,392		($56,225,451)	260,914,304
Total capital assets not being depreciated	314,107,786	75,281,392	(11,195)	(56,225,451)	333,152,532
Capital assets being depreciated:					
Buildings and Improvements	97,370,638		(350,681)	53,472,577	150,492,534
Infrastructure - Streets	205,595,834			2,752,874	208,348,708
Infrastructure - Storm Drains	8,927,492				8,927,492
Infrastructure - Traffic Control Devices	12,591,370				12,591,370
Equipment and Vehicle	7,390,599	141,250	(148,921)		7,382,928
Furniture and Fixtures	2,614,215				2,614,215
Total capital assets being depreciated	334,490,148	141,250	(499,602)	56,225,451	390,357,247
Less accumulated depreciation for:					
Buildings and Improvements	(47,449,864)	(3,081,797)	212,273		(50,319,388)
Infrastructure - Streets	(121,685,176)	(5,271,961)			(126,957,137)
Infrastructure - Storm Drains	(4,184,561)	(204,500)			(4,389,061)
Infrastructure - Traffic Control Devices	(5,240,019)	(503,305)			(5,743,324)
Equipment and Vehicle	(6,767,147)	(48,987)	148,921		(6,667,213)
Furniture and Fixtures	(1,978,675)	(80,047)			(2,058,722)
Total accumulated depreciation	(187,305,442)	(9,190,597)	361,194		(196,134,845)
Net Governmental Fund Capital Assets Being Depreciated	147,184,706	(9,049,347)	(138,408)	56,225,451	194,222,402
Internal Service Fund Capital Assets					
Capital assets being depreciated:					
Equipment and Vehicle	17,378,330	1,979,957	(855,261)		18,503,026
Accumulated depreciation	(12,975,773)	(1,045,253)	846,500		(13,174,526)
Net Internal Service Fund Capital Assets Being Depreciated	4,402,557	934,704	(8,761)		5,328,500
Governmental activities capital assets, net	$465,695,049	$67,166,749	($158,364)		$532,703,434
Total capital assets not being depreciated	$314,107,786	$75,281,392	($11,195)	($56,225,451)	$333,152,532
Net capital assets being depreciated	151,587,263	(8,114,643)	(147,169)	56,225,451	199,550,902
Governmental activities capital assets, net	$465,695,049	$67,166,749	($158,364)		$532,703,434

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance June 30, 2022	Additions	Balance June 30, 2023
Business-type activities			
Capital assets, not being depreciated:			
Land	$794,587		$794,587
Construction in Progress	83,983,455	$2,207,346	86,190,801
Total capital assets not being depreciated	84,778,042	2,207,346	86,985,388
Capital assets being depreciated:			
Buildings and Improvements	80,173,059		80,173,059
Clean Water Facilities and Lines	79,862,094		79,862,094
Infrastructure - Storm Drains	6,216,365		6,216,365
Infrastructure - Streets	7,377,546		7,377,546
Equipment and Vehicle	18,455,546		18,455,546
Furniture and Fixtures	31,154		31,154
Total capital assets being depreciated	192,115,764		192,115,764
Less accumulated depreciation for:			
Buildings and Improvements	(24,872,437)	(2,052,556)	(26,924,993)
Clean Water Facilities and Lines	(36,990,806)	(2,649,003)	(39,639,809)
Infrastructure - Storm Drains	(1,758,712)	(187,980)	(1,946,692)
Infrastructure - Streets	(2,678,971)	(209,570)	(2,888,541)
Equipment and Vehicle	(14,183,722)	(662,933)	(14,846,655)
Furniture and Fixtures	(31,154)		(31,154)
Total accumulated depreciation	(80,515,802)	(5,762,042)	(86,277,844)
Net capital assets being depreciated	111,599,962	(5,762,042)	105,837,920
Business-type activities capital assets, net	$196,378,004	($3,554,696)	$192,823,308

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Component Unit:				
South San Francisco Conference Center				
Depreciable:				
Buildings and Improvements	$10,909,288	$19,250		$10,928,538
Furniture and Fixtures	932,393			932,393
Machinery and Equipment	599,715			599,715
Total Depreciable	12,441,396	19,250		12,460,646
Right of Use Assets:				
Leased Land	8,351,928			8,351,928
	20,793,324	19,250		20,812,574
Less accumulated depreciation and amortization				
Depreciable	(10,455,226)	(578,553)		(11,033,779)
Leased Land	(6,681,543)	(278,397)		(6,959,940)
	(17,136,769)	(856,950)		(17,993,719)
Component Unit Capital Assets, Net	$3,656,555	($837,700)		$2,818,855

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:

Governmental Activities	
Governmental functions	
General government	$722,769
Fire	314,162
Police	562,031
Public works	6,926,349
Parks and recreation	555,222
Library	58,455
Economic and community development	51,609
Total Governmental Functions	9,190,597
Internal Service Funds	1,045,253
Total Governmental Activities	$10,235,850
Business-Type Activities	
Sewer Enterprise	$5,475,767
Parking District	252,624
Storm Water	33,651
Total Business-Type Activities	$5,762,042

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.

NOTE 4 – INTER-FUND TRANSACTIONS (Continued)

B. *Inter-Fund Receivables and Payables*

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

Due From Other Fund	Due to Other Fund	Amount
General Fund	Capital Improvement Capital Projects Fund	$380,000
	Community Development Block Grant Special Revenue Fund	100,000
		$480,000

C. *Transfers*

Transfers between funds during the fiscal year ended June 30, 2023 were as follows:

FROM FUND (OUT)	TO FUND (IN)	AMOUNT
General Fund	Capital Improvement Capital Projects Fund	$1,743,360
	Capital Improvement Civic Campus Capital Projects Fund	1,078,591
	Storm Water Enterprise Fund	250,000
	Non-Major Governmental Funds	8,289,450
	Retiree Health Benefits Internal Service Fund	450,000
American Rescue Plan Act Fund	General Fund	1,970,000
	Capital Improvement Capital Projects Fund	25,741
Capital Infrastructure Reserve Capital Projects Fund	General Fund	2,056,400
	Capital Improvement Capital Projects Fund	1,717,943
	Sewer Enterprise Fund	3,000
	Parking District Enterprise Fund	2,000
	Storm Water Enterprise Fund	1,550,000
Capital Improvements Orange Memorial Park	Non-major Governmental Funds	3,175,615
Non-Major Governmental Funds	General Fund	1,257,282
	Capital Improvement Capital Projects Fund	7,025,617
	Storm Water Enterprise Fund	694,778
	Equipment Replacement Internal Service Fund	598,442
	Capital Improvement Civic Campus Capital Projects Fund	1,820,141
Sewer Enterprise Fund	Capital Improvement Capital Projects Fund	304,441
	Total	$34,012,801

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, 2023 follows:

	Authorized and Issued	Balance at June 30, 2022	Additions	Retirement	Balance at June 30, 2023	Current Portion
Governmental Activities						
Lease Revenue Bonds:						
2020A Police Station Project, 4.00 to 5.00% (1)	$43,905,000	$41,990,000		$1,030,000	$40,960,000	$1,080,000
Plus: Unamortized bond premium		9,104,471		379,353	8,725,118	
2021A Community Civic Campus Project, 4.00% (2)	86,410,000	84,200,000		2,155,000	82,045,000	2,240,000
Plus: Unamortized bond premium		17,391,902		724,663	16,667,239	
2022A Orange Memorial Park Project, 4.00 to 5.25% (3)	65,420,000	65,420,000			65,420,000	
Plus: Unamortized bond premium		6,686,317		278,597	6,407,720	
Total Lease Revenue Bonds	195,735,000	224,792,690		4,567,613	220,225,077	3,320,000
Direct Borrowing:						
2007 Loans Payable to the Successor Agency (4)		2,150,152		100,000	2,050,152	
Leases Financings (5):						
2013 Fire Truck		144,637		144,637		
Total Leases Financings		144,637		144,637		
Total Direct Borrowing		2,294,789		244,637	2,050,152	
Net Governmental Long-Term Debt	$195,735,000	$227,087,479		$4,812,250	$222,275,229	$3,320,000
Business-Type Activities						
Revenue Bonds:						
2005 Water and Wastewater Revenue Bonds, 2.75 to 4.75%, due 04/30/26 (6)	$6,000,000	$1,980,000		$360,000	$1,620,000	$375,000
Direct Borrowing:						
1999 State Water Resources Loan, 2.6%, due 8/1/22 (7)	47,721,252	3,190,468		3,190,468		
2004 State Water Resources Loan, 2.5%, due 1/1/27 (7)	21,258,529	5,274,483		1,270,190	4,004,293	1,301,944
2008 State Water Resources Loan, 2.4%, (8)	9,164,505	3,699,492		491,650	3,207,842	503,449
2018 State Water Resources Loan, 1.8% (9)	53,403,000	48,635,007	$6,599,936	4,000,000	51,234,943	2,187,808
Total Direct Borrowing	131,547,286	60,799,450	6,599,936	8,952,308	58,447,078	3,993,201
Net Business-Type Long-Term Debt	$137,547,286	$62,779,450	$6,599,936	$9,312,308	$60,067,078	$4,368,201

(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.

NOTE 5 – LONG-TERM DEBT (Continued)

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

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

(4) As of June 30, 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 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.

NOTE 5 – LONG-TERM DEBT (Continued)

(5) The City has entered into long-term **lease financing agreements** with various financing agencies. Under these leases, all leased assets shall be distributed to the City at the end of the lease terms and shall thereafter remain the sole property of the City. Therefore, these leases have been recorded at the present value of the future minimum lease payments at the date of inception of the lease, and the corresponding assets have been included in the Statement of Net Position as appropriate. Lease financing payments are made from revenues of the Equipment Replacement Internal Service Fund and the General Fund. The lease agreements contain provisions that in an event of default, the lessor may (a) seize the properties, (b) sell or lease the properties or (c) exercise any and all remedies available to it under applicable law, including the right to enforce the terms of the lease, recover damages from the breach of the lease, and rescind the lease as to any portion of or all of the properties. The final payment on the lease financing agreements was made during the year ended June 20, 2023.

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

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

As of June 30, 2023, the City is in compliance with the provisions of Article VI of the Installment Purchase Agreement associated with the 2005D Bonds.

The 1999 and 2004 State Water Resources Loans and the 2005D Water and Wastewater Revenue Bonds are secured by a pledge of net revenues of the City's Sewer Enterprise Fund. Net Revenues available for debt service amounted to $7.9 million which represented coverage of 1.52 over the $5,218,915 in total debt service.

(7) Two loans were authorized by the **State Water Resources Control Board (SWRCB)** in 1999 and 2004 to improve and expand the City's wastewater treatment plant. Loan proceeds were issued as the projects progressed and debt service payments commenced one year after project completion. The loan agreements include provisions that in an event of default, all principal payments shall be immediately due and payable, interests on all amounts owed shall be paid at the highest legal rate, any additional payments shall be made and SWRCB shall enforce its rights under the agreements by any judicial proceeding, whether in law or equity. The final payment on the 1999 loan agreement was made during the year ended June 30, 2023.

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

NOTE 5 – LONG-TERM DEBT (Continued)

(9) **2018 State Water Resources Control Board Loan** – In September 2018, the City entered into a $53.4 million loan agreement with the SWRCB to finance the South San Francisco/San Bruno's Water Quality Control Plant Wet Weather and Digester Project. A portion of this amount, $4 million, 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.

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

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

The 2008 and 2018 loans are secured by a pledge of sewer service charge revenues of the City's Sewer Enterprise Fund. Sewer service charge revenues available for debt service amounted to $23.2 million which represented coverage of 43 over the $543,443 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: Lease Revenue Bonds Principal	Governmental Activities: Lease Revenue Bonds Interest	Business-Type Activities: 2005 Water and Wastewater Revenue Bonds Principal	Business-Type Activities: 2005 Water and Wastewater Revenue Bonds Interest
2024	$3,320,000	$8,205,338	$375,000	$71,625
2025	5,170,000	8,058,737	395,000	52,375
2026	5,410,000	7,826,538	415,000	32,125
2027	5,650,000	7,580,287	435,000	10,875
2028	5,910,000	7,322,988		
2029-2033	33,620,000	32,540,187		
2034-2038	41,590,000	24,572,888		
2039-2043	51,355,000	14,805,087		
2044-2048	36,400,000	3,295,475		
	188,425,000	$114,207,525	$1,620,000	$167,000
Plus: Unamortized bond premium	31,800,077			
	$220,225,077			

NOTE 5 – LONG-TERM DEBT (Continued)

Future debt service requirements, including interest and leases financings, but excluding the 2007 Loan payable to the Redevelopment Successor Agency at June 30, 2023, were as follows:

For the Year Ended June 30	Direct Borrowings: Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2024			$3,993,201	$1,028,116
2025			4,038,083	988,269
2026			4,123,204	908,305
2027			2,808,110	826,622
2028			2,861,900	778,239
2029-2033			12,747,012	3,182,288
2034-2038			13,316,573	2,037,956
2039-2043			14,558,995	795,535
Totals			58,447,078	$10,545,330
2007 Loans Payable	$2,050,152			
	$2,050,152		$58,447,078	

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

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

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

Leasing Arrangement	Fund/Activity	Original Cost
Capital Leases	Governmental Activity	$5,842,799

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, 2023, that amount was $1,039,891,525. As of June 30, 2023, the City did not have any outstanding debt applicable to the limit.

NOTE 5 – LONG-TERM DEBT (Continued)

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, 2023 the outstanding balance of the issue was $19,685,000.

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.

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.

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

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.

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, 2023, are below:

		Capital Project Funds			
Fund Balance Classifications	**General Fund**	**Capital Improvement**	**Capital Infrastructure Reserve Fund**	**Capital Improvements Police Station**	**Capital Improvements Civic Campus**
Nonspendables:					
Items not in spendable form:					
Inventory and prepaid items	$574				
Leases	476,548				
Total Nonspendable Fund Balances	477,122				
Restricted for:					
Civic campus projects		$3,509,832			$5,703,795
Police station projects				$331,784	
Redevelopment and community development activities	2,823,118				
Total Restricted Fund Balances	2,823,118	3,509,832		331,784	5,703,795
Committed for:					
Capital projects	3,775,873				
Local services	16,760,780				
Total Committed Fund Balances	20,536,653				
Assigned to:					
Capital projects	8,661,539				
Capital infrastructure projects			$20,229,463		
Total Assigned Fund Balances	8,661,539		20,229,463		
Unassigned:					
General fund	56,060,734				
Other fund deficits		(1,004,155)			
Total Unassigned Fund Balances	56,060,734	(1,004,155)			
Total Fund Balances	$88,559,166	$2,505,677	$20,229,463	$331,784	$5,703,795

NOTE 6 – NET POSITION AND FUND BALANCE (Continued)

Fund Balance Classifications (continued)	Capital Projects Fund Capital Improvements Orange Memorial Park	Other Governmental Funds
Restricted for:		
Civic campus projects	$57,804,106	
Gas Tax projects		$498,414
Developer contributions projects		8,829,153
Community Development Block Grant projects		44,105
Maintenance districts projects		5,190,723
Transportation sales tax projects		5,678,973
City programs projects		19,935,351
Low and moderate housing projects		2,942,263
Other Special Revenues projects		10,569,333
Capital projects activities		83,219,253
Total Restricted Fund Balances	57,804,106	136,907,568
Total Fund Balances	$57,804,106	$136,907,568

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, 2023, were as listed below:

Governmental funds:	Amount
General Fund	$8,663,789
Capital Improvement Capital Projects Fund	24,244,690
Capital Infrastructure Reserve Capital Projects Fund	1,617,350
Capital Improvements Police Station Capital Projects Fund	247,048
Capital Improvements Civic Campus Capital Projects Fund	9,970,796
Capital Improvements Orange Memorial Park	4,057,041
Other Governmental Funds	2,901,566
Total	$51,702,280

NOTE 7 – PENSION PLANS

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

A. General Information about the Pension Plans

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

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

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

NOTE 7 – PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous		
	Classic Plan*	Tier 2 Plan*	PEPRA Plan
Hire date	Prior to April 25, 2010	After April 25, 2010	On or after January 1,2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 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%	6.5%
Required employer contribution rates	9.53%	9.53%	9.53%
Required Unfunded Actuarial Liability Contribution		$7,533,535	

* 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
Hire date	Prior to April 25, 2010	After April 25, 2010	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	20.45%	20.45%	20.45%
Required Unfunded Actuarial Liability Contribution		$10,143,798	

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

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans for the year ended June 30, 2023 were $7,533,535 and $10,143,798, respectively, which were made under the lump sum payment option. In addition, the City made additional contributions toward the unfunded liability of $304,000 to each Plan during the year ended June 30, 2023.

Employees Covered – As of the June 30, 2021 actuarial valuation date and the June 30, 2022 measurement date, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	496	315
Inactive employees entitled to but not yet receiving benefits	393	99
Active employees	287	152
Total	1,176	566

NOTE 7 – PENSION PLAN (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. 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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The long-term portion of governmental activities net pension liability is liquidated primarily by the General Fund. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities as of the June 30, 2022 measurement date were based on the following actuarial assumptions:

	Miscellaneous and Safety (1)
Valuation Date	6/30/2021
Measurement Date	6/30/2022
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 benefi tiers (Classic Tier 1, Classic Tier II, and PEPRA)

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

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

(4) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

NOTE 7 – PENSION PLAN (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 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.

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.

NOTE 7 – PENSION PLAN (Continued)

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	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100%	

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

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

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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, 2021 (Measurement Date)	$264,236,232	$202,373,505	$61,862,727
Changes in the year:			
Service cost	4,896,807		4,896,807
Interest on the total pension liability	18,379,820		18,379,820
Changes of benefit terms			
Changes of assumptions	7,856,877		7,856,877
Differences between actual and expected experience	(893,635)		(893,635)
Plan to plan resource movement			
Contribution - employer		9,491,964	(9,491,964)
Contribution - employees		2,293,651	(2,293,651)
Net investment income		(15,367,557)	15,367,557
Benefit payments, including refunds of employee contributions	(14,547,349)	(14,547,349)	
Administrative expenses		(126,067)	126,067
Other Miscellaneous Income/(Expense)			
Net changes	15,692,520	(18,255,358)	33,947,878
Balance at June 30, 2022 (Measurement Date)	$279,928,752	$184,118,147	$95,810,605

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 (Measurement Date)	$376,140,913	$293,624,138	$82,516,775
Changes in the year:			
Service cost	7,567,350		7,567,350
Interest on the total pension liability	26,419,737		26,419,737
Changes of benefit terms			
Changes of assumptions	12,584,955		12,584,955
Differences between actual and expected experience	(684,769)		(684,769)
Plan to plan resource movement			
Contribution - employer		13,387,919	(13,387,919)
Contribution - employees		2,886,541	(2,886,541)
Net investment income		(22,271,961)	22,271,961
Benefit payments, including refunds of employee contributions	(17,860,080)	(17,860,080)	
Administrative expenses		(182,910)	182,910
Other Miscellaneous Income/(Expense)			
Net changes	28,027,193	(24,040,491)	52,067,684
Balance at June 30, 2022 (Measurement Date)	$404,168,106	$269,583,647	$134,584,459
Grand Total - Both Plans	$684,096,858	$453,701,794	$230,395,064

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	$132,741,036	$189,849,785
Current Discount Rate	6.90%	6.90%
Net Pension Liability	$95,810,605	$134,584,459
1% Increase	7.90%	7.90%
Net Pension Liability	$65,402,680	$89,326,118

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, 2023, the City recognized pension expense of $11,577,776 and $17,686,519 for the Miscellaneous and Safety Plans, respectively, for total pension expense of $29,264,295. At June 30, 2023, 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	$10,675,386	
Changes of assumptions	5,147,609	
Differences between actual and expected experience	264,171	($585,485)
Net differences between projected and actual earnings on plan investments	9,222,206	
Total	$25,309,372	($585,485)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$15,352,613	
Changes of assumptions	8,389,970	
Differences between actual and expected experience	696,580	($456,513)
Net differences between projected and actual earnings on plan investments	13,538,533	
Total	$37,977,696	($456,513)
Grand Total	$63,287,068	($1,041,998)

NOTE 7 – PENSION PLAN (Continued)

$26,027,999 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan:		***Safety Plan:***	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2024	$4,133,247	2024	$6,785,872
2025	3,461,131	2025	5,954,090
2026	611,256	2026	936,489
2027	5,842,867	2027	8,492,119

E. Reduction of CalPERS Discount Rate

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2021-22. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions are reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022 measurement date.

NOTE 8 – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

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

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

B. Defined Benefit Plan Description

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

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits provided – The following is a summary of Plan benefits by employee group as of June 30, 2023:

Eligibility	• Hired < 4/25/2010 • Retire directly from City and elect coverage: • Age 50 and 5 years City service or • Disability retirement with 5 years City service
Benefit	• City pays single premium up to largest HMO single premium Cap for 2022/23: - $1,430.80/month pre-65 (Blue Shield) - $785.04/month post-65 Medicare eligible (Blue Shield) - $1,971.53/ month post-65 not Medicare eligible (Kaiser) • Medicare ineligible retirees allowed to stay in their pre-Medicare premium plans after age 65
Surviving Spouse Benefit	• Participation with premium payment • AFSCME, Local 1569, Mid-Management, IAFF • surviving spouses covered 2 months following death of retiree
Other OPEB	• City also reimburses Medicare Part B • No City-paid contribution for dental, vision, or life

For the year ended June 30, 2023, the City's contributions to the Plan were $5,551,201.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of the June 30, 2022 measurement date:

Active employees	167
Inactive employees or beneficiaries currently receiving benefit payments	360
Total	527

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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. *Net OPEB Liability*

Actuarial Methods and Assumptions – The City's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, rolled forward to June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Valuation Date	• June 30, 2021
Measurement Date	• June 30, 2022
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 19 years remaining for 2022/23
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, 2022 • 6.25% at June 30, 2021 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.50% per annum
Salary Increases	• Aggregate - 2.75% annually • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Non-Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 Experience Study
Mortality Improvement	• Mortality projected fully generational with Scale MP-2021
Healthcare participation for future retirees	• 100% if covered, 95% if waived

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, 2022, the discount rate decreased from 6.75% to 6.25%, the inflation rate decreased from 2.75% to 2.50%, the payroll growth rate decreased from 3.00% to 2.75%, the medical trend rate for Kaiser Senior Advantage decreased from 7.0% to 6.75% and the mortality improvement scale was updated to Scale MP- 2021.

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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021 Measurement Date	$91,920,619	$33,801,461	$58,119,158
Changes Recognized for the Measurement Period:			
Service Cost	1,374,432		1,374,432
Interest on the total OPEB liability	5,703,844		5,703,844
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		4,868,877	(4,868,877)
Net investment income		(4,575,167)	4,575,167
Benefit payments	(4,067,115)	(4,067,115)	
Administrative expenses		(8,575)	8,575
Net changes	3,011,161	(3,781,980)	6,793,141
Balance at June 30, 2022 Measurement Date	$94,931,780	$30,019,481	$64,912,299

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% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
$76,947,176	$64,912,299	$54,932,062

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)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$53,974,449	$64,912,299	$78,173,471

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, 2023, the City recognized OPEB expense of $4,509,586. At June 30, 2023, 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	$5,551,201	
Differences between actual and expected experience		($1,034,056)
Changes in assumptions	448,781	(116,174)
Net differences between projected and actual earnings on plan investments	2,461,726	
Total	$8,461,708	($1,150,230)

$5,551,201 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, 2024. 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
2024	($260,204)
2025	421,246
2026	261,134
2027	1,338,101

H. Defined Contribution Plan

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

The plan is administered by Matrix Trust Company. Employee contributions for the fiscal year totaled $397,012. Employer contributions of $601,585 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.

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, 2023, 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.

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, 2023 were:

	Lease Receivable	Deferred Inflows of Resources
Governmental Activities		
Leases Receivable (Lessor)		
General Fund:		
Conference Center	$2,059,878	$2,061,362
Costco	3,886,329	3,778,655
Billboards	6,813,296	6,442,938
Low and Moderate Income Housing Assets Fund:		
Magnolia	1,181,466	1,153,603
Total governmental activities leases receivable	$13,940,969	$13,436,558

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 $343,561 in lease revenue and $72,279 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 $328,579 in lease revenue and $121,142 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, 2023, the leases had 21 to 28 years remaining. The rent is based on a minimum annual guaranteed payment, paid on an annual basis, which increases 15% every five years. The City recognized $252,169 in lease revenue and $206,014 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Magnolia – Magnolia Housing leases the land for Magnolia Plaza Senior Apartments from the City. Minimum lease payments are set at $51,800 per year, and are payable through the fiscal year 2062. The City recognized $29,579 in lease revenue and $36,383 in interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term.

C. Lease Payable

The Conference Center Authority's lease payable consists of the following as of June 30, 2023:

	Balance June 30, 2022	Deductions	Balance June 30, 2023	Current Portion
Land Lease	$2,409,307	$349,429	$2,059,878	$359,990

NOTE 10 – LEASES (Continued)

The Authority has a property lease agreement with the City of South San Francisco for 30 years expiring in 2029. Under the agreement, the City subleases to the Authority, the property in exchange for the annual lease payment for the use of land. During the fiscal year, the lease payments totaled $420,000. The total principal and interest paid during the year was $80,824 and $339,176, respectively. The initial present value of the right of use asset and lease liability, at a treasury bond rate of 3.00% over the thirty years, was $2,748,483. The balance of the right of use asset as of June 30, 2023 was $1,391,988, 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, 2023 was $2,059,878. 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, 2023 are as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$359,990	$60,010	$420,000
2025	370,871	49,129	420,000
2026	382,080	37,920	420,000
2027	393,629	26,371	420,000
2028 - 2029	553,308	16,692	570,000
	$2,059,878	$190,122	$2,250,000

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.

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

NOTE 12 – RISK MANAGEMENT

A. *Insurance Coverage*

The City participates in Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a nonprofit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN JPA provides \$1,000,000 of self- funded general liability and automobile coverage (except \$250,000 is for the Employee benefits Plan Administration liability) and \$29,000,000 excess liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 self-insured retention. The Plan includes a per occurrence or wrongful act or employee benefit wrongful act up to \$10,000,000 with two retained limits of \$5,000,000. For the year ended June 30, 2023, the City paid PLAN JPA \$2,263,829 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.

NOTE 12 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

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

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

	June 30, 2023			Fiscal Year
	Workers' Compensation	General Liability	Total	2021-2022 Total
Balance, beginning of year	$16,243,000	$240,258	$16,483,258	$15,749,797
Current year claims and changes in estimates of prior years claims	3,329,266	395,130	3,724,396	2,891,287
Claims Paid	(2,663,266)	(260,326)	(2,923,592)	(2,157,826)
Balance, end of year	$16,909,000	$375,062	$17,284,062	$16,483,258
Current portion	$3,006,000	$375,062	$3,381,062	$3,047,258

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.

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

C. Miller Parking Garage

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

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

D. Construction Contract Dispute

Following a competitive bid process, the City awarded a contract for construction of certain improvements related to the Grand Boulevard Initiative. The project finished well past the contract completion date and the City withheld funds for late completion and to correct incomplete and defective work. The City and the contractor engaged a third-party mediator, but were unable to resolve the dispute at mediation in August 2022. The contractor filed a complaint in San Mateo County Superior Court on September 14, 2022, seeking $6,500,000 in compensatory damages, interest, and costs of suit. No trial date has been set as of November 2023. The City disputes the allegations and intends to vigorously pursue affirmative claims against the contractor. The City may be negatively impacted should the court rule in favor of the contractor, however any such impact cannot be determined at this time.

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

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

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

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

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2023 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, 2023.

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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.

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Capital assets recorded at June 30 are comprised of:

	Balance June 30, 2022	Additions	Balance June 30, 2023
Fiduciary activities			
Capital assets not being depreciated:			
Land	$111,219		$111,219
Total capital assets not being depreciated	111,219		111,219
Capital assets being depreciated:			
Buildings and Improvements	329,671		329,671
Equipment and Vehicle	242,190		242,190
Furniture and Fixtures	21,506		21,506
Total capital assets being depreciated	593,367		593,367
Less accumulated depreciation for:			
Buildings and Improvements	(91,547)	($6,593)	(98,140)
Equipment and Vehicle	(242,190)		(242,190)
Furniture and Fixtures	(21,506)		(21,506)
Total accumulated depreciation	(355,243)	(6,593)	(361,836)
Net capital assets being depreciated	238,124	(6,593)	231,531
Fiduciary activity capital assets, net	$349,343	($6,593)	$342,750

D. Defeased Bonds

As of June 30, 2023, the outstanding balance of defeased debt was $3,335,000 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.

NOTE 14 – FORMER REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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.

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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**
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
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
Changes of benefit terms									
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)
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)
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
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
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
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
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
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)
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)
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)
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)
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
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
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
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%
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
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%

Notes to Schedule:

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

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020, and 2021, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate form 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 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**	**2020**	**2021**	**2022**	**2023**
Actuarially determined contribution	$4,210,973	$5,399,856	$5,228,454	$6,166,024	$6,851,659	$7,831,598	$8,616,536	$9,491,640	$10,675,385
Contributions in relation to the actuarially determined contributions	4,210,973	5,399,856	5,228,454	6,166,024	6,851,659	7,831,598	8,616,536	9,491,640	10,675,385
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$17,798,104	$21,409,193	$29,390,370	$23,630,354	$24,993,270	$26,275,955	$27,681,286	$28,788,170	$31,400,311
Contributions as a percentage of covered payroll	23.66%	25.22%	17.79%	26.09%	27.41%	29.81%	31.13%	32.97%	34.00%
Notes to Schedule									
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020

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 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, 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, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries

*Fiscal year 2015 was the 1st year of implementation

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 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**
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
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
Changes of benefit terms									
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)
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)
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
Total pension liability - beginning	256,002,648	266,884,738	268,679,186	278,764,324	314,037,249	327,073,740	343,645,905	359,168,480	376,140,913
Total pension liability - ending (a)	266,884,738	268,679,186	278,764,324	314,037,249	327,073,740	343,645,905	359,168,480	376,140,913	404,168,106
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
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
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)
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)
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)
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)
Plan fiduciary net position - beginning	170,937,835	195,811,152	195,205,601	192,070,665	208,630,800	220,879,754	231,869,470	240,958,874	293,624,138
Plan fiduciary net position - ending (b)	195,811,152	195,205,601	192,070,665	208,630,800	220,879,754	231,869,470	240,958,874	293,624,138	269,583,647
Net pension liability - ending (a)-(b)	$71,073,586	$73,473,585	$86,693,659	$105,406,449	$106,193,986	$111,776,435	$118,209,606	$82,516,775	$134,584,459
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%
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
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%

Notes to Schedule:

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

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020, and 2021, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate form 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

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

CITY OF SOUTH SAN FRANCISCO
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 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	2020	2021	2022	2023
Actuarially determined contribution	$7,191,715	$8,538,138	$8,071,060	$9,322,781	$10,164,821	$11,401,783	$12,413,770	$13,387,919	$15,352,613
Contributions in relation to the actuarially determined contributions	7,191,715	8,538,138	8,071,060	9,322,781	10,164,821	11,401,783	12,413,770	13,387,919	15,352,613
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$16,679,857	$18,986,895	$19,563,549	$21,932,480	$22,975,254	$24,264,339	$24,378,494	$24,325,363	$26,580,095
Contributions as a percentage of covered payroll	43.12%	44.97%	41.26%	42.51%	44.24%	46.99%	50.92%	55.04%	57.76%
Notes to Schedule									
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020

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 expenses, including
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

*Fiscal year 2015 was the 1st year of implementation

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**
Total OPEB Liability						
Service Cost	$1,574	$1,535	$1,558	$1,604	$1,516	$1,374
Interest	5,087	5,325	5,568	5,952	6,058	5,704
Changes in benefit terms						
Differences between expected and actual experience		91	2,895		(3,332)	
Changes of assumptions			(672)	(1,859)	1,446	
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)	(4,009)	(4,067)
Net change in total OPEB liability	3,760	3,625	5,971	1,645	1,679	3,011
Total OPEB liability - beginning	75,240	79,000	82,625	88,596	90,241	91,920
Total OPEB liability - ending (a)	$79,000	$82,625	$88,596	$90,241	$91,920	$94,931
Plan fiduciary net position						
Contributions - employer	$3,703	$4,128	$4,180	$4,854	$4,810	$4,869
Contributions - employee						
Net investment income	1,803	1,566	1,402	838	7,141	(4,575)
Administrative expense	(9)	(37)	(5)	(12)	(9)	(9)
Benefit payments	(2,901)	(3,326)	(3,378)	(4,052)	(4,009)	(4,067)
Net change in plan fiduciary net position	2,596	2,331	2,199	1,628	7,933	(3,782)
Plan fiduciary net position - beginning	17,114	19,710	22,041	24,240	25,868	33,801
Plan fiduciary net position - ending (b)	$19,710	$22,041	$24,240	$25,868	$33,801	$30,019
Net OPEB liability - ending (a)-(b)	$59,290	$60,584	$64,356	$64,373	$58,119	$64,912
Plan fiduciary net position as a percentage of the total OPEB liability	24.95%	26.68%	27.36%	28.67%	36.77%	31.62%
Covered-employee payroll	$26,539	$26,986	$27,662	$28,215	$26,824	$25,079
Net OPEB liability as a percentage of covered-employee payroll	223.41%	224.50%	232.65%	228.15%	216.67%	258.83%

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

* 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, 2021
Contribution Policy	• City contributes $802,000 per year into trust
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level dollar
Amortization Period	• Average of 19 years remaining for 2022/23
Discount Rate and Long-Term Expected Rate of Return on Assets	• 6.25% at June 30, 2022 • 6.25% at June 30, 2021 • Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	• 2.50% per annum
Salary Increases	• Aggregate - 2.75% annually • Merit - CalPERS 1997-2015 Experience Study
Healthcare/Medical Trend	• Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Non-Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 1997-2015 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

	General Purpose	Measure W	Total
ASSETS			
Cash and investments	$66,512,172	$14,227,646	$80,739,818
Receivables:			
Accounts	11,182,712	2,533,134	13,715,846
Accrued interest	423,012		423,012
Leases	12,759,503		12,759,503
Due from other funds	480,000		480,000
Due from Conference Center	56,072		56,072
Inventory	574		574
Restricted cash and investments			
Properties held for redevelopment	2,823,118		2,823,118
Total Assets	$94,237,163	$16,760,780	$110,997,943
LIABILITIES			
Accounts payable	$5,939,493		$5,939,493
Accrued salaries and benefits	2,697,253		2,697,253
Other payable	776,211		776,211
Deposits	742,865		742,865
Total Liabilities	10,155,822		10,155,822
DEFERRED INFLOWS OF RESOURCES			
Related to leases	12,282,955		12,282,955
FUND BALANCES			
Nonspendable	477,122		477,122
Restricted	2,823,118		2,823,118
Committed	3,775,873	$16,760,780	20,536,653
Assigned	8,661,539		8,661,539
Unassigned	56,060,734		56,060,734
Total Fund Balances	71,798,386	16,760,780	88,559,166
Total Liabilities and Fund Balances	$94,237,163	$16,760,780	$110,997,943

CITY OF SOUTH SAN FRANCISCO
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Purpose	Measure W	Total
REVENUES			
Property taxes	$54,041,117		$54,041,117
Sales taxes	21,735,087	$15,618,697	37,353,784
Transient occupancy taxes	16,357,104		16,357,104
Franchise Fees	5,240,637		5,240,637
Other taxes	8,059,817		8,059,817
Intergovernmental	3,558,742		3,558,742
Interest and rentals	4,247,107		4,247,107
Licenses and permits	20,467,644		20,467,644
Charges for services	11,673,187		11,673,187
Fines and forfeitures	757,019		757,019
Other	353,378		353,378
Total Revenues	146,490,839	15,618,697	162,109,536
EXPENDITURES			
Current:			
City Council	241,596		241,596
City Clerk	1,027,822		1,027,822
City Treasurer	35,279		35,279
City Attorney	1,220,059		1,220,059
City Manager	3,819,858	287,295	4,107,153
Finance	3,089,869		3,089,869
Non-departmental	3,484,013		3,484,013
Human Resources	2,221,160		2,221,160
Fire	35,512,513		35,512,513
Police	36,282,833		36,282,833
Public Works	7,936,326		7,936,326
Parks and Recreation	20,362,073		20,362,073
Library	6,475,274		6,475,274
Economic and Community Development	11,770,931		11,770,931
Capital Outlay	141,250		141,250
Total Expenditures	133,620,856	287,295	133,908,151
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,869,983	15,331,402	28,201,385
OTHER FINANCING SOURCES (USES)			
Gain from sale of property	1,852,123		1,852,123
Loss from sale of property	(6,439,913)		(6,439,913)
Transfers in	5,283,682		5,283,682
Transfers out	(1,388,940)	(10,422,461)	(11,811,401)
Total Other Financing Sources (Uses)	(693,048)	(10,422,461)	(11,115,509)
Net Change in Fund Balances before special items	12,176,935	4,908,941	17,085,876
SPECIAL ITEMS			
Remittance of land sale proceeds	(5,173,366)		(5,173,366)
Net Change in Fund Balances	7,003,569		11,912,510
Fund balance - July 1	64,794,817	11,851,839	76,646,656
Fund balance - June 30	$71,798,386	$16,760,780	$88,559,166

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, 2023

	General Purpose			
	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	Positive (Negative)
Resources (inflows):				
Property taxes	$43,804,769	$45,804,769	$54,041,117	$8,236,348
Sales taxes	20,991,018	22,391,018	21,735,087	(655,931)
Transient occupancy taxes	11,160,752	14,160,752	16,357,104	2,196,352
Franchise fees	4,600,000	4,600,000	5,240,637	640,637
Other taxes	4,893,252	5,693,252	8,059,817	2,366,565
Intergovernmental	2,844,618	4,337,199	3,558,742	(778,457)
Interest and rentals	5,453,469	4,556,469	4,247,107	(309,362)
Licenses and permits	15,500,000	19,425,400	20,467,644	1,042,244
Charges for services	8,799,097	8,265,097	11,673,187	3,408,090
Fines and forfeitures	710,824	710,824	757,019	46,195
Other	259,383	278,902	353,378	74,476
Amounts available for appropriation	119,017,182	130,223,682	146,490,839	16,267,157
Charges to appropriations (outflows)				
City Council	258,749	260,650	241,596	19,054
City Clerk	1,143,342	1,154,449	1,027,822	126,627
City Treasurer	167,292	167,904	35,279	132,625
City Attorney	940,290	940,291	1,220,059	(279,768)
City Manager	4,527,997	5,324,596	3,909,909	1,414,687
Finance	3,892,875	4,405,085	3,617,322	787,763
Non-departmental	1,544,367	2,152,699	3,486,795	(1,334,096)
Human Resources	2,518,004	2,684,109	2,331,987	352,122
Fire	31,313,293	33,424,718	36,400,487	(2,975,769)
Police	32,957,662	34,511,302	36,283,110	(1,771,808)
Public Works	7,120,654	8,603,705	8,931,895	(328,190)
Parks and Recreation	19,608,365	22,873,151	22,225,939	647,212
Library	6,706,110	7,273,746	6,518,982	754,764
Economic and Community Development	8,907,770	15,609,631	15,909,963	(300,332)
Capital outlay			141,250	(141,250)
Total charges to appropriations	121,606,770	139,386,036	142,282,395	(2,896,359)
OTHER FINANCING SOURCES (USES)				
Gain from sale of property		897,000	1,852,123	955,123
Loss from sale of property			(6,439,913)	(6,439,913)
Transfers in	3,245,000	6,151,400	5,283,682	(867,718)
Transfers out	(600,000)	(4,533,270)	(1,388,940)	3,144,330
Total Other Financing Sources (Uses)	2,645,000	2,515,130	(693,048)	(3,208,178)
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	55,412	(6,647,224)	3,515,396	10,162,620
SPECIAL ITEMS				
Remittance of land sale proceeds			(5,173,366)	(5,173,366)
Net Change in Fund Balances	$55,412	($6,647,224)	(1,657,970)	$4,989,254
Fund Balance - July 1			64,794,817	
Adjustment to budgetary basis:				
Encumbrance adjustments			8,661,539	
Fund Balance - June 30			$71,798,386	

(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, 2023

	Measure W			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amount	(Negative)
Resources (inflows):				
Property taxes				
Sales taxes	$13,800,000	$13,800,000	$15,618,697	$1,818,697
Transient occupancy taxes				
Franchise fees				
Other taxes				
Intergovernmental				
Interest and rentals				
Licenses and permits				
Charges for services				
Fines and forfeitures				
Other				
Amounts available for appropriation	13,800,000	13,800,000	15,618,697	1,818,697
Charges to appropriations (outflows)				
City Council				
City Clerk				
City Treasurer				
City Attorney				
City Manager	398,622	411,297	287,295	124,002
Finance				
Non-departmental				
Human Resources				
Fire				
Police				
Public Works				
Parks and Recreation				
Library				
Economic and Community Development				
Capital outlay				
Total charges to appropriations	398,622	411,297	287,295	124,002
OTHER FINANCING SOURCES (USES)				
Gain from sale of property				
Loss from sale of property				
Transfers in				
Transfers out	(12,744,450)	(23,619,818)	(10,422,461)	13,197,357
Total Other Financing Sources (Uses)	(12,744,450)	(23,619,818)	(10,422,461)	13,197,357
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	656,928	(10,231,115)	4,908,941	15,140,056
SPECIAL ITEMS				
Remittance of land sale proceeds				
Net Change in Fund Balances	$656,928	($10,231,115)	4,908,941	$15,140,056
Fund Balance - July 1			11,851,839	
Adjustment to budgetary basis:				
Encumbrance adjustments				
Fund Balance - June 30			$16,760,780	

(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, 2023

	Total			
	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	Positive (Negative)
Resources (inflows):				
Property taxes	$43,804,769	$45,804,769	$54,041,117	$8,236,348
Sales taxes	34,791,018	36,191,018	37,353,784	1,162,766
Transient occupancy taxes	11,160,752	14,160,752	16,357,104	2,196,352
Franchise fees	4,600,000	4,600,000	5,240,637	640,637
Other taxes	4,893,252	5,693,252	8,059,817	2,366,565
Intergovernmental	2,844,618	4,337,199	3,558,742	(778,457)
Interest and rentals	5,453,469	4,556,469	4,247,107	(309,362)
Licenses and permits	15,500,000	19,425,400	20,467,644	1,042,244
Charges for services	8,799,097	8,265,097	11,673,187	3,408,090
Fines and forfeitures	710,824	710,824	757,019	46,195
Other	259,383	278,902	353,378	74,476
Amounts available for appropriation	132,817,182	144,023,682	162,109,536	18,085,854
Charges to appropriations (outflows)				
City Council	258,749	260,650	241,596	19,054
City Clerk	1,143,342	1,154,449	1,027,822	126,627
City Treasurer	167,292	167,904	35,279	132,625
City Attorney	940,290	940,291	1,220,059	(279,768)
City Manager	4,926,619	5,735,893	4,197,204	1,538,689
Finance	3,892,875	4,405,085	3,617,322	787,763
Non-departmental	1,544,367	2,152,699	3,486,795	(1,334,096)
Human Resources	2,518,004	2,684,109	2,331,987	352,122
Fire	31,313,293	33,424,718	36,400,487	(2,975,769)
Police	32,957,662	34,511,302	36,283,110	(1,771,808)
Public Works	7,120,654	8,603,705	8,931,895	(328,190)
Parks and Recreation	19,608,365	22,873,151	22,225,939	647,212
Library	6,706,110	7,273,746	6,518,982	754,764
Economic and Community Development	8,907,770	15,609,631	15,909,963	(300,332)
Capital outlay			141,250	(141,250)
Total charges to appropriations	122,005,392	139,797,333	142,569,690	(2,772,357)
OTHER FINANCING SOURCES (USES)				
Gain from sale of property		897,000	1,852,123	955,123
Loss from sale of property			(6,439,913)	(6,439,913)
Transfers in	3,245,000	6,151,400	5,283,682	(867,718)
Transfers out	(13,344,450)	(28,153,088)	(11,811,401)	16,341,687
Total Other Financing Sources (Uses)	(10,099,450)	(21,104,688)	(11,115,509)	9,989,179
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	712,340	(16,878,339)	8,424,337	25,302,676
SPECIAL ITEMS				
Remittance of land sale proceeds			(5,173,366)	(5,173,366)
Net Change in Fund Balances	$712,340	($16,878,339)	3,250,971	$20,129,310
Fund Balance - July 1			76,646,656	
Adjustment to budgetary basis:				
Encumbrance adjustments			8,661,539	
Fund Balance - June 30			$88,559,166	

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.

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.

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.

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.

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, 2023

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Community Development Block Grant	Maintenance Districts	Transportation Sales Tax
ASSETS					
Cash and investments	$349,087	$11,189,187		$4,990,259	$5,486,805
Receivables:					
Accounts	147,252	1,315,178	$1,948	68,360	166,956
Accrued interest	2,075	58,921			25,212
Loans			667,537		
Leases					
Restricted cash and investments			1,461		
Total Assets	$498,414	$12,563,286	$670,946	$5,058,619	$5,678,973
LIABILITIES					
Liabilities:					
Accounts payable		$501,203	$603	$34,650	
Other payable			526,238		
Deposits		3,232,930			
Due to other funds			100,000		
Total Liabilities		3,734,133	626,841	34,650	
DEFERRED INFLOWS OF RESOURCES					
Related to leases					
Fund Balances:					
Restricted	$498,414	8,829,153	44,105	5,023,969	$5,678,973
Total Fund Balances	498,414	8,829,153	44,105	5,023,969	5,678,973
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$498,414	$12,563,286	$670,946	$5,058,619	$5,678,973

SPECIAL REVENUE FUNDS

Solid Waste Reduction	Supplemental Law Enforce-ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee	Road Maintenance and Rehabilitation
$1,017,425	$848	$20,005,467	$664,127	$741,784	$2,773,769	$2,948,449
			88	52,690		132,750
	251	76,348	4,057	9,499	14,301	12,925
			14,540			
$1,017,425	$1,099	$20,081,815	$682,812	$803,973	$2,788,070	$3,094,124
		$146,464	$14,230			
$36,723						
36,723		146,464	14,230			
980,702	$1,099	19,935,351	668,582	$803,973	$2,788,070	$3,094,124
980,702	1,099	19,935,351	668,582	803,973	2,788,070	3,094,124
$1,017,425	$1,099	$20,081,815	$682,812	$803,973	$2,788,070	$3,094,124

(Continued)

CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND
	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	Public Safety Impact Fee
ASSETS					
Cash and investments	$2,080,865	$142,400	$166,754	$2,467,559	$2,069,797
Receivables:					
Accounts				5,596	
Accrued interest	9,032	486		13,034	14,005
Loans				510,921	
				1,181,466	
Restricted cash and investments					
Total Assets	$2,089,897	$142,886	$166,754	$4,178,576	$2,083,802
LIABILITIES					
Liabilities:					
Accounts payable				$81,885	
Other payable				825	
Deposits					
Due to other funds					
Total Liabilities				82,710	
DEFERRED INFLOWS OF RESOURCES					
Related to leases				1,153,603	
Fund Balances:					
Restricted	$2,089,897	$142,886	$166,754	2,942,263	$2,083,802
Total Fund Balances	2,089,897	142,886	166,754	2,942,263	2,083,802
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$2,089,897	$142,886	$166,754	$4,178,576	$2,083,802

CAPITAL PROJECTS FUNDS

Oyster Point Improvement Impact Fees	Sewer Capacity Charges	Oyster Point Development Impact Fees	Park Land Acquisition Fee	Park Construction Fee	Bicycle and Pedestrian Impact Fee	Commercial Linkage Impact Fee
$36,304	$11,576,637	$68,567	$3,278,740	$9,997,204	$225,903	$15,005,231
		44,649				
467	58,570		17,123	51,044	1,051	54,899
$36,771	$11,635,207	$113,216	$3,295,863	$10,048,248	$226,954	$15,060,130
		$50,082				$12,244
						19,500
		50,082				31,744
$36,771	$11,635,207	63,134	$3,295,863	$10,048,248	$226,954	15,028,386
36,771	11,635,207	63,134	3,295,863	10,048,248	226,954	15,028,386
$36,771	$11,635,207	$113,216	$3,295,863	$10,048,248	$226,954	$15,060,130

(Continued)

CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	CAPITAL PROJECTS FUNDS				DEBT SERVICE FUND
	Library Impact Fee	East of 101 Sewer Impact Fees	Traffic Impact Fees	Child Care Impact Fees	Debt Service
ASSETS					
Cash and investments	$4,292	$5,249,246	$21,282,308	$14,031,711	
Receivables:					
Accounts					
Accrued interest	17	26,318	131,163	75,833	
Loans					
Restricted cash and investments					
Total Assets	$4,309	$5,275,564	$21,413,471	$14,107,544	
LIABILITIES					
Liabilities:					
Accounts payable					
Other payable					
Deposits					
Due to other funds					
Total Liabilities					
DEFERRED INFLOWS OF RESOURCES					
Related to leases					
Fund Balances:					
Restricted	$4,309	$5,275,564	$21,413,471	$14,107,544	
Total Fund Balances	4,309	5,275,564	21,413,471	14,107,544	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$4,309	$5,275,564	$21,413,471	$14,107,544	

Total Nonmajor Governmental Funds
$137,850,725
1,935,467
656,631
1,192,998
1,181,466
1,461
$142,818,748
$841,361
583,286
3,232,930
100,000
4,757,577
1,153,603
136,907,568
136,907,568
$142,818,748

CITY OF SOUTH SAN FRANCISCO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS				
	Gas Tax	Developer Contributions	Community Development Block Grant	Maintenance Districts	Transportation Sales Tax
REVENUES					
Property taxes				$2,400,240	
Sales taxes					
Other taxes					$2,256,563
Intergovernmental	$1,934,261	$61,500	$214,476		
Interest and rentals	4,549	119,796	13,780		53,726
Charges for services		2,014,923	60,669		
Other		21,255	21,821		
Total Revenues	1,938,810	2,217,474	310,746	2,400,240	2,310,289
EXPENDITURES					
Current:					
Fire					
Police					
Public works					
Parks and recreation				2,235,977	
Economic and community development		388,662	280,303		
Non-departmental					
Other					
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures		388,662	280,303	2,235,977	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,938,810	1,828,812	30,443	164,263	2,310,289
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(1,728,303)	(567,006)	(150,000)		(344,994)
Total Other Financing Sources (Uses)	(1,728,303)	(567,006)	(150,000)		(344,994)
Net Change in Fund Balances	210,507	1,261,806	(119,557)	164,263	1,965,295
Fund balance - July 1	287,907	7,567,347	163,662	4,859,706	3,713,678
Fund balance - June 30	$498,414	$8,829,153	$44,105	$5,023,969	$5,678,973

SPECIAL REVENUE FUNDS

Solid Waste Reduction	Supplemental Law Enforce-ment Services	City Programs	Affordable Housing Trust	PEG Equipment and Access	Transit Station Enhancement In-Lieu Fee	Road Maintenance and Rehabilitation
	$167,130		$217,980			
$95,643						$1,463,532
	611	$171,462	8,722	$19,737	$29,691	27,462
201,743		55,301				
		10,040,863	5,384	166,623	262,287	
297,386	167,741	10,267,626	232,086	186,360	291,978	1,490,994
	67,741					
98,694						
				17,209		
		564,978	181,247			
98,694	67,741	564,978	181,247	17,209		
198,692	100,000	9,702,648	50,839	169,151	291,978	1,490,994
(24,778)	(100,000)	(675,869)		(1,100,000)		(419,885)
(24,778)	(100,000)	(675,869)		(1,100,000)		(419,885)
173,914		9,026,779	50,839	(930,849)	291,978	1,071,109
806,788	1,099	10,908,572	617,743	1,734,822	2,496,092	2,023,015
$980,702	$1,099	$19,935,351	$668,582	$803,973	$2,788,070	$3,094,124

(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, 2023

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND
	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	Public Safety Impact Fee
REVENUES					
Property taxes					
Sales taxes	$912,453				
Other taxes			$196,775		
Intergovernmental					
Interest and rentals	19,243	$777		$248,936	$29,006
Charges for services		142,109			419,113
Other					
Total Revenues	931,696	142,886	196,775	248,936	448,119
EXPENDITURES					
Current:					
Fire					129,027
Police					
Public works					
Parks and recreation					
Economic and community development				335,765	
Non-departmental					
Other			30,021		
Debt service:					
Principal repayments					
Interest and fiscal charges					
Total Expenditures			30,021	335,765	129,027
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	931,696	142,886	166,754	(86,829)	319,092
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(206,476)				(749,827)
Total Other Financing Sources (Uses)	(206,476)				(749,827)
Net Change in Fund Balances	725,220	142,886	166,754	(86,829)	(430,735)
Fund balance - July 1	1,364,677			3,029,092	2,514,537
Fund balance - June 30	$2,089,897	$142,886	$166,754	$2,942,263	$2,083,802

CAPITAL PROJECTS FUNDS						
Oyster Point Improvement Impact Fees	**Sewer Capacity Charges**	**Oyster Point Development Impact Fees**	**Park Land Acquisition Fee**	**Park Construction Fee**	**Bicycle and Pedestrian Impact Fee**	**Commercial Linkage Impact Fee**
		$5,920,411				
$1,022	$121,864		$35,416	$106,858	$2,206	$121,167
105,913	1,107,479	667,352	78,353	1,182,963	38,845	7,377,991
106,935	1,229,343	6,587,763	113,769	1,289,821	41,051	7,499,158
	2,800	6,517,645				
						1,384,870
100,000						
100,000	2,800	6,517,645				1,384,870
6,935	1,226,543	70,118	113,769	1,289,821	41,051	6,114,288
			(47,978)	(156,485)		
			(47,978)	(156,485)		
6,935	1,226,543	70,118	65,791	1,133,336	41,051	6,114,288
29,836	10,408,664	(6,984)	3,230,072	8,914,912	185,903	8,914,098
$36,771	$11,635,207	$63,134	$3,295,863	$10,048,248	$226,954	$15,028,386

(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, 2023

	CAPITAL PROJECTS FUNDS				DEBT SERVICE FUND
	Library Impact Fee	East of 101 Sewer Impact Fees	Traffic Impact Fees	Child Care Impact Fees	Debt Service
REVENUES					
Property taxes					
Sales taxes					
Other taxes					
Intergovernmental					
Interest and rentals	$13	$54,612	$268,931	$157,091	
Charges for services	3,622	350,946	1,020,442	542,089	
Other					
Total Revenues	3,635	405,558	1,289,373	699,180	
EXPENDITURES					
Current:					
Fire					
Police					
Public works			2,800		
Parks and recreation					
Economic and community development					
Non-departmental		2,800		2,800	
Other					
Debt service:					
Principal repayments					$3,185,000
Interest and fiscal charges					8,280,065
Total Expenditures		2,800	2,800	2,800	11,465,065
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,635	402,758	1,286,573	696,380	(11,465,065)
OTHER FINANCING SOURCES (USES)					
Transfers in					11,465,065
Transfers out			(4,634,659)	(490,000)	
Total Other Financing Sources (Uses)			(4,634,659)	(490,000)	11,465,065
Net Change in Fund Balances	3,635	402,758	(3,348,086)	206,380	
Fund balance - July 1	674	4,872,806	24,761,557	13,901,164	
Fund balance - June 30	$4,309	$5,275,564	$21,413,471	$14,107,544	

Total Nonmajor Governmental Funds
$2,400,240
912,453
2,838,448
9,689,823
1,616,678
15,369,853
10,518,233
43,345,728
129,027
67,741
6,621,939
2,235,977
1,004,730
22,809
2,161,116
3,285,000
8,280,065
23,808,404
19,537,324
11,465,065
(11,396,260)
68,805
19,606,129
117,301,439
$136,907,568

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, 2023

	GAS TAX			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes						
Intergovernmental	$2,099,642	$1,934,261	($165,381)	$562,000	$214,476	($347,524)
Interest and rentals	15,000	4,549	(10,451)	30,000	13,780	(16,220)
Charges for services				172,878	60,669	(112,209)
Other					21,821	21,821
Total Revenues	2,114,642	1,938,810	(175,832)	764,878	310,746	(454,132)
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development				557,018	551,692	5,326
Non-departmental						
Other						
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures				557,018	551,692	5,326
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,114,642	1,938,810	(175,832)	207,860	(240,946)	(448,806)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(2,565,713)	(1,728,303)	837,410		(150,000)	(150,000)
Total Other Financing Sources (Uses)	(2,565,713)	(1,728,303)	837,410		(150,000)	(150,000)
NET CHANGE IN FUND BALANCES	($451,071)	210,507	$661,578	$207,860	(390,946)	($598,806)
Adjustment to budgetary basis:						
Encumbrance adjustments					271,389	
Fund balance - July 1		287,907			163,662	
Fund balance - June 30		$498,414			$44,105	

MAINTENANCE DISTRICTS			TRANSPORTATION SALES TAX			SOLID WASTE REDUCTION		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
$1,941,928	$2,400,240	$458,312						
			$1,920,452	$2,256,563	$336,111			
						$95,643	$95,643	
			25,000	53,726	28,726			
						180,000	201,743	$21,743
1,941,928	2,400,240	458,312	1,945,452	2,310,289	364,837	275,643	297,386	21,743
						606,498	98,694	507,804
2,344,539	2,235,977	108,562						
							298,980	(298,980)
2,344,539	2,235,977	108,562				606,498	397,674	208,824
(402,611)	164,263	566,874	1,945,452	2,310,289	364,837	(330,855)	(100,288)	230,567
			(4,389,003)	(344,994)	4,044,009	(78,086)	(24,778)	53,308
			(4,389,003)	(344,994)	4,044,009	(78,086)	(24,778)	53,308
($402,611)	164,263	$566,874	($2,443,551)	1,965,295	$4,408,846	($408,941)	(125,066)	$283,875
							298,980	
	4,859,706			3,713,678			806,788	
	$5,023,969			$5,678,973			$980,702	

(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, 2023

	SUPPLEMENTAL LAW ENFORCEMENT SERVICES			CITY PROGRAMS		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes						
Other taxes	$100,000	$167,130	$67,130			
Intergovernmental						
Interest and rentals		611	611		$171,462	$171,462
Charges for services					55,301	55,301
Other				$4,883,255	10,040,863	5,157,608
Total Revenues	100,000	167,741	67,741	4,883,255	10,267,626	5,384,371
EXPENDITURES						
Current:						
Police		67,741	(67,741)			
Public works						
Parks and recreation						
Economic and community development						
Non-departmental						
Other				14,255	564,978	(550,723)
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures		67,741	(67,741)	14,255	564,978	(550,723)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100,000	100,000		4,869,000	9,702,648	4,833,648
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(100,000)	(100,000)		(15,569,505)	(675,869)	14,893,636
Total Other Financing Sources (Uses)	(100,000)	(100,000)		(15,569,505)	(675,869)	14,893,636
NET CHANGE IN FUND BALANCES				($10,700,505)	9,026,779	$19,727,284
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		1,099			10,908,572	
Fund balance - June 30		$1,099			$19,935,351	

AFFORDABLE HOUSING TRUST			PEG EQUIPMENT AND ACCESS			ROAD MAINTENANCE AND REHABILITATION		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	$217,980	$217,980				$1,300,000	$1,463,532	$163,532
	8,722	8,722	$5,000	$19,737	$14,737		27,462	27,462
	5,384	5,384	125,000	166,623	41,623			
	232,086	232,086	130,000	186,360	56,360	1,300,000	1,490,994	190,994
				17,209	(17,209)			
$384,614	262,763	121,851						
384,614	262,763	121,851		17,209	(17,209)			
(384,614)	(30,677)	353,937	130,000	169,151	39,151	1,300,000	1,490,994	190,994
			(1,125,000)	(1,100,000)	25,000	(3,992,025)	(419,885)	3,572,140
			(1,125,000)	(1,100,000)	25,000	(3,992,025)	(419,885)	3,572,140
($384,614)	(30,677)	$353,937	($995,000)	(930,849)	$64,151	($2,692,025)	1,071,109	$3,763,134
	81,516							
	617,743			1,734,822			2,023,015	
	$668,582			$803,973			$3,094,124	

(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, 2023

	SMC MEASURE W 1/2 CENT SALES TAX			OYSTER POINT CFD SPECIAL TAX B		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales taxes	$853,534	$912,453	$58,919			
Other taxes					$196,775	$196,775
Intergovernmental						
Interest and rentals		19,243	19,243			
Charges for services						
Other						
Total Revenues	853,534	931,696	78,162		196,775	196,775
EXPENDITURES						
Current:						
Police						
Public works						
Parks and recreation						
Economic and community development						
Non-departmental						
Other				$71,000	30,021	40,979
Debt service:						
Principal repayments						
Interest and fiscal charges						
Total Expenditures				71,000	30,021	40,979
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	853,534	931,696	78,162	(71,000)	166,754	237,754
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(1,598,291)	(206,476)	1,391,815			
Total Other Financing Sources (Uses)	(1,598,291)	(206,476)	1,391,815			
NET CHANGE IN FUND BALANCES	($744,757)	725,220	$1,469,977	($71,000)	166,754	$237,754
Adjustment to budgetary basis:						
Encumbrance adjustments						
Fund balance - July 1		1,364,677				
Fund balance - June 30		$2,089,897			$166,754	

LOW AND MODERATE INCOME HOUSING ASSETS			DEBT SERVICE FUND		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
$167,000	$248,936	$81,936			
15,000		(15,000)			
182,000	248,936	66,936			
894,001	340,834	553,167			
			$3,185,000	$3,185,000	
			5,104,450	8,280,065	($3,175,615)
894,001	340,834	553,167	8,289,450	11,465,065	(3,175,615)
(712,001)	(91,898)	620,103	(8,289,450)	(11,465,065)	(3,175,615)
			8,289,450	11,465,065	3,175,615
			8,289,450	11,465,065	3,175,615
($712,001)	(91,898)	$620,103			
	5,069				
	3,029,092				
	$2,942,263				

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INTERNAL SERVICE FUNDS

Internal service funds account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service. Internal service funds used at the City include:

City Service – Accounts for vehicle maintenance and information technology services provided to City departments.

Self Insurance – Accounts for workers' compensation, general liability and property damage claim activity and financing is represented in this fund.

Health and Retirement Benefits – Accounts for health and retirement benefits paid on the behalf of eligible City employees.

Equipment Replacement – Accounts for resources set-aside for the future replacement of City vehicles and equipment.

CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
ASSETS					
Current assets:					
Cash and investments	$3,022,642	$19,153,892	$10,490,855	$6,213,829	$38,881,218
Receivables:					
Accounts		357,701	98,615		456,316
Accrued interest	13,495	95,910	43,466	32,227	185,098
Deposit		216,000	93,790		309,790
Prepaid items			1,358,284		1,358,284
Total current assets	3,036,137	19,823,503	12,085,010	6,246,056	41,190,706
Noncurrent assets:					
Capital assets:					
Depreciable, net of accumulated depreciation				5,328,500	5,328,500
Total non-current assets				5,328,500	5,328,500
Total Assets	3,036,137	19,823,503	12,085,010	11,574,556	46,519,206
LIABILITIES					
Current liabilities:					
Accounts payable	118,382	144,782	70,554		333,718
Other payable	29,264		148,275		177,539
Current portion of accrued insurance loss		3,381,062			3,381,062
Current portion of compensated absences	82,877		1,211,656		1,294,533
Current portion of long-term debt					
Total current liabilities	230,523	3,525,844	1,430,485		5,186,852
Noncurrent liabilities:					
Accrued insurance loss		13,903,000			13,903,000
Compensated absences obligation	188,806		644,607		833,413
Total noncurrent liabilities	188,806	13,903,000	644,607		14,736,413
Total Liabilities	419,329	17,428,844	2,075,092		19,923,265
NET POSITION:					
Net investment in capital assets				5,328,500	5,328,500
Unrestricted	2,616,808	2,394,659	10,009,918	6,246,056	21,267,441
Total Net Position	$2,616,808	$2,394,659	$10,009,918	$11,574,556	$26,595,941

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, 2023

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
OPERATING REVENUES					
Charges for services	$6,270,762	$6,574,776	$17,132,515	$1,370,243	$31,348,296
Total Operating Revenues	6,270,762	6,574,776	17,132,515	1,370,243	31,348,296
OPERATING EXPENSES					
Personnel expenses	2,365,234	666,115	16,820,702		19,852,051
Professional services	872,671	260,326			1,132,997
Program supplies	2,218,013		1,250	24,855	2,244,118
Insurance	12,988	2,877,706			2,890,694
Self-insurance and claims		2,807,004			2,807,004
Repair and maintenance	636,840			428,160	1,065,000
Utilities	104,991				104,991
Depreciation				1,045,253	1,045,253
Other	31,220		586,924		618,144
Total Operating Expenses	6,241,957	6,611,151	17,408,876	1,498,268	31,760,252
Operating Income (Loss)	28,805	(36,375)	(276,361)	(128,025)	(411,956)
NONOPERATING REVENUES (EXPENSES)					
Interest income	27,434	200,866	86,902	64,976	380,178
Interest expense				(2,870)	(2,870)
Gain from disposal of capital assets				104,926	104,926
Other		64,501			64,501
Total Nonoperating Revenues (Expenses)	27,434	265,367	86,902	167,032	546,735
Net income (loss) before transfers	56,239	228,992	(189,459)	39,007	134,779
TRANSFERS					
Transfers in			450,000	598,442	1,048,442
Change in Net Position	56,239	228,992	260,541	637,449	1,183,221
Net Position - July 1	2,560,569	2,165,667	9,749,377	10,937,107	25,412,720
Net Position - June 30	$2,616,808	$2,394,659	$10,009,918	$11,574,556	$26,595,941

CITY OF SOUTH SAN FRANCISCO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	City Service	Self Insurance	Health and Retirement Benefits	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund service provided	$6,270,762	$6,281,576	$17,033,900	$1,370,243	$30,956,481
Cash payments to suppliers for goods and services	(3,876,723)	(3,138,032)		(521,082)	(7,535,837)
Cash payments to employees for services	(2,296,124)	(550,904)	(17,418,568)		(20,265,596)
Cash payments for judgments and claims		(2,006,200)			(2,006,200)
Net Cash Provided by Operating Activities	97,915	586,440	(384,668)	849,161	1,148,848
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			450,000	598,442	1,048,442
Net Cash Provided by Noncapital Financing Activities			450,000	598,442	1,048,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital lease				(144,637)	(144,637)
Interest payments				(2,870)	(2,870)
Acquisition of capital assets, net				(1,979,957)	(1,979,957)
Proceeds from the sale of capital assets				113,687	113,687
Net Cash Used in Capital and Related Financing Activities				(2,013,777)	(2,013,777)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	6,736	41,242	15,624	12,658	76,260
Changes in fair values of investments	16,325	116,021	52,581	38,985	223,912
Net Cash Provided by Investing Activities	23,061	157,263	68,205	51,643	300,172
Net Increase (Decrease) in cash and cash equivalents	120,976	743,703	133,537	(514,531)	483,685
Cash and cash equivalents, beginning	2,901,666	18,410,189	10,357,318	6,728,360	38,397,533
Cash and cash equivalents, ending	$3,022,642	$19,153,892	$10,490,855	$6,213,829	$38,881,218
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$28,805	($36,375)	($276,361)	($128,025)	($411,956)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation				1,045,253	1,045,253
Other non-operating revenue (expenses)		64,501			64,501
Net change in assets and liabilities:					
Accounts receivable		(357,701)	(98,615)		(456,316)
Deposit					
Prepaid items			(153,911)		(153,911)
Accounts payable	22,497	115,211	(136,250)	(68,035)	(66,577)
Other payable			148,275	(32)	148,243
Accrued insurance losses		800,804			800,804
Compensated absence obligations	46,613		132,194		178,807
Net Cash Provided by (Used in) Operating Activities	$97,915	$586,440	($384,668)	$849,161	$1,148,848
NONCASH TRANSACTIONS					
Retirement of capital assets				($8,761)	($8,761)

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, 2023

	SSF Employee Deferred Comp Trust Oversight	Oyster Point CFD	TOTAL
ASSETS			
Cash and investments	$95,626		$95,626
Interest receivable	619	$780	1,399
Restricted cash and investments		2,255,699	2,255,699
Total Assets	96,245	2,256,479	2,352,724
LIABILITIES			
Accounts payable			
Total Liabilities			
NET POSITION			
Restricted for others	96,245		96,245
Restricted for bondholders		2,256,479	2,256,479
Total Net Position	$96,245	$2,256,479	$2,352,724

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	$8,225		$8,225
Property taxes		$1,013,213	1,013,213
Contribution from property owners			
Interest and rentals	1,246	541,243	542,489
Total Additions	9,471	1,554,456	1,563,927
DEDUCTIONS			
Professional services	50,777	18,754,886	18,805,663
Payments to bondholders		764,850	764,850
Total Deductions	50,777	19,519,736	19,570,513
Change in net position	(41,306)	(17,965,280)	(18,006,586)
NET POSITION			
Beginning of the year	137,551	20,221,759	20,359,310
End of the year	$96,245	$2,256,479	$2,352,724

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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

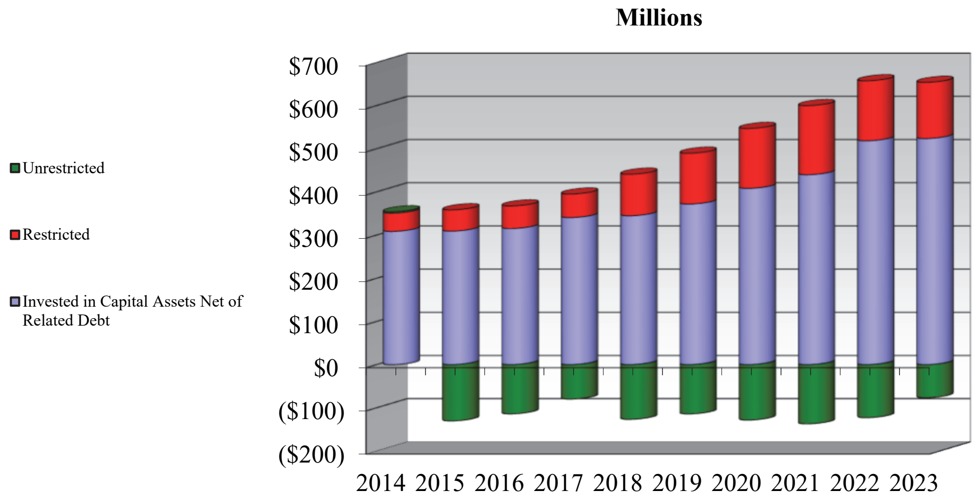
Miscellaneous Information

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)



	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	$230,440,390	$230,517,037	$231,142,079	$254,344,554	$254,570,044
Restricted	42,367,623	49,311,828	52,406,602	54,478,093	96,316,988
Unrestricted	(12,317,511)	(134,389,522)	(120,119,617)	(86,808,434)	(129,833,581)
Total governmental activities net position	$260,490,502	$145,439,343	$163,429,064	$222,014,213	$221,053,451
Business-type activities					
Net investment in capital assets	$78,045,318	$78,598,277	$83,930,073	$86,167,704	$90,097,907
Restricted					
Unrestricted	15,367,085	4,196,654	6,243,225	7,199,925	3,227,395
Total business-type activities net position	$93,412,403	$82,794,931	$90,173,298	$93,367,629	$93,325,302
Primary government					
Net investment in capital assets	$308,485,708	$309,115,314	$315,072,152	$340,512,258	$344,667,951
Restricted	42,367,623	49,311,828	52,406,602	54,478,093	96,316,988
Unrestricted	3,049,574	(130,192,868)	(113,876,392)	(79,608,509)	(126,606,186)
Total primary government net position	$353,902,905	$228,234,274	$253,602,362	$315,381,842	$314,378,753

	2019	2020	2021	2022	2023
Governmental activities					
Net investment in capital assets	$271,349,364	$296,243,640	$316,169,957	$384,765,508	$390,845,692
Restricted	117,752,590	138,701,991	160,119,056	139,059,768	130,124,884
Unrestricted	(114,028,420)	(130,288,161)	(144,181,245)	(126,989,026)	(86,635,416)
Total governmental activities net position	$275,073,534	$304,657,470	$332,107,768	$396,836,250	$434,335,160
Business-type activities					
Net investment in capital assets	$100,463,280	$111,968,328	$123,628,942	$133,598,554	$132,756,230
Restricted					
Unrestricted	44,966	2,040,842	7,208,752	4,271,663	10,098,654
Total business-type activities net position	$100,508,246	$114,009,170	$130,837,694	$137,870,217	$142,854,884
Primary government					
Net investment in capital assets	$371,812,644	$408,211,968	$439,798,899	$518,364,062	$523,601,922
Restricted	117,752,590	138,701,991	160,119,056	139,059,768	130,124,884
Unrestricted	(113,983,454)	(128,247,319)	(136,972,493)	(122,717,363)	(76,536,762)
Total primary government net position	$375,581,780	$418,666,640	$462,945,462	$534,706,467	$577,190,044

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)

	2014	2015	2016	2017
Expenses				
Governmental Activities:				
General Government	$7,155,035	$8,421,857	$9,044,518	$10,253,403
Fire Department	21,200,903	22,005,883	22,488,964	25,750,126
Police Department	24,376,379	23,910,436	23,158,168	25,838,242
Public Works	14,980,417	14,493,039	11,916,572	12,396,998
Park, Recreation and Maintenance Services	12,658,309	12,383,880	12,901,657	15,217,677
Library	4,310,550	4,300,885	4,442,577	5,184,282
Economic and Community Development	5,525,541	5,928,316	7,603,275	8,927,162
Interest on Long -Term Debt				
Total Governmental Activities Expenses	90,207,134	91,444,296	91,555,731	103,567,890
Business-Type Activities:				
Sewer Rental	19,301,103	23,969,579	18,273,580	22,661,768
Parking District	943,859	503,014	894,769	940,181
Storm Water	1,078,868	1,234,616	1,289,465	1,333,409
Total Business-Type Activities Expenses	21,323,830	25,707,209	20,457,814	24,935,358
Total Primary Government Expenses	$111,530,964	$117,151,505	$112,013,545	$128,503,248
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	$5,785,598	$3,946,302	$4,194,563	$2,225,049
Fire Department	3,304,952	3,520,275	3,450,524	4,242,940
Police Department	2,805,640	2,370,736	2,076,837	2,146,909
Public Works	4,734,813	5,071,729	10,361,525	10,869,608
Park, Recreation and Maintenance Services	3,571,947	3,708,272	3,744,137	3,756,369
Library	138,827	120,850	164,271	96,987
Economic and Community Development	5,800,849	5,337,177	6,131,463	3,911,597
Operating Grants and Contributions	5,601,916	5,753,845	5,581,492	4,533,539
Capital Grants and Contributions	1,538,225	632,735	1,147,337	577,995
Total Government Activities Program Revenues	33,282,767	30,461,921	36,852,149	32,360,993
Business-Type Activities:				
Charges for Services:				
Sewer Rental	19,155,467	19,798,033	19,569,341	19,897,769
Parking District	785,586	819,051	843,199	916,687
Storm Water	409,458	407,640	412,105	418,840
Operating Grants and Contributions	7,619,601	6,242,687	5,802,788	5,763,645
Capital Grants and Contributions				
Total Business-Type Activities Program Revenue	27,970,112	27,267,411	26,627,433	26,996,941
Total Primary Government Program Revenues	$61,252,879	$57,729,332	$63,479,582	$59,357,934
Net (Expense)/Revenue				
Governmental Activities	($56,924,367)	($60,982,375)	($54,703,582)	($71,206,897)
Business-Type Activities	6,646,282	1,560,202	6,169,619	2,061,583
Total Primary Government Net Expense	($50,278,085)	($59,422,173)	($48,533,963)	($69,145,314)

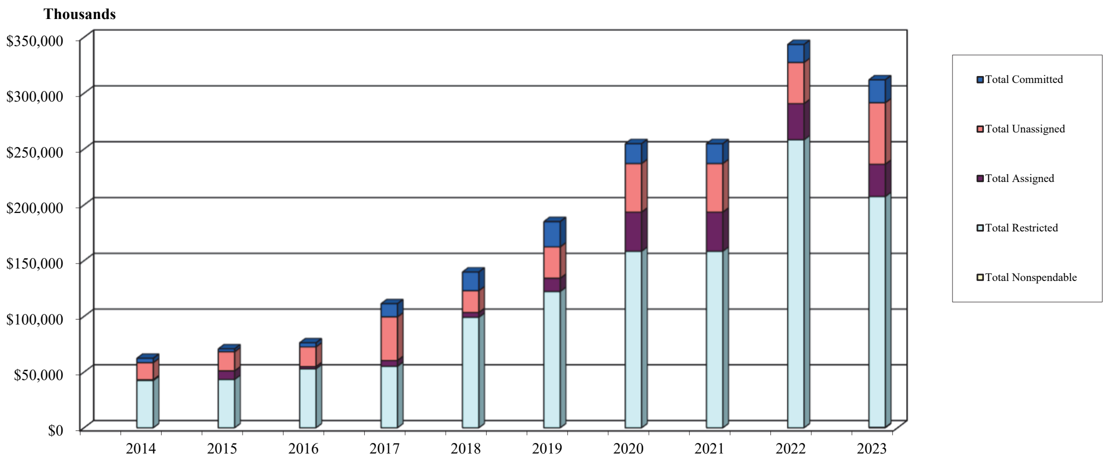
2018	2019	2020	2021	2022	2023
$12,506,188	$12,139,671	$15,378,452	$19,611,586	$20,793,108	$24,977,978
30,352,387	31,986,738	34,442,874	34,492,838	28,530,628	36,852,200
30,732,288	32,994,122	36,095,698	33,376,962	35,635,007	37,885,983
18,379,278	20,425,958	17,737,243	7,567,745	7,544,142	21,880,934
17,162,377	17,962,298	19,620,848	17,159,696	19,482,582	23,539,372
5,910,406	6,241,093	6,728,102	6,274,811	6,060,920	6,639,706
10,094,626	10,557,116	9,837,938	11,728,168	12,034,671	12,923,609
		512,376	2,200,344	4,686,930	6,891,224
125,137,550	132,306,996	140,353,531	132,412,150	134,767,988	171,591,006
24,397,607	25,719,049	26,213,885	26,644,459	26,246,647	30,654,615
1,202,319	896,994	1,116,840	1,338,092	1,170,305	1,272,157
1,026,948	1,188,182	1,206,694	922,057	1,309,360	1,460,610
26,626,874	27,804,225	28,537,419	28,904,608	28,726,312	33,387,382
$151,764,424	$160,111,221	$168,890,950	$161,316,758	$163,494,300	$204,978,388
$1,966,755	$7,930,983	$5,217,199	$6,968,307	$5,413,298	$9,249,087
6,327,921	6,052,804	6,073,247	5,952,872	7,857,602	9,231,756
2,230,824	2,351,491	2,092,791	1,642,726	2,878,353	2,299,209
24,727,897	27,811,701	23,355,636	24,859,635	17,734,041	9,071,365
4,489,665	4,293,474	2,872,786	1,165,630	3,058,826	3,927,532
102,124	105,466	97,603	19,037	1,054,339	60,300
13,052,441	14,214,991	9,067,781	4,275,808	28,676,546	19,532,657
5,827,149	12,091,079	8,757,554	8,021,958	10,852,746	12,919,660
2,515,868	1,629,730	4,930,640	5,498,698	3,342,651	2,031,351
61,240,644	76,481,719	62,465,237	58,404,671	80,868,402	68,322,917
22,417,156	24,078,076	24,296,811	24,705,044	22,778,206	23,891,045
1,084,472	1,180,538	1,003,222	764,514	993,986	1,062,751
656,315	540,679	412,707	410,745	412,842	418,583
5,834,455	6,452,950	7,440,041	14,815,460	5,663,695	6,237,114
				5,252,622	4,276,151
29,992,398	32,252,243	33,152,781	40,695,763	35,101,351	35,885,644
$91,233,042	$108,733,962	$95,618,018	$99,100,434	$115,969,753	$104,208,561
($63,896,906)	($55,825,277)	($77,888,294)	($74,007,479)	($53,899,586)	($103,268,089)
3,365,524	4,448,018	4,615,362	11,791,155	6,375,039	2,498,262
($60,531,382)	($51,377,259)	($73,272,932)	($62,216,324)	($47,524,547)	($100,769,827)

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

	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	$22,890,828	$24,650,648	$26,438,620	$29,023,618
Sales Taxes	12,725,141	13,932,125	15,188,686	24,087,776
Transient Occupancy Tax	11,174,017	12,947,473	13,393,437	13,631,507
Franchise fees			3,982,092	4,090,073
Other Taxes	8,141,010	8,650,056	5,124,574	5,708,187
Motor Vehicle In-Lieu	40,074	26,995	26,708	28,933
Property taxes in lieu of vehicle license fees	5,319,154	5,551,651	5,770,060	6,133,230
Interest Earnings	1,108,177	629,036	1,354,266	622,518
Gain from sale of property				
Other	2,012,444	4,577,239	2,334,407	2,365,820
Extraordinary Item				
Transfers	(1,041,120)	(1,429,308)	(919,547)	(1,105,038)
Special items				45,205,422
Total Government Activities	62,369,725	69,535,915	72,693,303	129,792,046
Business-Type Activities:				
Interest Earnings	153,353	126,874	289,201	27,710
Transfers	1,041,120	1,429,308	919,547	1,105,038
Total Business-Type Activities	1,194,473	1,556,182	1,208,748	1,132,748
Total Primary Government	$63,564,198	$71,092,097	$73,902,051	$130,924,794
Change in Net Position				
Governmental Activities	$5,445,358	$8,553,540	$17,989,721	$58,585,149
Business-Type Activities	7,840,755	3,116,384	7,378,367	3,194,331
Total Primary Government	$13,286,113	$11,669,924	$25,368,088	$61,779,480

2018	2019	2020	2021	2022	2023
$29,551,445	$33,446,750	$37,415,367	$41,561,039	$40,011,221	$47,680,587
28,340,393	31,843,568	31,855,027	33,039,229	38,143,689	37,722,042
13,978,533	17,091,222	13,829,025	6,710,271	12,135,638	16,357,104
4,403,493	4,469,808	4,594,577	4,498,202	4,863,076	5,240,637
5,871,096	4,995,404	4,515,376	4,529,764	6,537,423	8,059,817
34,452	32,200	53,089	49,785	77,558	67,937
6,438,199	7,150,867	7,457,005	4,888,696	11,988,715	8,760,770
1,097,916	4,808,664	6,384,253	941,856	(6,724,092)	5,104,060
	840,298			1,518,059	1,807,446
5,180,288	7,799,392	9,152,218	11,602,214	14,458,939	17,335,302
(1,997,377)	(2,101,222)	(8,060,646)	(4,984,746)	(1,419,235)	(2,195,337)
(7,154,626)	(531,591)	276,939	(1,378,533)	(2,962,923)	(5,173,366)
85,743,812	109,845,360	107,472,230	101,457,777	118,628,068	140,766,999
37,072	633,704	824,916	52,623	(761,751)	291,068
1,997,377	2,101,222	8,060,646	4,984,746	1,419,235	2,195,337
2,034,449	2,734,926	8,885,562	5,037,369	657,484	2,486,405
$87,778,261	$112,580,286	$116,357,792	$106,495,146	$119,285,552	$143,253,404
$21,846,906	$54,020,083	$29,583,936	$27,450,298	$64,728,482	$37,498,910
5,399,973	7,182,944	13,500,924	16,828,524	7,032,523	4,984,667
$27,246,879	$61,203,027	$43,084,860	$44,278,822	$71,761,005	$42,483,577

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



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	$14,163	$1,134	$33,580	$474	$106	$372	$574	$574	$4,099	$477,122
Restricted					20,582,335	19,201,948	18,372,633	18,372,633	14,763,033	2,823,118
Committed	3,879,451	2,536,790	3,654,283	11,780,724	16,725,897	22,619,868	17,723,338	17,723,338	16,083,977	20,536,653
Assigned	743,746	1,458,029	1,578,153	5,244,279	4,334,322	11,881,363	5,720,788	5,720,788	7,482,439	8,661,539
Unassigned	15,891,899	17,285,422	17,751,169	39,278,746	19,644,232	31,239,632	43,296,762	43,296,762	38,313,108	56,060,734
Total General Fund	$20,529,259	$21,281,375	$23,017,185	$56,304,223	$61,286,892	$84,943,183	$85,114,095	$85,114,095	$76,646,656	$88,559,166 (a)
All Other Governmental Funds										
Nonspendable						$39,205				
Restricted	$42,392,238	$43,437,361	$52,938,897	$55,195,500	$78,603,366	103,135,202	$140,143,149	$140,143,149	$243,582,187	$204,257,085
Assigned		6,188,554	367,023				29,363,924	29,363,924	24,889,824	20,229,463
Unassigned	(521,604)	(40,459)		(88,331)	(11,073)	(2,971,345)	235,649	235,649	(1,437,892)	(1,004,155)
Total all other governmental funds	$41,870,634	$49,585,456	$53,305,920	$55,107,169	$78,592,293	$100,203,062	$169,742,722	$169,742,722	$267,034,119	$223,482,393

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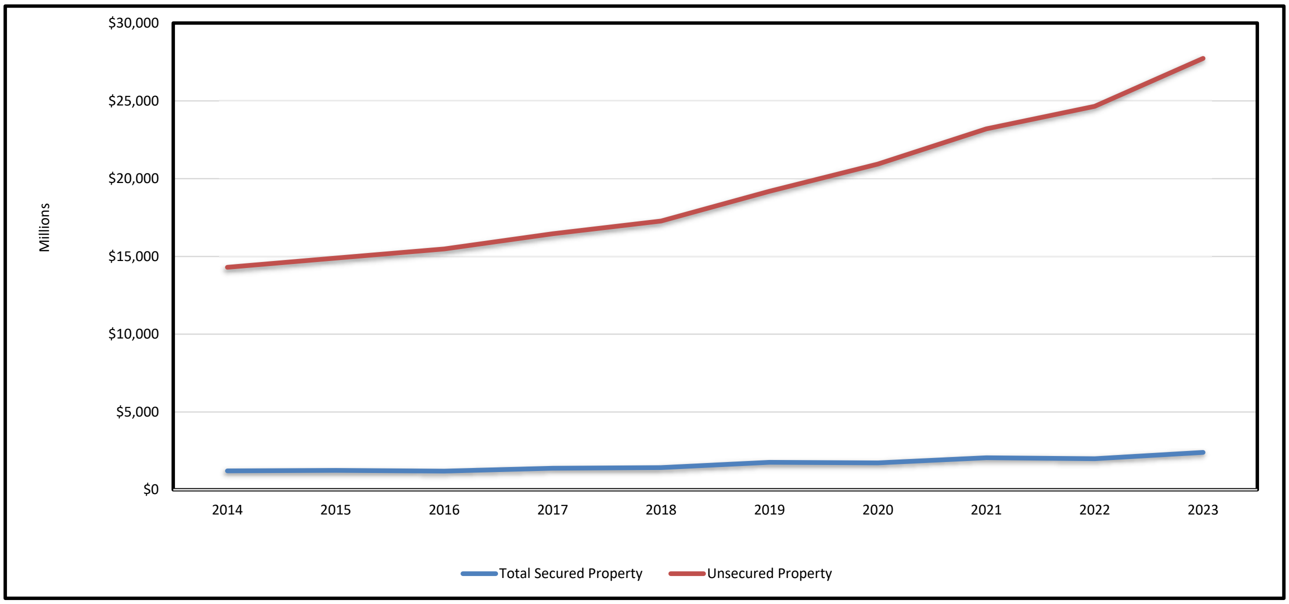
CITY OF SOUTH SAN FRANCISCO
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	2014	**2015**	**2016**	**2017**
Revenues				
Property Taxes	$23,010,136	$24,650,648	$26,438,620	$35,156,848
Other Taxes	33,931,446	38,275,478	41,811,097	49,608,385
Intergovernmental revenues	10,757,440	10,453,071	12,360,354	4,019,771
Interest and Rents	3,632,693	3,531,966	4,207,453	3,100,692
Licenses and permits	4,366,271	4,795,158	6,896,897	7,823,403
Charges for services	16,864,409	13,387,712	15,386,358	14,485,367
Fines and forfeitures	1,528,319	1,221,413	791,756	899,118
Other	2,249,728	4,660,668	2,439,579	2,906,625
Total Revenues	96,340,442	100,976,114	110,332,114	118,000,209
Expenditures				
Current:				
General government	5,970,429	7,167,969	8,469,924	9,399,930
Fire Department	20,163,759	21,247,989	24,175,340	25,632,366
Police Department	23,309,568	23,611,743	25,458,986	25,998,097
Public works	16,791,894	15,923,071	14,846,346	12,143,965
Recreation and Community Services	11,552,502	11,826,407	13,234,028	14,897,157
Library	3,987,928	4,247,650	4,681,188	5,157,355
Economic and Community Development	5,972,966	5,917,508	7,907,655	8,943,111
Other		480,290	395,749	274,183
Capital outlay				
Debt service:				
Principal repayment	453,381	352,674	656,000	23,000
Interest and fiscal charges				
Total Expenditures	88,202,427	90,775,301	99,825,216	102,469,164
Excess (deficiency) of revenues over (under) expenditures	8,138,015	10,200,813	10,506,898	15,531,045
Other Financing Sources (Uses)				
Transfers in	21,870,234	17,983,227	8,143,075	14,327,130
Transfers (out)	(24,149,582)	(19,717,102)	(13,193,699)	(16,368,499)
Lease revenue bonds issued				
Premium on bonds				
Sale of capital assets				1,016,276
Loss on sale of property held for resale				
Total other financing sources (uses)	(2,279,348)	(1,733,875)	(5,050,624)	(1,025,093)
Net Change in fund balances before extraordinary and special items	5,858,667	8,466,938	5,456,274	14,505,952
Extraordinary item				
Special item				20,582,335
Net change in fund balances	$5,858,667	$8,466,938	$5,456,274	$35,088,287
Debt service as a percentage of noncapital expenditures	0.6%	0.4%	0.7%	0.0%

For The Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
$35,989,644	$40,597,617	$44,872,372	$46,449,735	$51,999,936	$56,441,357
54,597,272	60,721,378	57,214,783	51,008,432	64,411,396	70,762,243
8,433,240	13,179,593	18,317,060	17,867,273	24,822,304	19,574,277
3,524,727	7,231,303	8,864,998	3,620,391	(2,537,324)	7,857,199
14,674,809	15,381,416	15,900,500	15,589,002	14,062,474	20,467,644
31,961,419	41,055,659	27,442,005	23,191,413	45,787,046	27,477,040
423,604	926,729	814,354	535,750	700,961	757,019
6,454,460	7,994,701	3,067,691	7,893,148	2,524,116	11,321,587
156,059,175	187,088,396	176,493,763	166,155,144	201,770,909	214,658,366
10,403,449	10,166,977	12,453,262	12,112,319	15,422,722	15,449,760
26,059,072	27,576,879	28,161,459	31,817,325	32,597,540	35,641,540
26,970,854	28,533,292	37,468,430	70,954,323	39,678,917	36,493,052
23,859,399	38,459,963	40,070,330	51,501,254	87,823,372	89,991,879
15,468,370	16,530,603	17,130,302	15,795,645	20,295,842	22,598,050
5,379,836	5,628,693	5,940,870	5,903,883	6,495,279	6,475,274
9,338,793	9,085,390	8,780,903	11,227,503	12,709,167	12,775,661
256,298	333,024	723,901	3,490,091	5,610,278	2,161,116
				5,520,422	141,250
2,382,000	3,464,000	1,210,000	975,000	4,635,000	3,285,000
		739,146	2,307,460	5,525,760	8,280,065
120,118,071	139,778,821	152,678,603	206,084,803	236,314,299	233,292,647
35,941,104	47,309,575	23,815,160	(39,929,659)	(34,543,390)	(18,634,281)
26,486,651	22,230,499	38,117,966	37,970,252	36,220,467	30,464,581
(30,795,941)	(24,581,721)	(46,647,023)	(43,202,081)	(38,772,007)	(33,708,360)
		43,905,000	86,410,000	65,420,000	
		10,242,530	18,116,565	6,686,317	
3,990,605	840,298		(2,718,691)	1,507,641	1,852,123
					(6,439,913)
(318,685)	(1,510,924)	45,618,473	96,576,045	71,062,418	(7,831,569)
35,622,419	45,798,651	69,433,633	56,646,386	36,519,028	(26,465,850)
(7,154,626)	(531,591)	276,939	(1,378,533)	(2,962,923)	(5,173,366)
$28,467,793	$45,267,060	$69,710,572	$55,267,853	$33,556,105	($31,639,216)
2.2%	3.0%	1.7%	2.9%	7.0%	7.3%

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



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

Source: HdL Coren & Cone, San Mateo County Assessor 2013/14-2022/23 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

Fiscal Year	Basic Levy	School Districts	Total Direct/Overlapping Tax Rates	
2014	1.000	0.2046	1.2046	(1,20)
2015	1.000	0.1822	1.1822	(1,21)
2016	1.000	0.1750	1.1750	(1,22)
2017	1.000	0.1749	1.1749	(1,23)
2018	1.000	0.1642	1.1642	(1,24)
2019	1.000	0.1548	1.1548	(1,25)
2020	1.000	0.1648	1.1648	(1,26)
2021	1.000	0.1893	1.1893	(1,27)
2022	1.000	0.1542	1.1542	(1,28)
2023	1.000	0.1408	1.1408	(1,29)

Notes:

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

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

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

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

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

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

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

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

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

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

(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.

Source: HDL, Coren & Cone (San Mateo County Assesor 2013/14 -2022/23 Tax Rate Table

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

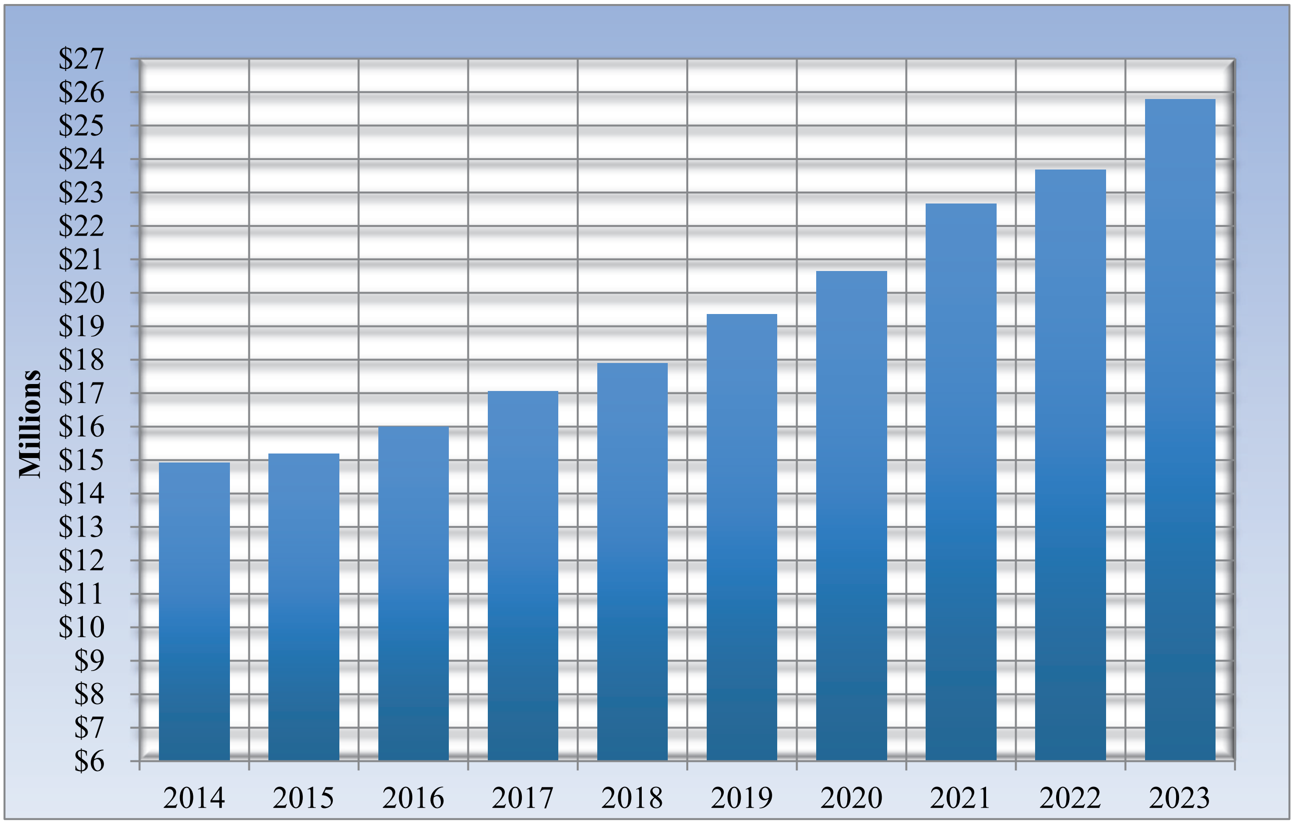
	2022-23			2013-14		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Genentech Inc.*	$ 3,156,586,644	1	11.38%	$ 1,786,247,540	1	12.49%
HCP Oyster Point III LLC	861,135,005	2	3.11%			--
Slough SSF LLC	706,344,528	3	2.55%	1,057,879,509	2	7.40%
ARE San Francisco LLC*	560,376,454	4	2.02%	227,558,340	4	1.59%
GNS North Tower LP*	475,429,011	5	1.71%			--
BMR 1000 Gateway LP*	455,894,074	6	1.64%			--
Kilroy Realty	447,345,388	7	1.61%			--
GNS South Tower LP*	435,506,434	8	1.57%			--
Britannia Pointe Grand LP	332,388,936	9	1.20%	286,079,475	3	--
United Airlines Inc	292,552,819	10	1.05%	192,172,702	5	--
Myers Peninsula Venture LLC*			--	138,793,737	6	0.97%
Gateway Center LLC			--	137,981,651	7	0.96%
BMR 180 Oyster Point LLC*			--	129,633,840	8	0.91%
ASN Solaire LLC			--	106,660,104	9	0.75%
ARE San Francisco No 41 EXCH LLC			--	103,253,158	10	0.72%
Subtotal	$ 7,723,559,293		27.85%	$ 4,166,260,056		29.13%

Total Net Assessed Valuation:
Fiscal Year 2022-23 $ 27,730,440,659
Fiscal Year 2013-14 $ 14,304,352,770

* Pending Appeals on Parcels

Source:
HdL Coren & Cone, 2013/14 & 2022/23 Top Ten Property Taxpayers (Net Values).
San Mateo County Assessor 2013/14 & 2022/23 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



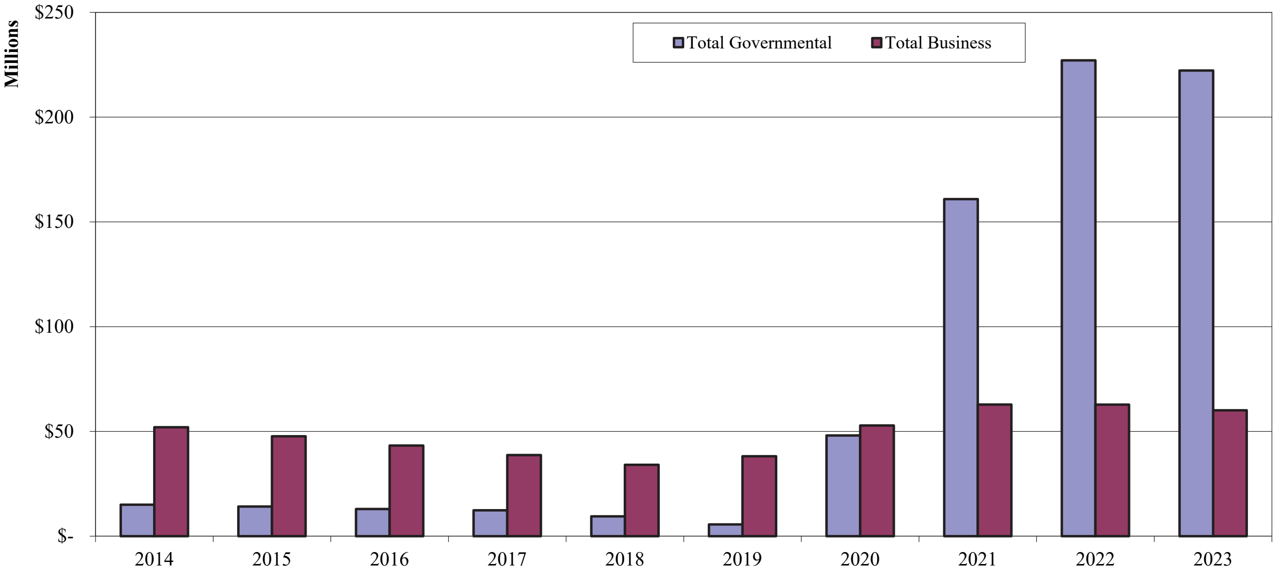
Fiscal Year	Allocations (5)	Collections	Delinquencies	Percent of Delinquent taxes
2014	$ 14,928,197	(4)	(4)	0.0%
2015	15,184,788	(4)	(4)	0.0%
2016	15,994,773	(4)	(4)	0.0%
2017	17,065,875	(4)	(4)	0.0%
2018	17,894,855	(4)	(4)	0.0%
2019	19,365,814	(4)	(4)	0.0%
2020	20,651,650	(4)	(4)	0.0%
2021	22,660,544	(4)	(4)	0.0%
2022	23,680,782	(4)	(4)	0.0%
2023	25,780,768	(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



Fiscal Year	Governmental Activities: Loans from Successor Agency	Lease Revenue Bonds	Financing Lease	Total
2014	$ 11,722,826	$ -	$ 3,316,836	$ 15,039,662
2015	11,370,152	-	2,786,573	14,156,725
2016	10,714,152	-	2,238,998	12,953,150
2017	10,691,152	-	1,673,522	12,364,674
2018	8,309,152	-	1,135,102	9,444,254
2019	4,845,152	-	753,619	5,598,771
2020	3,635,152	43,905,000	489,781	48,029,933
2021	3,595,152	156,980,389	285,529	160,861,070
2022	2,150,152	224,792,690	144,637	227,087,479
2023	2,050,152	220,225,077	-	222,275,229

Fiscal Year	Business-Type Activities: Sewer Revenue Bonds	State Water Resources Loans	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2014	$ 4,385,000	$ 47,591,019	$ 51,976,019	$ 67,015,681	3.30%	$1,019.27
2015	4,120,000	43,543,614	47,663,614	61,820,339	2.92%	957.19
2016	3,850,000	39,392,832	43,242,832	56,195,982	2.59%	858.60
2017	3,570,000	35,136,032	38,706,032	51,070,706	2.22%	761.32
2018	3,275,000	30,770,503	34,045,503	43,489,757	1.80%	648.35
2019	2,970,000	35,148,205	38,118,205	43,716,976	1.63%	644.04
2020	2,655,000	50,150,607	52,805,607	100,835,540	3.48%	1,501.98
2021	2,325,000	60,480,459	62,805,459	223,666,529	7.10%	3,468.13
2022	1,980,000	60,799,450	62,779,450	289,866,929	8.55%	4,506.43
2023	1,620,000	58,447,078	60,067,078	282,342,307	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, 2023

2022-23 Assessed Valuation:	$ 27,730,440,659
Redevelopment Incremental Valuation:	-
Adjusted Assessed Valuation:	$ 27,730,440,659

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2023	% Applicable (1)	City's Share of Debt 6/30/23
San Mateo Community College District	$ 708,837,622	9.614%	$ 68,147,649
Jefferson Union High School District	289,848,562	4.350	12,608,412
South San Francisco Unified School District	308,886,397	91.506	282,649,586
Brisbane School District	30,481,439	24.203	7,377,423
City of South San Francisco Community Facilities District No. 2021-1	19,685,000	100.000	19,685,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 390,468,070

DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Mateo County General Fund Obligations	$ 589,931,687	9.614%	$ 56,716,032
San Mateo County Board of Education Certificates of Participation	6,120,000	9.614	588,377
San Mateo County Flood Control and Sea LRR District General Fund Obligations	13,890,000	62.238	8,644,858
South San Francisco Unified School District General Fund Obligations	2,770,000	91.506	2,534,716
Jefferson Union High School District Certificates of Participation	47,490,000	4.350	2,065,815
City of South San Francisco Lease Revenue Bonds	220,225,077	100.000	220,225,077
City of South San Francisco Loans Payable	2,050,152	100.000	2,050,152
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,617,831	9.614	347,818
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			$ 293,172,845
TOTAL DIRECT DEBT			$ 222,275,229
Total Overlapping Debt			$ 461,365,686
COMBINED TOTAL DEBT			$ 683,640,915 (2)

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

(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	1.41%
Total Direct Debt	0.80%
Combined Total Debt	2.47%

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, 2023

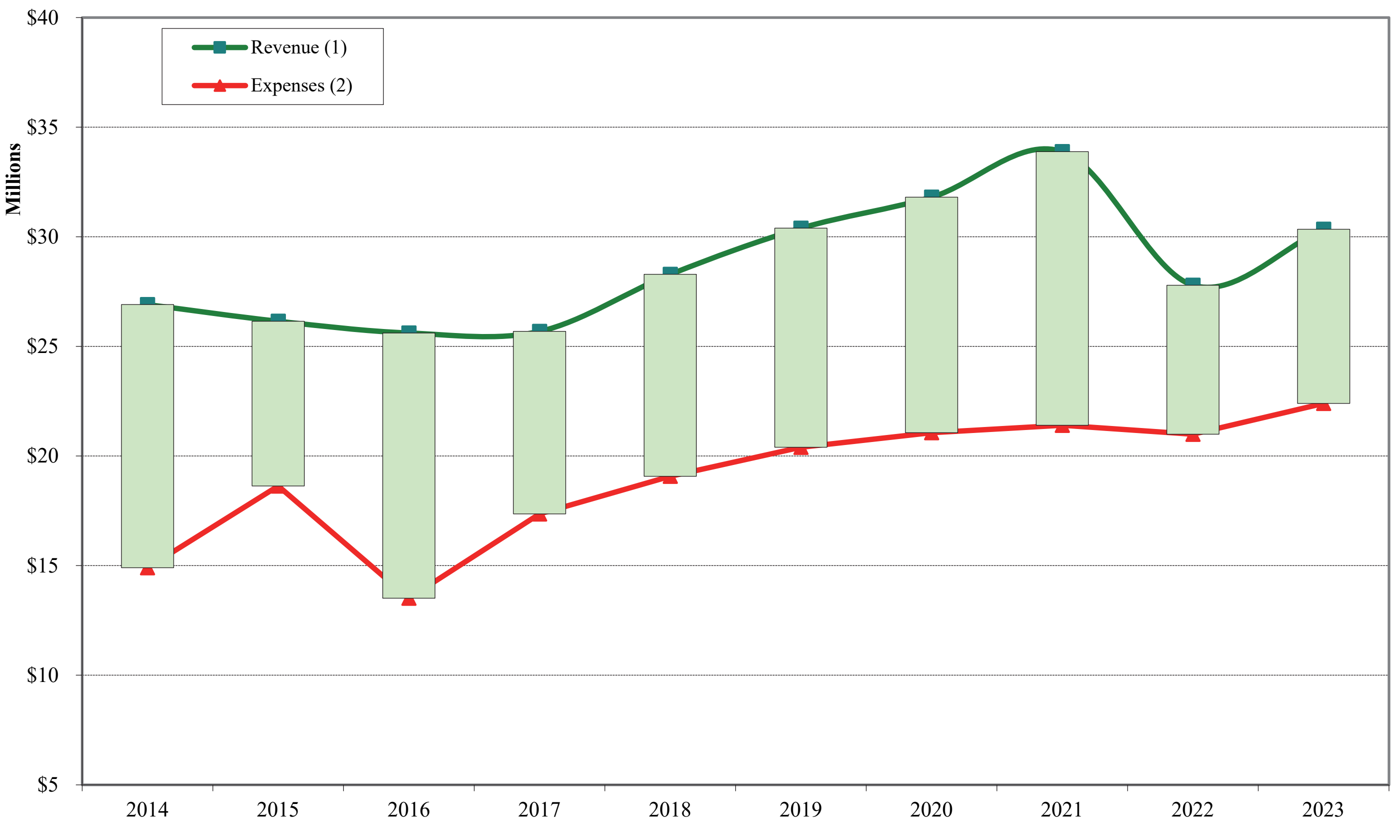
ASSESSED VALUATION:	$ 27,730,440,659
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	$ 1,039,891,525
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	-
LEGAL BONDED DEBT MARGIN	$ 1,039,891,525

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
2014	$ 536,413,229	$ -	$ 536,413,229	0.00%
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%

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) Principal	Interest	Total	Coverage
2014	$ 26,908,316	$ 14,904,225	$ 12,004,091	$ 255,000	$ 199,831	$ 454,831	26.39
2015	26,147,550	18,630,672	7,516,878	265,000	190,533	455,533	16.50
2016	25,610,518	13,514,706	12,095,812	270,000	180,566	450,566	26.85
2017	25,684,966	17,357,273	8,327,693	280,000	169,976	449,976	18.51
2018	28,287,485	19,073,940	9,213,545	295,000	158,616	453,616	20.31
2019	30,393,993	20,398,157	9,995,836	305,000	146,616	451,616	22.13
2020	31,807,110	21,064,165	10,742,945	315,000	134,019	449,019	23.93
2021	33,885,393	21,401,332	12,484,061	330,000	120,593	450,593	27.71
2022	27,789,553	20,992,476	6,797,077	345,000	106,331	451,331	15.06
2023	30,343,556	22,399,721	7,943,835	360,000	90,000	450,000	17.65

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 EIGHT FISCAL YEARS

	Fiscal Year							
	2016	2017	2018	2019	2020	2021	2022	2023
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
Connection and Other Fees	104,283	147,134	229,002	521,205	146,672	178,092	210,980	710,915
Interest Income	238,389	23,552	31,061	488,437	623,256	41,888	(652,348)	215,397
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
Total Revenues	$ 25,610,530	$ 25,684,966	$ 28,282,672	$ 30,393,993	$ 31,807,110	$ 33,885,393	$ 27,789,553	$ 30,343,556
Operating Expenses (2)	$ 18,759,650	$ 13,514,718	$ 19,073,943	$ 20,398,147	$ 21,064,167	$ 21,401,330	$ 21,049,553	$ 22,399,721
Wastewater System Net Revenues	$ 6,850,880	$ 12,170,248	$ 9,208,729	$ 9,995,846	$ 10,742,943	$ 12,484,063	$ 6,740,000	$ 7,943,835
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
CSCDA Series 2005D Revenue Bonds	178,036	167,284	155,706	143,608	130,815	117,175	102,716	85,562
Total Parity Debt	$ 5,627,728	$ 5,622,031	$ 5,624,881	$ 5,620,683	$ 5,616,402	$ 5,614,223	$ 5,613,163	$ 6,173,931
Total Parity Debt Service Coverage	1.22	2.16	1.64	1.78	1.91	2.22	1.20	1.29

(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 excluding construction interest

(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

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements Principal	Interest	Total	Coverage
2014		$ 1,545,000	$ 2,971,344	$ 4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018					
2019					
2020					
2021					
2022					
2023					

Bond was paid off in fiscal year 2017

1999 RDA Revenue Bonds (Housing)

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

Fiscal Year	Available Revenue	Debt Service Requirements Principal	Interest	Total	Coverage
2014		$ 220,000	$ 69,780	$ 28,780	
2015		230,000	58,750	288,750	
2016		245,000	46,875	291,875	
2017		255,000	34,375	289,375	
2018		275,000	21,125	296,125	
2019		285,000	7,125	292,125	
2020					
2021					
2022					
2023					

RDA All Non-housing (A)

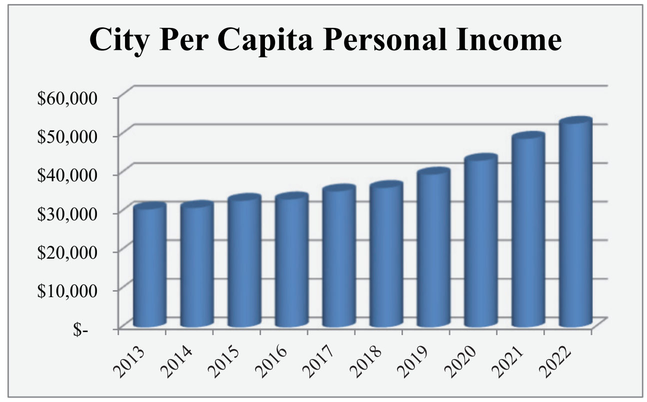
Funding Source: RDA tax increment revenues

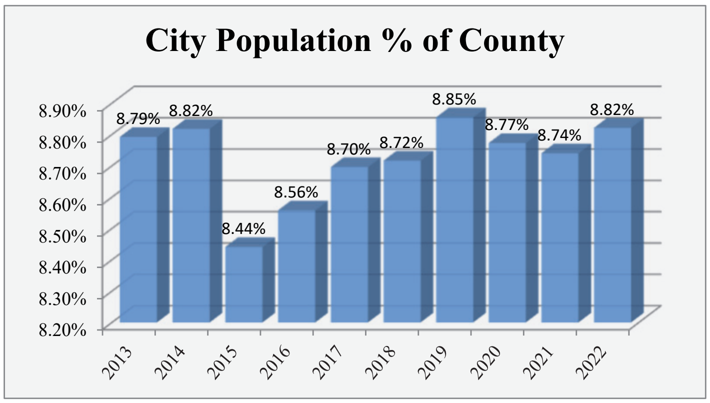
Fiscal Year	Available Revenue	Debt Service Requirements Principal	Interest	Total	Coverage
2014		$ 1,545,000	$ 2,971,344	$ 4,516,344	
2015		1,605,000	2,904,331	4,509,331	
2016		1,680,000	2,834,619	4,514,619	
2017		1,745,000	2,761,756	4,506,756	
2018		-	-	-	
2019		-	-	-	
2020		-	-	-	
2021		-	-	-	
2022		-	-	-	
2023		-	-	-	

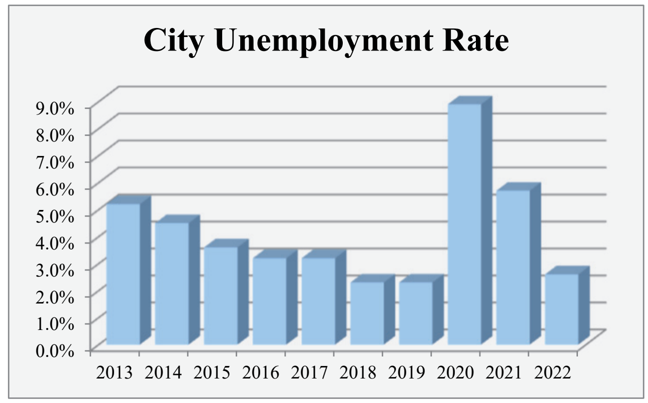
Note: Redevelopment Agencies abolished as of 1/31/2012.
Numbers for 2012 include the first and second RPTTF distributions received.

(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
2013	65,710	$ 2,005,666	$ 30,523	5.2%	747,373	8.79%
2014	65,749	2,033,156	30,923	4.5%	745,635	8.82%
2015	64,585	2,114,826	32,744	3.6%	765,135	8.44%
2016	65,451	2,167,750	33,120	3.2%	764,797	8.56%
2017	67,082	2,303,425	35,193	3.2%	771,410	8.70%
2018	67,078	2,421,033	36,092	2.3%	769,545	8.72%
2019	67,879	2,684,438	39,547	2.3%	766,573	8.85%
2020	67,135	2,895,980	43,136	8.9%	765,245	8.77%
2021	64,492	3,148,543	48,820	5.7%	737,888	8.74%
2022	64,323	3,391,203	52,721	2.6%	729,181	8.82%

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

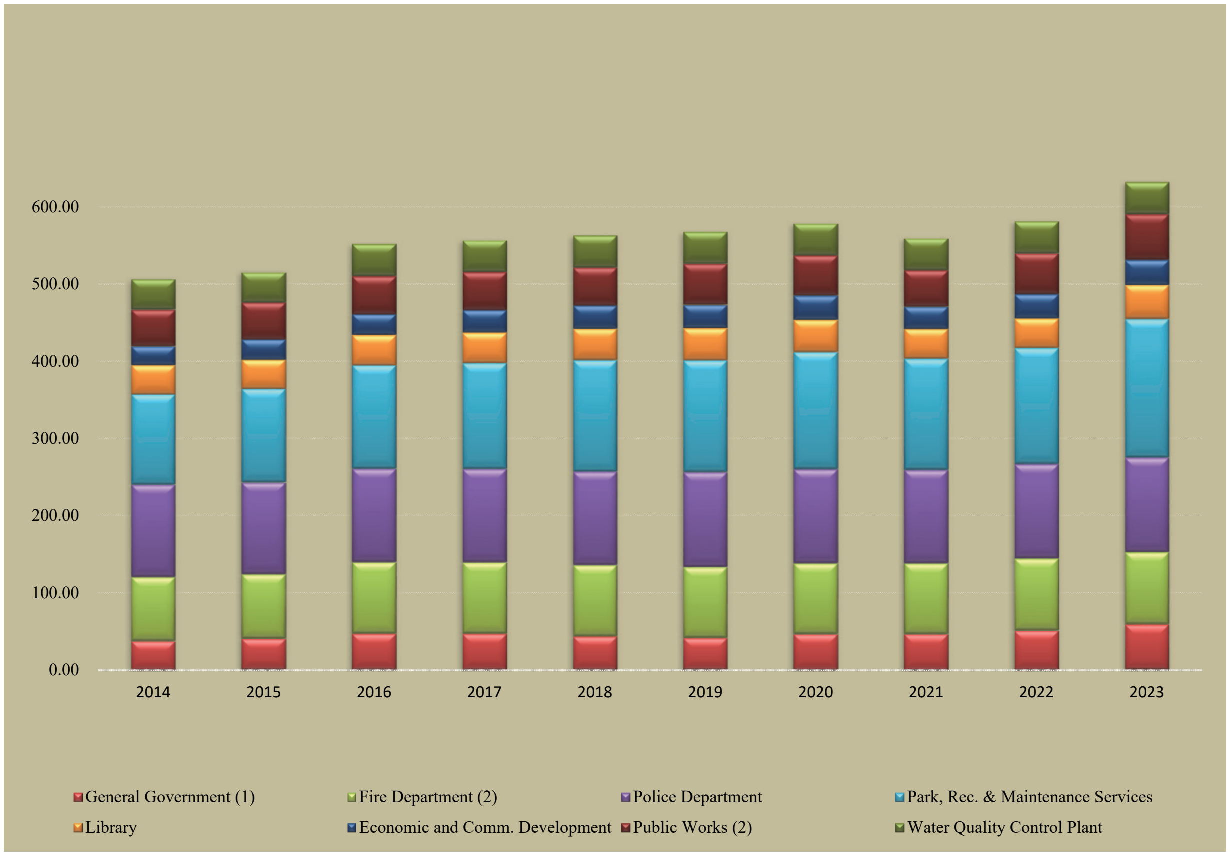
Data Sources:
(1) City Population: HDL/California State Dept of Finance.
(2) Personal and per capita income: HDL, Coren & Cone
(3) Unemployment Data: HDL/California Employment Development Department
(4) San Mateo County Population- https://www.census.gov/quickfacts/fact/table/sanmateocountycalifornia,CA/PST045219

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

	2022-23			2013-14		
Employer	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%	7,945	1	12.2%
Verily Life Sciences LLC	2,220	2	3.5%			
ABBVIE	1,000	3	1.6%			
Costco Wholesale (4 stores)	834	4	1.3%	510	4	0.8%
Life Technologies Corporation	622	5	1.0%	600	3	0.9%
Amgen Inc	600	6	0.9%	406	5	0.6%
Amazon.com Services	409	7	0.6%			
ZS Associates, Inc	390	8	0.6%			
Goodwill Industries of San Francisco	384	9	0.6%			
MRL San Francisco, LLC	317	10	0.5%			
Onyx Pharmaceuticals Inc				650	2	1.0%
Successfactors, Inc				400	6	0.6%
American Etc Inc/ Royal Laundry				284	7	0.4%
The New French Bakery, Inc				281	8	0.4%
Oroweat/ Entenmann's				264	9	0.4%
Theravance Biopharma U.S.				258	10	0.4%
Subtotal	15,413		24.0%	11,598		17.8%
Total City Population	64,323			65,127		

Data Sources:
(1) SSF Business License Database- Business licenses expiring 12/31/23.
(2) City of South San Francisco CAFR 2013-14
(3) Population: HDL/California State Dept of Finance 2022.

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



Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government (1)	37.60	40.60	47.10	47.10	43.60	41.60	46.60	46.60	51.30	59.38
Fire Department (2)	82.98	83.48	92.68	92.68	92.68	91.93	91.68	91.68	93.49	93.49
Police Department	119.75	118.87	120.87	120.87	120.87	122.87	121.87	120.92	122.09	122.44
Park, Rec. & Maintenance Services	117.21	121.31	134.16	137.19	144.29	144.79	151.75	143.84	150.44	179.26
Library	37.66	37.71	38.71	39.26	40.49	41.49	41.49	38.56	38.15	44.06
Economic and Comm. Development	24.40	26.15	27.15	29.40	30.40	30.40	31.40	29.00	31.40	32.40
Public Works (2)	47.21	47.68	49.00	49.00	49.00	53.00	52.00	47.00	52.85	59.37
Water Quality Control Plant	39.63	39.06	41.74	41.50	41.50	41.50	41.50	41.50	41.50	41.50
Total	506.44	514.86	551.41	557.00	562.83	567.58	578.29	559.10	581.22	631.90

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 FY2014-2023 Adopted Operating budget.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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
Police:									
Police calls for service	31,532	32,477	33,313	34,811	38,299	38,541	40,503	60,333	59,580
Law violations:									
Part I crimes	1,874	2,126	2,103	2,276	2,007	2,070	3,481	1,955	1,892
Physical arrests (adult and juvenile)	1,933	2,071	1,870	1,891	1,943	1,871	1,635	2,025	1,780
Traffic violations	3,828	4,211	3,785	3,359	3,620	4,172	2,119	1,985	1,799
Parking violations	13,378	12,006	15,291	18,339	26,228	12,269	13,276	17,667	16,995
Public works									
Street resurfacing (miles) (Eng Div)	0	2	8	3.3	7.0	7.9	19.57	9.60	6.55
Potholes repaired (square miles prior)/(square feet)	0.11	2	0	(2) 3221	410	190	165	264	267
Asphalt used for street repairs (tons)	250	151	94	148	13	46	69	68	44.5
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
Library:									
Total items borrowed	643,630	565,806	558,106	544,059	582,497	(3) 450,637	(3) 245,869	456,652	439,846
Items in collection	130,106	(1) 208,400	209,895	219,114	228,224	247,393	260,205	229,891	283,792
Wastewater									
Residential connections	16,470	16,491	16,488	12,556	12,559	12,549	12,571	12,672	12,673
Commercial connections	1,560	1,561	1,562	1,575	1,576	1,582	1,575	1,523	1,508
Other connections	128	131	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

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.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	50	53	53	52	59	63	60	63	60	63
Public works										
Miles of streets	127	127	127	127	127	127	127	127	127	139.6
Street lights	4,505	4,505	4,505	4,505	4,531	4,531	4,531	4,581	4,581	4,581
Parking District lights (3)	20	20	20	16	16	16	16	16	16	16
Traffic Signals	74	74	76	76	76	76	76	80	80	80
Culture and recreation:										
Community services:										
City parks	28	28	28	28	28	28	28	28	28	30
City parks acreage	190	190	190	190	190	210	210	210	210	225
Playgrounds (4)	24	24	24	24	24	24	34	34	34	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	11	13
Soccer/football fields	5	5	5	5	5	5	5	5	5	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 Five Fiscal Years

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

	2019	2020	2021	2022	2023
Transient Occupancy Tax Detail					
TOT Collected	$ 15,535,213	$ 12,591,459	$ 6,215,172	$ 11,268,807	$ 15,188,739
1% Measure I Special Tax	1,556,009	1,114,911	495,099	866,831	1,168,365
Total TOT Collection	$ 17,091,222	$ 13,706,371	$ 6,710,270	$ 12,135,638	$ 16,357,104
1% Measure I Special Tax Use					
Police	$ 311,202	$ 222,982	$ 99,020	$ 173,366	$ 233,673
Fire	311,202	222,982	99,020	173,366	233,673
Library	311,202	222,982	99,020	173,366	233,673
Parks	311,202	222,982	99,020	173,366	233,673
Recreation	311,202	222,982	99,020	173,366	233,673
Total 1% Measure I Special Tax	$ 1,556,010	$ 1,114,911	$ 495,099	$ 866,831	$ 1,168,365

* 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 acquistion, 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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