

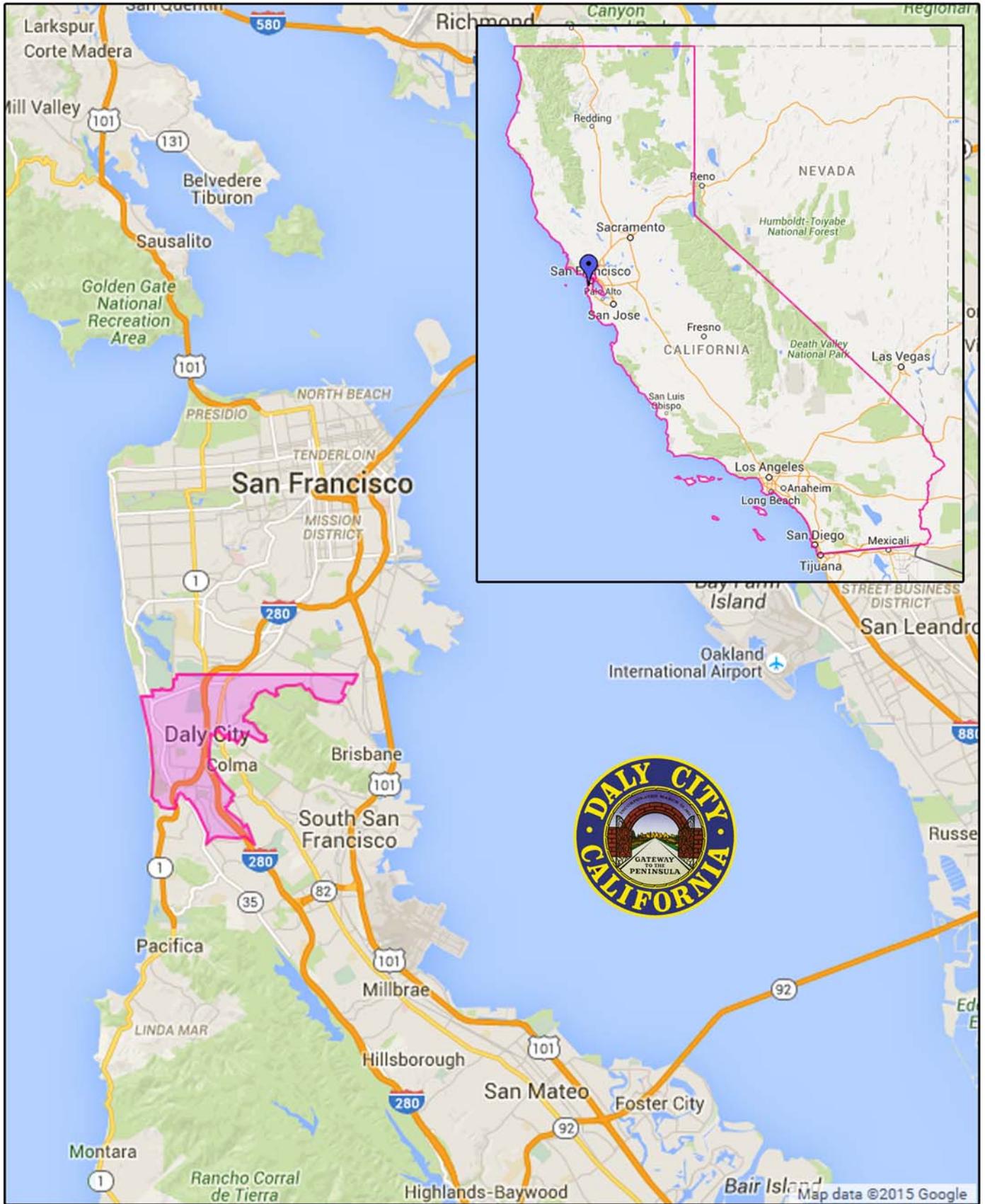


City of Daly City



Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2019



CITY OF DALY CITY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019



Prepared by
DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES

Todd High
Director



CITY OF DALY CITY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF DALY CITY

333 – 90TH STREET
DALY CITY, CALIFORNIA 94015-1895

December 26, 2019

Honorable Mayor
Members of the City Council
Citizens of Daly City

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Daly City for the Fiscal Year (FY) ended June 30, 2019. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatements and presented in conformity with generally accepted accounting principles (GAAP).

The City has contracted with Maze and Associates, independent Certified Public Accountants (CPAs), to perform the audit of these financial statements. The auditors have issued an “unmodified” opinion on the City of Daly City’s financial statements. This is the most favorable conclusion and is commonly known as an “unmodified” or “clean” opinion. The auditor’s report is located at the front of the financial section of this report.

This letter of transmittal is designed to complement the Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent audit is part of a broader federally mandated Single Audit, designed to meet the requirements of federal grantor agencies. The standards governing Single Audits require the independent auditor to report on the fair presentation of the financial statements as in the normal audit, but also require the independent auditor to report on the City’s internal controls and compliance with legal requirements specific to the federal grants. These reports are part of the separately issued Single Audit Report that is provided to the appropriate federal agencies.

PROFILE OF THE CITY

The City of Daly City is the largest city in San Mateo County with an estimated population of 109,122 in January 2019. Daly City is an urbanized, coastal community located at the northern edge of San Mateo County, comprising approximately 7.7 square miles of substantially developed area. The City is known as the "Gateway to the Peninsula", and its area extends to the Pacific Ocean on the west, and nearly to San Francisco Bay on the East. Daly City abuts on San Bruno Mountain, a State and County Park which features the highest peak in the area's hilly terrain. It is strategically located and is central to major growth areas of San Francisco and San Mateo counties.

Daly City was incorporated on March 22, 1911, as a General Law City. It is governed by a council-manager form of government. There are five council members who serve overlapping terms of four years, and the City Council, in turn, elects one of the council members to serve as Mayor each year. The City Council appoints the City Manager and the City Attorney. The City Manager is the chief executive officer. It is the City Manager's responsibility to hire department heads for each of the City functions, to propose the biennial budget, to coordinate and oversee all activities of the organization, and to implement the laws, policies, and budgets adopted by the City Council.

The City of Daly City is a full-service city providing a full range of municipal services. These services include police, fire, library, recreation, street construction and maintenance, traffic signalization and control, engineering, code enforcement, parks operations and maintenance, general administration, planning, and community development. The City also provides water services and sanitary sewer services. Operating and capital costs for these services are maintained in enterprise funds and are funded by user rates or debt proceeds.

The CAFR includes all funds and accounts of the City of Daly City and its blended component units. The financial statements include the financial activities of the City, the North San Mateo County Sanitation District and the Successor Agency to the Daly City Redevelopment Agency (as a private purpose trust fund). The financial operations of the City and the other entities included in this financial report are closely related. City Council members serve as the governing board of the North San Mateo County Sanitation District and the Successor Agency to the Daly City Redevelopment Agency. The City Manager also serves as the General Manager of the Sanitation District which is included in the proprietary fund types as an enterprise fund.

The biennial budget serves as the foundation for the City's financial planning and control. Using the Guiding Principles and Priorities established by the City Council, departments submit budget proposals to the City Manager for review. The City Manager's Proposed Budget is presented to the City Council during public budget study sessions. Changes as

directed by the City Council are made and the budget is submitted for final adoption before July 1, the beginning of the next two-year budget cycle. Budgets for each of the two years covered by the biennial budget are appropriated separately. Departments are responsible for managing within the City Council appropriated budget. Budget amendments are normally necessary due to changes in economic conditions and other circumstances occurring during the first year of the biennial budget.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Indicators

According to Beacon Economics, United States GDP growth in 2019 has averaged 2.55%, compared to 2.5% average growth in 2018 and 2.8% in 2017. California's unemployment rate, hit a record low of 4.1% in July 2018, has been moving along at that rate, or slightly above, in the months since. Jobs grew statewide at a year-over-year rate of 1.8% in July 2019. The greatest risks to the forecast of the U.S. economy stem from potential trade disputes/tariff policies with higher tariffs and non-tariff barriers that could raise prices and restrict output, negatively impacting exports and business investment.

In California, especially in the San Francisco Bay Area, housing prices continue to be increasingly expensive and unaffordable, particularly for first time homebuyers. However, based on data from Beacon Economics, U.S. Home Price Growth on a year-over-year as measured by the Case-Shiller 20-City Composite Home Price Index broke under 5.0% in August 2018 and was 2.0% as of March 2019. The housing market is equally challenging for California renters, many of whom need to spend more than half of their income on rent. Housing market research suggests that continued limited supply compared to demand is one of the major causes of high housing costs in the coastal California region.

Local Economy and Fiscal Challenges

The City has moved past the fiscal challenges which stemmed from the impacts of the economic recession in 2008.

General Fund revenues for FY 2019 increased by \$10.2 million to \$91.2 million. This is due primarily to the increase in property tax, sales tax and one-time revenue from the Excess Educational Revenue Augmentation Fund in FY 2019. General Fund expenditures increased by \$3.5 million to \$81.2 million largely due to salary and benefit cost increases.

Enterprise Funds

The City's two major enterprise funds, the Water Utility Fund and Sanitation District Fund, derive revenue from water usage.

Revenues for Water Utility Fund increased by \$1.8 million to \$21.0 million in FY 2019 due to water rate increases. Expenses decreased \$1.4 million to \$15.8 million due to reduced payroll costs in FY 2019 and pension and other post-retirement expense adjustments in the current fiscal year.

In November 2015, the City Council adopted a new water rate structure which adjusts both the Basic Charge and the Tiered Water Volume Charge (reducing the established rate tiers from eleven to two). In addition, the new rate structure limited the water rate increase to 8.0% effective January 1, 2016, and again on July 1, 2016, 2017 and 2018 with an additional 6.5% effective January 1, 2019.

Revenue in the Sanitation District increased \$1.0 million to \$22.8 million in FY 2019 due to a scheduled increase in sewer service rates, partially offset by lower connection charges compared to FY 2018. Expenses in this fund increased by \$2.3 million to \$24.0 million in FY 2019 primarily due to salary and benefit increases, and increases for insurance, services and supplies.

In June 2016, the City Council, sitting as the North San Mateo County Sanitation District's Board of Directors, adopted a three-year rate increase plan with an 8.0% increase in fiscal years 2017, 2018 and 2019. The rate adjustments are due to anticipated capital maintenance projects and operating cost increases of the wastewater collection system and treatment plant.

LONG RANGE FINANCIAL PLANNING

The City employs a ten-year financial forecasting model to ensure accountability of service levels and to plan for future challenges. Long-range financial planning enables the City to foresee potential budget issues, giving the City sufficient time to respond to and analyze the long-term financial impact, as well as to take appropriate action before a problem develops. In addition, the long-range financial planning serves as a key planning tool for future budgets and decision-making.

Many of the fiscal drivers are outside the City's control. This includes changes in the national and local economy; federal and state legislation; CalPERS actuarial assumptions and investment returns and the resulting impact on employer contribution rates. Due to the passage of Propositions 13, 218 and 26 in California, the City has no ability to institute taxes and assessments without voter approvals. In order for a ballot measure to be successful, there must be broad community support for the use of the tax and an outside group who will champion the tax or assessment increase.

Given the current and forecast budget challenges, the City has implemented a multi-pronged approach to address long-term fiscal challenges and to ensure the sustainability of the City's finances into the future.

1. Evaluate General Fund and other reserves. The City's historical Financial goal was to maintain General Fund unassigned fund balance equal to 15% of annual budgeted expenditures. Accomplishing the reserve target of 15% requires closely monitoring the balance between revenues and expenses on an ongoing basis. The General Fund reserve provides a buffer to the City in the event of unexpected reductions in revenues or increases in costs. If the City draws down the General Fund reserve, year-end budget surpluses will be used to replenish the reserve. The City also will be looking at deferred maintenance and deferred fleet replacements that have occurred since the 2008 economic recession and evaluate future funding levels and/or reserves to provide more consistent and sustained investment for these City assets.

2. Identify potential voter-approved taxes or assessments and other revenues. Over the next ten years, General Fund expenses will continue to increase beyond the City's ability to fund with current revenue sources. The City was successful with ballot measures on a cannabis business license tax ordinance and increases for transient occupancy tax and business license tax in the November 2018 General Election. Additionally, the City is evaluating the fee schedules of City departments to ensure cost recovery of services provided.

3. Promote economic development and business expansion. While Daly City is largely built out, there are several development opportunities on the former Daly City Redevelopment parcels, if realized, will generate new sales, property, business licenses and transient occupancy taxes. In FY 2019, the City has continued to explore a proposed hotel and automobile sales development on the former Redevelopment parcels. Additionally, the City will develop an economic development strategy in the upcoming fiscal year to identify new opportunities for expanding and diversifying the economic base to ensure long-term fiscal sustainability.

4. Pre-fund Pension and Other Post-Employment Benefits (OPEB). A recent private letter ruling received from the Internal Revenue Service established that public agencies could create a separate trust to prefund pension and OPEB unfunded liabilities. In April 2017, the Council authorized participation in the Section 115 Trust Program which will allow the City to set aside funds towards pension cost increases due to changes in CalPERS actuarial assumptions.

The Section 115 Trust Program will provide the City with an alternative to sending funds to CalPERS that will allow for greater control of the assets held in the trust and risk tolerance level for the investment. Other potential benefits include pension rate stabilization. Assets in the Trust Program can be transferred to CalPERS at the City's discretion, which could reduce large fluctuations in employer contributions to CalPERS.

5. Complete comprehensive facilities condition assessment. In 2017, Public Works Department completed the Facilities Condition Assessment. The project included

development of an automated inventory of City facilities, evaluation of existing conditions of facilities, prioritization of deficient conditions, and development of short and long range maintenance needs over the next 10 years to be included in the Capital Improvement Plan.

MAJOR INITIATIVES

During FY 2019, under the leadership of the City Council, several outstanding key programs and projects were successfully undertaken by the City.

The Public Works Department completed the St. Francis Heights Slurry Seal project and commenced the Crocker/Hillside Slurry Seal and 2017-18 Street Resurfacing projects to maintain the City's infrastructure. Additionally, the new Serramonte-Callan Traffic Signal project was completed to improve traffic flow in the area. Funds were leveraged to support completion of grant-funded projects such as construction of John Daly Boulevard Streetscape Project, as well as commencement of the walk-bike master plan and the Vision Zero action plan. Gas Tax revenues increased to \$8.9 million, including a full year impact of SB-1 RMRA funding and higher Measure A sales tax, providing sustained funding for Streets Maintenance.

The Economic and Community Development Department has continued to see solid permit and construction activity over the past year. The Building Division issued approximately 4,700 permits. Based on development proposals submitted to the Planning Division, it is expected that construction activity will continue to occur at the same rate in the coming fiscal year. The department has initiated the process for disposing of former Redevelopment Agency properties that were earmarked for future development. These sites could potentially accommodate additional housing, retail sales, and a hotel that will add property, sales and transient occupancy tax revenue to the City in the future.

There were 299,106 visits to Daly City's four public libraries during FY 2019. Patrons checked out 391,121 physical items and accessed e-books and online reference materials 38,456 times for a total of 429,577 checked-out items. Library computers were used 42,717 times and patrons logged onto the library Wi-Fi 417,445 times. Libraries hosted 549 programs for kids, teens, and adults with a total attendance of 17,883. As of June 30, 2019, 45,721 people had active Daly City library cards.

Staff and volunteers from the Department of Library and Recreation Services served 37,537 Congregate Nutrition Program meals to seniors at both the Doelger Senior Center and Lincoln Park Community Center. Volunteers contributed a total of 46,480 hours of service to support recreation programs for youth, teens, and active adults. Recreation Division staff served more than 5,100 registrants in the Afterschool and Summer Youth Recreation Programs and 6,400 registrants in swim lessons. More than 2,000 community members, guests, vendors and performers participated in Kasayahan Sa Daly City – celebrating Filipino Heritage Month at Marchbank Park on October 13, 2018, making it the signature community event in Daly City.

The Daly City Police Department continues to provide the highest quality police services to our community. We strive to prevent crime, the fear of crime and improve the quality of life for all those who live, work and play in Daly City. We continue to follow the Community Policing philosophy, participating in school, community, and cultural events throughout the year. These events include National Night Out, Coffee/Cops/Cars/and Kids, Kops and Kids, Fun Day Bowling, bocce ball with Doelger seniors, and several Christmas charities with North County Fire Authority and Pacific Islanders Together.

The Daly City Police Department continues to be on the forefront of mutual aid, both locally and regionally. The Police Department participates in four task forces sponsored by the Drug Enforcement Administration and San Mateo County Law Enforcement Agencies. The San Mateo County Gang Task Force is in its 14th year and Daly City plays a major staffing role in the intelligence gathering and enforcement to reduce gang violence in San Mateo County.

The North County Fire Authority (NCFA) achieved an overall “Customer Satisfaction” rating of 98% in the delivery of emergency and non-emergency services; presented and instructed “Hands Only CPR” to residents, schools and businesses reaching over now 13,000 through multiple events. The NCFA achieved an overall 90% total reflex response time from dispatch, turnout and travel to arrival in 7 minutes or less by a first responder fire company for all emergency incidents. In addition, the NCFA completed annual fire and life safety code compliance inspections for business, multi-family and permitted occupancies. During FY 2019, NCFA provided resources to both the Mendocino Complex Fire in Colusa, Glenn, Lake and Mendocino Counties and the Camp Fire in Butte County.

The Department of Water and Wastewater Resources (DWWR) continues to work towards 100% Engineering Design for the Vista Grande Drainage Basin Improvement Project. This long-term project would improve the storm water system, provide environmental benefits to Lake Merced and replace the Ocean Outlet structure at Fort Funston. DWWR and the City are working on project financing, including State and Federal sources. DWWR continues its active participation in the Regional Groundwater Storage and Recovery Program with the San Francisco Public Utilities Commission, which requires ongoing suspension of groundwater pumping allowing the Westside Basin Aquifer to grow in storage capacity.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Daly City for its CAFR for the fiscal year ended June 30, 2018. This was the 32nd consecutive year that the City of Daly City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its Comprehensive Operating and Capital Budget for FYs 2019 and 2020. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the Accounting Division of the Department of Finance and Administrative Services. Each individual has our sincere appreciation for the professionalism, dedication and contributions made in the preparation of this report.

Credit must also be given to the Mayor, City Council members and City Department Directors for their support in maintaining the highest standards of professionalism in the management of the City of Daly City's finances.

Respectfully submitted,



Shawna Maltbie
City Manager

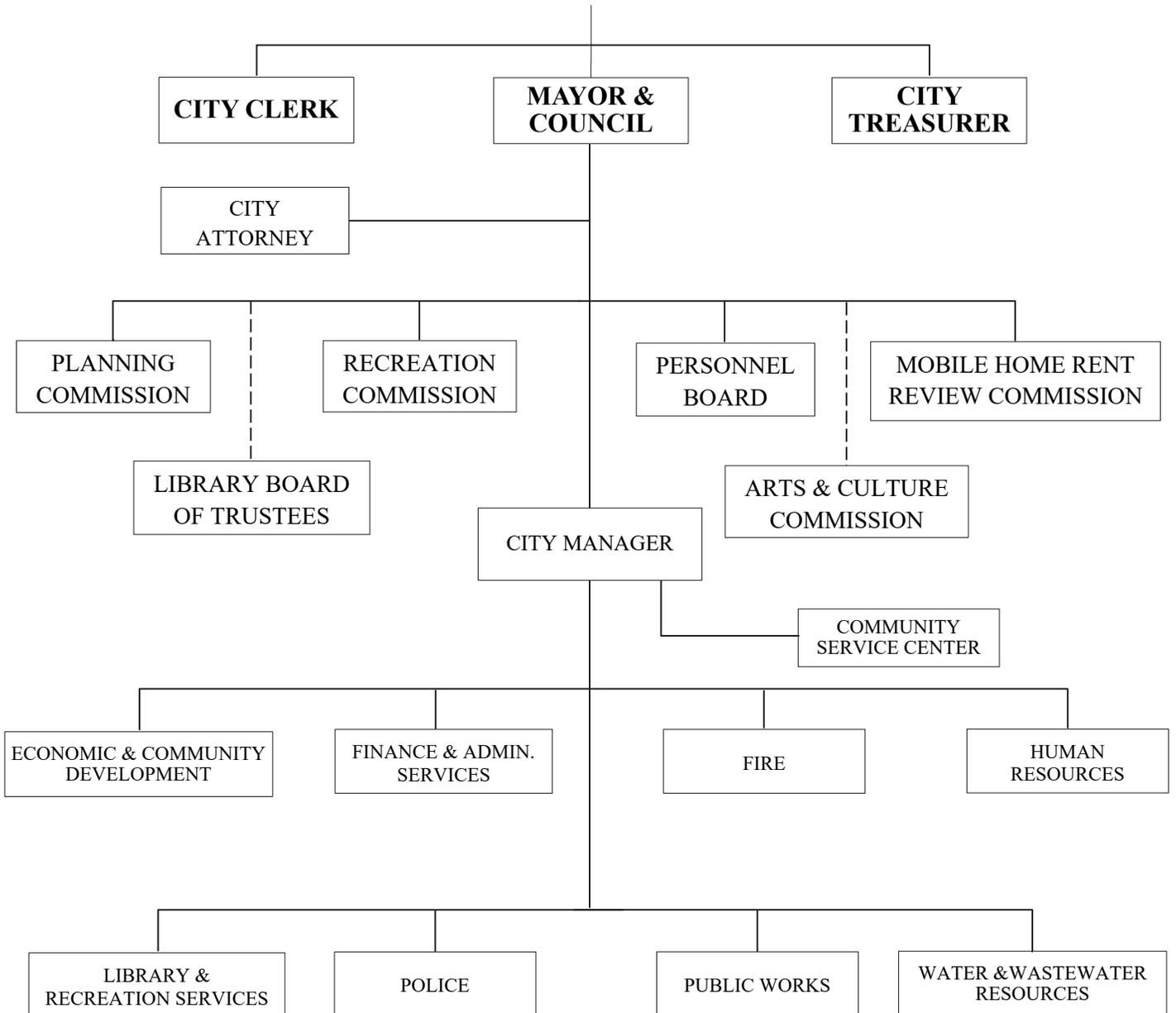


Todd High
Director of Finance and
Administrative Services



City of Daly City
ORGANIZATION STRUCTURE
Fiscal Year 2019

CITIZENS OF DALY CITY



----- ADVISORY BOARDS AND COMMISSIONS

**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2019**

Raymond A. Buenaventura, Mayor

Glenn R. Sylvester, Vice Mayor

Rod Daus-Magbual

Pamela DiGiovanni

Juslyn C. Manalo

K. Annette Hipona
City Clerk

Daneca Halvorson
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

Shawna Maltbie
Rose Zimmerman
Richard Chiu Jr.
Joseph Curran
Patrick Hensley
Todd High
Tatum Mothershead
Ron Myers
Tom Piccolotti
Natalie Sakkal

City Manager
City Attorney
Director of Public Works
Director of Library & Recreation Services
Police Chief
Director of Finance and Administrative Services
Director of Economic & Community Development
Fire Chief
Director of Water & Wastewater Resources
Director of Human Resources



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Daly City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council of the City of Daly City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daly City, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 11C, the City made prior period adjustments to the beginning net position of the Governmental Activities, Business-Type Activities, Water Utility Enterprise Fund, and Sanitation District Enterprise Fund.

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

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplementary 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mane & Associates

Pleasant Hill, California
December 26, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the City of Daly City's financial results provides an overview of the City's financial activities for the year ended June 30, 2019.

FISCAL YEAR 2019 FINANCIAL HIGHLIGHTS

- At June 30, 2019, net position totaled \$133.5 million, an increase of \$16.2 million from the prior year total of \$117.3 million for both Governmental and Business-Type activities.
- Net Position of governmental activities in Fiscal Year (FY) 2019 was \$42.6 million compared to \$32.6 million in FY 2018, an increase of \$10.0 million.
- Net Pension Liability of governmental activities decreased by \$7.1 million to \$136.0 million in FY 2019 from \$143.1 million in FY 2018.
- Net Position of business-type activities in FY 2019 was \$90.9 million compared to \$84.7 million in FY 2018, an increase of \$6.2 million.
- Net Pension Liability of business-type activities decreased by \$2.6 million to \$18.6 million in FY 2019 from \$21.3 million in FY 2018.
- In FY 2019, total City revenues, including program and general revenues, were \$157.2 million, while total expenses were \$141.0 million.
- Governmental activities program revenues were \$32.8 million in FY 2019 compared with \$30.3 million in FY 2018. Business-type program revenues were \$44.2 million in FY 2019 compared with \$41.0 million in FY 2018.
- Governmental activities general revenues were \$76.2 million in FY 2019 compared with \$67.6 million in FY 2018, an increase of \$8.6 million over the prior year. This was mainly due to increase in property tax and sales tax revenues of \$3.6 million and \$2.5 million, respectively. Property taxes increased due to higher assessed values and sales taxes reached multi-year highs in general retail, food products and transportation categories due to strong local economic activity and changes in the State's disbursing cycle for sales tax. Business-type general revenues were \$4.0 million in FY 2019, an increase of \$0.9 million over the prior year.
- Unrestricted net position of governmental funds changed from negative (\$84.8) million in FY 2018 to negative (\$76.4) million in FY 2019.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report (CAFR) is in three sections:

- 1) Introductory Section containing the Transmittal Letter and miscellaneous other information

- 2) Financial Section containing the Independent Auditor's Report, this Management's Discussion and Analysis, the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements, Required Supplementary Information, and Combining Statements for Non-major Governmental Funds and Fiduciary Funds
- 3) Statistical Section containing financial trend data and general statistical information about the City

The Basic Financial Statements

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

The *Government-wide Financial Statements* provide a longer-term view of the City's activities as a whole, and are comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private 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 explains in detail the change in net position for the year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. 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 types of activities of the City as a whole.

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

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

The fiduciary statements provide financial information about the assets for which the City acts solely as custodian in its capacity as a fiscal agent.

The Government-Wide Financial Statements

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

- Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, public safety, public works, streets and infrastructure, culture and recreation, and economic and community development. These services are supported by general City revenues such as taxes, and by specific program revenues.
- Business-type activities - All the City's enterprise activities are reported here, including water, sewer, and solid waste transport. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Government-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.

Fund Financial Statements

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

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 fund financial statements are prepared on the full accrual basis, and include all their assets and liabilities, both 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 cannot 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 presented only for the General Fund and other major funds that are special revenue funds.

Fiduciary Statements – The City is the fiscal agent for several small local agencies. Fiduciary activities are reported in the separate Statement of 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

This analysis focuses on the net position and changes in net position of the City's governmental activities and business-type activities (Tables 1, 2, and 3) presented in the City-wide Statement of Net Position and Statement of Activities that follow.

Table 1
Net Position at June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018 *	2019	2018 *	2019	2018 *
Cash and investments	\$ 117,902	\$ 99,172	\$ 43,216	\$ 37,377	\$ 161,118	\$ 136,549
Other assets	29,239	29,805	8,824	7,986	38,063	37,791
Capital assets	99,272	99,792	70,816	70,612	170,088	170,404
Total assets	246,413	228,769	122,856	115,975	369,269	344,744
Deferred outflows of resources	27,405	40,328	3,662	6,318	31,067	46,646
Long-term debt	19,434	22,353	4,656	5,474	24,090	27,827
Net pension & OPEB liabilities	176,765	183,597	25,549	28,126	202,314	211,723
Other liabilities	29,989	27,855	3,856	3,496	33,845	31,351
Total liabilities	226,188	233,805	34,061	37,096	260,249	270,901
Deferred inflows of resources	5,062	2,688	1,550	545	6,612	3,233
Net assets (net position):						
Net investment in capital assets	97,757	97,959	66,160	65,138	163,917	163,097
Restricted	21,238	19,492	11	11	21,249	19,503
Unrestricted	(76,427)	(84,847)	24,736	19,503	(51,691)	(65,344)
Total net assets (net position)	\$ 42,568	\$ 32,604	\$ 90,907	\$ 84,652	\$ 133,475	\$ 117,256

* Restated, as discussed in Note 11 C

Governmental Activities

The City's net position from governmental activities increased from \$32.6 million in FY 2018 to \$42.6 million in FY 2019. The decrease in the Change in Net Position reflected in the Statement of Activities, as shown in Table 1. Increases and decreases of individual assets and liabilities include:

- Governmental cash and investments increased \$18.7 million from \$99.2 million in FY 2018 to \$117.9 million in FY 2019 due to higher property and sales taxes, and other revenues in the General Fund, Gas Tax Fund and repayments received on balances owed by the former Redevelopment Agency.

- In FY 2019, \$0.3 million in Housing and Urban Development Section 108 Loan and \$2.6 million in City's Pension Obligation Bonds were retired.
- Restricted net position increased \$1.7 million. The unrestricted net position improved by \$8.4 million from (\$84.8 million) in FY 2018 to (\$76.4 million) in FY 2019. Unrestricted net position is used to finance on-going operations, before allowance for such things as cash flow requirements and other planned but not legally committed expenditures.

Business-type Activities

The net position of business-type activities increased \$6.2 million to a total of \$90.9 million in FY 2019 from \$84.7 million in FY 2018. Increases and decreases of individual assets and liabilities are as follows:

- Cash and investments increased \$5.8 million mainly due to increased sewer service charge rates and water rate increases.
- The City continues to invest in infrastructure and major capital improvements in its enterprise funds including replacement of wells, water mains, and sewer subsurface lines in various sections of the City. Total net capital assets increased \$0.2 million to \$70.8 million mainly due to capital asset additions of \$4.3 million largely offset by depreciation expense of \$4.0 million.
- Long-term debt decreased \$0.8 million due to scheduled debt payments made on the Water Utility Revenue Bonds and on the loan from the State Water Resources Control Board for the recycled water project. Other liabilities increased modestly by \$0.4 million.
- Unrestricted net position increased \$5.2 million to \$24.7 million.

Changes in Net Position

Total governmental activities revenues in FY 2019 amounted to \$109.0 million compared to \$97.9 million in FY 2018, an increase of \$11.1 million in FY 2019 due to higher property, sales tax, capital grants and investment earnings. Governmental expenses increased by \$0.9 million in FY 2019.

Total business-type activities revenues increased \$4.1 million in FY 2019 while expenses decreased \$0.7 million.

Table 2
Changes in Net Position
For Years Ended June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 15,805	\$ 18,781	\$ 44,186	\$ 40,977	\$ 59,991	\$ 59,758
Operating grants & contributions	11,519	10,301			11,519	10,301
Capital grants & contributions	5,520	1,234			5,520	1,234
Total program revenues	<u>32,844</u>	<u>30,316</u>	<u>44,186</u>	<u>40,977</u>	<u>77,030</u>	<u>71,293</u>
General revenues:						
Property tax	36,700	33,070	2,172	1,958	38,872	35,028
Sales tax	17,699	15,233			17,699	15,233
Other taxes & franchise fees	16,938	16,408			16,938	16,408
Investments earnings	3,114	1,058	1,096	269	4,210	1,327
Other	1,697	1,832	743	914	2,440	2,746
Total general revenues	<u>76,148</u>	<u>67,601</u>	<u>4,011</u>	<u>3,141</u>	<u>80,159</u>	<u>70,742</u>
Total revenues	<u>108,992</u>	<u>97,917</u>	<u>48,197</u>	<u>44,118</u>	<u>157,189</u>	<u>142,035</u>
Expenses:						
General government	12,477	11,936			12,477	11,936
Public safety	56,118	55,604			56,118	55,604
Public works	12,218	10,964			12,218	10,964
Streets & infrastructure	1,955	2,198			1,955	2,198
Culture & recreation	12,447	12,412			12,447	12,412
Economic & community development	4,108	5,195			4,108	5,195
Interest on long-term debt	1,230	1,373			1,230	1,373
Water utility			15,811	17,407	15,811	17,407
Sewer			23,579	22,461	23,579	22,461
Civic center			792	962	792	962
Transfer station			235	266	235	266
Total expenses	<u>100,553</u>	<u>99,682</u>	<u>40,417</u>	<u>41,096</u>	<u>140,970</u>	<u>140,778</u>
Increase (decrease) in net assets /net position before transfers	8,439	(1,765)	7,780	3,022	16,219	1,257
Transfers	1,525	2,189	(1,525)	(2,189)	-	-
Increase in net assets / net position	<u>9,964</u>	<u>424</u>	<u>6,255</u>	<u>833</u>	<u>16,219</u>	<u>1,257</u>
Restatement of beginning net position (Note 11 C)		7,705		(7,705)		
Net assets / net position, July 1	<u>32,604</u>	<u>24,475</u>	<u>84,652</u>	<u>91,524</u>	<u>117,256</u>	<u>115,999</u>
Net assets / net position, June 30	<u>\$ 42,568</u>	<u>\$ 32,604</u>	<u>\$ 90,907</u>	<u>\$ 84,652</u>	<u>\$ 133,475</u>	<u>\$ 117,256</u>

Governmental Activities

Table 3 presents the net cost of each of the City's major governmental programs. Net cost is defined as total program cost less the revenues generated by those specific activities, and corresponds to the Statement of Activities amounts. In general terms, the net cost illustrates the financial burden placed on the City's general taxpayers to fund these essential City services.

Table 3
Governmental Activities
For the Year Ended June 30, 2019
(in thousands)

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Revenue (Expense)</u>
Governmental Activities			
General government	\$ 10,026	\$ 12,477	\$ (2,451)
Public safety	6,311	56,118	(49,807)
Public works	3,453	12,218	(8,765)
Streets & infrastructure	4,376	1,955	2,421
Culture & recreation	3,724	12,447	(8,723)
Economic & community development	4,954	4,108	846
Interest on long-term debt		1,230	(1,230)
	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ 32,844	\$ 100,553	\$ (67,709)

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2019, the City's major governmental funds consist of the General Fund, Gas Tax Fund, Grants Fund and Capital Projects Fund. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial status.

The General Fund's total fund balance increased \$10.8 million to \$66.1 million in FY 2019 compared to \$55.3 million in FY 2017.

General Fund revenues for FY 2019 increased by \$7.1 million to \$91.2 million in FY 2018 from \$84.1 million in FY 2018 due to higher property taxes, sales tax receipts and interest income in 2019. General Fund expenditures increased by \$3.5 million to \$81.2 million in FY 2019.

In FY 2019, the Gas Tax Special Revenue Fund total fund balance increased by \$1.6 million to \$5.2 million. The balance in this fund represents funds that are legally required to be spent on local roadway projects. All such amounts are budgeted for future expenditure as laid out in the multi-year capital plan. Gas Tax Fund revenues increased in FY 2019 to \$8.9 million compared to FY 2018 at \$6.7 million resulting from a full year impact of SB-1 Road Maintenance and Rehabilitation Account funding, higher local sales taxes and grant amounts as well as higher interest income on unspent balances.

The Capital Projects Fund total fund balance decreased \$0.4 million in FY 2019 to \$21.2 million compared to \$21.6 million in FY 2018. This Fund is designated for specific capital projects that will benefit the community as a whole. Capital Projects Fund revenues increased \$2.2 million in FY 2019 to \$5.9 million. Capital Projects Fund expenditures and transfers increased \$3.1 million in FY 2019.

Proprietary Funds

The City has two major proprietary funds, the Water Utility Fund and the Sanitation District Fund.

Water Utility operating revenues in FY 2019 increased \$1.8 million to \$21.0 million compared to FY 2018 due to water rate increases. Operating expenses decreased \$1.2 million to \$15.9 million due to reduced payroll costs in FY2019 and pension and other post-retirement expense adjustments in the current fiscal year.

Sanitation District operating revenues increased \$1.0 million to \$22.8 million in FY 2019 due to a scheduled increase in sewer rates, partially offset by lower connection charges compared to FY 2018. Operating expenses increased by \$2.3 million to \$24.0 million in FY 2019 primarily due to salary and benefit increases, and increases for insurance, services and supplies.

General Fund Budgetary Highlights

The City of Daly City uses a biennial budgeting process. FY 2019 represents the second year of a two-year budget. Two individual budget years are proposed to the City Council at the same time, with mid-budget adjustments at the end of the first of the two years. This process provides more opportunity for long-term planning, but does require adjustments based on changing economic conditions. After mid-budget adjustments, revenues still exceeded updated projections due to strong property taxes, sales taxes as well as interest and other income. Expenses were below projections largely due to community development costs that did not occur as expected. Differences between original and final budget occur primarily due to the impact of new revenues, small grants or reimbursements, or the need to reallocate resources during the fiscal year.

CAPITAL ASSETS

At the end of FY 2019 the City had \$170.1 million, net of accumulated depreciation, invested in a broad range of capital assets, as shown in Table 4 below (further detail may be found in Note 4 to the financial statements):

Table 4
Capital Assets Net of Depreciation at June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 33,029	\$ 33,029	\$ 2,863	\$ 2,863	\$ 35,892	\$ 35,892
Buildings & improvements	27,468	29,284	1,985	2,192	29,453	31,476
Streets & infrastructures	22,697	24,402			22,697	24,402
Sewage facilities			20,331	21,549	20,331	21,549
Wells & pump stations			4,752	4,943	4,752	4,943
Water reservoirs			7,224	7,439	7,224	7,439
Mains and subsurface lines			21,874	23,333	21,874	23,333
Equipment	6,419	8,045	4,954	5,272	11,373	13,317
Furniture & fixtures	26	6	65	72	91	78
Construction in progress	9,633	5,026	6,768	2,949	16,401	7,975
Total net capital assets	\$ 99,272	\$ 99,792	\$ 70,816	\$ 70,612	\$ 170,088	\$ 170,404

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 5 to the financial statements. At June 30, the City's debt was comprised of:

Table 5
Outstanding Debt
(in thousands)

<u>Description</u>	<u>Interest</u>	<u>Original Principal</u>	<u>Balance June 30, 2018</u>	<u>Balance June 30, 2019</u>
<u>HUD Section 108 Loan for Bayshore Community Center</u> Issued January 29, 2004 Maturity August 1, 2022	0.35% to 2.49%	\$ 4,500	\$ 1,833	\$ 1,514
<u>Pension Obligation Bonds</u> Issued June 1, 2004 Maturity June 1, 2024	2.65% to 5.896%	\$ 36,235	20,520	17,920
<u>State Water Resources Control Board Revolving Fund Loan for Sanitation District Recycled Water Project</u> Issued November 18, 2003 Maturity December 1, 2024	2.50%	\$ 4,450	1,834	1,591
<u>Water Revenue Refunding Bonds to Refinance Water Certificates of Participation</u> Issued September 10, 2012 Maturity June 1, 2024	2.00% to 3.00%	\$ 6,890	3,640	3,065

ECONOMIC FACTORS

The Consumer Price Index - All Urban Consumers was 3.2% for the San Francisco-Oakland-San Jose region and 2.1% for the U.S. City average for the year ended June 2019, compared to 3.9% and 2.9% as of June 2018.

The Daly City unemployment rate was 2.4% in June 2019, down slightly from 2.5% in June 2018. This compares with 2.3% for San Mateo County as a whole.

ADDITIONAL INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Department of Finance and Administrative Services, 333 - 90th Street, Daly City California 94015. Additional information about the City of Daly City, including our biennial budget document, can be found at www.dalycity.org.



<p style="text-align: center;">STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</p>

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and deferred outflows of resources and all its liabilities and deferred inflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

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

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column. The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds.

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. 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 program. The City's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

CITY OF DALY CITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 1H)	\$117,902,040	\$43,216,119	\$161,118,159
Cash with fiscal agent (Note 1H)	76,072	11,387	87,459
Restricted cash (Note 1H)	3,198,748		3,198,748
Accounts receivable, net	6,334,439	5,376,474	11,710,913
Inventories (Note 1I)	212,392	1,928,779	2,141,171
Prepays (Note 1I)	360,104	4,789	364,893
Internal balances (Note 6)	(1,501,638)	1,501,638	
Notes receivable (Note 12)	1,625,933		1,625,933
Loan receivable from Successor Agency (Note 14C)	15,566,950		15,566,950
Property held for development (Note 1C)	3,366,888		3,366,888
Capital assets (Note 4):			
Nondepreciable capital assets	42,661,938	9,630,850	52,292,788
Depreciable capital assets, net	56,609,298	61,185,479	117,794,777
Total Assets	246,413,164	122,855,515	369,268,679
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 7D)	24,694,973	3,203,343	27,898,316
Related to OPEB (Note 8E)	2,710,360	458,570	3,168,930
Total Deferred Outflows of Resources	27,405,333	3,661,913	31,067,246
LIABILITIES			
Accounts payable	5,465,547	2,050,492	7,516,039
Accrued payroll	670,228	17,019	687,247
Deposits payable	4,940,795	34,534	4,975,329
Interest payable	101,817	28,313	130,130
Unearned revenue	325,757		325,757
Compensated absences (Note 1L):			
Due within one year	5,735,547	859,715	6,595,262
Due in more than one year	3,394,932	864,722	4,259,654
Accrued claims payable (Note 10):			
Due within one year	2,254,481		2,254,481
Due in more than one year	7,100,519		7,100,519
Net OPEB liability, due in more than one year (Note 8C)	40,794,662	6,901,893	47,696,555
Net pension liability, due in more than one year (Note 7C)	135,970,192	18,647,938	154,618,130
Long-term debt (Note 5):			
Due within one year	3,236,000	834,099	4,070,099
Due in more than one year	16,198,000	3,822,080	20,020,080
Total Liabilities	226,188,477	34,060,805	260,249,282
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 7D)	5,027,993	1,543,871	6,571,864
Related to OPEB (Note 8E)	33,849	5,727	39,576
Total Deferred Inflows of Resources	5,061,842	1,549,598	6,611,440
NET POSITION (Note 11)			
Net investment in capital assets	97,757,236	66,160,150	163,917,386
Restricted for:			
Debt service	76,072	11,387	87,459
Streets and roads	5,211,022		5,211,022
Infrastructure	5,443,747		5,443,747
Low and Moderate Income Housing Asset	7,854,739		7,854,739
Other	2,652,189		2,652,189
Total Restricted Net Position	21,237,769	11,387	21,249,156
Unrestricted	(76,426,827)	24,735,488	(51,691,339)
Total Net Position	\$42,568,178	\$90,907,025	\$133,475,203

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$12,476,872	\$664,292	\$7,135,197	\$2,226,023	(\$2,451,360)		(\$2,451,360)
Public safety	56,118,396	5,780,948	530,496		(49,806,952)		(49,806,952)
Public works	12,218,279	1,355,782	1,653,008	444,334	(8,765,155)		(8,765,155)
Streets and infrastructure	1,955,081	1,244,532	281,752	2,849,754	2,420,957		2,420,957
Culture and recreation	12,446,541	2,859,075	865,345		(8,722,121)		(8,722,121)
Economic and community development	4,107,836	3,900,404	1,053,122		845,690		845,690
Interest on long-term debt	1,230,480				(1,230,480)		(1,230,480)
Total Governmental Activities	100,553,485	15,805,033	11,518,920	5,520,111	(67,709,421)		(67,709,421)
Business-type Activities:							
Water Utility	15,811,469	20,671,704				\$4,860,235	4,860,235
Civic Center	792,490	801,304				8,814	8,814
Transfer Station	234,590					(234,590)	(234,590)
Sanitation District	23,578,769	22,712,582				(866,187)	(866,187)
Total Business-type Activities	40,417,318	44,185,590				3,768,272	3,768,272
Total	\$140,970,803	\$59,990,623	\$11,518,920	\$5,520,111	(67,709,421)	3,768,272	(63,941,149)
General revenues:							
Taxes:							
Property tax					36,699,766	2,172,460	38,872,226
Sales tax					17,699,000		17,699,000
Utility users tax					5,906,694		5,906,694
Franchise fees					4,178,006		4,178,006
Other taxes					6,854,372		6,854,372
Investment earnings					3,113,786	1,096,328	4,210,114
Miscellaneous					1,685,805	742,688	2,428,493
Gain from sale of capital assets					11,639		11,639
Transfers (Note 6)					1,524,773	(1,524,773)	
Total general revenues and transfers					77,673,841	2,486,703	80,160,544
Change in Net Position					9,964,420	6,254,975	16,219,395
Net Position-Beginning, as restated (Note 11C)					32,603,758	84,652,050	117,255,808
Net Position-Ending					\$42,568,178	\$90,907,025	\$133,475,203

See accompanying notes to financial statements



FUND FINANCIAL STATEMENTS

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

CITY OF DALY CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 1H)	\$50,567,865	\$5,561,175	\$992,922	\$21,054,557	\$5,133,777	\$83,310,296
Restricted cash and investments (Note 1H)	3,198,748					3,198,748
Accounts receivable, net	5,160,911	525,136	49,172	385,591	196,124	6,316,934
Due from other funds (Note 6)	221,922					221,922
Prepays	359,313	791				360,104
Inventories (Note 11)	1,690	28,947				30,637
Notes receivable (Note 12)			471,105		1,154,828	1,625,933
Loan receivable from Successor Agency (Note 14C)	15,566,950					15,566,950
Property held for development (Note 1C)					3,366,888	3,366,888
Total Assets	<u>\$75,077,399</u>	<u>\$6,116,049</u>	<u>\$1,513,199</u>	<u>\$21,440,148</u>	<u>\$9,851,617</u>	<u>\$113,998,412</u>
LIABILITIES						
Accounts payable	\$3,374,694	\$905,027	\$226,508	\$241,247	\$78,271	\$4,825,747
Accrued payroll	662,922			1,466	1,429	665,817
Due to other funds (Note 6)					221,922	221,922
Deposits payable	4,936,794				4,001	4,940,795
Unearned revenue			325,757			325,757
Total Liabilities	<u>8,974,410</u>	<u>905,027</u>	<u>552,265</u>	<u>242,713</u>	<u>305,623</u>	<u>10,980,038</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans			471,105		1,154,828	1,625,933
FUND BALANCES						
Fund Balance (Note 11)						
Nonspendable	15,927,953	29,738				15,957,691
Restricted	3,198,748	5,181,284	489,829	5,443,747	8,478,116	22,791,724
Assigned	12,291,473			15,753,688		28,045,161
Unassigned	34,684,815				(86,950)	34,597,865
Total Fund Balances	<u>66,102,989</u>	<u>5,211,022</u>	<u>489,829</u>	<u>21,197,435</u>	<u>8,391,166</u>	<u>101,392,441</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$75,077,399</u>	<u>\$6,116,049</u>	<u>\$1,513,199</u>	<u>\$21,440,148</u>	<u>\$9,851,617</u>	<u>\$113,998,412</u>

See accompanying notes to financial statements

CITY OF DALY CITY
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances reported on the Governmental Funds Balance Sheet \$101,392,441

Amounts reported for Governmental Activities in the Statement of Net Position
are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
therefore are not reported in the Governmental Funds. 90,720,611

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to
charge the costs of certain activities, such as insurance, central services and maintenance
to individual governmental funds. The net current assets of the internal service funds are therefore
included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	34,667,816
Accounts receivable	17,505
Deferred outflows	232,328
Inventories	181,755
Internal balances	(1,501,638)
Capital assets	8,550,625
Accounts payable	(639,800)
Accrued payroll	(4,411)
Interest payable	(88,047)
Accrued claims payable	(9,355,000)
Compensated absences	(557,127)
Net OPEB liability	(3,605,570)
Deferred inflows	(2,992)
Long-term debt - due within one year	(2,895,000)
Long-term debt - due in more than one year	(15,025,000)

ACCRUAL OF NONCURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently
are taken into revenue in the Statement of Activities. 1,625,933

DEFERRED INFLOWS AND OUTFLOWS

The deferred outflows below are not current assets or financial resources; and the deferred inflows
are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows	27,173,005
Deferred inflows	(5,058,850)

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(1,514,000)
Interest payable	(13,770)
Net OPEB liability	(37,189,092)
Net pension liability	(135,970,192)
Compensated absences	(8,573,352)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$42,568,178

See accompanying notes to financial statements

CITY OF DALY CITY
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019

	General	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax	\$36,699,766					\$36,699,766
Gas tax		\$4,235,930				4,235,930
Sales tax	15,428,682	2,270,318				17,699,000
Utility users tax	5,906,694					5,906,694
Franchise fees	4,178,006					4,178,006
Other taxes	6,854,372					6,854,372
Licenses and permits	2,970,667					2,970,667
Fines and forfeitures	3,379,319					3,379,319
Rents and interest	2,921,813	136,243	\$1,034	\$650,813	\$121,535	3,831,438
Federal programs and grants		299,416	92,264	75,000	1,114,456	1,581,136
Receipts from other agencies	5,530,792	868,874	499,924	441,824		7,341,414
Charges and fees	5,609,699	1,006,551		4,521,866	279,144	11,417,260
Miscellaneous	1,768,949	36,701	138,071	209,023	141,066	2,293,810
Total Revenues	91,248,759	8,854,033	731,293	5,898,526	1,656,201	108,388,812
EXPENDITURES						
Current:						
General government	9,076,400					9,076,400
Public safety	54,270,460		235,662		41,855	54,547,977
Public works	3,950,174	3,980,706		1,198,134	44,438	9,173,452
Culture and recreation	10,327,047		219,547		1,078,370	11,624,964
Economic and community development	3,582,674		81,771		866,591	4,531,036
Capital projects		4,429,364	238,094	2,534,453		7,201,911
Debt service:						
Principal					319,000	319,000
Interest					35,165	35,165
Total Expenditures	81,206,755	8,410,070	775,074	3,732,587	2,385,419	96,509,905
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,042,004	443,963	(43,781)	2,165,939	(729,218)	11,878,907
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	11,639					11,639
Transfers in (Note 6)	3,259,805	1,819,669		237,427	961,109	6,278,010
Transfers (out) (Note 6)	(2,549,073)	(700,413)		(2,764,685)		(6,014,171)
Total Other Financing Sources (Uses)	722,371	1,119,256		(2,527,258)	961,109	275,478
NET CHANGES IN FUND BALANCES	10,764,375	1,563,219	(43,781)	(361,319)	231,891	12,154,385
BEGINNING FUND BALANCES	55,338,614	3,647,803	533,610	21,558,754	8,159,275	89,238,056
ENDING FUND BALANCES	\$66,102,989	\$5,211,022	\$489,829	\$21,197,435	\$8,391,166	\$101,392,441

See accompanying notes to financial statements

CITY OF DALY CITY
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$12,154,385

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.

The capital outlay expenditures are therefore added back to fund balance. 2,958,811

Depreciation expense is deducted from fund balance

(Depreciation expense is net of internal service fund depreciation of \$1,538,627 which has already been allocated to serviced funds). (4,262,485)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 319,000

Interest accrued is deducted from fund balance 1,770

ACCRUAL OF NONCURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds:

Unavailable revenue 84,766

Compensated absences (177,405)

OPEB expense (1,246,359)

Pension expense (7,333,129)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these internal service funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in net position of all internal service funds 7,465,066

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$9,964,420

See accompanying notes to financial statements

CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$33,263,227	\$36,217,891	\$36,699,766	\$481,875
Sales tax	12,333,856	14,082,636	15,428,682	1,346,046
Utility users tax	5,787,499	5,860,506	5,906,694	46,188
Franchise fees	4,092,461	4,123,071	4,178,006	54,935
Other taxes	5,796,778	6,618,648	6,854,372	235,724
Licenses and permits	2,312,065	2,623,417	2,970,667	347,250
Fines and forfeitures	3,805,990	3,747,167	3,379,319	(367,848)
Rents and interest	1,247,860	1,804,713	2,921,813	1,117,100
Receipts from other agencies	3,863,406	5,741,340	5,530,792	(210,548)
Charges and fees	5,149,329	5,316,297	5,609,699	293,402
Miscellaneous	425,909	1,237,571	1,768,949	531,378
Total Revenues	78,078,380	87,373,257	91,248,759	3,875,502
EXPENDITURES				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	185,332	185,332	203,641	(18,309)
Services and supplies	38,157	38,157	36,701	1,456
Other charges	36,743	36,743	21,323	15,420
Total Legislative	260,232	260,232	261,665	(1,433)
Legal:				
Salaries and benefits	879,847	875,845	859,063	16,782
Services and supplies	175,604	187,993	153,180	34,813
Other charges	8,589	4,189	3,143	1,046
Total Legal	1,064,040	1,068,027	1,015,386	52,641
Administrative:				
Salaries and benefits	7,876,654	7,749,655	5,223,803	2,525,852
Services and supplies	2,078,548	2,485,900	2,020,245	465,655
Capital outlay				
Other charges	1,178,236	1,061,872	555,301	506,571
Total Administrative	11,133,438	11,297,427	7,799,349	3,498,078
Total General Government	12,457,710	12,625,686	9,076,400	3,549,286
Public Safety				
Police:				
Salaries and benefits	27,672,591	27,672,591	27,115,964	556,627
Services and supplies	6,785,781	7,210,921	6,812,769	398,152
Capital outlay	163,500	273,655	154,313	119,342
Other charges	480,827	480,827	458,692	22,135
Total Police	35,102,699	35,637,994	34,541,738	1,096,256
Fire:				
Salaries and benefits	16,963,270	16,963,270	17,032,607	(69,337)
Services and supplies	2,663,403	2,661,848	2,503,516	158,332
Capital outlay	51,722	64,222	49,197	15,025
Other charges	121,571	121,571	143,402	(21,831)
Total Fire	19,799,966	19,810,911	19,728,722	82,189
Total Public Safety	54,902,665	55,448,905	54,270,460	1,178,445

(Continued)

CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Salaries and benefits	2,951,861	2,913,199	2,947,132	(33,933)
Services and supplies	919,114	962,132	927,998	34,134
Other charges	87,455	83,099	75,044	8,055
Total Public Works	3,958,430	3,958,430	3,950,174	8,256
Culture and Recreation				
Salaries and benefits	5,711,293	5,699,793	5,798,375	(98,582)
Services and supplies	4,499,455	4,561,278	4,457,479	103,799
Capital outlay	10,000	10,000	433	9,567
Other charges	72,210	72,210	70,760	1,450
Total Culture and Recreation	10,292,958	10,343,281	10,327,047	16,234
Economic and Community Development				
Salaries and benefits	3,009,638	2,898,938	2,683,608	215,330
Services and supplies	744,197	1,019,096	858,484	160,612
Other charges	57,472	57,472	40,582	16,890
Total Economic and Community Development	3,811,307	3,975,506	3,582,674	392,832
Total Expenditures	85,423,070	86,351,808	81,206,755	5,145,053
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,344,690)	1,021,449	10,042,004	9,020,555
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property		11,639	11,639	
Transfers in	3,238,870	3,262,149	3,259,805	(2,344)
Transfers out	(688,833)	(2,013,192)	(2,549,073)	(535,881)
Total Other Financing Sources (Uses)	2,550,037	1,260,596	722,371	(538,225)
NET CHANGE IN FUND BALANCE	(\$4,794,653)	\$2,282,045	10,764,375	\$8,482,330
BEGINNING FUND BALANCE			55,338,614	
ENDING FUND BALANCE			\$66,102,989	

See accompanying notes to financial statements

CITY OF DALY CITY
GAS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Gas tax	\$3,575,386	\$3,575,386	\$4,235,930	\$660,544
Sales tax	1,800,000	1,800,000	2,270,318	470,318
Rents and interest	40,000	40,000	136,243	96,243
Federal programs and grants	462,249	462,249	299,416	(162,833)
Receipts from other agencies	1,361,365	1,361,365	868,874	(492,491)
Charges and services	1,036,574	1,036,574	1,006,551	(30,023)
Miscellaneous	52,500	52,500	36,701	(15,799)
Total Revenues	<u>8,328,074</u>	<u>8,328,074</u>	<u>8,854,033</u>	<u>525,959</u>
EXPENDITURES				
Public works	4,153,558	4,153,558	3,980,706	172,852
Capital projects	6,524,619	6,524,619	4,429,364	2,095,255
Total Expenditures	<u>10,678,177</u>	<u>10,678,177</u>	<u>8,410,070</u>	<u>2,268,107</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,350,103)</u>	<u>(2,350,103)</u>	<u>443,963</u>	<u>2,794,066</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,897,379	2,897,379	1,819,669	(1,077,710)
Transfers out	(700,413)	(700,413)	(700,413)	
Total Other Financing Sources (Uses)	<u>2,196,966</u>	<u>2,196,966</u>	<u>1,119,256</u>	<u>(1,077,710)</u>
NET CHANGE IN FUND BALANCE	<u>(\$153,137)</u>	<u>(\$153,137)</u>	<u>1,563,219</u>	<u>\$1,716,356</u>
BEGINNING FUND BALANCE			<u>3,647,803</u>	
ENDING FUND BALANCE			<u>\$5,211,022</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Rents and interest	\$100	\$100	\$1,034	\$934
Federal programs and grants	284,168	657,160	92,264	(564,896)
Receipts from other agencies	512,250	1,402,256	499,924	(902,332)
Miscellaneous revenue		50,408	138,071	87,663
	<u>796,518</u>	<u>2,109,924</u>	<u>731,293</u>	<u>(1,378,631)</u>
EXPENDITURES				
Public Safety				
Salaries and benefits			43,343	(43,343)
Services and supplies	146,835	149,768	188,219	(38,451)
Other charges		38,353	4,100	34,253
	<u>146,835</u>	<u>188,121</u>	<u>235,662</u>	<u>(47,541)</u>
Public Works				
Capital Outlay	265,000	1,005,497	238,094	767,403
Other charges		10,666		10,666
	<u>265,000</u>	<u>1,016,163</u>	<u>238,094</u>	<u>778,069</u>
Culture and Recreation				
Salaries and benefits	242,057	242,057	212,598	29,459
Services and supplies	4,000	4,000	6,949	(2,949)
	<u>246,057</u>	<u>246,057</u>	<u>219,547</u>	<u>26,510</u>
Economic and Community Development				
Salaries and benefits	26,154	26,154	25,996	158
Services and supplies	1,500	1,500		1,500
Other charges	282,438	716,334	55,775	660,559
	<u>310,092</u>	<u>743,988</u>	<u>81,771</u>	<u>662,217</u>
	<u>967,984</u>	<u>2,194,329</u>	<u>775,074</u>	<u>1,419,255</u>
NET CHANGE IN FUND BALANCE	<u>(\$171,466)</u>	<u>(\$84,405)</u>	(43,781)	<u>\$40,624</u>
BEGINNING FUND BALANCE			<u>533,610</u>	
ENDING FUND BALANCE			<u>\$489,829</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 1H)	\$9,881,750	\$30,404,130	\$2,930,239	\$43,216,119	\$34,591,744
Cash with fiscal agent (Note 1H)	11,387			11,387	76,072
Accounts receivable, net (Note 1J)	3,737,996	1,487,651	150,827	5,376,474	17,505
Prepays		4,789		4,789	
Inventories (Note 1I)	390,252	1,538,527		1,928,779	181,755
Total Current Assets	14,021,385	33,435,097	3,081,066	50,537,548	34,867,076
Noncurrent Assets:					
Advance to other funds		2,510,167		2,510,167	
Capital Assets (Note 4):					
Land	839,856	233,547	1,789,146	2,862,549	378,343
Buildings	272,379	893,519	6,753,006	7,918,904	35,817
Sewage facilities		58,958,085		58,958,085	
Wells and pump stations	9,074,783			9,074,783	
Water reservoirs	12,715,925			12,715,925	
Mains and subsurface lines	19,557,929	25,390,267		44,948,196	
Equipment	5,899,718	9,465,766	957,617	16,323,101	20,646,246
Furniture and fixtures	37,154	114,174		151,328	63,104
Construction in progress	711,383	6,056,918		6,768,301	3,077,870
Total Capital Assets	49,109,127	101,112,276	9,499,769	159,721,172	24,201,380
Less accumulated depreciation	(24,898,236)	(58,083,892)	(5,922,715)	(88,904,843)	(15,650,755)
Net Capital Assets	24,210,891	43,028,384	3,577,054	70,816,329	8,550,625
Total Noncurrent Assets	24,210,891	45,538,551	3,577,054	73,326,496	8,550,625
Total Assets	38,232,276	78,973,648	6,658,120	123,864,044	43,417,701
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7D)	879,616	2,323,727		3,203,343	
Related to OPEB (Note 8)	130,042	325,106	3,422	458,570	232,328
Total Deferred Outflows	1,009,658	2,648,833	3,422	3,661,913	232,328
LIABILITIES					
Current Liabilities:					
Accounts payable	822,805	1,187,911	39,776	2,050,492	639,800
Accrued payroll	7,649	9,370		17,019	4,411
Deposits payable	34,534			34,534	
Interest payable	5,108	23,205		28,313	88,047
Accrued claims payable (Note 10)					2,254,481
Compensated absences (Note 1L)	304,213	555,502		859,715	
Long-term debt (Note 5)	585,000	249,099		834,099	2,895,000
Total Current Liabilities	1,759,309	2,025,087	39,776	3,824,172	5,881,739
Noncurrent Liabilities:					
Compensated absences (Note 1L)		859,630	5,092	864,722	557,127
Accrued claims payable (Note 10)					7,100,519
Net OPEB liability (Note 8)	1,957,110	4,893,274	51,509	6,901,893	3,605,570
Net Pension Liability (Note 7C)	5,120,596	13,527,342		18,647,938	
Long-term debt (Note 5)	2,480,000	1,342,080		3,822,080	15,025,000
Advance from other funds	2,510,167			2,510,167	
Total Noncurrent Liabilities	12,067,873	20,622,326	56,601	32,746,800	26,288,216
Total Liabilities	13,827,182	22,647,413	96,377	36,570,972	32,169,955
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7D)	423,936	1,119,935		1,543,871	
Related to OPEB (Note 8)	1,624	4,060	43	5,727	2,992
Total Deferred Inflows	425,560	1,123,995	43	1,549,598	2,992
NET POSITION (Note 11)					
Net investment in capital assets	21,145,891	41,437,205	3,577,054	66,160,150	8,550,625
Restricted for:					
Debt service	11,387			11,387	76,072
Unrestricted	3,831,914	16,413,868	2,988,068	23,233,850	2,850,385
Total Net Position	\$24,989,192	\$57,851,073	\$6,565,122	89,405,387	\$11,477,082

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

1,501,638

Net position of business-type activities

\$90,907,025

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
OPERATING REVENUES					
Water sales	\$20,671,704	\$84,191		\$20,755,895	
Sewer service charges		22,381,756		22,381,756	
Connection charges		246,635		246,635	
Rental income			\$801,304	801,304	
Charges to City departments					\$22,877,008
Other revenues	287,154	96,531	359,003	742,688	563,964
Total Operating Revenues	20,958,858	22,809,113	1,160,307	44,928,278	23,440,972
OPERATING EXPENSES					
Salaries and benefits	3,025,953	10,463,567	190,150	13,679,670	5,699,626
Services and supplies	1,419,352	7,838,294	473,233	9,730,879	4,201,039
Water purchases	8,294,278			8,294,278	
Utilities	857,020	1,353,131	159,184	2,369,335	459,349
Insurance	250,032	635,187	18,060	903,279	1,748,219
Claims and settlements					1,842,210
Depreciation (Note 4)	1,258,598	2,563,489	217,834	4,039,921	1,538,627
Other charges	785,807	1,156,860		1,942,667	345,318
Total Operating Expenses	15,891,040	24,010,528	1,058,461	40,960,029	15,834,388
Operating Income (Loss)	5,067,818	(1,201,415)	101,846	3,968,249	7,606,584
NONOPERATING REVENUES (EXPENSES)					
Property taxes		2,172,460		2,172,460	
Gain (loss) from sale of capital assets		(18,306)		(18,306)	(223,582)
Interest income	245,051	810,741	40,536	1,096,328	703,552
Interest expense	(82,009)	(42,311)		(124,320)	(1,197,085)
Total Nonoperating Revenues (Expenses)	163,042	2,922,584	40,536	3,126,162	(717,115)
Income (Loss) Before Transfers	5,230,860	1,721,169	142,382	7,094,411	6,889,469
Transfers in (Note 6)	1,025,000	1,932,030		2,957,030	1,911,478
Transfers (out) (Note 6)	(2,646,419)	(1,556,380)	(279,004)	(4,481,803)	(650,544)
Net transfers	(1,621,419)	375,650	(279,004)	(1,524,773)	1,260,934
CHANGE IN NET POSITION	3,609,441	2,096,819	(136,622)	5,569,638	8,150,403
BEGINNING NET POSITION, AS RESTATED (NOTE 11C)	21,379,751	55,754,254	6,701,744	83,835,749	3,326,679
ENDING NET POSITION	\$24,989,192	\$57,851,073	\$6,565,122	89,405,387	\$11,477,082

Net change in net position 5,569,638

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

685,337

Change in net position of business-type activities

\$6,254,975

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$20,537,502	\$23,191,268	\$1,115,951	\$44,844,721	\$23,463,236
Payments to suppliers	(9,075,991)	(13,244,998)	(631,170)	(22,952,159)	(6,848,818)
Payments to employees	(3,475,214)	(8,922,197)	(189,212)	(12,586,623)	(5,850,322)
Claims paid					(1,842,210)
Cash Flows from Operating Activities	7,986,297	1,024,073	295,569	9,305,939	8,921,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property tax		2,172,460		2,172,460	
Principal paid on noncapital debt					(2,600,000)
Interest paid on noncapital debt					(1,209,860)
Transfers in	1,025,000	1,932,030		2,957,030	1,911,478
Transfers out	(2,646,419)	(1,556,380)	(279,004)	(4,481,803)	(650,544)
Cash Flows from (used for) Noncapital Financing Activities	(1,621,419)	2,548,110	(279,004)	647,687	(2,548,926)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(495,061)	(3,768,711)		(4,263,772)	(2,774,365)
Proceeds from sale of assets		1,284		1,284	228,886
Principal paid on capital debt	(575,000)	(243,023)		(818,023)	
Interest paid on capital debt	(82,968)	(46,905)		(129,873)	
Cash Flows from (used for) Capital and Related Financing Activities	(1,153,029)	(4,057,355)		(5,210,384)	(2,545,479)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	245,051	810,741	40,536	1,096,328	703,552
Net Cash Flows	5,456,900	325,569	57,101	5,839,570	4,531,033
Cash and investments at beginning of period	4,436,237	30,078,561	2,873,138	37,387,936	30,136,783
Cash and investments at end of period	\$9,893,137	\$30,404,130	\$2,930,239	\$43,227,506	\$34,667,816
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$5,067,818	(\$1,201,415)	\$101,846	\$3,968,249	\$7,606,584
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,258,598	2,563,489	217,834	4,039,921	1,538,627
Change in assets and liabilities:					
Accounts receivable, net	(427,094)	382,155	(44,356)	(89,295)	22,264
Prepaid	499	1,216		1,715	
Inventories	(2,577)	(60,102)		(62,679)	5,173
Accounts payable	22,409	307,527	19,307	349,243	148,934
Accrued payroll	458	4,221		4,679	2,867
Deposits payable	5,738			5,738	
Accrued claims payable					(249,000)
Compensated absences	(88,146)	91,659		3,513	(38,206)
Advance from (to) other funds	2,510,167	(2,510,167)			
Due to OPEB system	(2,703,580)	(4,811,577)	938	(7,514,219)	(115,357)
Due to retirement system	2,342,007	6,257,067		8,599,074	
Cash Flows from Operating Activities	\$7,986,297	\$1,024,073	\$295,569	\$9,305,939	\$8,921,886
NONCASH TRANSACTIONS					
Retirement of capital assets		(\$19,590)			(\$452,468)

See accompanying notes to financial statements

FIDUCIARY FUNDS

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 City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST

The fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City.

AGENCY FUNDS

The funds account for assets held by the City as agent for individuals, governmental entities, and nonpublic organizations.

CITY OF DALY CITY
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS		
Cash and investments (Note 1H)	\$154,600	\$3,280,782
Receivables		2,966,887
Other assets		70,000
	154,600	7,277,669
Total Assets	154,600	\$6,317,669
LIABILITIES		
Accounts payable		\$4,772,597
Due to others		1,545,072
Deposits payable	4,050	
Loans payable to City (Note 14C)	15,566,950	
	15,571,000	6,317,669
Total Liabilities	15,571,000	\$6,317,669
NET POSITION		
Held in trust for other purposes	(\$15,416,400)	

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>
ADDITIONS	
Taxes	\$1,875,498
Rents and interest	32,426
Miscellaneous	<u>50</u>
Total additions	<u>1,907,974</u>
DEDUCTIONS	
Services and supplies	6,859
Other charges	<u>2,162</u>
Total deductions	<u>9,021</u>
CHANGE IN NET POSITION	1,898,953
NET POSITION	
Net Position - Beginning	<u>(17,315,353)</u>
Net Position - Ending	<u><u>(\$15,416,400)</u></u>

See accompanying notes to financial statements



CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1.

DESCRIPTION OF FUNDS AND SUMMARY OF ACCOUNTING POLICIES

The City of Daly City (City) was incorporated on March 22, 1911 and operates under a council-manager form of government. Daly City is a general law city, and provides the following services: public safety (police and fire), highways and streets, water, sanitary sewer, social services, library, recreation, public improvements, planning and zoning, and general administrative services.

The Basic Financial Statements include financial information for entities which are directly or indirectly governed by the City Council. The entities included are the City, the North San Mateo County Sanitation District, and the Daly City Public Facilities Financing Corporation (see Note 2).

The accounting policies of the City conform with generally accepted accounting principles as they apply to governments. The following is a summary of the more significant policies.

A. BASIS OF PRESENTATION

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. These standards require that the financial statements described below be presented.

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. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities are generally 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 function of the City's governmental activities and for each segment of the business-type activities of the City. 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 charges paid by the recipients of goods or services offered by the programs, grants and contributions that are restricted to meeting the operational needs of a particular program and fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

B. MAJOR FUNDS

Major funds are defined as funds which have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total of governmental and enterprise funds. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund type. The General Fund is always a major fund, and the City may select other funds it believes should be presented as major funds. The City selected the Gas Tax Fund for presentation as a major fund because of its importance and because it often qualifies as a major fund.

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

GENERAL FUND is the general operating fund of the City. It is used to account for all financial resources traditionally associated with governments which are not required to be accounted for in a separate fund.

GAS TAX SPECIAL REVENUE FUND is used to account for gas tax monies allocated by the State to the City for the streets and roads program.

GRANTS SPECIAL REVENUE FUND is used to account for miscellaneous grant monies, such as HOME, law enforcement special grants, and after school safety grants.

CAPITAL PROJECTS FUND is used to account for financial resources to be used for the acquisition or construction of major capital facilities or infrastructure other than those financed by proprietary funds.

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

WATER UTILITY FUND is used to account for activity related to providing water service to the community.

SANITATION DISTRICT FUND is used to account for activity related to providing residents with sanitary sewer services.

The City also reports the following fund types:

Internal Service Funds - These funds account for motor vehicles, central services, telephone, building maintenance, information services, self-insurance and pension bond payments. All of these services are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the City as an agent for Billing Services, San Mateo Pre-Hospital Emergency Medical Services Group, and Supporters of Senior Center. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The financial activities of these funds are excluded from the government-wide financial statements because they are not directly or indirectly governed by the City Council.

C. *PROPERTY HELD FOR DEVELOPMENT*

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

D. *BASIS OF ACCOUNTING*

The government-wide, proprietary, and fiduciary fund 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

In addition to assets, the statement of net position or balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position 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 net position or balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property taxes and sales taxes are considered measurable and available when in the hands of intermediary collecting governments and are recognized as revenue at that time. The primary revenue sources which are susceptible to accrual include taxes, rents, licenses, interest, grants and contributions. Fines and penalties and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be 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.

Certain indirect costs are included in program expenses reported for individual functions and activities. *Nonexchange 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 an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

E. BUDGETS, BUDGETARY ACCOUNTING AND ENCUMBRANCES

The City uses a biennial budget process whereby two individual annual budgets are adopted by City Council for all funds and component units other than the Agency Funds. Budgets are subject to public hearing before they are adopted by the City Council. Budgets are prepared on the basis of generally accepted accounting principles (GAAP basis).

The City is not legally required to prepare budgets for any of its funds, but does so as a matter of managerial policy. Budgets submitted to the City Council include both proposed appropriations and the means of financing them. The City Council approves total appropriations on a departmental basis.

The City Manager is authorized and directed to make any changes or transfers of appropriations within any Department of the City and from one Department to another as deemed necessary or feasible, as long as the total appropriations of the funds are not exceeded. Additional appropriations not included in the original budget resolutions require approval by the City Council. Budgeted amounts shown are as adopted and amended by the City Council. Individual amendments were not material in relation to the original appropriations. Budgets for the City's proprietary funds are considered as memorandum budgets used for the purpose of management control. These nonappropriated budgets are not included in the Basic Financial Statements.

The City uses an encumbrance system as an extension of normal budgetary accounting. Under this system purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as an assignment of fund equity since they do not constitute expenditures or liabilities. Outstanding encumbrances at year end are automatically reappropriated the following year. Unencumbered and unexpended appropriations for other than capital outlay lapse at year-end. However, the Capital Projects Fund is not budgeted on a project-length basis. Only the budget estimated to be spent in the current fiscal year is appropriated, even if the project will continue into future fiscal years. The City prepares a ten year capital plan, and each project year budget (GAAP Basis) is appropriated separately on an on-going basis.

For the fiscal year ended June 30, 2019, the following expenditures exceeded the budgeted expenditures:

	<u>Expenditures Exceeded Budget</u>
General Fund	
General Government	
Legislative	\$1,433
Grants Special Revenue Fund	
Public Safety	47,541
Doelger Senior Center Special Revenue Fund	
Culture and Recreation	23,910

For Legislative and Public Safety, expenditures exceeding budget were primarily driven by moderately higher salaries and benefits costs. For Culture and Recreation, expenditures exceeding budget was due to higher supplies and services costs.

F. NEW GASB PRONOUNCEMENTS

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement did not have a material impact on the financial statements for the fiscal year 2019. See relevant disclosures in Note 5.

GASB Statement No. 83, Certain Asset Retirement Obligations - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement did not have a material impact on the financial statements for the fiscal year 2019.

G. 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.

H. CASH AND INVESTMENTS

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.

The City pools cash from all sources and all funds, except restricted cash and cash and investments with fiscal agents, so the pool of funds can be invested consistent with goals for safety and liquidity, while maximizing yield. Cash is pooled so individual funds can make expenditures at any time.

Investment income is allocated among funds on the basis of average daily cash and investment balances in each fund, unless there are specific legal or contractual requirements to do otherwise.

Cash and investments 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:

Cash and investments	\$161,118,159
Cash with fiscal agent	87,459
Restricted cash and investments	3,198,748
Cash and investments of the City	164,404,366
Cash and investments in Fiduciary Funds (separate statement)	3,435,382
Total cash and investments	<u>\$167,839,748</u>

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 following table also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills or Certificates of Indebtedness	5 Years	N/A	No Limit	No Limit
U.S. Government Agency Securities and U.S. Government Sponsored Enterprise Agencies	5 Years *	N/A	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$65,000,000 per account	\$65,000,000 per account
San Mateo County Treasurer's Pool	Upon Demand	N/A	No Limit	No Limit
State of California Treasury Notes or Bonds	5 Years	A	No Limit	5%
California Local Agency Obligations	5 Years	A	30%	5%
Bankers' Acceptances	180 Days	N/A	40%	5%
Commercial Paper	270 Days	A1/P1	25%	5%
Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Non-Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Money Market Mutual Funds	Upon Demand	AAAm	15%	5%
Passbook Savings Account	None	N/A	No Limit	No Limit
Repurchase Agreements	1 year	N/A	15%	5%
Reverse Repurchase Agreements	92 Days	N/A	15%	5%

* However, the City Council specifically grants the authority to the City Treasurer to invest a maximum of \$14,000,000 of the City's portfolio in Government National Mortgage Association securities which, at the time of investment, have terms remaining to maturity in excess of five years.

Public Agencies Post-Employment Trust

On May 22, 2017, the City Council adopted resolution 17-58 approving the adoption of the Public Agencies Post-Employment Trust administered by Public Agency Retirement Services (PARS). The Trust is an irrevocable trust and qualifies as an Internal Revenue Section 115 Trust. This Trust will assist the City in mitigating the CalPERS contribution rate volatility. Investments of funds held in Trust are governed by the Investment Guideline Document for the investment account and by the agreement for administrative services with PARS, rather than the general provisions of the California Government Code of the City's investment policy. The City elected a discretionary investment approach which allows the City to maintain oversight of the investment management, control on target yield and the portfolio' risk of tolerance, under the Moderately Conservative Index PLUS investment option. The assets in the Trust will eventually be used to fund pension plan obligations.

Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute.

The following table 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 In Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	N/A	N/A	No Limit	No Limit
U.S. Government Agency Securities				
U.S. Government Sponsored	N/A	AAA	No Limit	No Limit
State Obligations	N/A	Highest Rating Category	No Limit	No Limit
Commercial Paper	270 Days	A	No Limit	No Limit
Negotiable Certificates of Deposit	365 days	A-1+	No Limit	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit	No Limit
Bankers Acceptances	360 days	A-1+	No Limit	No Limit
Local Obligations	N/A	Highest Rating Category	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	No Limit	No Limit
Municipal Obligations	N/A	AAA	No Limit	No Limit
Repurchase Agreements	N/A	A	No Limit	No Limit

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.

Information about the sensitivity of the fair values of the City's cash and investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's cash and investments by maturity:

Investment Type	Less than One Year	One to Five Years	More than Five Years	Total
U.S. Government Agency Securities	\$106		\$1,208,778	\$1,208,884
Money Market Mutual Funds	87,459			87,459
California Local Agency Investment Fund	3,141,895			3,141,895
San Mateo County Investment Pool	151,876,783			151,876,783
Negotiable Certificates of Deposit	2,208,796	\$736,022		2,944,818
PARS Moderately Conservative Index PLUS Fund	3,198,748			3,198,748
Total Investments	\$160,513,787	\$736,022	\$1,208,778	162,458,587
Cash in Bank and On Hand				5,381,161
Total Cash and Investments				\$167,839,748

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 \$65 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, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2019, these investments have an average maturity of 173 days.

The City is a participant in the San Mateo County Investment Pool (SMCIP) that is regulated by California Government Code Section 53600 under the oversight of the Treasurer of the County of San Mateo. The City reports its investment in SMCIP at the fair value amount provided by SMCIP. The balance available for withdrawal is based on the accounting records maintained by SMCIP, which are recorded on an amortized cost basis. Included in SMCIP's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2019, these investments matured in an average of 0.84 years.

Money Market Mutual Fund investments are available for withdrawal on demand and at June 30, 2019 have an average maturity of 31 days.

Fair Value Investments

Generally accepted accounting principles require governments to present investments at fair value. The City adjusts the carrying value of its investment to reflect the fair value at each fiscal year-end, and it includes the effect of this adjustment in income for that fiscal year.

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. The actual ratings as of June 30, 2019 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	AAm/AAf	Total Investments
Money Market Mutual Funds	\$76,071	\$11,388	\$87,459
San Mateo County Investment Pool		151,876,783	151,876,783
Total	<u>\$76,071</u>	<u>\$151,888,171</u>	151,964,242
<i>Not rated:</i>			
U.S. Government Agency Securities			1,208,884
California Local Agency Investment Fund			3,141,895
Negotiable Certificates of Deposit			2,944,818
PARS Moderately Conservative Index PLUS Fund			<u>3,198,748</u>
Total Investments			<u>\$162,458,587</u>

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (for example, broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The City's investment policy requires that securities transactions be executed on a delivery vs. payment basis. Funds are not wire-transferred until securities are delivered into safekeeping with the City's third party custodian. The custodial relationship is subject to an agreement for services which may be separate from the agreement for other banking services. The safekeeping requirement does not apply to securities which are physically delivered to the City.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the City has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the City's own data. The City should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the City are not available to other market participants.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

Investment Type	Level 2	Total
Investments by Fair Value Level:		
U.S. Government Agency Securities	\$1,208,884	\$1,208,884
Negotiable Certificates of Deposit	2,944,818	2,944,818
Subtotal	\$4,153,702	4,153,702
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		87,459
PARS Moderately Conservative Index PLUS Fund		3,198,748
Investments Not Subject to the Fair Value Hierarchy:		
California Local Agency Investment Fund		3,141,895
San Mateo County Investment Pool		151,876,783
Total Investments		\$162,458,587

All investments classified in Level 2 were valued using prices provided by the City's custodian bank.

I. INVENTORY AND PREPAIDS

Inventory is valued at cost, using the first-in, first-out method. For the General Fund, inventories consist of consumable supplies, and do not constitute available spendable resources, even though they are a component of net current assets. For proprietary funds, inventories represent materials and supplies for operations. The consumption method of accounting is applied to inventories.

Prepays represent services that are paid for in advance. For governmental funds, prepaids do not constitute available spendable resources even though they are a component of net current assets. The consumption method of accounting is applied to prepaids.

J. WATER UTILITY ACCOUNTS RECEIVABLE

The City bills usage to water utility customers on a bimonthly basis in arrears. At any given time, an average of one month's usage is unread and unbilled. These unbilled estimated usages have been recognized as revenue and receivables in the financial statements of the Water Utility enterprise fund.

K. ADVANCES TO OTHER FUNDS AND AGENCIES

Current portions of interfund loans receivable (reported in "due from" asset accounts) are considered available spendable resources.

L. ACCUMULATED UNPAID VACATION, COMPENSATORY AND SICK LEAVE

Accumulated unpaid employee benefits are accrued at year-end. If vacation or compensatory leave is not taken by employees during their employment, the City is obligated to make cash payments to them on termination or retirement at the salary rates then in effect. City employees receive from thirteen to twenty-eight days of vacation each year.

Full-time City employees receive one working day of sick leave for each month of employment. Employees who terminate for reasons other than death, retirement or abolishment of position lose all accumulated sick leave. Upon death, retirement after the age of 50 and 5 years of service or abolishment of position the City is obligated to pay 50% of unused sick leave, up to 800 hours, at the salary rate then in effect. The value of vested sick leave liability for all employees qualified for retirement on June 30 of each year is accrued.

The City's liability for compensated absences is recorded in various governmental funds or proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, compensated absences are reported only if they are still outstanding following an employee's resignation or retirement.

The changes in liability for compensated absences were as follows:

	Governmental Activities	Business Type Activities	Total
Balance July 1, 2018	\$8,991,280	\$1,720,924	\$10,712,204
Additions	6,301,729	996,729	7,298,458
Payments	(6,162,530)	(993,216)	(7,155,746)
Balance June 30, 2019	<u>\$9,130,479</u>	<u>\$1,724,437</u>	<u>\$10,854,916</u>
Due within one year	<u>\$5,735,547</u>	<u>\$859,715</u>	<u>\$6,595,262</u>

Compensated absences are liquidated by the fund that has recorded the liability. Governmental activities compensated absences are liquidated primarily by the General Fund.

M. CLAIMS AND JUDGMENTS

The City has recognized a liability for workers' compensation and general liability claims in the Self-Insurance Internal Service Fund. This liability reflects the costs of claims determined to be probable of assertion and measurable in amount.

N. PROPERTY TAX LEVY, COLLECTION, MAXIMUM RATES

Article 13 of the California State Constitution provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value, and may be adjusted by no more than two percent per year unless the property is sold or transferred, in which case it is then assessed at sales price. Assessed value is calculated at 100% of sales price as defined by the above referenced Article 13.

The State Legislature has determined the method of distribution of receipts from the \$1.00 tax levy among the county, cities, school districts and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to provide for voter-approved debt service. San Mateo County assesses properties, bills for, and collects property taxes on the following schedule:

	<u>SECURED</u>	<u>UNSECURED</u>
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 1
Due Dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 April 10	August 31

The term "unsecured" refers to taxes on property not secured by liens on real property. Property taxes levied are recorded as revenue and receivables, net of estimated uncollectible amounts, in the fiscal year of levy. Property taxes which cannot be recorded as current year revenues, in accordance with the modified accrual basis of accounting, have been recorded as unearned revenues.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2.

REPORTING ENTITY

The City's Basic Financial Statements include the financial activities of the City, the North San Mateo County Sanitation District and the Daly City Public Facilities Financing Corporation. These entities are controlled by governing boards consisting of the City Council. Council members are financially accountable for these entities' operations and approve fees, debt issues and adopt budgets.

The North San Mateo County Sanitation District became a subsidiary district of the City on July 1, 1985. The activities of the District are reported in the Sanitation District Enterprise Fund.

The activities of the Daly City Public Facilities Financing Corporation (Corporation) are included in the basic financial statements of the Water Utility Enterprise Fund in proportion to the activities carried out on its behalf because the City Council sits as the Board of this entity. The City established the Corporation to facilitate the issuance of Certificates of Participation, currently consisting of various expansion and upgrade projects in the Water Utility. The Corporation acts as a conduit for the leasing of the associated facilities of the utility in order to allow the issuance of its Certificates of Participation (See Note 5).

NOTE 3.

COMMITMENTS AND CONTINGENCIES

A. CONSTRUCTION CONTRACTS

At June 30, 2019, the City had made commitments of approximately \$5.2 million for construction work, legal and consulting fees, and purchases of supplies and equipment.

B. 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.

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. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2019 were \$291,473 in the General Fund, \$13,366 in the Gas Tax Special Revenue Fund, \$18,426 in the Grants Special Revenue Fund, \$6,900 in the Capital Projects Fund, and \$85,746 in nonmajor governmental funds.

NOTE 4.

CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City’s policy is to capitalize all assets with costs exceeding \$25,000 for infrastructure, \$5,000 for all other classes of capital assets, and with useful lives exceeding two years.

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

Buildings and Improvements	20-50 years	Sewage Collection Facilities	10-50 years
Streets and Infrastructure	20-60 years	Sewage Disposal and Treatment Facilities	15-50 years
Park Structures and Improvements	10-30 years	Water Mains	25 years
Vehicles, Equipment, Furniture and Fixtures	5-20 years	Wells and Pump Stations	40-50 years
Sanitation Subsurface Lines	25 years	Water Reservoirs	40-99 years

The City capitalizes major asset purchases and improvements which increase the useful life of the related assets. Minor purchases and routine repair and maintenance costs are charged directly to expense.

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.

A. CAPITAL ASSET ADDITIONS AND RETIREMENTS

Capital assets at June 30 comprise:

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Governmental activities:					
Capital assets not being depreciated:					
Land	\$33,029,342				\$33,029,342
Construction in progress	5,025,571	\$5,089,686		(\$482,661)	9,632,596
Total capital assets not being depreciated	38,054,913	5,089,686		(482,661)	42,661,938
Capital assets being depreciated:					
Buildings & improvements	57,824,402				57,824,402
Streets & infrastructure	81,794,596			482,661	82,277,257
Park structures & improvements	7,816,451				7,816,451
Vehicles & equipment	27,152,714	622,163	(\$1,370,370)		26,404,507
Furniture & fixtures	437,263	21,327			458,590
Total capital assets being depreciated	175,025,426	643,490	(1,370,370)	482,661	174,781,207
Less accumulated depreciation for:					
Buildings & improvements	32,830,061	1,481,772			34,311,833
Streets & infrastructure	57,392,821	2,188,120			59,580,941
Park structures & improvements	3,527,233	334,037			3,861,270
Vehicles & equipment	19,108,111	1,795,160	(917,902)		19,985,369
Furniture & fixtures	430,473	2,023			432,496
Total accumulated depreciation	113,288,699	5,801,112	(917,902)		118,171,909
Net depreciable assets	61,736,727	(5,157,622)	(452,468)	482,661	56,609,298
Governmental activity capital assets, net	\$99,791,640	(\$67,936)	(\$452,468)		\$99,271,236

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$2,862,549			\$2,862,549
Construction in progress	2,948,965	\$3,838,926	(\$19,590)	6,768,301
Total capital assets not being depreciated	5,811,514	3,838,926	(19,590)	9,630,850
Capital assets being depreciated:				
Buildings & improvements	7,918,904			7,918,904
Sewage facilities	58,958,085			58,958,085
Mains & subsurface lines	44,948,196			44,948,196
Water reservoirs	12,715,925			12,715,925
Wells & pump stations	9,074,783			9,074,783
Equipment	15,898,255	424,846		16,323,101
Furniture & fixtures	151,328			151,328
Total capital assets being depreciated	149,665,476	424,846		150,090,322
Less accumulated depreciation for:				
Buildings & improvements	5,726,607	207,657		5,934,264
Sewage facilities	37,409,335	1,217,258		38,626,593
Mains & subsurface lines	21,614,673	1,459,431		23,074,104
Water reservoirs	5,277,144	214,355		5,491,499
Wells & pump stations	4,131,440	191,270		4,322,710
Equipment	10,626,308	742,630		11,368,938
Furniture & fixtures	79,415	7,320		86,735
Total accumulated depreciation	84,864,922	4,039,921		88,904,843
Net depreciable assets	64,800,554	(3,615,075)		61,185,479
Business-type activity capital assets, net	\$70,612,068	\$223,851	(\$19,590)	\$70,816,329

B. CAPITAL ASSET CONTRIBUTIONS

Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. These contributions are 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 the usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities	
General government	\$128,726
Public safety	368,891
Public works	9,330
Streets and infrastructure	2,196,691
Culture and recreation	1,558,847
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	<u>1,538,627</u>
Total Governmental Activities	<u><u>\$5,801,112</u></u>
Business-Type Activities	
Water Utility	\$1,258,598
Sanitation District	2,563,489
Civic Center	190,694
Transfer Station	<u>27,140</u>
Total Business-Type Activities	<u><u>\$4,039,921</u></u>

NOTE 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2019, are as follows:

	Original Issue Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Current Portion
<i>Governmental Activities Debt</i>					
Housing & Urban Development Section 108 Loan 0.35%-2.49%, due FY 2023 (Direct Borrowing)	\$4,500,000	\$1,833,000	\$319,000	\$1,514,000	\$341,000
2004 Series A-1 Pension Obligation Bonds 2.650%-5.896%, due FY 2024	36,235,000	20,520,000	2,600,000	17,920,000	2,895,000
Total Governmental Activities		22,353,000	2,919,000	19,434,000	3,236,000
<i>Business-Type Activities Debt</i>					
State Water Resources Control Board Loan 2.5%, due FY 2025 (Direct Borrowing)	4,450,128	1,834,202	243,023	1,591,179	249,099
2012 Water Revenue Refunding Bond 2.0%-3.0%, due FY 2024	6,890,000	3,640,000	575,000	3,065,000	585,000
Total Business-Type Activities		5,474,202	818,023	4,656,179	834,099
Total City Long-Term Debt		\$27,827,202	\$3,737,023	\$24,090,179	\$4,070,099

During fiscal 2004, the City entered into a \$4,500,000 note payable agreement guaranteed under the Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program. Proceeds from the note were used to finance the design and construction of the Bayshore Community Center. Principal payments are due annually on August 1; interest payments are due semi-annually on August 1 and February 1. Debt service is payable from future Federal Block Grant monies. The City has pledged certain future grants revenue under Section 106 and Section 108(q) for which the City may become eligible and program income generated directly from the use of the loan funds to repay the note. On April 27, 2015, the City refinanced the outstanding principal balance of the loan of \$2,670,000 in order to obtain a lower interest rate. The City realized an interest savings of approximately \$384,328. As of June 30, 2019, total principal and interest remaining on the note is \$1,586,804. For fiscal year 2019, principal and interest paid were \$354,165 and total block grant revenues were \$911,046.

On June 1, 2004, the City, through the California Statewide Communities Development Authority, issued \$36,235,000 of Taxable Pension Obligation Bonds, Series A-1, to prepay the City's unfunded PERS accrued actuarial liability of \$35,600,000. The City's outstanding debt under the Taxable Pension Obligation Bonds is unsecured, however it is subject to mandatory sinking fund contributions each year beginning June 1, 2017 for the current year principal amount. Events of default include non-payment of interest or principal when due. The City shall have 60 days to cure any default. There have been no events of default since the Bonds were issued. Principal is due annually on June 1 and interest is due semiannually on June 1 and December 1, through June 1, 2024. Debt service is payable from available City resources. For fiscal year 2019, principal and interest paid were \$3,809,860.

On November 18, 2003, the City received a loan in the amount of \$4,450,128, plus accrued interest, from the California State Water Resources Control Board. Proceeds from the loan were used for construction of tertiary treatment facilities and distribution pipelines in the City's Sanitation District. Principal and interest are due annually on December 1 through December 1, 2024. As long as the loan is outstanding, the City has pledged the Sanitation District Enterprise Fund revenues, net of the operations and maintenance expenses, but excluding depreciation, as defined in the loan agreement. The City's outstanding debt under the California State Water Resources Control Board are secured by a pledge of net revenues as previously defined. Events of default include non-payment of interest or principal when due. The City shall have 10 days to cure any default. A penalty of one-tenth of one percent (0.1%) of the amount due will be added for each day of nonpayment. There have been no events of default since the loan was issued. As of June 30, 2019, total principal and interest remaining on the note is \$1,733,273. For fiscal year 2019, principal and interest paid were \$289,928 and total Sanitation District Enterprise net revenues were \$2,770,589.

On September 10, 2012, the City authorized the sale of \$6,890,000 of 2012 Water Revenue Refunding Bonds to refinance the outstanding balance of the 2004 Certificates of Participation. Principal payments are due annually on June 1 and interest is due semiannually on June 1 and December 1, commencing June 1, 2013, through June 1, 2024. The City has pledged Water Utility Enterprise Fund revenues, net of the operations and maintenance expenses but excluding depreciation, for debt service, as defined in the indenture. The City's outstanding debt under the Water Revenue Refunding Bonds is secured by a pledge of net revenues as previously defined. Events of default include non-payment of interest or principal when due, or failing to maintain a debt coverage ratio of at least 1.00. The Trustee of the Bonds shall immediately notify the City upon the occurrence and during the continuance of any default. The City has 60 days to correct any default. The Trustee may declare the Bonds to become immediately due and payable if the City is unable to cure the default. Prior to any judgment or decree for the payment of the amount due has been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all matured principal and unpaid interest prior to the default declaration, with a 10% interest rate per annum on the outstanding amount, to cure the default. There have been no events of default since the Bonds were issued. As of June 30, 2019, total principal and interest remaining on the bonds is \$3,251,600. For fiscal year 2019, principal and interest paid were \$647,801 and total Water Utility Enterprise Fund net revenues were \$3,925,048.

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

Year ending June 30	HUD Section 108 Loan		Pension Obligation Bonds		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$341,000	\$29,839	\$2,895,000	\$1,056,563	\$3,236,000	\$1,086,402
2021	365,000	23,020	3,215,000	885,874	3,580,000	908,894
2022	390,000	14,824	3,560,000	696,318	3,950,000	711,142
2023	418,000	5,121	3,925,000	486,420	4,343,000	491,541
2024			4,325,000	255,002	4,325,000	255,002
	<u>\$1,514,000</u>	<u>\$72,804</u>	<u>\$17,920,000</u>	<u>\$3,380,177</u>	<u>\$19,434,000</u>	<u>\$3,452,981</u>

Year ending June 30	SWRCB Loan		Water Revenue Refunding Bond		Business-Type Activities	
	Principal	Interest	Principal	Interest	Total	
					Principal	Interest
2020	\$249,099	\$39,779	\$585,000	\$61,300	\$834,099	\$101,079
2021	255,326	33,552	600,000	49,600	855,326	83,152
2022	261,709	27,169	615,000	37,600	876,709	64,769
2023	268,253	20,626	625,000	25,300	893,253	45,926
2024	274,959	13,920	640,000	12,800	914,959	26,720
2025	281,833	7,048			281,833	7,048
	<u>\$1,591,179</u>	<u>\$142,094</u>	<u>\$3,065,000</u>	<u>\$186,600</u>	<u>\$4,656,179</u>	<u>\$328,694</u>

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, 2019 that amount was \$479,864,301. As of June 30, 2019, the City did not have any outstanding debt applicable to the limit.

NOTE 6.
CURRENT INTERFUND BALANCES

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these interfunds was to cover deficit cash in receiving funds. At June 30, 2019, the amounts of current interfund balances were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Community Block Grant Special Revenue Fund	<u>\$221,922</u>

INTERFUND ADVANCE

On November 13, 2018, the City Council authorized an appropriation of \$5,000,000 to maintain water utility operating fund or capital fund reserve balances in compliance with City policy or to fund water utility capital improvement or maintenance projects included in the City's then current Capital Improvement Plan. Funding for this project was provided by an advance from the Sanitation District Enterprise Fund to the Water Utility Enterprise Fund. The loan and all accrued interest is repayable on or before June 30, 2023, beginning on July 1, 2021, and the loan bears interest at the end of each fiscal year at the quarterly LAIF rate. At June 30, 2019, the balance of the advance was \$2,510,167, including accrued interest.

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Transfer Amount</u>
General Fund	Gas Tax Special Revenue Fund	\$21,090
	Capital Projects Fund	122,427
	Non Major Governmental Funds	961,109
	Internal Service Fund - Motor Vehicles	1,398,928
	Internal Service Fund - Central Services	39,608
	Internal Service Fund - Information Services	5,911
Gas Tax Special Revenue Fund	General Fund	338,525
	Sanitation District Enterprise Fund	315,000
	Internal Service Fund - Motor Vehicles	45,000
	Internal Service Fund - Information Services	1,888
Capital Projects Fund	General Fund	50,231
	Gas Tax Special Revenue Fund	1,798,579
	Water Utility Enterprise Fund	700,000
	Internal Service Fund - Motor Vehicles	139,680
	Internal Service Fund - Information Services	76,195
Water Utility Enterprise Fund	General Fund	901,609
	Sanitation District Enterprise Fund	1,617,030
	Internal Service Fund - Motor Vehicles	40,000
	Internal Service Fund - Information Services	87,780
Sanitation District Enterprise Fund	General Fund	1,154,892
	Water Utility Enterprise Fund	325,000
	Internal Service Fund - Motor Vehicles	69,895
	Internal Service Fund - Information Services	6,593
Non Major Enterprise Funds	General Fund	164,004
	Capital Projects Fund	115,000
Internal Service Fund - Motor Vehicles	General Fund	75,513
Internal Service Fund - Central Services	General Fund	10,816
Internal Service Fund - PBX	General Fund	12,346
Internal Service Fund - Building Maintenance	General Fund	125,204
Internal Service Fund - Information Services	General Fund	213,125
Internal Service Fund - Self-Insurance	General Fund	213,540
		<u><u>\$11,146,518</u></u>

The purpose of the majority of transfers is to provide general support to another fund. General Fund transfers out typically represent an operating subsidy or in the case of grants, a match of another fund's expenditures.

INTERNAL BALANCES

Internal balances are presented in the governmental-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 7.

RETIREMENT PLAN

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.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-67
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.0%-2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	12.244%	12.244%
Required Unfunded Accrued Liability Contribution	\$4,311,061	

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4%-3.0%	2.0%-2.7%
Required employee contribution rates	9.00%	10.75%
Required employer contribution rates	17.102%	17.102%
Required Unfunded Accrued Liability Contribution	\$4,621,552	

Beginning in fiscal year 2016, CalPERS collects employer contributions for each 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 to make a lump-sum payment at the beginning of the fiscal year. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans were made via lump-sum payments of \$4,311,061 and \$4,621,552, respectively.

Employees Covered – The following employees were covered by the benefit terms for each Plan as of the June 30, 2017 actuarial valuation date and June 30, 2018 measurement date:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	481	316
Inactive employees entitled to but not yet receiving benefits	397	95
Active employees	287	155
Total	<u>1,165</u>	<u>566</u>

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

The City’s Contributions to the Plans for the year ended June 30, 2019 were \$7,064,967 for the Miscellaneous Plan and \$8,263,084 for the Safety Plan.

B. NET PENSION LIABILITY

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Post Retirement Benefit Increase	2.50% thereafter.

- (1) Net of pension plan investment and administrative expenses, including inflation
- (2) The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

C. CHANGES IN THE NET PENSION LIABILITY

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (Measurement Date)	\$312,273,231	\$239,519,536	\$72,753,695
Changes in the year:			
Service cost	4,820,144		4,820,144
Interest on the total pension liability	21,405,533		21,405,533
Changes in assumptions	(9,036,830)		(9,036,830)
Differences between actual and expected experience	1,006,212		1,006,212
Plan to Plan Resource Movement		(585)	585
Contributions - employer		6,152,860	(6,152,860)
Contributions - employees		2,068,466	(2,068,466)
Net investment income		19,945,939	(19,945,939)
Benefit payments, including refunds of employee contributions	(14,549,197)	(14,549,197)	
Other Miscellaneous Expense		(708,784)	708,784
Administrative Expense		(373,237)	373,237
Net changes	<u>3,645,862</u>	<u>12,535,462</u>	<u>(8,889,600)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$315,919,093</u>	<u>\$252,054,998</u>	<u>\$63,864,095</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 (Measurement Date)	\$321,572,305	\$229,973,896	\$91,598,409
Changes in the year:			
Service cost	5,314,299		5,314,299
Interest on the total pension liability	22,455,535		22,455,535
Changes in assumptions	(632,875)		(632,875)
Differences between actual and expected experience	(978,042)		(978,042)
Plan to Plan Resource Movement		(556)	556
Contributions - employer		6,986,096	(6,986,096)
Contributions - employees		2,062,297	(2,062,297)
Net investment income		18,994,354	(18,994,354)
Benefit payments, including refunds of employee contributions	(17,110,200)	(17,110,200)	
Other Miscellaneous Expense		(680,537)	680,537
Administrative Expense		(358,363)	358,363
Net changes	<u>9,048,717</u>	<u>9,893,091</u>	<u>(844,374)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$330,621,022</u>	<u>\$239,866,987</u>	<u>\$90,754,035</u>
TOTAL - BOTH PLANS	<u>\$646,540,115</u>	<u>\$491,921,985</u>	<u>\$154,618,130</u>

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$105,294,091	\$132,781,186	\$238,075,277
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$63,864,095	\$90,754,035	\$154,618,130
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$29,581,920	\$55,861,450	\$85,443,370

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

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense. For the year ended June 30, 2019, the City recognized pension expense of \$10,200,607 for the Miscellaneous Plan and \$13,354,599 for the Safety Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$7,064,967	
Differences between actual and expected experience	568,729	(\$179,564)
Changes in assumptions	2,296,592	(5,107,773)
Net differences between projected and actual earnings on plan investments	1,040,285	-
Total	<u>\$10,970,573</u>	<u>(\$5,287,337)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,263,084	
Differences between actual and expected experience	125,972	(\$855,805)
Changes in assumptions	7,467,876	(428,722)
Net differences between projected and actual earnings on plan investments	1,070,811	-
Total	<u>\$16,927,743</u>	<u>(\$1,284,527)</u>
Total Miscellaneous and Safety Plans	<u>\$27,898,316</u>	<u>(\$6,571,864)</u>

The amount of \$15,328,051 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization		
	Miscellaneous Plan	Safety Plan	Total
2020	\$1,856,589	\$7,490,934	\$9,347,523
2021	(239,447)	2,802,814	2,563,367
2022	(2,378,541)	(2,331,941)	(4,710,482)
2023	(620,332)	(581,675)	(1,202,007)

NOTE 8.

POST EMPLOYMENT BENEFITS OTHER THAN PENSION

The City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in the California Public Employees Retirement System (CalPERS). The City participates in the CalPERS health care plan which is governed under the California Public Employees Health and Medical Care Act (PEHMCA). Required retiree medical plan contributions are also governed by PEHMCA for member agencies. 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.

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEHMCA. Benefits continue for surviving spouses in amounts as required by PEHMCA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$120 to \$125 per month in lieu of contributions to the CalPERS plan. As of the June 30, 2018 measurement date, approximately 463 retirees were eligible and were receiving retiree health care benefits from the City and approximately no inactive employees entitled to but not yet receiving benefit payments. There were approximately 449 active full time employees that should they meet requirements will be eligible to receive health care benefits upon retirement. For the year ended June 30, 2019, the City contributed \$3,168,930 to the Plan.

A. FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined as part of a June 30, 2017 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 2.75% inflation rate, 6.25% investment rate of return, 3% projected annual salary increase, and a medical trend of 7.5% (Non-Medicare) and 6.5% (Medicare) in 2019 decreasing to an ultimate rate of 4.0% in 2076. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year closed amortization period for an initial June 30, 2008 Unfunded Accrued Actuarial Liability (UAAL), a 20 year closed amortization period for method assumptions and plan changes and 15 years for gains and losses, with a maximum of a 30 year combined closed period.

B. NET OPEB LIABILITY

Actuarial Methods and Assumptions – The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the actuarial methods and assumptions shown above.

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	40%	4.82%
Fixed Income	39%	1.47%
TIPS	10%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		6.25%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. CHANGES IN NET OPEB LIABILITY

The changes in the net OPEB liability follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2017	\$57,155,154	\$9,784,344	\$47,370,810
Changes Recognized for the Measurement Period:			
Service Cost	1,514,818	-	1,514,818
Interest on the total OPEB liability	3,567,790	-	3,567,790
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	4,170,657	(4,170,657)
Net investment income	-	604,302	(604,302)
Administrative expenses	-	(18,096)	18,096
Benefit payments	(3,170,657)	(3,170,657)	-
Net changes	1,911,951	1,586,206	325,745
Balance at June 30, 2018 (Measurement Date)	\$59,067,105	\$11,370,550	\$47,696,555

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Plan financial report that may be obtained from the CERBT. The benefit payments include implied subsidy benefit payments in the amount of \$777,000.

D. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTHCARE COST TREND RATES

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

Net OPEB Liability/(Asset)		
Current		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(5.25%)	(6.25%)	(7.25%)
\$54,869,684	\$47,696,555	\$41,705,979

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:

Net OPEB Liability/(Asset)		
Current		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
\$44,252,545	\$47,696,555	\$51,906,368

E. OPEB EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$4,490,761. At June 30, 2019, 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	\$3,168,930	
Net differences between projected and actual earnings on plan investments		(\$39,576)
Total	\$3,168,930	(\$39,576)

\$3,168,930 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, 2020. 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
2020	(\$13,636)
2021	(13,636)
2022	(13,634)
2023	1,330
2024	-

NOTE 9.
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 distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Internal Revenue Service.

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 10.
SELF-INSURANCE

The Self-Insurance Internal Service Fund was established in 1979 to provide for payment of costs associated with the City’s risk management programs. Fund revenues consist of interest earnings, reimbursements of claims paid by the Fund and charges to other funds. The latter is intended to match the charges for insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, operating expenses and the provision of reserves for pending and possible future claims.

The City has a self-insured retention for the first \$150,000 of general and automobile liability claims and maintains a \$10,000 deductible for property losses. Losses in excess of the retention up to \$25,000,000 on general and automobile liability are covered by purchased excess insurance. The City purchases combined property, boiler and machinery and automobile comprehensive insurance covering all but the deductible on the full value of City property. Settlements have never exceeded insurance coverage. The City expenses the incurred liabilities for claims in cases where such amounts are reasonably determinable and where the likelihood of liability exists. Included are estimates for incurred but not reported claims, which are calculated based on claims experience.

The City is a member of California State Association of Counties Excess Insurance Authority (CSAC-EIA), a joint powers authority (JPA) which provides excess workers' compensation liability claims coverage above the City's self-insured retention of \$350,000 per occurrence. Losses above the self-insured retention are pooled with excess reinsurance purchased to a statutory limit. During the fiscal year ended June 30, 2019, the City contributed \$538,417 to CSAC-EIA for current year coverage. Audited financial statements for CSAC-EIA are available from CSAC-EIA at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

The City's present value liability for uninsured claims including a provision for claims incurred but not reported using a discount rate of 2% was computed as follows based on claims experience for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Beginning balance of claims payable	\$9,604,000	\$8,798,000
Increase in estimated claims liability	1,593,210	3,494,492
Claims paid	<u>(1,842,210)</u>	<u>(2,688,492)</u>
Ending balance of claims payable	<u>\$9,355,000</u>	<u>\$9,604,000</u>
Current Portion	<u>\$2,254,481</u>	<u>\$2,366,903</u>

The undiscounted claims totaled \$10,307,580 at June 30, 2019.

NOTE 11.

NET POSITION AND FUND BALANCE

A. *NET POSITION*

Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position 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. These principally include developer fees received for use on capital projects, debt service requirements and amounts required to be set aside for low and moderate income housing.

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

B. GOVERNMENTAL FUND BALANCES

The City's fund balances are classified in accordance with generally accepted accounting principles, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources.

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

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

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

Committed fund balances have constraints imposed by formal action of the City Council by resolution which may be altered only by formal action in the same manner. Encumbrances and 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 by resolution or its designee (City Manager) and may be changed at the discretion of the City Council by resolution. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

Detailed classifications of the City's Fund Balances, as of June 30, 2019, are below:

Fund Balance Classifications	General Fund	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Inventories	\$1,690	\$28,947				\$30,637
Prepays	359,313	791				360,104
Loan Receivable from Successor Agency	15,566,950					15,566,950
Total Nonspendable	15,927,953	29,738				15,957,691
Restricted for:						
Pension benefits	3,198,748					3,198,748
Gas Tax Projects		5,181,284				5,181,284
Capital Projects				\$5,443,747		5,443,747
Low and Moderate Income Housing Assets					\$7,854,739	7,854,739
Linda Vista Benefit Assessment					486,993	486,993
Traffic Safety					112,260	112,260
Doelger Senior Center					24,124	24,124
Grants			\$489,829			489,829
Total Restricted	3,198,748	5,181,284	489,829	5,443,747	8,478,116	22,791,724
Assigned to:						
Operating Capital	12,000,000					12,000,000
Capital Projects				15,753,688		15,753,688
Other Contracts	291,473					291,473
Total Assigned	12,291,473			15,753,688		28,045,161
Unassigned:	34,684,815				(86,950)	34,597,865
Total Fund Balances	\$66,102,989	\$5,211,022	\$489,829	\$21,197,435	\$8,391,166	\$101,392,441

C. RESTATEMENTS OF NET POSITION

The City implemented GASB Statements No. 68 and 71 in fiscal year 2015. As part of the implementation, the City allocated the Miscellaneous Plan pension-related deferred outflows, net pension liabilities and deferred inflows between Governmental Activities and Business-Type activities.

During fiscal year 2019, the City discovered that the allocation basis used for fiscal years 2015 to 2018 was incorrect. As a result, the beginning net position of the Governmental Activities, Business-Type Activities, Water Utility Enterprise Fund, and Sanitation District Enterprise Fund, were restated by \$7,705,048, (\$7,705,048), (\$2,539,179), and (\$5,165,869), respectively.

NOTE 12.
LOANS AND NOTES RECEIVABLE

The City administers a housing rehabilitation program using Housing and Community Development Block Grant (CDBG) and Cal Home funds that is accounted for in the Community Block Grant Special Revenue Fund and Grants Special Revenue Fund. Under this program, individuals with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust or mobile home liens, for construction work on their homes. Although these loans and notes are expected to be repaid, their balance has been offset by unavailable revenue as they are not expected to be repaid during the next fiscal year.

During fiscal year 2019, the City made loans to participants under this program and the CDBG loan program activity is as follows:

Beginning Balance	\$1,541,167
New loans	195,636
Loan repayments	<u>(110,870)</u>
Ending Balance	<u><u>\$1,625,933</u></u>

NOTE 13.
FUND DEFICITS

The Community Block Grant Special Revenue Fund, Central Services Internal Service Fund, Building Maintenance Internal Service Fund and the PERS Contributions Internal Service Fund had deficits amounting to \$86,950, \$38,216 and \$586,677, and \$9,721,129, respectively, at June 30, 2019. The deficits will be eliminated with future revenues and available funding or other resources.

NOTE 14.
ACTIVITIES OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

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

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

A. CASH

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 1H above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.

B. LONG RANGE PROPERTY MANAGEMENT PLAN APPROVAL

On December 14, 2015 the Successor Agency received confirmation from the DOF that the DOF had reviewed and approved the Successor Agency's Long Range Property Management Plan (LRPMP).

C. LOANS BETWEEN THE CITY AND THE SUCCESSOR AGENCY

Due to the dissolution of the Redevelopment Agency, loans payable, totaling \$23,842,357, from the Redevelopment Agency to the General Fund were written off as of June 30, 2012. In May 2016 the State Department of Finance (DOF) confirmed and approved repayment of the loan payment from the former Redevelopment Agency to the City General Fund totaling \$13,775,503, payable at the statutory interest rate of 3% of the outstanding amount. In October 2016, the City received confirmation and approval of an additional repayment of the loan from the former Redevelopment Agency to the City General Fund totaling \$4,579,613. These loans are recorded as a loan receivable in the City's General Fund and is classified as nonspendable fund balance as it cannot be appropriated against until funds are received from the State. The balance of the loans as of June 30, 2019 is \$15,566,950.

REQUIRED SUPPLEMENTARY INFORMATION

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS AND OPEB PLANS:

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

This schedule reports the beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year presented by cause (similar to the note disclosure). It also reports the total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, the payroll amount for current employees in the plan (covered payroll), and a ratio of the net pension liability divided by covered-employee payroll.

SCHEDULE OF CONTRIBUTIONS – PENSION PLANS

This schedule reports the agent multiple-employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered payroll.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

This schedule reports the beginning and ending balances of the total OPEB liability, the plan assets available for OPEB benefits (called plan net position), and the net OPEB liability, as well as the change in those amounts during the year presented by cause (similar to the note disclosure). It also reports the total OPEB liability, plan net position, net OPEB liability, a ratio of plan net position divided by the total OPEB liability, the payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net OPEB liability divided by covered-employee payroll.

SCHEDULE OF CONTRIBUTIONS – OPEB PLAN

This schedule reports the agent multiple-employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions (ADC) or contractually required contributions if the ADC has not been calculated, and a ratio of the actual contributions divided by covered-employee payroll.

City of Daly City, Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2019
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

<u>Measurement Period</u>	<u>MISCELLANEOUS</u>				
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Total Pension Liability					
Service Cost	\$4,928,638	\$4,355,451	\$4,356,641	\$4,961,492	\$4,820,144
Interest	19,456,167	20,028,375	20,453,457	21,126,222	21,405,533
Differences between expected and actual experience		(5,096,599)	(6,329,013)	(1,376,656)	1,006,212
Changes in assumptions		(4,888,600)		17,607,198	(9,036,830)
Changes in benefits					
Benefit payments, including refunds of employee contributions	(11,304,889)	(12,134,586)	(12,862,999)	(13,610,749)	(14,549,197)
Net change in total pension liability	<u>13,079,916</u>	<u>2,264,041</u>	<u>5,618,086</u>	<u>28,707,507</u>	<u>3,645,862</u>
Total pension liability - beginning	<u>262,603,681</u>	<u>275,683,597</u>	<u>277,947,638</u>	<u>283,565,724</u>	<u>312,273,231</u>
Total pension liability - ending (a)	<u>\$275,683,597</u>	<u>\$277,947,638</u>	<u>\$283,565,724</u>	<u>\$312,273,231</u>	<u>\$315,919,093</u>
Plan fiduciary net position					
Contributions - employer	\$3,860,928	\$3,732,343	\$4,446,777	\$5,539,675	\$6,152,860
Contributions - employee	2,090,754	1,959,273	2,019,542	2,110,207	2,068,466
Net investment income	34,374,839	5,074,277	1,142,662	24,378,978	19,945,939
Benefit payments, including refunds of employee contributions	(11,304,889)	(12,134,586)	(12,862,999)	(13,610,749)	(14,549,197)
Other Miscellaneous Expense					(708,784)
Administrative Expense		(255,289)	(138,235)	(326,924)	(373,237)
Plan to Plan Resource Movement		(493)			(585)
Net change in plan fiduciary net position	<u>29,021,632</u>	<u>(1,624,475)</u>	<u>(5,392,253)</u>	<u>18,091,187</u>	<u>12,535,462</u>
Plan fiduciary net position - beginning	<u>199,423,445</u>	<u>228,445,077</u>	<u>226,820,602</u>	<u>221,428,349</u>	<u>239,519,536</u>
Plan fiduciary net position - ending (b)	<u>\$228,445,077</u>	<u>\$226,820,602</u>	<u>\$221,428,349</u>	<u>\$239,519,536</u>	<u>\$252,054,998</u>
Net pension liability - ending (a)-(b)	<u>\$47,238,520</u>	<u>\$51,127,036</u>	<u>\$62,137,375</u>	<u>\$72,753,695</u>	<u>\$63,864,095</u>
Plan fiduciary net position as a percentage of the total pension liability	82.86%	81.61%	78.09%	76.70%	79.78%
Covered - payroll	\$24,443,972	\$22,658,681	\$22,823,982	\$23,568,915	\$22,688,822
Net pension liability as percentage of covered payroll	193.25%	225.64%	272.25%	308.68%	281.48%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 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 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

City of Daly City, Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2019
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

<u>Measurement Period</u>	<u>SAFETY</u>				
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Total Pension Liability					
Service Cost	\$5,018,136	\$4,776,984	\$4,859,775	\$5,566,167	\$5,314,299
Interest	19,532,405	20,368,130	21,118,384	21,794,377	22,455,535
Differences between expected and actual experience		(455,068)	(1,021,524)	293,934	(978,042)
Changes in assumptions		(4,770,631)		17,425,044	(632,875)
Changes in benefits					
Benefit payments, including refunds of employee contributions	(12,996,278)	(13,776,270)	(14,939,167)	(15,643,224)	(17,110,200)
Net change in total pension liability	11,554,263	6,143,145	10,017,468	29,436,298	9,048,717
Total pension liability - beginning	264,421,131	275,975,394	282,118,539	292,136,007	321,572,305
Total pension liability - ending (a)	\$275,975,394	\$282,118,539	\$292,136,007	\$321,572,305	\$330,621,022
Plan fiduciary net position					
Contributions - employer	\$4,225,009	\$4,630,110	\$5,309,673	\$6,087,507	\$6,986,096
Contributions - employee	2,632,654	1,864,455	1,917,899	1,935,079	2,062,297
Net investment income	33,622,839	4,997,920	1,208,758	23,497,877	18,994,354
Benefit payments, including refunds of employee contributions	(12,996,278)	(13,776,270)	(14,939,167)	(15,643,224)	(17,110,200)
Administrative Expense		(249,064)	(134,719)	(316,566)	(358,363)
Other Miscellaneous Expense					(680,537)
Plan to Plan Resource Management		493		341	(556)
Net change in plan fiduciary net position	27,484,224	(2,532,356)	(6,637,556)	15,561,014	9,893,091
Plan fiduciary net position - beginning	196,098,570	223,582,794	221,050,438	214,412,882	229,973,896
Plan fiduciary net position - ending (b)	\$223,582,794	\$221,050,438	\$214,412,882	\$229,973,896	\$239,866,987
Net pension liability - ending (a)-(b)	\$52,392,600	\$61,068,101	\$77,723,125	\$91,598,409	\$90,754,035
Plan fiduciary net position as a percentage of the total pension liability	81.02%	78.35%	73.39%	71.52%	72.55%
Covered - payroll	\$19,652,763	\$19,567,377	\$19,784,134	\$19,829,558	\$20,477,192
Net pension liability as percentage of covered-employee payroll	266.59%	312.09%	392.86%	461.93%	443.20%

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, 2016 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 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

Source: CalPERS Accounting Valuation

City of Daly City, Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2019
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	MISCELLANEOUS				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$4,637,116	\$6,771,305	\$5,540,220	\$6,146,305	\$7,064,967
Contributions in relation to the actuarially determined contributions	<u>(4,637,116)</u>	<u>(6,771,305)</u>	<u>(5,540,220)</u>	<u>(6,146,305)</u>	<u>(7,064,967)</u>
Contribution deficiency (excess)					
Covered - payroll	\$22,658,681	\$22,823,982	\$23,568,915	\$22,688,822	\$24,144,928
Contributions as a percentage of covered-payroll	20.47%	29.67%	23.51%	27.09%	29.26%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

City of Daly City, Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2019
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	SAFETY				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$4,225,009	\$5,309,673	\$6,090,350	\$6,985,429	\$8,263,084
Contributions in relation to the actuarially determined contributions	<u>(4,225,009)</u>	<u>(5,309,673)</u>	<u>(6,090,350)</u>	<u>(6,985,429)</u>	<u>(8,263,084)</u>
Contribution deficiency (excess)					
Covered - payroll	\$19,567,377	\$19,784,134	\$19,829,558	\$20,477,192	\$21,410,816
Contributions as a percentage of covered - payroll	21.59%	26.84%	30.71%	34.11%	38.59%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

City of Daly City, Agent Multiple-Employer Defined Benefit OPEB Plan
As of fiscal year ending June 30, 2019
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Measurement Date Ended June 30	2017	2018
Total OPEB Liability		
Service Cost	\$1,470,697	\$1,514,818
Interest	3,449,729	3,567,790
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(2,980,461)	(3,170,657)
Net change in total OPEB liability	1,939,965	1,911,951
Total OPEB liability - beginning	55,215,189	57,155,154
Total OPEB liability - ending (a)	\$57,155,154	\$59,067,105
Plan fiduciary net position		
Contributions - employer	\$5,980,461	\$4,170,657
Contributions - employee	-	-
Net investment income	557,870	604,302
Administrative expense	(4,247)	(18,096)
Benefit payments	(2,980,461)	(3,170,657)
Net change in plan fiduciary net position	3,553,623	1,586,206
Plan fiduciary net position - beginning	6,230,721	9,784,344
Plan fiduciary net position - ending (b)	\$9,784,344	\$11,370,550
Net OPEB liability - ending (a)-(b)	<u>\$47,370,810</u>	<u>\$47,696,555</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	19.25%
Covered-employee payroll	<u>\$43,165,918</u>	<u>\$44,999,534</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>109.74%</u>	<u>105.99%</u>

* Fiscal year 2018 was the first year of implementation.

City of Daly City, Agent Multiple-Employer Defined Benefit OPEB Plan

As of fiscal year ending June 30, 2019

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30,	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$5,109,000	
Contractually required contributions (a)		\$4,185,306
Contributions in relation to the contractually required or actuarially determined contributions	<u>(3,168,930)</u>	<u>(4,185,306)</u>
Contribution deficiency (excess)	<u>\$1,940,070</u>	<u>\$0</u>
Covered-employee payroll	<u>\$44,999,534</u>	<u>\$43,165,918</u>
Contributions as a percentage of covered-employee payroll	7.04%	9.70%

* Fiscal year 2018 was the first year of implementation.

(a) The City did not obtain an actuarially determined contribution calculation in fiscal year 2018, therefore the contractually required contributions were reported.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with governments which are not required to be accounted for in a separate fund. It comprises of the following activities: General, Special Deposits, and Traffic Enforcement.



CITY OF DALY CITY
GENERAL FUND
COMBINING FUND BALANCE SHEET
JUNE 30, 2019

	General	Special Deposits	Traffic Enforcement	Total General Fund
ASSETS				
Cash and investments	\$44,149,451	\$6,263,292	\$155,122	\$50,567,865
Restricted cash and investments	3,198,748			3,198,748
Accounts receivable, net	4,969,917	110,754	80,240	5,160,911
Due from other funds	221,922			221,922
Prepays	359,313			359,313
Inventories	1,690			1,690
Loan receivable from Successor Agency	15,566,950			15,566,950
	<u>\$68,467,991</u>	<u>\$6,374,046</u>	<u>\$235,362</u>	<u>\$75,077,399</u>
Total Assets				
LIABILITIES				
Accounts payable	\$2,374,647	\$955,847	\$44,200	\$3,374,694
Accrued payroll	662,922			662,922
Deposits payable		4,936,794		4,936,794
	<u>3,037,569</u>	<u>5,892,641</u>	<u>44,200</u>	<u>8,974,410</u>
Total Liabilities				
FUND BALANCES				
Fund Balance				
Nonspendable	15,927,953			15,927,953
Restricted	3,198,748			3,198,748
Assigned	12,291,473			12,291,473
Unassigned	34,012,248	481,405	191,162	34,684,815
	<u>65,430,422</u>	<u>481,405</u>	<u>191,162</u>	<u>66,102,989</u>
Total Fund Balances				
Total Liabilities, and Fund Balances	<u>\$68,467,991</u>	<u>\$6,374,046</u>	<u>\$235,362</u>	<u>\$75,077,399</u>

CITY OF DALY CITY
GENERAL FUND
COMBINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General	Special Deposits	Traffic Enforcements	Total General Funds
REVENUES				
Property tax	\$36,699,766			\$36,699,766
Sales tax	15,428,682			15,428,682
Utility users tax	5,906,694			5,906,694
Franchise fees	4,178,006			4,178,006
Other taxes	6,854,372			6,854,372
Licenses and permits	2,970,667			2,970,667
Fines and forfeitures	3,145,216		\$234,103	3,379,319
Rents and interest	2,921,813			2,921,813
Receipts from other agencies	5,530,792			5,530,792
Charges and fees	5,589,325	\$20,374		5,609,699
Miscellaneous	1,745,869	23,080		1,768,949
Total Revenues	90,971,202	43,454	234,103	91,248,759
EXPENDITURES				
Current:				
General government	9,042,847	33,553		9,076,400
Public safety	53,969,976		300,484	54,270,460
Public works	3,950,174			3,950,174
Culture and recreation	10,325,914	1,133		10,327,047
Economic and community development	3,582,674			3,582,674
Total Expenditures	80,871,585	34,686	300,484	81,206,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,099,617	8,768	(66,381)	10,042,004
OTHER FINANCING SOURCES (USES)				
Sale of property	11,639			11,639
Transfers in	3,259,805			3,259,805
Transfers (out)	(2,549,073)			(2,549,073)
Total Other Financing Sources (Uses)	722,371			722,371
NET CHANGES IN FUND BALANCES	10,821,988	8,768	(66,381)	10,764,375
BEGINNING FUND BALANCES	54,608,434	472,637	257,543	55,338,614
ENDING FUND BALANCES	\$65,430,422	\$481,405	\$191,162	\$66,102,989

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or rehabilitation of major capital assets other than those financed by Proprietary Funds.

CITY OF DALY CITY
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Rents and interest		\$650,813	\$650,813
Federal programs and grants	\$150,000	75,000	(75,000)
Receipts from other agencies	1,705,921	441,824	(1,264,097)
Charges and fees	2,114,428	4,521,866	2,407,438
Miscellaneous		209,023	209,023
	<u>3,970,349</u>	<u>5,898,526</u>	<u>1,928,177</u>
EXPENDITURES			
Public Works	1,307,053	1,198,134	108,919
Capital projects	8,350,076	2,534,453	5,815,623
	<u>9,657,129</u>	<u>3,732,587</u>	<u>5,924,542</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>(5,686,780)</u>	<u>2,165,939</u>	<u>7,852,719</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	441,266	237,427	(203,839)
Transfers (out)	(2,944,476)	(2,764,685)	179,791
	<u>(2,503,210)</u>	<u>(2,527,258)</u>	<u>(24,048)</u>
NET CHANGE IN FUND BALANCES			
	<u>(\$8,189,990)</u>	<u>(361,319)</u>	<u>\$7,828,671</u>
BEGINNING FUND BALANCE			
		<u>21,558,754</u>	
ENDING FUND BALANCE			
		<u>\$21,197,435</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes or for which separate accounting is required by administrative action.

The City's Special Revenue Funds are as follows:

- Low and Moderate Income Housing Assets – to account for the activities of the Housing Successor Agency to the Daly City Redevelopment Agency.
- Doelger Senior Center - to account for the operations of the Doelger Senior Center program.
- Community Block Grant - to account for monies received by the City as a participant in the federal Community Development Block Grant (CDBG) program.
- Linda Vista Benefit Assessment - to account for the charges and for the costs of maintenance of storm drains in the Linda Vista Subdivision.
- Traffic Safety – to account for grant funds and vehicle impound fees authorized by State law specifically to provide traffic safety programs.

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant	Linda Vista Benefit Assessment	Traffic Safety	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$4,511,852	\$21,606		\$486,993	\$113,326	\$5,133,777
Accounts receivable, net		22,843	\$173,281			196,124
Notes receivable			1,154,828			1,154,828
Property held for development	3,366,888					3,366,888
Total Assets	<u>\$7,878,740</u>	<u>\$44,449</u>	<u>\$1,328,109</u>	<u>\$486,993</u>	<u>\$113,326</u>	<u>\$9,851,617</u>
LIABILITIES						
Accounts payable	\$20,000	\$18,896	\$38,309		\$1,066	\$78,271
Accrued payroll		1,429				1,429
Due to other funds			221,922			221,922
Deposits payable	4,001					4,001
Total Liabilities	<u>24,001</u>	<u>20,325</u>	<u>260,231</u>		<u>1,066</u>	<u>305,623</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans			1,154,828			1,154,828
FUND BALANCES						
Restricted	7,854,739	24,124		\$486,993	112,260	8,478,116
Unassigned			(86,950)			(86,950)
Total Fund Balances	<u>7,854,739</u>	<u>24,124</u>	<u>(86,950)</u>	<u>486,993</u>	<u>112,260</u>	<u>8,391,166</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$7,878,740</u>	<u>\$44,449</u>	<u>\$1,328,109</u>	<u>\$486,993</u>	<u>\$113,326</u>	<u>\$9,851,617</u>

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS					Total Nonmajor Governmental Funds
	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant	Linda Vista Benefit Assessment	Traffic Safety	
REVENUES						
Rents and interest	\$95,824	\$13,198		\$12,513		\$121,535
Federal programs and grants		203,410	\$911,046			1,114,456
Charges and fees		194,582		44,380	\$40,182	279,144
Miscellaneous	27,157	103,222	10,687			141,066
Total Revenues	122,981	514,412	921,733	56,893	40,182	1,656,201
EXPENDITURES						
Public safety					41,855	41,855
Public works				44,438		44,438
Culture and recreation		1,078,370				1,078,370
Economic and community development	212,073		654,518			866,591
Debt service:						
Principal			319,000			319,000
Interest			35,165			35,165
Total Expenditures	212,073	1,078,370	1,008,683	44,438	41,855	2,385,419
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,092)	(563,958)	(86,950)	12,455	(1,673)	(729,218)
OTHER FINANCING SOURCES (USES)						
Transfers in	375,100	586,009				961,109
Total Other Financing Sources (Uses)	375,100	586,009				961,109
NET CHANGE IN FUND BALANCES	286,008	22,051	(86,950)	12,455	(1,673)	231,891
BEGINNING FUND BALANCES	7,568,731	2,073		474,538	113,933	8,159,275
ENDING FUND BALANCES	\$7,854,739	\$24,124	(\$86,950)	\$486,993	\$112,260	\$8,391,166

CITY OF DALY CITY
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	LOW AND MODERATE INCOME HOUSING ASSETS			DOELGER SENIOR CENTER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Rents and interest		\$95,824	\$95,824	\$86,570	\$13,198	(\$73,372)
Federal programs and grants				200,000	203,410	3,410
Charges and fees	\$2,942,522		(2,942,522)	185,121	194,582	9,461
Miscellaneous	2,850	27,157	24,307	101,500	103,222	1,722
Total Revenues	2,945,372	122,981	(2,822,391)	573,191	514,412	(58,779)
EXPENDITURES						
Public Safety						
Services and supplies						
Capital outlay						
Other charges						
Total Public Safety						
Public Works						
Services and supplies						
Capital outlay						
Other charges						
Total Public Works						
Culture and Recreation						
Salaries and benefits				433,593	414,225	19,368
Services and supplies				609,252	652,810	(43,558)
Other charges				11,615	11,335	280
Total Culture and Recreation				1,054,460	1,078,370	(23,910)
Economic and Community Development						
Salaries and benefits	302,940	150,619	152,321			
Services and supplies	150,764	61,264	89,500			
Other charges	3,021,839	190	3,021,649			
Debt Service:						
Principal						
Interest						
Total Economic and Community Development	3,475,543	212,073	3,263,470			
Total Expenditures	3,475,543	212,073	3,263,470	1,054,460	1,078,370	(23,910)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(530,171)	(89,092)	441,079	(481,269)	(563,958)	(82,689)
OTHER FINANCING SOURCES (USES)						
Transfers in	251,469	375,100	123,631	450,000	586,009	136,009
Total Other Financing Sources (Uses)	251,469	375,100	123,631	450,000	586,009	136,009
NET CHANGE IN FUND BALANCES	(\$278,702)	286,008	\$564,710	(\$31,269)	22,051	\$53,320
BEGINNING FUND BALANCES		7,568,731			2,073	
ENDING FUND BALANCES		\$7,854,739			\$24,124	

COMMUNITY BLOCK GRANT			LINDA VISTA BENEFIT ASSESSMENT			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,129,594	\$911,046	(\$218,548)	\$1,820	\$12,513	\$10,693			
60,000	10,687	(49,313)	44,300	44,380	80	\$50,507	\$40,182	(\$10,325)
1,189,594	921,733	(267,861)	46,120	56,893	10,773	50,507	40,182	(10,325)
						35,583	36,139	(556)
						5,828	4,207	1,621
						9,096	1,509	7,587
						50,507	41,855	8,652
			16,262	16,592	(330)			
			2,115	1,380	735			
			30,135	26,466	3,669			
			48,512	44,438	4,074			
350,084	349,289	795						
170,393	157,527	12,866						
318,740	147,702	171,038						
319,000	319,000							
35,165	35,165							
1,193,382	1,008,683	184,699						
1,193,382	1,008,683	184,699	48,512	44,438	4,074	50,507	41,855	8,652
(3,788)	(86,950)	(83,162)	(2,392)	12,455	14,847		(1,673)	(1,673)
<u>(\$3,788)</u>	<u>(86,950)</u>	<u>(\$83,162)</u>	<u>(\$2,392)</u>	12,455	<u>\$14,847</u>		(1,673)	<u>(\$1,673)</u>
				474,538			113,933	
	<u>(\$86,950)</u>			<u>\$486,993</u>			<u>\$112,260</u>	



NONMAJOR PROPRIETARY FUNDS

The City maintains the following nonmajor enterprise funds:

- Civic Center - to account for rental activity of real property owned by the City in the Civic Center area.
- Transfer Station - to account for the activity of the Mussel Rock garbage transfer station.

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
JUNE 30, 2019

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and investments	\$1,441,406	\$1,488,833	\$2,930,239
Accounts receivable, net		150,827	150,827
	<u>1,441,406</u>	<u>1,639,660</u>	<u>3,081,066</u>
Total Current Assets			
Capital Assets:			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	936,705	20,912	957,617
	<u>8,201,195</u>	<u>1,298,574</u>	<u>9,499,769</u>
Total Capital Assets			
Less accumulated depreciation	<u>(4,717,525)</u>	<u>(1,205,190)</u>	<u>(5,922,715)</u>
Net Capital Assets	<u>3,483,670</u>	<u>93,384</u>	<u>3,577,054</u>
Total Assets	<u>4,925,076</u>	<u>1,733,044</u>	<u>6,658,120</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB		<u>3,422</u>	<u>3,422</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	14,066	25,710	39,776
Compensated absences		5,092	5,092
Net OPEB liability		<u>51,509</u>	<u>51,509</u>
Total Liabilities	<u>14,066</u>	<u>82,311</u>	<u>96,377</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB		<u>43</u>	<u>43</u>
NET POSITION			
Net investment in capital assets	3,483,670	93,384	3,577,054
Unrestricted	<u>1,427,340</u>	<u>1,560,728</u>	<u>2,988,068</u>
Total Net Position	<u>\$4,911,010</u>	<u>\$1,654,112</u>	<u>\$6,565,122</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
OPERATING REVENUES			
Rental income	\$801,304		\$801,304
Other revenues	47,782	\$311,221	359,003
	<u>849,086</u>	<u>311,221</u>	<u>1,160,307</u>
OPERATING EXPENSES			
Salaries and benefits		190,150	190,150
Services and supplies	454,942	18,291	473,233
Utilities	158,525	659	159,184
Insurance	18,060		18,060
Depreciation	190,694	27,140	217,834
	<u>822,221</u>	<u>236,240</u>	<u>1,058,461</u>
Total Operating Expenses			
Operating Income	<u>26,865</u>	<u>74,981</u>	<u>101,846</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	40,536		40,536
Income (Loss) Before Transfers	67,401	74,981	142,382
Transfers out	<u>(175,136)</u>	<u>(103,868)</u>	<u>(279,004)</u>
Change in Net Position	(107,735)	(28,887)	(136,622)
BEGINNING NET POSITION	<u>5,018,745</u>	<u>1,682,999</u>	<u>6,701,744</u>
ENDING NET POSITION	<u>\$4,911,010</u>	<u>\$1,654,112</u>	<u>\$6,565,122</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Civic Center	Transfer Station	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$853,973	\$261,978	\$1,115,951
Payments to suppliers	(632,459)	1,289	(631,170)
Payments to employees		(189,212)	(189,212)
	<u>221,514</u>	<u>74,055</u>	<u>295,569</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(175,136)	(103,868)	(279,004)
	<u>(175,136)</u>	<u>(103,868)</u>	<u>(279,004)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	40,536		40,536
	<u>86,914</u>	<u>(29,813)</u>	<u>57,101</u>
Cash and investments at beginning of year	1,354,492	1,518,646	2,873,138
Cash and investments at end of year	<u>\$1,441,406</u>	<u>\$1,488,833</u>	<u>\$2,930,239</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$26,865	\$74,981	\$101,846
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	190,694	27,140	217,834
Change in assets and liabilities:			
Accounts receivable	4,887	(49,243)	(44,356)
Accounts payable	(932)	20,239	19,307
OPEB related items		938	938
	<u>\$221,514</u>	<u>\$74,055</u>	<u>\$295,569</u>
Cash Flows from Operating Activities	<u>\$221,514</u>	<u>\$74,055</u>	<u>\$295,569</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund are eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position. However, internal service funds are still presented separately in the Fund financial statements.

The City's Internal Service Funds are:

- Motor Vehicles - to account for the purchase and maintenance of all motor vehicles provided as a service to City departments.
- Central Services - to account for and allocate costs related to providing mail messenger services for City departments.
- PBX - to account for services provided for the operation and maintenance of the City's telephone system.
- Building Maintenance - to account for services provided for the maintenance of City facilities.
- Information Services - to account for the distribution of computer hardware, software and operating costs to various City departments.
- Self-Insurance - to account for the costs of workers compensation, automotive, and general liability claims against the City.
- PERS Contributions - to account for the long-term debt, prepaid PERS contributions and repayments from benefiting City funds and departments resulting from the City's PERS Obligation Bond issue.
- Retiree Health – to account for contributions to the OPEB trust.

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	\$4,195,616	\$166,074	\$332,387	\$1,540,402
Cash with fiscal agent				
Accounts receivable, net	2,033			
Inventories	147,035			34,720
Total Current Assets	4,344,684	166,074	332,387	1,575,122
Capital Assets:				
Land				
Buildings	35,817			
Equipment	15,759,892	9,370	932,404	125,529
Furniture and fixtures				16,490
Construction in progress	2,283,991			
Total Capital Assets	18,079,700	9,370	932,404	142,019
Less Accumulated Depreciation	(10,932,813)	(9,370)	(932,404)	(62,051)
Net Capital Assets	7,146,887			79,968
Total Assets	11,491,571	166,074	332,387	1,655,090
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	47,531	13,689		126,620
LIABILITIES				
Current Liabilities:				
Accounts payable	186,464	10,929	11,967	105,839
Accrued payroll	1,057	847		2,507
Interest payable				
Accrued claims payable				
PERS obligation bonds				
Total Current Liabilities	187,521	11,776	11,967	108,346
Long-Term Liabilities:				
Compensated absences	124,410			352,657
Accrued claims payable				
Net OPEB Liability	824,131	206,032		1,905,802
PERS obligation bonds				
Total Long-Term Liabilities	948,541	206,032		2,258,459
Total Liabilities	1,136,062	217,808	11,967	2,366,805
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	684	171		1,582
NET POSITION				
Net investment in capital assets	7,146,887			79,968
Restricted for debt service				
Unrestricted	3,255,469	(38,216)	320,420	(666,645)
Total Net Position (Deficit)	\$10,402,356	(\$38,216)	\$320,420	(\$586,677)

Information Services	Self-Insurance	PERS Contributions	Retiree Health	Total
\$4,580,585	\$12,864,767	\$8,911,913	\$2,000,000	\$34,591,744
		76,072		76,072
150	15,322			17,505
				181,755
<u>4,580,735</u>	<u>12,880,089</u>	<u>8,987,985</u>	<u>2,000,000</u>	<u>34,867,076</u>
	378,343			378,343
				35,817
3,819,051				20,646,246
46,614				63,104
793,879				3,077,870
<u>4,659,544</u>	<u>378,343</u>			<u>24,201,380</u>
<u>(3,714,117)</u>				<u>(15,650,755)</u>
<u>945,427</u>	<u>378,343</u>			<u>8,550,625</u>
<u>5,526,162</u>	<u>13,258,432</u>	<u>8,987,985</u>	<u>2,000,000</u>	<u>43,417,701</u>
<u>37,644</u>	<u>6,844</u>			<u>232,328</u>
64,729	8,805	251,067		639,800
				4,411
		88,047		88,047
	2,254,481			2,254,481
		2,895,000		2,895,000
<u>64,729</u>	<u>2,263,286</u>	<u>3,234,114</u>		<u>5,881,739</u>
61,416	18,644			557,127
	7,100,519			7,100,519
566,589	103,016			3,605,570
		15,025,000		15,025,000
<u>628,005</u>	<u>7,222,179</u>	<u>15,025,000</u>		<u>26,288,216</u>
<u>692,734</u>	<u>9,485,465</u>	<u>18,259,114</u>		<u>32,169,955</u>
<u>470</u>	<u>85</u>			<u>2,992</u>
945,427	378,343			8,550,625
		76,072		76,072
<u>3,925,175</u>	<u>3,401,383</u>	<u>(9,347,201)</u>	<u>2,000,000</u>	<u>2,850,385</u>
<u>\$4,870,602</u>	<u>\$3,779,726</u>	<u>(\$9,271,129)</u>	<u>\$2,000,000</u>	<u>\$11,477,082</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Motor Vehicles</u>	<u>Central Services</u>	<u>PBX</u>	<u>Building Maintenance</u>
OPERATING REVENUES				
Charges to City departments	\$4,320,254	\$238,602	\$273,713	\$4,760,335
Other revenues	271,485		973	28,566
Total Operating Revenues	<u>4,591,739</u>	<u>238,602</u>	<u>274,686</u>	<u>4,788,901</u>
OPERATING EXPENSES				
Salaries and benefits	1,190,256	6,761		2,915,879
Services and supplies	1,398,737	114,787	57,875	883,713
Utilities	23,777	138	164,389	227,777
Insurance	512,724	194		6,166
Claims and settlements				
Depreciation	1,302,155	1,874		3,853
Other charges	8,371	3,860		4,755
Total Operating Expenses	<u>4,436,020</u>	<u>127,614</u>	<u>222,264</u>	<u>4,042,143</u>
Operating Income (Loss)	<u>155,719</u>	<u>110,988</u>	<u>52,422</u>	<u>746,758</u>
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of capital assets	(223,582)			
Interest income	148,559	20,734	8,980	36,426
Interest expense				
Total Nonoperating Revenues (Expenses)	<u>(75,023)</u>	<u>20,734</u>	<u>8,980</u>	<u>36,426</u>
Income (Loss) Before Transfers	<u>80,696</u>	<u>131,722</u>	<u>61,402</u>	<u>783,184</u>
Transfers in	1,693,503	39,608		
Transfers out	(75,513)	(10,816)	(12,346)	(125,204)
Net Transfers	<u>1,617,990</u>	<u>28,792</u>	<u>(12,346)</u>	<u>(125,204)</u>
Change in Net Position	<u>1,698,686</u>	<u>160,514</u>	<u>49,056</u>	<u>657,980</u>
BEGINNING NET POSITION (DEFICITS)	<u>8,703,670</u>	<u>(198,730)</u>	<u>271,364</u>	<u>(1,244,657)</u>
ENDING NET POSITION (DEFICITS)	<u><u>\$10,402,356</u></u>	<u><u>(\$38,216)</u></u>	<u><u>\$320,420</u></u>	<u><u>(\$586,677)</u></u>

Information Services	Self-Insurance	PERS Contributions	Retiree Health	Total
\$2,965,687	\$6,468,586	\$3,849,831		\$22,877,008
150	262,790			563,964
<u>2,965,837</u>	<u>6,731,376</u>	<u>3,849,831</u>		<u>23,440,972</u>
1,275,959	310,771			5,699,626
502,853	1,237,496	5,578		4,201,039
42,676	592			459,349
244	1,228,891			1,748,219
	1,842,210			1,842,210
230,745				1,538,627
<u>323,617</u>	<u>4,715</u>			<u>345,318</u>
<u>2,376,094</u>	<u>4,624,675</u>	<u>5,578</u>		<u>15,834,388</u>
<u>589,743</u>	<u>2,106,701</u>	<u>3,844,253</u>		<u>7,606,584</u>
				(223,582)
117,617	319,154	52,082		703,552
		(1,197,085)		(1,197,085)
<u>117,617</u>	<u>319,154</u>	<u>(1,145,003)</u>		<u>(717,115)</u>
<u>707,360</u>	<u>2,425,855</u>	<u>2,699,250</u>		<u>6,889,469</u>
178,367				1,911,478
(213,125)	(213,540)			(650,544)
<u>(34,758)</u>	<u>(213,540)</u>			<u>1,260,934</u>
672,602	2,212,315	2,699,250		8,150,403
4,198,000	1,567,411	(11,970,379)	\$2,000,000	3,326,679
<u>\$4,870,602</u>	<u>\$3,779,726</u>	<u>(\$9,271,129)</u>	<u>\$2,000,000</u>	<u>\$11,477,082</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$4,605,823	\$238,602	\$274,686	\$4,788,901
Payments to suppliers	(1,819,111)	(113,828)	(221,970)	(1,083,483)
Payments to employees	(1,055,118)	(97,274)		(3,108,147)
Claims paid				
Cash Flows from (used for) Operating Activities	<u>1,731,594</u>	<u>27,500</u>	<u>52,716</u>	<u>597,271</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Interfund receipts	1,693,503	39,608		
Interfund payments	(75,513)	(10,816)	(12,346)	(125,204)
Cash Flows from (used for) Noncapital Financing Activities	<u>1,617,990</u>	<u>28,792</u>	<u>(12,346)</u>	<u>(125,204)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,610,855)			(59,149)
Proceeds from sale of capital assets	228,886			
Cash Flows from (used for) Capital and Related Financing Activities	<u>(2,381,969)</u>			<u>(59,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income (expense)	148,559	20,734	8,980	36,426
Net Cash Flows	1,116,174	77,026	49,350	449,344
Cash and investments at beginning of period	3,079,442	89,048	283,037	1,091,058
Cash and investments at end of period	<u>\$4,195,616</u>	<u>\$166,074</u>	<u>\$332,387</u>	<u>\$1,540,402</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$155,719	\$110,988	\$52,422	\$746,758
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,302,155	1,874		3,853
Change in assets and liabilities:				
Receivables, net	14,084			
Inventories	1,268			3,905
Accounts payable	123,230	5,151	294	35,023
Accrued claims payable				
Accrued payroll	1,057	75		1,735
Compensated absences	17,368			(40,236)
OPEB related items	116,713	(90,588)		(153,767)
Cash Flows from (used for) Operating Activities	<u>\$1,731,594</u>	<u>\$27,500</u>	<u>\$52,716</u>	<u>\$597,271</u>
NONCASH TRANSACTIONS				
Retirement of capital assets	<u>(\$452,468)</u>			

<u>Information Services</u>	<u>Self- Insurance</u>	<u>PERS Contributions</u>	<u>Retiree Health</u>	<u>Total</u>
\$2,965,837	\$6,739,556	\$3,849,831		\$23,463,236
(850,323)	(2,754,525)	(5,578)		(6,848,818)
(1,267,289)	(322,494)			(5,850,322)
	(1,842,210)			(1,842,210)
<u>848,225</u>	<u>1,820,327</u>	<u>3,844,253</u>		<u>8,921,886</u>
		(2,600,000)		(2,600,000)
		(1,209,860)		(1,209,860)
178,367				1,911,478
(213,125)	(213,540)			(650,544)
<u>(34,758)</u>	<u>(213,540)</u>	<u>(3,809,860)</u>		<u>(2,548,926)</u>
(104,361)				(2,774,365)
				228,886
<u>(104,361)</u>				<u>(2,545,479)</u>
<u>117,617</u>	<u>319,154</u>	<u>52,082</u>		<u>703,552</u>
826,723	1,925,941	86,475		4,531,033
<u>3,753,862</u>	<u>10,938,826</u>	<u>8,901,510</u>	<u>\$2,000,000</u>	<u>30,136,783</u>
<u>\$4,580,585</u>	<u>\$12,864,767</u>	<u>\$8,987,985</u>	<u>\$2,000,000</u>	<u>\$34,667,816</u>
\$589,743	\$2,106,701	\$3,844,253		\$7,606,584
230,745				1,538,627
	8,180			22,264
				5,173
19,067	(33,831)			148,934
	(249,000)			(249,000)
				2,867
(1,725)	(13,613)			(38,206)
<u>10,395</u>	<u>1,890</u>			<u>(115,357)</u>
<u>\$848,225</u>	<u>\$1,820,327</u>	<u>\$3,844,253</u>		<u>\$8,921,886</u>
				<u>(\$452,468)</u>



AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and nonpublic organizations. Agency funds are required to be presented separately from the Government-wide and Fund financial statements.

These funds include the following:

- Billing Services - an agency fund to account for the cash temporarily held by the City in its role as billing agent for garbage collection services provided by Republic Services Group.
- Peninsula Traffic Congestion Relief Alliance (PTCRA) - an agency fund to reflect cash held by the City in its role as fiscal agent for this agency. The PTCRA works with San Mateo County Cities to encourage use of public transportation. The administration of PTCRA transferred to the City of San Carlos at the end of fiscal year 2018 and the fund was closed as of June 30, 2019.
- San Mateo Pre-Hospital Emergency Services Group (SMPHESG) - an agency fund to reflect cash held by the City in its role as fiscal agent for this agency. SMPHESG was established to provide paramedic first responder service as part of the fire agencies' response to medical calls.
- Supporters of Senior Center – an agency fund to reflect cash held by the City in its role as fiscal agent for the Supporters of Doelger Senior Center, a private nonprofit organization benefiting seniors in Daly City.

CITY OF DALY CITY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>Billing Services</u>				
<u>Assets</u>				
Cash and investments	\$1,247,881	\$15,686,598	\$15,138,562	\$1,795,917
Receivables	1,935,407	4,479,269	3,447,789	2,966,887
Total Assets	<u>\$3,183,288</u>	<u>\$20,165,867</u>	<u>\$18,586,351</u>	<u>\$4,762,804</u>
<u>Liabilities</u>				
Accounts payable	<u>\$3,183,288</u>	<u>\$20,656,330</u>	<u>\$19,076,814</u>	<u>\$4,762,804</u>
<u>SMPHESG</u>				
<u>Assets</u>				
Cash and investments	\$1,099,360	\$5,151,714	\$5,009,360	\$1,241,714
Other Assets	381,247		381,247	
Total Assets	<u>\$1,480,607</u>	<u>\$5,151,714</u>	<u>\$5,390,607</u>	<u>\$1,241,714</u>
<u>Liabilities</u>				
Accounts payable	\$18,365	\$5,930,070	\$5,945,830	\$2,605
Due to others	1,462,242	555,738	778,871	1,239,109
Total Liabilities	<u>\$1,480,607</u>	<u>\$6,485,808</u>	<u>\$6,724,701</u>	<u>\$1,241,714</u>

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>Supporters of Senior Center</u>				
<u>Assets</u>				
Cash and investments	\$262,050	\$183,677	\$202,576	\$243,151
Receivables		70,000		70,000
Total Assets	<u>\$262,050</u>	<u>\$253,677</u>	<u>\$202,576</u>	<u>\$313,151</u>
<u>Liabilities</u>				
Accounts payable	\$6,406	\$50,639	\$49,857	\$7,188
Due to others	255,644	203,038	152,719	305,963
Total Liabilities	<u>\$262,050</u>	<u>\$253,677</u>	<u>\$202,576</u>	<u>\$313,151</u>
<u>PTCRA</u>				
<u>Assets</u>				
Cash and investments	\$4,894		\$4,894	
Total Assets	<u>\$4,894</u>		<u>\$4,894</u>	
<u>Liabilities</u>				
Due to others	\$4,894		\$4,894	
Total Liabilities	<u>\$4,894</u>		<u>\$4,894</u>	
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$2,614,185	\$21,021,989	\$20,355,392	\$3,280,782
Receivables	1,935,407	4,479,269	3,447,789	2,966,887
Other assets	381,247	70,000	381,247	70,000
Total Assets	<u>\$4,930,839</u>	<u>\$25,571,258</u>	<u>\$24,184,428</u>	<u>\$6,317,669</u>
<u>Liabilities</u>				
Accounts payable	\$3,208,059	\$26,637,039	\$25,072,501	\$4,772,597
Due to others	1,722,780	758,776	936,484	1,545,072
Total Liabilities	<u>\$4,930,839</u>	<u>\$27,395,815</u>	<u>\$26,008,985</u>	<u>\$6,317,669</u>



STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed Value of Taxable Real 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. Water Utility District

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

STATISTICAL SECTION - (Continued)
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Operating Information

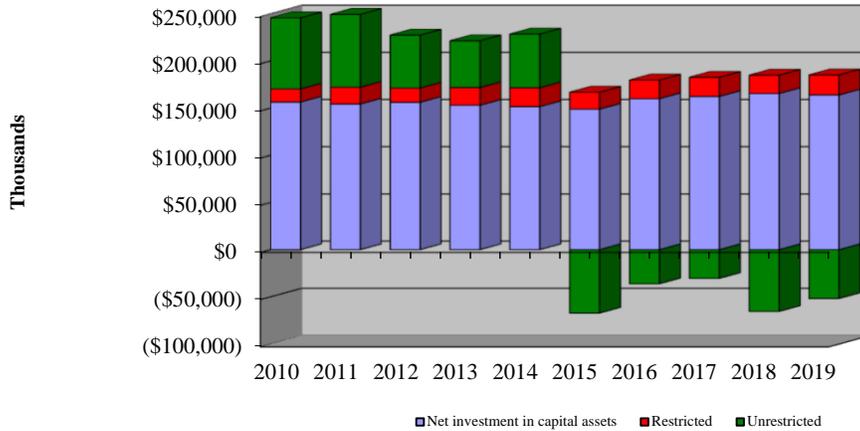
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

CITY OF DALY CITY
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



	For the Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$90,670,525	\$87,925,557	\$87,549,833	\$85,483,907	\$84,272,501
Restricted	13,931,086	17,883,253	15,053,531	18,829,245	20,021,555
Unrestricted	43,329,957	40,494,570	23,884,922	18,898,618	22,495,121
Total governmental activities net position	<u>\$147,931,568</u>	<u>\$146,303,380</u>	<u>\$126,488,286</u>	<u>\$123,211,770</u>	<u>\$126,789,177</u>
Business-type activities					
Net investment in capital asset	\$65,670,580	\$66,344,770	\$68,587,946	\$67,479,305	\$67,235,990
Restricted					11,229
Unrestricted	32,019,212	36,653,957	32,290,613	30,663,259	34,392,335
Total business-type activities net position	<u>\$97,689,792</u>	<u>\$102,998,727</u>	<u>\$100,878,559</u>	<u>\$98,142,564</u>	<u>\$101,639,554</u>
Primary government					
Net investment in capital assets	\$156,341,105	\$154,270,327	\$156,137,779	\$152,963,212	\$151,508,491
Restricted	13,931,086	17,883,253	15,053,531	18,829,245	20,032,784
Unrestricted	75,349,169	77,148,527	56,175,535	49,561,877	56,887,456
Total primary government net position	<u>\$245,621,360</u>	<u>\$249,302,107</u>	<u>\$227,366,845</u>	<u>\$221,354,334</u>	<u>\$228,428,731</u>
	For the Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$82,583,587	\$94,823,140	\$97,821,524	\$97,958,640	\$97,757,236
Restricted	17,933,727	19,744,996	20,315,097	19,491,867	21,237,769
Unrestricted	(88,028,802)	(64,966,915)	(62,902,410)	(92,551,797)	(76,426,827)
Total governmental activities net position	<u>\$12,488,512</u>	<u>\$49,601,221</u>	<u>\$55,234,211</u>	<u>\$24,898,710</u>	<u>\$42,568,178</u>
Business-type activities					
Net investment in capital assets	\$66,278,166	\$65,118,626	\$64,499,223	\$65,137,866	\$66,160,150
Restricted	11,231	11,250	11,250	11,281	11,387
Unrestricted	20,914,381	28,846,650	32,508,857	27,207,951	24,735,488
Total business-type activities net position	<u>\$87,203,778</u>	<u>\$93,976,526</u>	<u>\$97,019,330</u>	<u>\$92,357,098</u>	<u>\$90,907,025</u>
Primary government					
Net investment in capital assets	\$148,861,753	\$159,941,766	\$162,320,747	\$163,096,506	\$163,917,386
Restricted	17,944,958	19,756,246	20,326,347	19,503,148	21,249,156
Unrestricted	(67,114,421)	(36,120,265)	(30,393,553)	(65,343,846)	(51,691,339)
Total primary government net position	<u>\$99,692,290</u>	<u>\$143,577,747</u>	<u>\$152,253,541</u>	<u>\$117,255,808</u>	<u>\$133,475,203</u>

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

	For the Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$9,435,028	\$9,269,313	\$10,260,757	\$8,823,639
Public safety	44,054,707	42,429,411	45,511,296	44,910,136
Public works	5,725,707	6,350,402	5,406,051	5,064,375
Streets and infrastructure	3,661,752	3,133,030	3,395,911	4,114,332
Culture and recreation	18,130,986	16,181,808	14,415,687	13,811,273
Economic and community development	9,395,160	8,581,051	5,654,736	4,661,549
Nondepartmental				
Interest on long term debt	376,641	361,793	335,549	177,561
Total governmental activities expenses	<u>90,779,981</u>	<u>86,306,808</u>	<u>84,979,987</u>	<u>81,562,865</u>
Business-type activities:				
Water	11,230,423	10,537,952	13,460,939	15,266,033
Civic center	717,905	681,758	686,051	813,497
Transfer station	54,118	98,655	48,926	151,582
Sanitation district	16,742,058	15,710,913	18,587,421	16,663,492
Total business-type activities expenses	<u>28,744,504</u>	<u>27,029,278</u>	<u>32,783,337</u>	<u>32,894,604</u>
Total primary government expenses	<u><u>\$119,524,485</u></u>	<u><u>\$113,336,086</u></u>	<u><u>\$117,763,324</u></u>	<u><u>\$114,457,469</u></u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$128,702	\$540,836	\$764,719	\$753,748
Public safety	4,939,418	4,689,990	4,685,400	4,415,226
Public works	1,431,784	1,533,714	1,259,803	1,313,510
Streets and infrastructure	907,565	1,219,820	953,473	1,009,844
Culture and recreation	2,567,160	2,732,104	2,913,641	2,723,265
Economic and community development	2,135,626	2,070,063	2,095,455	2,374,804
Nondepartmental	341,860			
Operating grants and contributions	7,391,970	10,608,563	8,189,627	7,356,801
Capital grants and contributions	2,271,751	1,744,640	3,421,710	763,676
Total governmental activities program revenues	<u>22,115,836</u>	<u>25,139,730</u>	<u>24,283,828</u>	<u>20,710,874</u>
Business-type activities:				
Charges for services:				
Water	12,272,749	13,014,097	14,625,062	16,357,654
Civic center	805,391	831,384	759,286	671,556
Transfer station	375,000	375,000	375,000	375,000
Sanitation district	15,851,654	15,731,505	15,018,052	15,600,570
Total business-type activities program revenues	<u>29,304,794</u>	<u>29,951,986</u>	<u>30,777,400</u>	<u>33,004,780</u>
Total primary government program revenues	<u><u>\$51,420,630</u></u>	<u><u>\$55,091,716</u></u>	<u><u>\$55,061,228</u></u>	<u><u>\$53,715,654</u></u>
Net (Expense)/Revenue				
Governmental activities	(\$68,664,145)	(\$61,167,078)	(\$60,696,159)	(\$60,851,991)
Business-type activities	560,290	2,922,708	(2,005,937)	110,176
Total primary government net expense	<u><u>(\$68,103,855)</u></u>	<u><u>(\$58,244,370)</u></u>	<u><u>(\$62,702,096)</u></u>	<u><u>(\$60,741,815)</u></u>

For the Fiscal Year Ended June 30,

2014	2015	2016	2017	2018	2019
\$10,889,822	\$9,669,627	\$10,685,635	\$7,972,197	\$11,936,041	\$12,476,872
42,704,694	43,774,625	45,867,228	63,616,023	55,603,978	56,118,396
5,597,137	7,579,522	8,196,165	7,573,579	10,963,753	12,218,279
3,318,214	3,466,347	4,014,914	3,335,132	2,198,287	1,955,081
13,350,277	11,621,738	12,263,494	10,221,420	12,412,166	12,446,541
3,592,174	4,718,470	4,099,948	3,083,160	5,194,603	4,107,836
166,114	172,642	40,000		1,373,040	1,230,480
<u>79,618,432</u>	<u>81,002,971</u>	<u>85,167,384</u>	<u>95,801,511</u>	<u>99,681,868</u>	<u>100,553,485</u>
13,337,352	14,451,497	16,082,814	14,954,595	17,406,932	15,811,469
841,901	853,913	892,003	800,786	961,868	792,490
165,477	178,290	37,579	206,918	266,241	234,590
18,262,624	18,629,686	14,325,333	16,357,133	22,460,549	23,578,769
<u>32,607,354</u>	<u>34,113,386</u>	<u>31,337,729</u>	<u>32,319,432</u>	<u>41,095,590</u>	<u>40,417,318</u>
<u>\$112,225,786</u>	<u>\$115,116,357</u>	<u>\$116,505,113</u>	<u>\$128,120,943</u>	<u>\$140,777,458</u>	<u>\$140,970,803</u>
\$1,034,252	\$5,054,225	\$4,074,661	\$3,850,838	\$4,459,835	\$664,292
4,454,105	5,403,840	6,490,600	6,833,086	7,140,073	5,780,948
1,036,109	1,528,698	2,524,779	994,308	1,304,594	1,355,782
1,135,335	1,283,105	1,528,812	1,432,015	1,705,245	1,244,532
2,812,145	2,989,174	3,162,473	2,906,739	3,115,467	2,859,075
2,243,212	4,961,729	6,162,433	4,645,536	4,582,767	3,900,404
7,901,753	8,467,395	6,311,937	6,293,562	6,774,088	11,518,920
325,832	3,355,718	2,492,055	1,824,697	1,233,529	5,520,111
<u>20,942,743</u>	<u>33,043,884</u>	<u>32,747,750</u>	<u>28,780,781</u>	<u>30,315,598</u>	<u>32,844,064</u>
18,095,452	18,731,931	16,645,244	17,186,882	18,879,659	20,671,704
834,950	976,374	695,906	676,391	589,569	801,304
375,000	375,000	281,250			
16,676,480	18,416,575	19,695,887	19,284,396	21,507,323	22,712,582
<u>35,981,882</u>	<u>38,499,880</u>	<u>37,318,287</u>	<u>37,147,669</u>	<u>40,976,551</u>	<u>44,185,590</u>
<u>\$56,924,625</u>	<u>\$71,543,764</u>	<u>\$70,066,037</u>	<u>\$65,928,450</u>	<u>\$71,292,149</u>	<u>\$77,029,654</u>
(\$58,675,689)	(\$47,959,087)	(\$52,419,634)	(\$67,020,730)	(\$69,366,270)	(\$67,709,421)
<u>3,374,528</u>	<u>4,386,494</u>	<u>5,980,558</u>	<u>4,828,237</u>	<u>(119,039)</u>	<u>3,768,272</u>
<u>(\$55,301,161)</u>	<u>(\$43,572,593)</u>	<u>(\$46,439,076)</u>	<u>(\$62,192,493)</u>	<u>(\$69,485,309)</u>	<u>(\$63,941,149)</u>

(Continued)

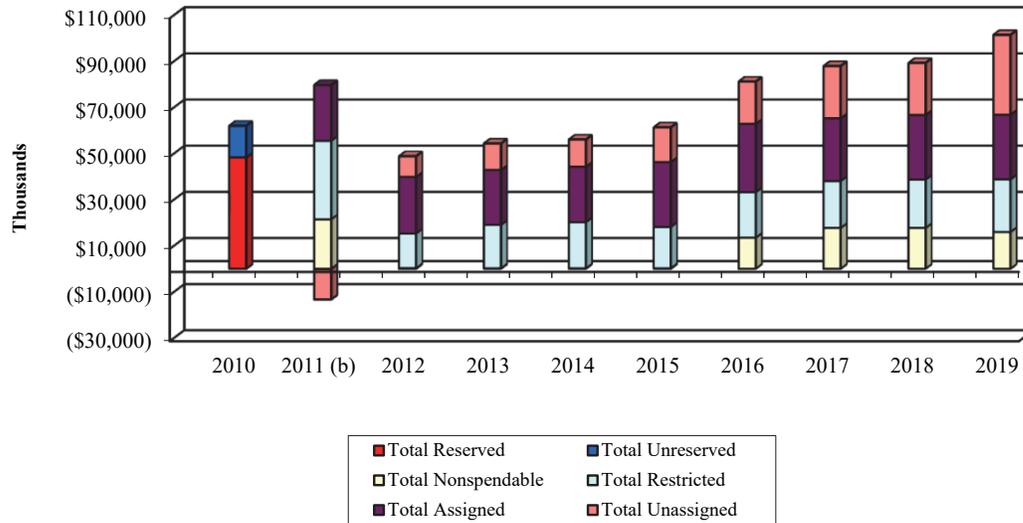
CITY OF DALY CITY
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$29,262,868	\$29,886,156	\$27,903,523	\$24,682,775
Sales taxes	9,016,619	10,178,386	10,638,574	11,619,157
Utility users tax	6,779,160	6,635,130	6,532,361	6,528,566
Franchise fees	3,432,346	3,471,922	3,500,118	3,544,075
Other taxes	3,962,240	4,189,893	4,203,616	4,756,255
Motor vehicle in-lieu	315,203	493,293	109,179	45,981
Investment earnings	960,155	711,989	1,018,793	12,330
Other revenues	3,706,703	3,313,961	3,180,451	3,758,739
Transfers	2,720,441	658,160	2,800,581	3,010,709
Gain/(Loss) on sale of property				
Extraordinary or Special item			(19,006,131)	(383,112)
Total government activities	<u>60,155,735</u>	<u>59,538,890</u>	<u>40,881,065</u>	<u>57,575,475</u>
Business-type activities:				
Property taxes	1,376,028	1,377,982	1,433,604	1,470,340
Investment earnings	486,593	413,972	534,239	(23,403)
Other revenues	591,386	1,252,433	704,506	715,729
Gain/(Loss) on sale of property			14,001	1,872
Transfers	(2,720,441)	(658,160)	(2,800,581)	(3,010,709)
Extraordinary item or special item				(2,000,000)
Total business-type activities	<u>(266,434)</u>	<u>2,386,227</u>	<u>(114,231)</u>	<u>(2,846,171)</u>
Total primary government	<u>\$59,889,301</u>	<u>\$61,925,117</u>	<u>\$40,766,834</u>	<u>\$54,729,304</u>
Change in Net Position				
Governmental activities	(\$8,508,410)	(\$1,628,188)	(\$19,815,094)	(\$3,276,516)
Business-type activities	293,856	5,308,935	(2,120,168)	(2,735,995)
Total primary government	<u>(\$8,214,554)</u>	<u>\$3,680,747</u>	<u>(\$21,935,262)</u>	<u>(\$6,012,511)</u>

For the Fiscal Year Ended June 30,

2014	2015	2016	2017	2018	2019
\$26,609,070	\$29,327,703	\$29,591,108	\$31,417,252	\$33,069,899	\$36,699,766
12,594,335	12,379,135	13,688,644	13,805,186	15,232,989	17,699,000
6,422,821	6,399,410	6,099,207	6,299,448	5,977,178	5,906,694
3,663,247	3,675,411	3,828,424	3,878,461	4,022,440	4,178,006
5,247,886	5,322,471	5,761,695	6,017,318	6,408,495	6,854,372
	44,416				
925,838	467,009	828,112	700,994	1,058,264	3,113,786
3,936,433	1,061,054	1,110,702	1,379,422	1,614,584	1,685,805
2,853,466	2,983,597	2,060,161	4,616,272	2,188,873	1,524,773
	(3,003,763)	41,913		217,111	11,639
		26,522,377			
<u>62,253,096</u>	<u>58,656,443</u>	<u>89,532,343</u>	<u>68,114,353</u>	<u>69,789,833</u>	<u>77,673,841</u>
1,558,773	1,713,895	1,754,195	1,859,194	1,957,737	2,172,460
493,501	265,045	385,674	196,380	268,803	1,096,328
918,589	2,350,952	712,482	775,265	914,539	742,688
5,065					
(2,853,466)	(2,983,597)	(2,060,161)	(4,616,272)	(2,188,873)	(1,524,773)
			4,579,613		
<u>122,462</u>	<u>1,346,295</u>	<u>792,190</u>	<u>2,794,180</u>	<u>952,206</u>	<u>2,486,703</u>
<u>\$62,375,558</u>	<u>\$60,002,738</u>	<u>\$90,324,533</u>	<u>\$70,908,533</u>	<u>\$70,742,039</u>	<u>\$80,160,544</u>
\$3,577,407	\$10,697,356	\$37,112,709	\$1,093,623	\$423,563	\$9,964,420
3,496,990	5,732,789	6,772,748	7,622,417	833,167	6,254,975
<u>\$7,074,397</u>	<u>\$16,430,145</u>	<u>\$43,885,457</u>	<u>\$8,716,040</u>	<u>\$1,256,730</u>	<u>\$16,219,395</u>

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



	For the Fiscal Year Ended June 30,				
	2010	2011 (b)	2012	2013	2014
General Fund					
Reserved	\$21,460,127				
Unreserved	20,817,474				
Nonspendable		\$21,438,707	\$238,031	\$178,570	\$186,129
Restricted					
Assigned		12,229,191	12,249,286	12,109,457	12,103,389
Unassigned		9,265,602	9,039,548	11,522,227	11,838,923
Total General Fund	<u>\$42,277,601</u>	<u>\$42,933,500</u>	<u>\$21,526,865</u>	<u>\$23,810,254</u>	<u>\$24,128,441</u>
All Other Governmental Funds					
Reserved	\$26,791,488				
Unreserved, reported in:					
Special revenue funds	(20,313,715)				
Capital project funds	13,238,998				
Nonspendable					
Restricted		\$34,018,497	\$15,053,292	\$18,829,210	\$20,021,531
Assigned		11,973,786	12,211,293	11,698,471	11,873,724
Unassigned		(22,559,924)			
Total all other governmental funds	<u>\$19,716,771</u>	<u>\$23,432,359</u>	<u>\$27,264,585</u>	<u>\$30,527,681</u>	<u>\$31,895,255</u>
All Governmental Funds					
Total Reserved	\$48,251,615				
Total Unreserved	13,742,757				
Total Nonspendable		\$21,438,707	\$238,031	\$178,570	\$186,129
Total Restricted		34,018,497	15,053,292	18,829,210	20,021,531
Total Assigned		24,202,977	24,460,579	23,807,928	23,977,113
Total Unassigned		(13,294,322)	9,039,548	11,522,227	11,838,923
Total All Governmental Funds	<u>\$61,994,372</u>	<u>\$66,365,859</u>	<u>\$48,791,450</u>	<u>\$54,337,935</u>	<u>\$56,023,696</u>

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

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

For the Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$194,403	\$13,453,512	\$17,721,519	\$17,684,920	\$15,927,953
			3,016,958	3,198,748
12,220,256	12,098,569	12,111,209	12,047,395	12,291,473
15,059,052	18,329,649	22,681,817	22,589,341	34,684,815
<u>\$27,473,711</u>	<u>\$43,881,730</u>	<u>\$52,514,545</u>	<u>\$55,338,614</u>	<u>\$66,102,989</u> (a)
	\$2,211	\$6,998	\$29,668	\$29,738
\$17,933,698	19,742,741	20,304,044	17,897,042	19,592,976
15,906,433	17,525,314	15,076,221	15,972,732	15,753,688
		2,072		(86,950)
<u>\$33,840,131</u>	<u>\$37,270,266</u>	<u>\$35,389,335</u>	<u>\$33,899,442</u>	<u>\$35,289,452</u> (a)
\$194,403	\$13,455,723	\$17,728,517	\$17,714,588	\$15,957,691
17,933,698	19,742,741	20,304,044	20,914,000	22,791,724
28,126,689	29,623,883	27,187,430	28,020,127	28,045,161
15,059,052	18,329,649	22,683,889	22,589,341	34,597,865
<u>\$61,313,842</u>	<u>\$81,151,996</u>	<u>\$87,903,880</u>	<u>\$89,238,056</u>	<u>\$101,392,441</u>

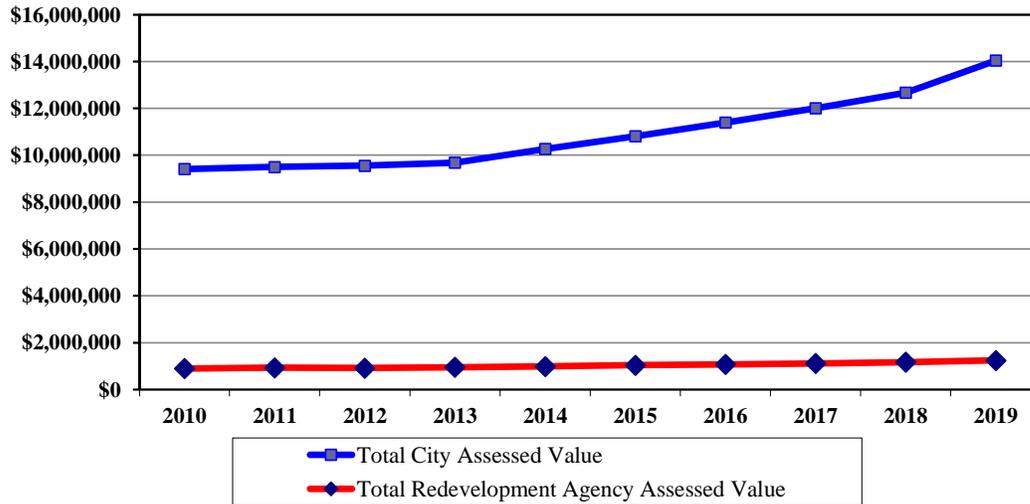
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Revenues				
Taxes	\$55,022,812	\$58,097,799	\$56,413,948	\$54,183,995
Licenses, permits and fees	1,399,042	1,468,663	1,409,698	1,578,457
Fines and forfeitures	2,842,822	2,772,583	2,440,465	2,420,754
Use of money and property	4,578,244	4,333,962	3,132,897	1,050,149
Intergovernmental revenues	6,336,813	7,527,353	7,267,441	4,366,743
Charges for services	7,517,777	8,505,783	7,637,246	7,479,277
Other	4,159,677	3,583,288	4,044,012	4,748,815
Total Revenues	81,857,187	86,289,431	82,345,707	75,828,190
Expenditures				
Current:				
General government	8,449,067	8,612,120	8,682,126	8,194,893
Public safety	41,391,460	41,115,067	42,226,973	42,150,729
Public works	5,384,642	5,136,940	4,995,361	4,726,801
Culture and recreation	13,571,549	13,078,179	12,650,231	12,105,970
Community development	9,258,231	8,900,024	5,773,301	4,666,975
Capital projects	7,205,608	5,502,027	6,977,961	4,336,490
Debt service:				
Principal repayment	305,684	323,861	2,679,000	212,000
Interest and fiscal charges	848,328	490,281	312,381	181,942
Total Expenditures	86,414,569	83,158,499	84,297,334	76,575,800
Excess (deficiency) of revenues over (under) expenditures	(4,557,382)	3,130,932	(1,951,627)	(747,610)
Other Financing Sources (Uses)				
Sale of property			5,787	18,057
Amount paid to State				
Transfers in	6,811,899	6,490,408	5,753,543	5,812,723
Transfers out	(4,358,230)	(5,249,853)	(2,838,147)	(2,903,573)
Loan proceeds				
Contributions				
Total other financing sources (uses)	2,453,669	1,240,555	2,921,183	2,927,207
Extraordinary items				
Assets transferred to/liabilities assumed by Successor Agency			(18,543,965)	3,366,888
Net Change in fund balances	(\$2,103,713)	\$4,371,487	(\$17,574,409)	\$5,546,485
Debt service as a percentage of noncapital expenditures				
	1.4%	1.0%	3.7%	4.0%

For the Fiscal Year Ended June 30,

2014	2015	2016	2017	2018	2019
\$58,493,320	\$60,767,789	\$61,030,589	\$63,536,267	\$66,939,056	\$75,573,768
1,697,703	2,679,745	2,889,367	3,023,889	2,727,875	2,970,667
2,301,580	2,740,510	3,442,372	3,850,382	3,678,828	3,379,319
1,864,656	1,499,885	1,841,802	1,636,285	2,040,295	3,831,438
3,511,403	6,092,246	4,218,152	5,526,235	5,378,283	8,922,550
7,757,549	12,763,912	14,632,874	9,771,337	9,992,458	11,417,260
4,615,471	5,307,064	5,527,147	4,989,727	6,785,029	2,293,810
<u>80,241,682</u>	<u>91,851,151</u>	<u>93,582,303</u>	<u>92,334,122</u>	<u>97,541,824</u>	<u>108,388,812</u>
10,882,785	9,495,891	10,777,041	10,067,504	10,259,919	9,076,400
42,737,888	44,972,711	49,047,952	50,681,833	51,147,772	54,547,977
4,712,465	7,053,586	7,589,698	8,480,954	8,895,892	9,173,452
11,932,443	10,085,356	10,569,151	10,802,067	10,637,826	11,624,964
3,896,212	4,917,443	4,306,935	4,340,191	5,115,492	4,531,036
4,149,538	4,359,239	5,726,698	10,019,069	6,927,154	7,201,911
227,000	244,000	260,000	279,000	298,000	319,000
170,919	235,066	28,730	41,216	38,672	35,165
<u>78,709,250</u>	<u>81,363,292</u>	<u>88,306,205</u>	<u>94,711,834</u>	<u>93,320,727</u>	<u>96,509,905</u>
<u>1,532,432</u>	<u>10,487,859</u>	<u>5,276,098</u>	<u>(2,377,712)</u>	<u>4,221,097</u>	<u>11,878,907</u>
	(3,003,763)	1,600	262,490	179,922	11,639
	(3,750,000)				
5,523,006	6,306,265	5,561,713	6,633,748	4,030,049	6,278,010
(5,369,677)	(4,750,215)	(4,776,760)	(2,346,255)	(7,096,892)	(6,014,171)
<u>153,329</u>	<u>(5,197,713)</u>	<u>786,553</u>	<u>4,549,983</u>	<u>(2,886,921)</u>	<u>275,478</u>
			4,579,613		
<u>\$1,685,761</u>	<u>\$5,290,146</u>	<u>\$6,062,651</u>	<u>\$6,751,884</u>	<u>\$1,334,176</u>	<u>\$12,154,385</u>
0.5%	0.6%	0.3%	0.3%	0.4%	0.4%

**CITY OF DALY CITY
 ASSESSED VALUE OF TAXABLE REAL PROPERTY
 LAST TEN FISCAL YEARS
 (in thousand dollars)**

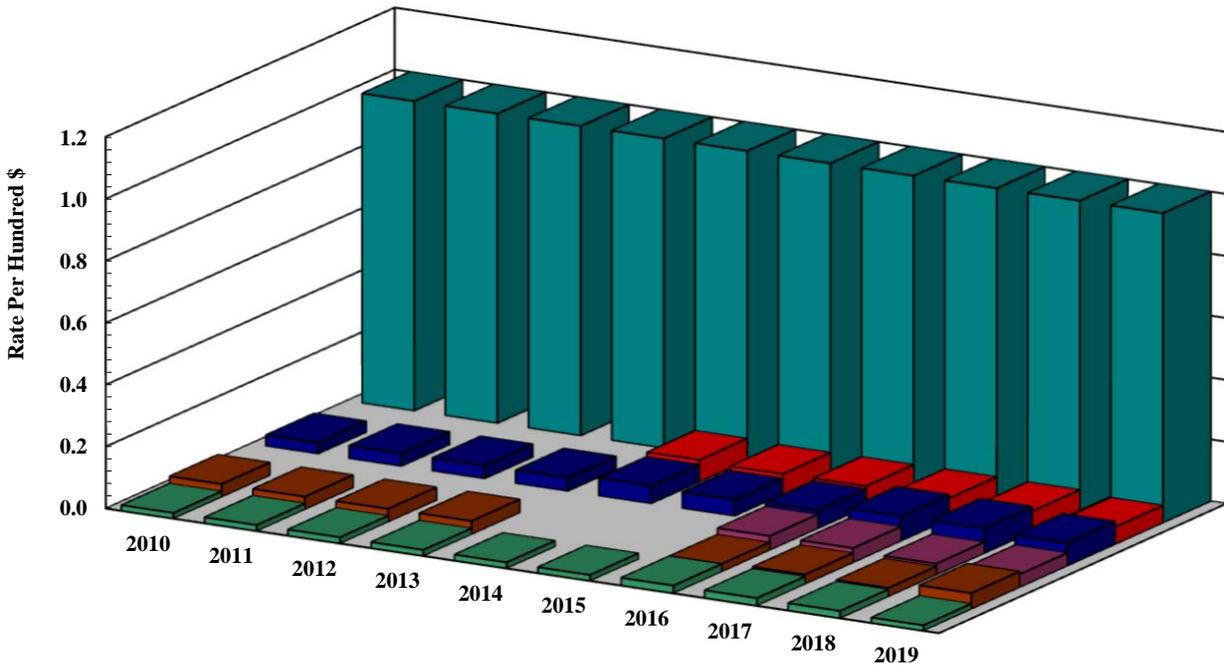


Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
2010	\$ 8,181,880	\$ 224,478	\$ 104,176	\$ 8,510,534	\$ 846,570	\$ 47,811	\$ 6,443	\$ 900,824	1.00%
2011	8,224,722	235,725	104,742	8,565,189	875,392	53,443	6,523	935,358	1.00%
2012	8,287,585	242,088	103,652	8,633,325	860,939	53,608	6,507	921,054	1.00%
2013	8,391,284	237,106	102,195	8,730,585	893,143	50,023	6,516	949,682	1.00%
2014	8,951,230	227,850	100,563	9,279,643	929,050	51,354	6,413	986,817	1.00%
2015	9,426,340	239,970	99,548	9,765,858	980,736	53,445	6,373	1,040,554	1.00%
2016	9,962,576	257,377	98,669	10,318,622	1,011,512	57,075	6,370	1,074,957	1.00%
2017	10,556,650	238,395	97,391	10,892,436	1,050,088	56,063	6,304	1,112,455	1.00%
2018	11,167,466	240,562	96,204	11,504,232	1,102,164	59,029	6,080	1,167,273	1.00%
2019	12,442,279	258,770	95,428	12,796,477	1,175,698	66,187	6,038	1,247,923	1.00%

- (1) The State Constitution requires properties to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually. These values are considered to be full market values.
- (2) 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.

Source: San Mateo County Controller's Office Annual Publication: Tax Rates and Valuation of Taxable Property

**CITY OF DALY CITY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of Assessed Value)
LAST TEN FISCAL YEARS**



■ San Mateo Junior College	■ Pacifica Elementary School
■ South San Francisco Unified School District	■ Jefferson High School District
■ Jefferson Elementary School District	■ Basic County Wide Levy

<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Jefferson Elementary School District</u>	<u>Jefferson High School District</u>	<u>San Mateo Junior College</u>	<u>South San Francisco Unified School District</u>	<u>Pacifica Elementary School</u>	<u>Total</u>
2010	1.0000		0.0360	0.0182		0.0417	1.0959
2011	1.0000		0.0416	0.0193		0.0412	1.1021
2012	1.0000		0.0422	0.0199		0.0422	1.1043
2013	1.0000		0.0430	0.0194		0.0432	1.1056
2014	1.0000	0.0713	0.0574	0.0194			1.1481
2015	1.0000	0.0662	0.0530	0.0190			1.1382
2016	1.0000	0.0674	0.0583	0.0250	0.0457	0.0250	1.2214
2017	1.0000	0.0680	0.0800	0.0247	0.0467	0.0311	1.2505
2018	1.0000	0.0663	0.0816	0.0235	0.0366	0.0281	1.2361
2019	1.0000	0.0563	0.0739	0.0175	0.0422	0.0517	1.2416

Notes: In 1979, State Proposition 13 amended the constitution to provide that the general tax rate be limited to one percent of market value, distributed among all tax agencies. Assessed valuation is set at 100 percent of market value at transfer of title and the tax rate is \$1 per \$100 of assessed value.

The City of Daly City has 67 tax code areas, many with different rates because of differing school district boundaries. The highest tax rate is shown here.

Source: San Mateo County Controller's Office Annual Publication: Tax Rates and Valuation of Taxable Property

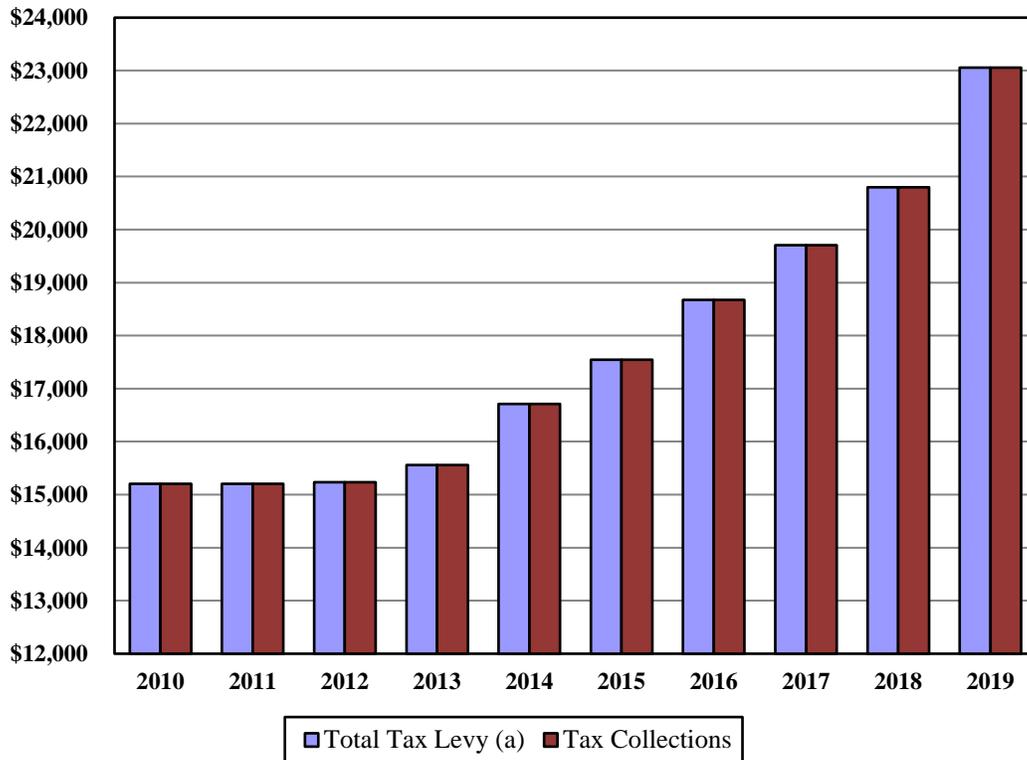
**CITY OF DALY CITY
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2018-2019			2009-2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Daly City Serramonte Center LLC	\$ 494,080,480	1	3.86%	\$ 110,981,820	5	1.30%
Westlake Associates Lessee	275,522,158	2	2.15%	115,794,815	4	1.36%
Serramonte Corporate Center (Kaiser)	166,159,650	3	1.30%	38,084,182	8	0.45%
Kimco Westlake LP	165,989,204	4	1.30%	148,388,530	2	1.74%
DC Station Owner LLC	91,749,379	5	0.72%			
BRE Piper MF (Skyline Heights)	70,220,580	6	0.55%	47,214,807	7	0.55%
Century Theaters Inc. Lessee	64,810,803	7	0.51%			
WASL Daly City Investors	61,256,703	8	0.48%			
Target Corporation Lessee	55,148,476	9	0.43%			
Verity Holdings LLC (Seton Medical Center)	52,660,436	10	0.41%			
Seton Medical Center	-			211,396,707	1	2.48%
DB Real Estate Pacific Plaza Partnership	-			139,568,621	3	1.64%
Franciscan Park LLC (LINC)	-			48,312,285	6	0.57%
Lavaca Portfolio Investors	-			33,392,055	9	0.39%
Daly City Partners	-			31,592,059	10	0.37%
Subtotal	<u>\$ 1,497,597,869</u>		<u>11.70%</u>	<u>\$ 924,725,881</u>		<u>10.87%</u>

Total Assessed Valuation:
Fiscal Year 2018-2019 \$12,796,476,784
Fiscal Year 2009-2010 \$8,510,534,014

Source: San Mateo County Assessor Fiscal Year Combined Tax Rolls
MuniServices, LLC

**CITY OF DALY CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousand dollars)**



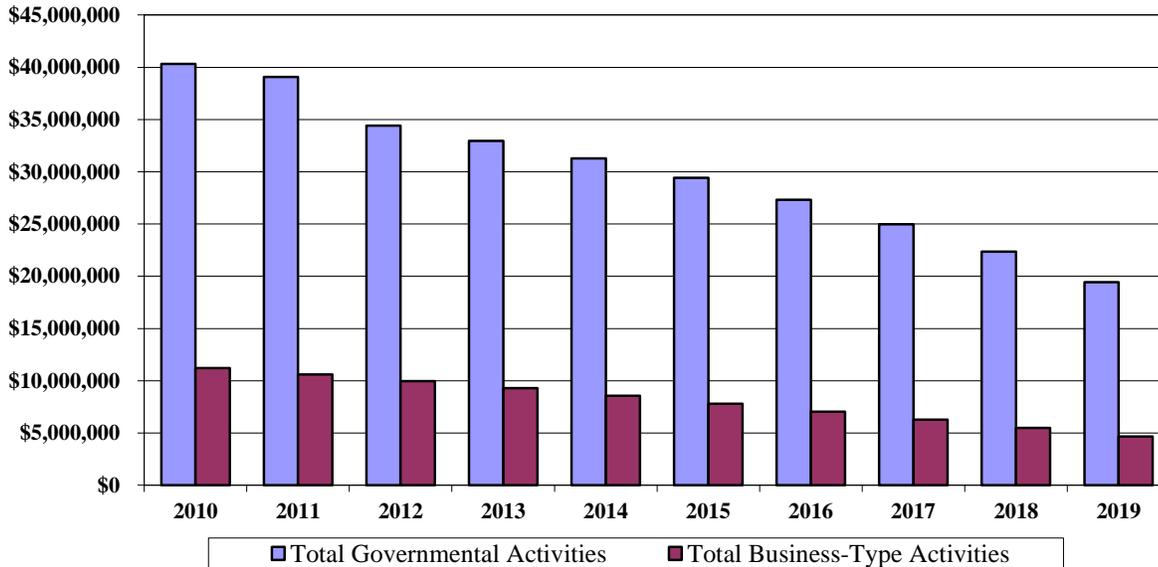
<u>Fiscal Year</u>	<u>Total Tax Levy (a)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2010	\$ 15,204	\$ 15,204	100.00%		\$ 15,204	100.00%
2011	15,204	15,204	100.00%		15,204	100.00%
2012	15,236	15,236	100.00%		15,236	100.00%
2013	15,555	15,555	100.00%		15,555	100.00%
2014	16,713	16,713	100.00%		16,713	100.00%
2015	17,543	17,543	100.00%		17,543	100.00%
2016	18,675	18,675	100.00%		18,675	100.00%
2017	19,707	19,707	100.00%		19,707	100.00%
2018	20,800	20,800	100.00%		20,800	100.00%
2019	23,057	23,057	100.00%		23,057	100.00%

Source: City of Daly City

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) Beginning fiscal year 1995, the County began providing the City 100% of its tax levy under the "Teeter Plan", an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF DALY CITY
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities

Fiscal Year	Governmental Activities					Total
	Capital Lease	HUD Section 108 Loan	PERS Pension Obligation Bonds	CHFA HELP Loan	Promissory Note	
2010	\$ 137,861	\$ 3,738,000	\$ 33,070,000	\$ 904,670	\$ 2,480,000	\$ 40,330,531
2011		3,552,000	32,140,000	904,670	2,480,000	39,076,670
2012		3,353,000	31,060,000			34,413,000
2013		3,141,000	29,810,000			32,951,000
2014		2,914,000	28,380,000			31,294,000
2015		2,670,000	26,755,000			29,425,000
2016		2,410,000	24,915,000			27,325,000
2017		2,131,000	22,845,000			24,976,000
2018		1,833,000	20,520,000			22,353,000
2019		1,514,000	17,920,000			19,434,000

Business-Type Activities

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Water Certificates of Participation	Water Revenue Bond	State Water Resources Board Loan			
2010	\$ 7,635,000		\$ 3,576,713	\$ 11,211,713	1.78%	\$ 475.56
2011	7,225,000		3,377,252	10,602,252	1.81%	487.43
2012	6,800,000		3,172,805	9,972,805	1.51%	432.64
2013		\$6,330,000	2,963,246	9,293,246	1.43%	408.76
2014		5,815,000	2,748,449	8,563,449	1.33%	379.32
2015		5,290,000	2,528,282	7,818,282	1.22%	351.98
2016		4,750,000	2,302,610	7,052,610	0.90%	324.90
2017		4,205,000	2,071,298	6,276,298	0.90%	287.94
2018		3,640,000	1,834,202	5,474,202	0.69%	257.98
2019		3,065,000	1,591,179	4,656,179	n/a	220.76

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

Sources: City of Daly City
 State of California, Department of Finance (population)

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

CITY OF DALY CITY
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Pension Obligation Bonds	Percentage of Personal Income (a)	Per Capita (a)
2010	\$ 33,070,000	1.14%	\$ 305.12
2011	32,140,000	1.17%	315.35
2012	31,060,000	1.06%	302.75
2013	29,810,000	1.01%	288.45
2014	28,380,000	0.94%	270.09
2015	26,755,000	0.88%	252.86
2016	24,915,000	0.65%	229.55
2017	22,845,000	0.66%	212.05
2018	20,520,000	0.51%	190.47
2019	17,920,000	n/a	164.22

Sources: City of Daly City
State of California, Department of Finance (population)

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

**CITY OF DALY CITY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2019**

2018-19 Assessed Valuation \$ 12,796,476,784

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>Total Debt</u> 06/30/19	<u>% Applicable (1)</u>	<u>City's Share of</u> <u>Debt 06/30/19</u>
San Mateo Community College District	\$ 801,050,076	5.726%	\$ 45,868,127
South San Francisco Unified School District	170,343,972	8.873%	15,114,621
Jefferson Union High School District	237,695,639	51.346%	122,047,203
Bayshore School District	11,984,821	80.037%	9,592,291
Brisbane School District	4,835,437	17.916%	866,317
Jefferson School District	108,410,000	86.765%	<u>94,061,937</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			 <u><u>287,550,496</u></u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
San Mateo County General Fund Obligations	\$ 551,005,360	5.726%	31,550,567
San Mateo County Board of Education Certificates of Participation	16,815,000	29.167%	4,904,431
San Mateo County Flood Control District Certificates of Participation	8,140,000	5.726%	466,096
South San Francisco Unified School District Certificates of Participation	3,585,000	8.873%	318,097
Jefferson Union H.S.D. Certificates of Participation	655,601	51.346%	336,625
City of Daly City Pension Obligation Bonds	17,920,000	100.000%	17,920,000
HUD Section 108 Loan	1,514,000	100.000%	1,514,000
 TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			 <u><u>57,009,816</u></u>
 TOTAL DIRECT DEBT			 19,434,000
TOTAL OVERLAPPING DEBT			<u><u>325,126,312</u></u>
 COMBINED TOTAL DEBT			 <u><u>\$ 344,560,312</u></u> (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease

<u>Ratios to 2019-20 Assessed Valuation</u>	
Total Overlapping Tax and Assessment Debt	2.25%
Total Direct Debt (\$19,434,000)	0.14%
Combined Total Debt	2.69%

Source: California Municipal Statistics, Inc.

**CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2019**

ASSESSED VALUATION:

Total property assessed value, net of exempt real property	\$12,701,048,784
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$476,289,329
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (b)	\$3,065,000
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Less: Revenue Bonds and Certificate of Participation not subject to limit	3,065,000
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Amount of debt subject to limit	0
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LEGAL BONDED DEBT MARGIN	\$476,289,329
--------------------------	---------------

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
(in thousand dollars)				
2010	\$ 319,145	0	\$ 319,145	0.00%
2011	321,195	0	321,195	0.00%
2012	323,750	0	323,750	0.00%
2013	327,397	0	327,397	0.00%
2014	347,987	0	347,987	0.00%
2015	366,220	0	366,220	0.00%
2016	386,948	0	386,948	0.00%
2017	408,466	0	408,466	0.00%
2018	431,408	0	431,408	0.00%
2019	479,868	0	479,868	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.

(b) 2012 Water Revenue Refunding Bond

**CITY OF DALY CITY
WATER UTILITY FUND**

NUMBER OF CONNECTIONS BY USERS AS OF JUNE 30, 2019

<u>Category</u>	<u>Number of Connections</u>
Residential	21,962
Commercial	780
Government	91
Irrigation	225
Hydrant	15
Other	<u>-</u>
Total Connections	<u><u>23,073</u></u>

**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Gross Revenues (1)	\$ 12,699,761	\$ 13,497,857	\$ 15,185,857	\$ 16,801,668	\$ 18,931,871
Operating Expenses (including depreciation) (2)	10,637,744	10,424,358	12,718,342	13,910,737	13,276,951
Depreciation	(1,192,935)	(1,218,606)	(1,257,540)	(1,263,850)	(1,261,733)
Operating Transfers Out	<u>2,376,455</u>	<u>2,158,670</u>	<u>2,372,007</u>	<u>2,587,195</u>	<u>2,318,226</u>
Total Operating Expenses	<u>11,821,264</u>	<u>11,364,422</u>	<u>13,832,809</u>	<u>15,234,082</u>	<u>14,333,444</u>
Net Revenue Available for Debt	<u>\$ 878,497</u>	<u>\$ 2,133,435</u>	<u>\$ 1,353,048</u>	<u>\$ 1,567,586</u>	<u>\$ 4,598,427</u>
Total Debt Service Requirement	<u>\$ 751,809</u>	<u>\$ 751,996</u>	<u>\$ 751,621</u>	<u>\$ 649,531</u>	<u>\$ 647,050</u>
Coverage	1.17	2.84	1.80	2.41	7.11

Notes:

(1) Includes all Water Utility Operating Revenue, and Nonoperating Revenue including Nonoperating Interest Income and Transfers in

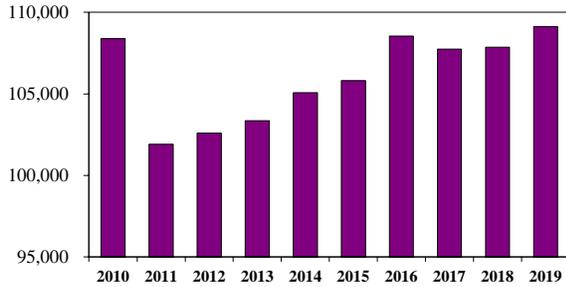
(2) Includes all Water Utility Operating Expenses

Source: City of Daly City Annual Financial Statements

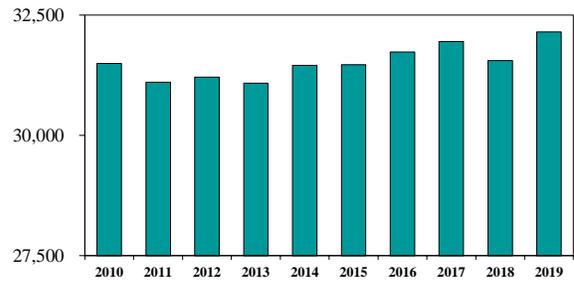
**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	
Gross Revenues (1)	\$ 20,425,104	\$ 17,186,361	\$ 17,616,918	\$ 19,230,073	\$ 21,203,909	A
Operating Expenses (including depreciation) (2)	14,354,432	15,950,589	15,337,854	17,077,870	15,891,040	B
Depreciation	(1,255,728)	(1,274,779)	(1,342,258)	(1,330,058)	(1,258,598)	C
Operating Transfers Out	2,378,434	1,689,464	2,156,009	2,449,304	2,646,419	D
Total Operating Expenses	15,477,138	16,365,274	16,151,605	18,197,116	17,278,861	
Net Revenue Available for Debt	<u>\$ 4,947,966</u>	<u>\$ 821,087</u>	<u>\$ 1,465,313</u>	<u>\$ 1,032,957</u>	<u>\$ 3,925,048</u>	
Total Debt Service Requirement	<u>\$ 647,750</u>	<u>\$ 651,250</u>	<u>\$ 645,450</u>	<u>\$ 649,100</u>	<u>\$ 647,801</u>	E
Coverage	7.64	1.26	2.27	1.59	6.06	

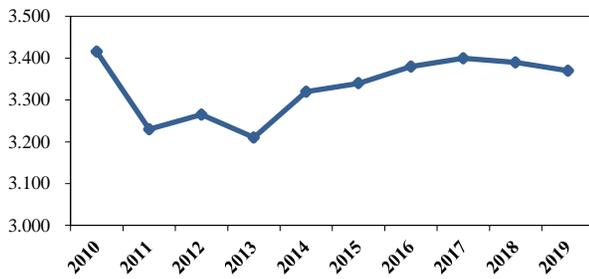
**CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



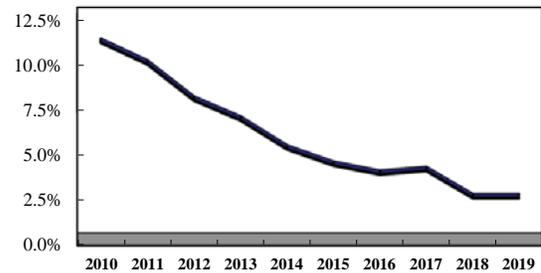
■ Daly City Population



■ Occupied Housing Units



—●— Persons per Occupied Housing Unit



—■— Unemployment Rate Annual Average (%)

Year	Daly City Population as of January (1)	Occupied Housing Units as of January (1)	Persons per Occupied Housing Unit (1)	Unemployment Rate Annual Average (%) (2)	Per Capita Personal Income (3)	Total Personal Income (3)	San Mateo County Population (1)	City Population % of County
						(in thousands)		
2010	108,383	31,495	3.416	11.0%	\$ 26,650	\$ 2,888,407	754,061	14.37%
2011	101,920	31,110	3.230	9.8%	26,902	2,741,852	724,452	14.07%
2012	102,593	31,210	3.265	7.8%	28,649	2,939,187	729,196	14.07%
2013	103,347	31,090	3.210	6.7%	28,498	2,945,183	735,678	14.05%
2014	105,076	31,460	3.320	5.1%	28,627	3,008,011	745,193	14.10%
2015	105,810	31,468	3.340	4.2%	28,753	3,042,355	753,123	14.05%
2016	108,538	31,738	3.380	3.7%	35,320	3,833,562	765,895	14.17%
2017	107,733	31,957	3.400	3.9%	32,250	3,474,389	770,256	13.99%
2018	107,864	31,560	3.390	2.4%	37,376	4,031,525	774,155	13.93%
2019	109,122	32,151	3.370	2.4%	n/a	n/a	774,485	14.09%

Sources:

- (1) California State Department of Finance
- (2) California Employment Development Department
- (3) US Census Bureau

CITY OF DALY CITY
Principal Employers
Current Year and Ten Years Ago

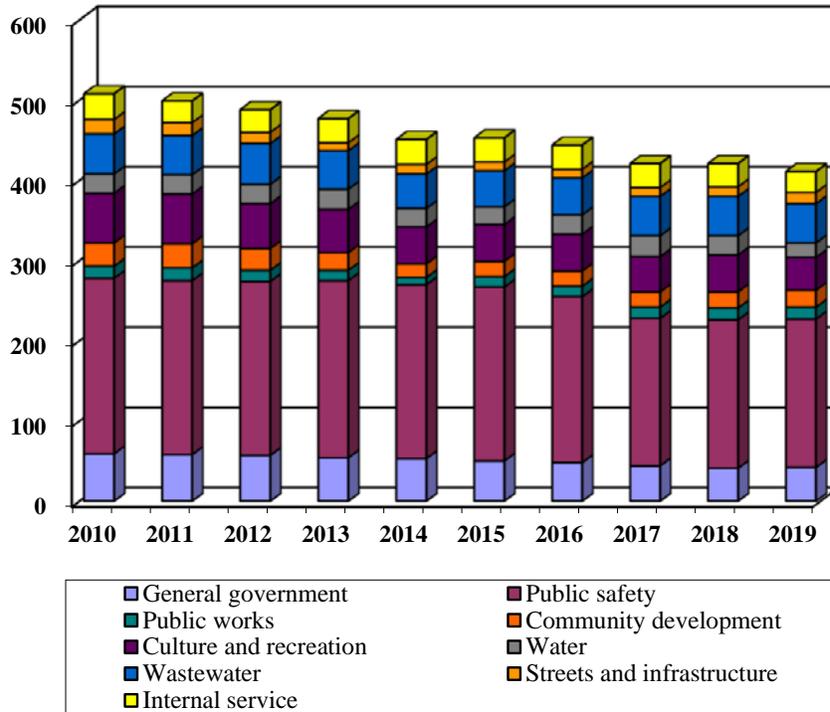
Employer	2018-2019			2008-2009		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Seton Medical Center	1,038	1	5.6%	1,659	1	8.7%
City of Daly City	716	2	3.9%	761	2	4.0%
Jefferson Elementary School District	662	3	3.6%	584	5	3.1%
Jefferson High School District	463	4	2.5%	693	3	3.6%
Genesys Telecommunications Laboratory	451	5	2.4%	373	7	2.0%
Cow Palace	340	6	1.8%	405	6	2.1%
St. Francis Convalescent Pavilion	321	7	1.7%			
Target Stores - Serramonte	310	8	1.7%	336	8	1.8%
In-N-Out Burger (2 locations)	292	9	1.6%			
Kaiser Permanente (2 locations)	255	10	1.4%			
US Postal Service (including International Mail Facility)				602	4	3.2%
McDonald's (4 locations)				250	9	1.3%
Walgreens (3 locations)				227	10	1.2%
Subtotal	<u>4,848</u>		<u>26.2%</u>	<u>5,890</u>		<u>31.0%</u>
Total Daly City Employment	<u>18,500</u> (2)			<u>19,020</u> (2)		

Note: (1) Includes both full-time and part-time employees

(2) Based on ABAG projections & census data

Source: City of Daly City Economic and Community Development Department
U.S. Bureau of Census

CITY OF DALY CITY
Full-Time City Government Employees by Function
Last Ten Fiscal Years



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function										
General government	59	58	57	54	53	50	48	44	41	42
Public safety	219	217	217	221	217	217	207	184	185	185
Public works	15	16	14	13	9	13	13	14	15	15
Community development	29	30	27	22	17	19	19	19	20	21
Culture and recreation	62	62	56	54	46	46	46	44	46	41
Water	24	24	24	25	23	22	24	26	24	18
Wastewater	50	49	51	48	43	45	46	49	49	49
Streets and infrastructure	18	16	14	10	12	11	11	11	12	14
Internal service	32	27	28	30	31	30	30	30	29	26
Total	508	499	488	477	451	453	444	421	421	411

Source: City of Daly City



CITY OF DALY CITY
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year June 30,				
	2010	2011	2012	2013	2014
<u>Function/Program</u>					
Public safety (calendar year data)					
Fire					
Fire calls for service	6,309	6,516	7,129	7,179	7,497
Fire inspections conducted *	2,398	n/a	2,359	2,354	2,183
Police					
Police calls for service	55,098	75,970	72,665	73,095	79,999
Law violations					
Part I crimes	2,006	2,071	2,079	2,040	2,082
Part II crimes	4,428	4,791	4,745	4,641	4,685
Physical arrests (adults)	1,896	2,315	2,450	2,494	2,562
Physical arrests (juvenile)	333	316	342	352	207
Traffic violations	13,345	14,843	8,910	9,637	8,134
Parking violations	91,549	72,128	65,505	62,867	60,301
Public works					
Street repairs - asphalt patching (sq. ft.)	40,067	17,118	9,500	20,000	59,050
Street slurry seal (ft.)	57,250	60,720	64,416	87,648	59,140
Street resurfacing (ft.)	9,963	7,920	14,256	12,144	8,444
Traffic signal responses	67	58	14	10	35
Street light responses	371	314	78	54	225
Street signs replaced	560	1,108	450	320	455
Streets swept (miles)	19,956	20,712	21,966	25,019	25,054
Line striping and curb painting (linear ft.)	3,785	500	10,778	12,000	5,600
Sidewalks inspected (miles)	16	3	0	0	0
Culture and recreation					
Recreation					
Recreation class participants	7,500	6,158	10,621	10,862	13,075
Youth recreation playground program participi	500	3,400	4,251	4,472	5,002
Volunteer support hours	50,000	78,921	60,667	63,753	82,475
Senior meals served	23,821	29,586	26,305	32,971	24,700
Number of health fair events	2	1	1	1	2
Health fair events attendance	1,100	150	300	400	800
Facility rentals (non City events)	800	2,255	1,252	1,300	1,000
Library					
Volumes in collection - all formats	225,109	222,946	215,373	214,466	220,123
Total volumes borrowed	729,420	596,428	533,135	501,757	480,349
# of uses of electronic resources	234,308	115,846	81,318	66,982	60,374
Youth services program attendance	17,021	14,941	17,624	16,025	13,194
Water					
Water service connections	22,843	22,830	22,868	22,921	22,910
Water main breaks	60	43	79	98	86
Average daily consumption (thousands of gallons)	7,521	6,519	6,868	7,142	6,571
Wastewater					
Storm drain inlets	n/a	n/a	n/a	n/a	n/a
Sewer service connections	29,000	29,000	22,946	22,942	22,942
Sewer main blockages	1	2	1	1	3
Average daily treatment (thousands of gallons)	6,817	7,160	6,500	6,290	6,940

Source: City of Daly City

Note: n/a denotes information not available.

CITY OF DALY CITY
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
Public safety (previous calendar year data)					
Fire					
Fire calls for service	7,543	8,046	8,204	7,678	8,580
Fire inspections conducted *	2,183	2,238	2,310	2,373	2,552
Police					
Police calls for service	84,417	86,688	82,376	71,520	73,291
Law violations					
Part I crimes	1,888	2,020	1,890	1,818	1,779
Part II crimes	4,899	5,040	4,774	4,523	4,182
Physical arrests (adults)	2,931	3,212	3,054	2,531	2,427
Physical arrests (juvenile)	218	159	160	213	168
Traffic violations	7,323	7,515	6,858	4,212	4,410
Parking violations	74,178	96,244	109,025	117,604	109,526
Public works					
Street repairs - asphalt patching (sq. ft.)	32,000	38,000	87,780	110,546	217,615
Street slurry seal (linear ft.)	46,400	78,125	71,517	52,535	73,894
Street resurfacing (linear ft.)	3,800	11,476	0	3,451	0
Traffic signal responses	116	127	105	131	130
Street light responses	281	202	214	292	186
Street signs replaced	430	305	950	2,175	600
Streets swept (miles)	25,224	25,305	25,260	25,460	25,260
Line striping and curb painting (linear ft.)	5,800	4,800	47,250	21,117	43,311
Sidewalks inspected (miles)	0	0	0	1	1
Culture and recreation					
Recreation					
Recreation class participants	14,000	14,800	15,000	16,000	15,500
Youth recreation playground program partici	4,657	5,814	5,335	3,472	5,139
Volunteer support hours	63,597	68,085	64,359	55,693	46,480
Senior meals served	35,749	40,942	38,027	35,463	35,707
Number of health fair events	2	2	2	2	4
Health fair events attendance	800	800	800	800	800
Facility rentals (non City events)	956	981	976	1,042	955
Library					
Volumes in collection - all formats	220,123	224,431	226,238	228,264	227,245
Total volumes borrowed	480,349	457,642	400,368	368,428	392,978
# of uses of electronic resources	60,413	58,284	37,568	40,240	49,107
Youth services program attendance	16,025	18,967	18,967	17,429	17,503
Water					
Water service connections	22,936	22,964	22,983	23,269	23,133
Water main breaks	95	64	70	50	88
Average daily consumption (thousands of gallons)	5,933	6,220	6,220	5,533	5,575
Wastewater					
Storm drain inlets	n/a	2,181	2,181	2,181	2,181
Sewer service connections	22,995	22,965	22,965	23,141	23,394
Sewer main blockages	3	2	2	4	2
Average daily treatment (thousands of gallons)	6,382	5,510	5,500	5,500	5,500

CITY OF DALY CITY
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year June 30,				
	2010	2011	2012	2013	2014
Function/Program					
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	30	29	30	32	31
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,200	3,200
Traffic signals (# of intersections)	40	40	40	40	40
Miles of storm drains	70	70	70	70	70
Culture and recreation					
Parks and recreation					
City parks	19	19	19	19	19
City parks acreage	200	200	200	200	200
Park trees	2,400	2,400	2,400	2,300	2,300
Playgrounds	26	26	26	26	26
Picnic areas	23	23	23	23	23
Tot lots	7	7	7	7	7
Dog off-leash areas	2	2	2	2	2
Street landscaped medians (miles)	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500
Street trees	2,700	2,700	2,700	2,675	2,675
Community centers and clubhouses	12	12	12	12	12
Senior centers	1	1	1	1	1
Gymnasiums	4	4	4	4	3
Tennis courts	9	9	9	9	9
Artificial turf sports fields	1	1	1	1	1
Outdoor basketball courts	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8
Soccer/football fields	1	1	1	1	1
Night sport lighted facilities	9	9	9	6	6
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	187	187	187	187	187
Fire hydrants	1,497	1,497	1,497	1,497	1,497
Storage capacity (thousands of gallons)	24,490	24,490	24,490	24,490	24,490
Wastewater					
Number of treatment plants	1	1	1	1	1
Miles of sanitary sewers	177	177	177	177	177
Miles of combined sewers	14	14	14	14	14
Treatment capacity (thousands of gallons)					
Dry weather	8,000	8,000	8,000	8,000	8,000
Wet weather	25,000	25,000	25,000	25,000	25,000

Source: City of Daly City

Note:

(1) In FY 2014-15, the City completed a digitized inventory of all City owned street trees as well as in City parks with updated numbers

CITY OF DALY CITY
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
Function/Program					
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	31	31	32	31	31
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,563	3,574
Traffic signals (# of intersections)	40	40	40	41	41
Miles of storm drains	70	70	70	70	70
Culture and recreation					
Parks and recreation					
City parks	19	19	19	19	18
City parks acreage	200	200	200	200	200
Park trees	4,144	4,135	3,655	3,655	3,865 (1)
Playgrounds	26	26	26	26	26
Picnic areas	23	23	23	23	23
Tot lots	7	7	7	7	7
Dog off-leash areas	2	2	2	2	2
Street landscaped medians (miles)	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500
Street trees	3,067	3,048	3,598	3,598	3,190 (1)
Community centers and clubhouses	12	12	12	12	11
Senior centers	1	1	1	1	1
Gymnasiums	3	3	3	3	3
Tennis courts	9	9	9	9	10
Artificial turf sports fields	1	1	1	1	1
Outdoor basketball courts	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8
Soccer/football fields	1	1	1	1	1
Night sport lighted facilities	6	6	6	6	6
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	187	187	199	199	199
Fire hydrants	1,497	1,497	1,505	1,505	1,505
Storage capacity (thousands of gallons)	23,512	23,512	23,512	23,512	23,512
Wastewater					
Number of treatment plants	1	1	1	1	1
Miles of sanitary sewers	177	177	177	177	180
Miles of combined sewers	14	14	14	14	17
Treatment capacity (thousands of gallons)					
Dry weather	8,000	8,000	8,000	8,000	7,500
Wet weather	25,000	25,000	19,000	19,000	19,000

