

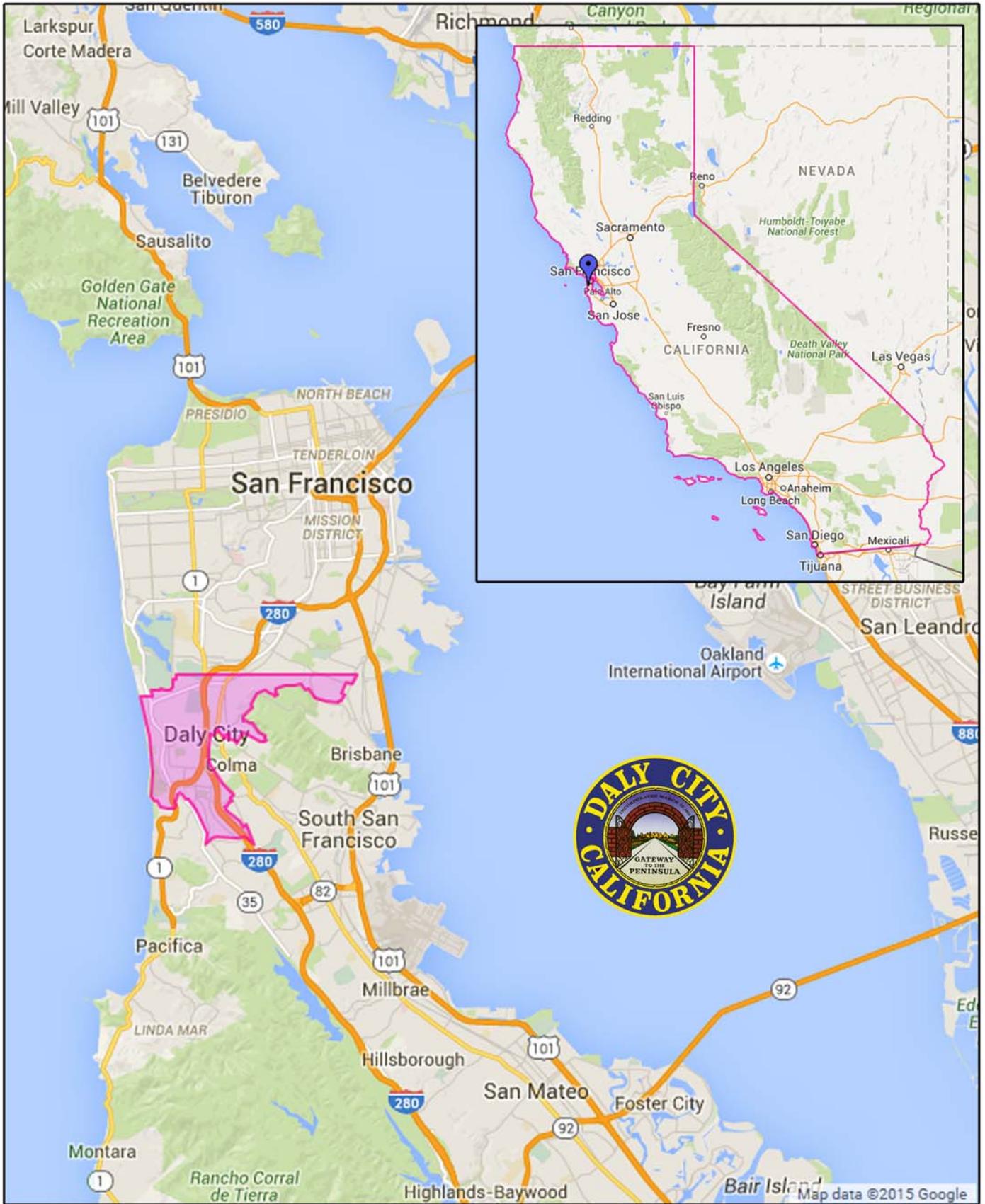


City of Daly City

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2020



CITY OF DALY CITY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



Prepared by
**DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES**

**Tim Nevin
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

February 25, 2021

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, 2020. 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 109,142 in January 2020. 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 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 the Federal Open Market Committee, United States GDP in 2020 has contracted by 2.4%, whereas the average growth in 2019 was 2.55%, compared to 2.5% in 2018 and 2.8% in 2017. California's unemployment rate hit a record low of 4% in July 2019, however, due to the COVID-19 pandemic, unemployment hit a record high of 16.4% in May of 2020. California started to see a decline to 14.9% by June 2020 which is still higher than the 12.3% during the Great Recession in 2010. This is expected to rebound as COVID-19 restrictions are lifted. Jobs declined statewide at a year-over-year rate of 9.4% in July. 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, U.S. Home Price Growth on a year-over-year as measured by the Case-Shiller 20-City Composite Home Price Index was 2.0% as of March 2019 and rose to 4.2% in June 2020. 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

General Fund revenues for FY 2020 increased by \$4.3 million to \$95.5 million. This is due primarily to the increase in property tax, other taxes such as business licenses and franchise fees, and receipts from other Agencies. General Fund expenditures increased by \$5.8 million to \$87.0 million, of which \$5.1 million was 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 \$2.6 million to \$24.1 million in FY 2020 due mainly to higher water consumption. Due to COVID-19, the City did not increase water rates in 2020. Expenses increased \$1.0 million to \$17.0 million. The increase has multiple factors that include payroll costs, water purchases and other charges.

Sanitation District operating revenues decreased \$0.1 million to \$22.7 million in FY 2020 due to no increase in the scheduled sewer rates, and COVID-19. Operating expenses increased by \$2.0 million to \$26.0 million in FY 2020 primarily due to increases for insurance, services and supplies related to COVID-19.

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, the 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 2020, 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 Crocker/Hillside, Junipero Serra Boulevard, and San Pedro Road Slurry Seal project, Westlake Elementary School Green Street Improvement Project, and the Hickey Boulevard and Campus Drive crosswalk improvement project. Work also commenced on the Guadalupe Canyon Parkway, Valley

Street and Miscellaneous Resurfacing Project, 2019 Daly City Street Resurfacing and Slurry Seal Project, Serramonte Neighborhood and Miscellaneous Street Resurfacing Project, Gellert Park Renovations Project, and Southgate and Callan Traffic Signal Installation Project. Additional grant funds were secured for the Mission Street Streetscape Project, 2019 Daly City Street Resurfacing and Slurry Seal Project, and Gellert Park Renovations Project. The Public Works Department completed four major planning documents: the Parks Master Plan, the ADA Self-Evaluation and Transition Plan, and two grant funded plans the Daly City Walk-Bike Master Plan and the Daly City Vision Zero Action Plan. To ensure safety of City staff and the public during the pandemic, Public Works installed screens and partitions, touchless dispensers, signage, floor markers, implemented remote permit submittal and issuance, supplied cleaning and personal protective equipment, and increased cleaning at City facilities.

Despite the pandemic that forced the closure of city hall on March 17th, 2020, the Economic and Community Development Department continued to provide its full array of services through new methods including virtual public hearings and electronic plan review. The department continued to see solid permit and construction activity over the past year. The Building Division issued approximately 4,600 permits. The Planning Division processed a significant amount of housing development proposals including 550 affordable units at Midway Village, 122 units of teacher and faculty housing on JUHSD property, and 72 affordable units at 493 Eastmoor Avenue. The City's Housing Development and Finance Agency also entered into an Exclusive Negotiating Agreement with Bridge Housing to explore opportunities for affordable housing construction for its housing asset parcel in the Bayshore neighborhood. In terms of economic development, the department approved three Disposition and Development Agreements for former Daly City Redevelopment properties. These properties will be developed with a car dealership, housing, and an expansion to a local mortuary business. A Small Business Commission was also formed that will establish a liaison between the City and the Small Business Community and assist in fostering programs that promote and celebrate small businesses in the City.

There were 198,203 visits to Daly City's four public libraries through March 17th, 2020, when the buildings were closed to the public in response to the COVID-19 pandemic. The Library pivoted to providing services remotely and at curbside. Libraries hosted 479 programs for kids, teens, and adults, including virtual storytimes and workshops introduced in April. Over the course of the year, patrons checked out 299,586 physical items and accessed e-books and online reference materials 41,508 times. With the buildings closed to the public, use of physical materials decreased and use of electronic materials increased.

On March 17th, 2020 the City of Daly City closed all facilities and parks to the Daly City community due to the COVID-19 pandemic. Prior to closure, the Department of Library and Recreation Services had rentals, programs, classes and special events all in place through the end of 2020. Due to the closing of the facilities all rentals within those locations were cancelled and all deposits and final payments that had been made were refunded to the customers. As well, all Afterschool Youth Recreation Program

participants were refunded their fees for the upcoming months that they had registered for. Although most of the department's programming and facilities were shut down the department immediately transitioned the senior lunch program from in-person to delivery and Grab & Go serving 150 seniors on a weekly basis/750 meals per week; providing five (5) home-cooked meals with all the components to qualify for the San Mateo County Congregate Meal Program. The marketing unit transitioned from general public information to virtual recreation on all of our social media platforms. The department has also transitioned into providing emergency food distribution sites by partnering with the Second Harvest of Silicon Valley, serving between 1,000 to 1,500 households per week a healthy array of frozen foods, shelf stable and refrigerated items and produce to supplement the households served on a bi-weekly basis.

The Daly City Police Department continues to provide the highest quality police services to our community, even as we face the ongoing challenges stemming from COVID-19. 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. While COVID-19 has made community interaction less frequent, we continue to engage in the Community Policing philosophy, participating in virtual school meetings, as well as community and cultural drive-by events.

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 15th year and Daly City plays a major staffing role in the intelligence gathering and enforcement to reduce crime 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. The NCFA provided high quality Advanced Life Support (ALS) assessment and interventions to emergency medical incidents utilizing our paramedic fire engine and truck companies, which over half of total EMS calls benefited and served senior citizens. The NCFA achieved an overall average of 5 minutes and 49 second response time by a first responder fire engine or truck company for all emergency incidents. In addition, the NCFA completed annual mandated and required fire and life safety code compliance inspections for business, multi-family and permitted occupancies. During FY 2020, NCFA provided multiple fire companies and chief officers to numerous large and major wildfire incidents throughout the State California during the worst year on record for wildfires.

The Department of Water and Wastewater Resources (DWWR) continues to manage the Vista Grande Drainage Basin Improvement Project and achieved critical milestones. In FY 2020, 100% Engineering Design was completed. The permitting process continues, and the Financing Plan was developed and is being implemented. The Financing Plan consists of a Water Infrastructure Financing and Innovation Act (WIFIA) loan with the Federal EPA, a Clean Water State Revolving Fund (SRF) loan with the State of California, and Proposition 1 Grant; it also includes negotiations for contributions from

project partners. For example, CalTrans contractually agreed to fund their benefits from the project at \$3.5 million.

Some other important projects completed in FY 2020 are the Junipero Serra Well repairs, Belhaven Court Water Main Rehabilitation, Primary Digester Cleaning, Pump Control Panel replacement at Skyline Lift Station, and Park Plaza, Southgate, and San Fernando Main Improvements. Also, an engineering firm was chosen through the Request for Proposal process to update the Master Plans for the Collection System and Water Distribution System.

Finally, DWR continues its Recycled Water Expansion efforts regionally as well as 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, 2019. This was the 33rd 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



Timothy J. Nevin
Director of Finance and
Administrative Services

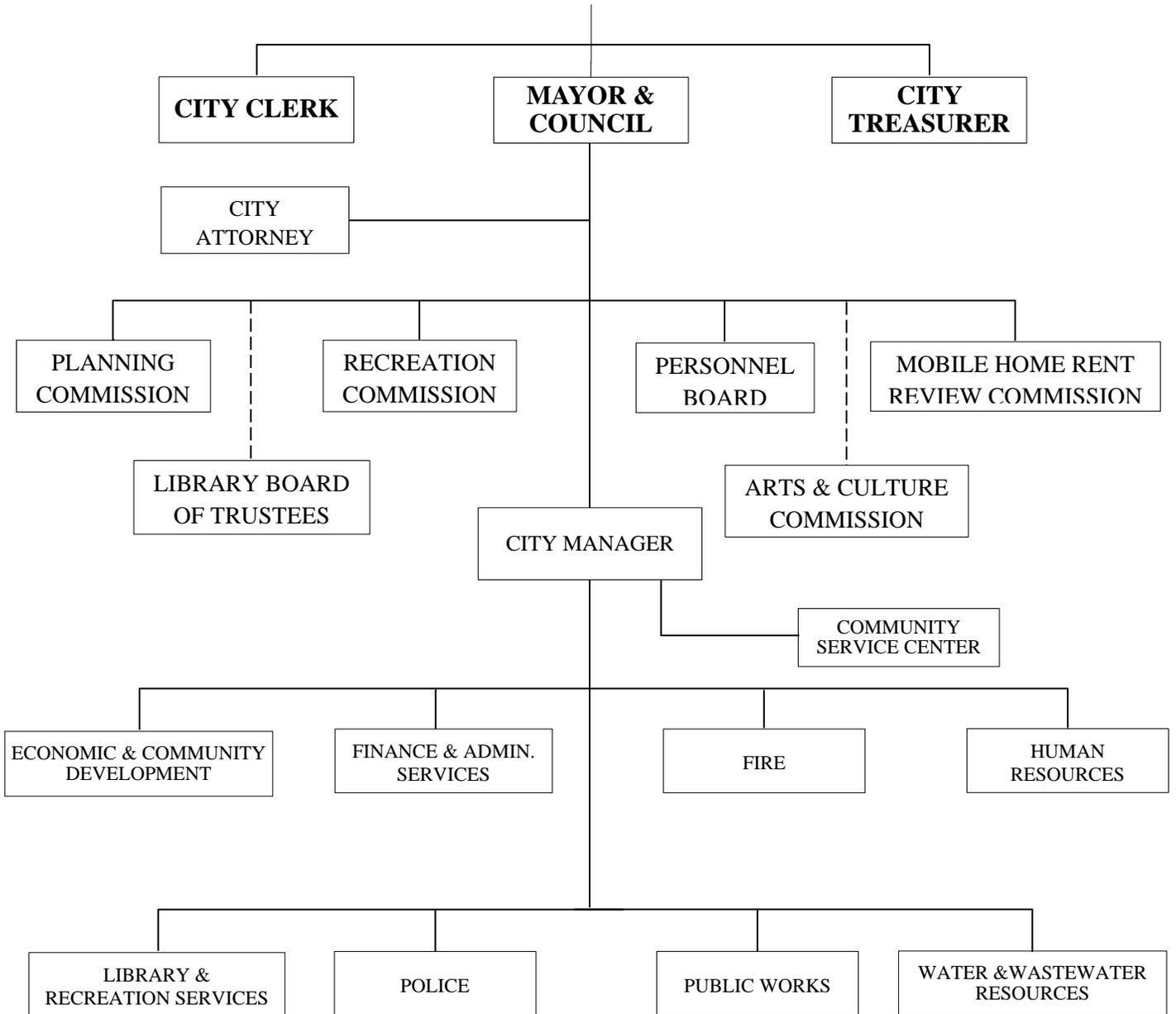


City of Daly City

ORGANIZATION STRUCTURE

Fiscal Year 2020

CITIZENS OF DALY CITY



----- ADVISORY BOARDS AND COMMISSIONS

**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2020**

Glenn R. Sylvester, Mayor

Juslyn C. Manalo, Vice Mayor

Raymond A. Buenaventura

Rod Daus-Magbual

Pamela DiGiovanni

K. Annette Hipona
City Clerk

Daneca Halvorson
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

Shawna Maltbie
Rose Zimmerman
Richard Chiu Jr.
Joseph Curran
Patrick Hensley
Timothy Nevin
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, 2019

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, 2020, 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, 2020, 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.

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 February 25, 2021 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.



Pleasant Hill, California
February 25, 2021

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, 2020.

FISCAL YEAR 2020 FINANCIAL HIGHLIGHTS

- At June 30, 2020, net position totaled \$146.3 million, an increase of \$12.9 million from the prior year total of \$133.4 million for both Governmental and Business-Type activities.
- Net Position of governmental activities in Fiscal Year (FY) 2020 was \$51.6 million compared to \$42.5 million in FY 2019, an increase of \$9.07 million.
- Net Pension and OPEB Liabilities of governmental activities increased by \$14.3 million to \$191.0 million in FY 2020 from \$176.7 million in FY 2019.
- Net Position of business-type activities in FY 2020 was \$94.7 million compared to \$90.9 million in FY 2019, an increase of \$3.8 million.
- Net Pension Liability of business-type activities increased by \$203,000 to \$25.7 million in FY 2020 from \$25.5 million in FY 2019.
- In FY 2020, total City revenues, including program and general revenues, were \$168.1 million, while total expenses were \$155.0 million.
- Governmental activities program revenues were \$39.8 million in FY 2020 compared with \$32.8 million in FY 2019. Business-type program revenues were \$46.9 million in FY 2020 compared with \$44.1 million in FY 2019.
- Governmental activities general revenues were \$77.1 million in FY 2020 compared with \$76.1 million in FY 2019, an increase of \$1.0 million over the prior year. This was mainly due to increase in property tax and other tax revenues of \$0.5 million and \$0.5 million, respectively. Property taxes increased due to higher assessed values and other taxes like franchise taxes increased due to higher uses generated by the COVID-19 pandemic. Business-type general revenues were \$4.2 million in FY 2020, an increase of \$0.2 million over the prior year.
- Unrestricted net position of governmental funds changed from negative (\$76.4) million in FY 2019 to negative (\$76.1) million in FY 2020.

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 | |
|----------------------------------|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Cash and investments | \$ 139,561 | \$ 117,902 | \$ 46,960 | \$ 43,216 | \$ 186,521 | \$ 161,118 |
| Other assets | 28,159 | 29,239 | 9,149 | 8,824 | 37,308 | 38,063 |
| Capital assets | 101,587 | 99,272 | 70,930 | 70,816 | 172,517 | 170,088 |
| Total assets | <u>269,307</u> | <u>246,413</u> | <u>127,039</u> | <u>122,856</u> | <u>396,346</u> | <u>369,269</u> |
| Deferred outflows of resources | <u>30,080</u> | <u>27,405</u> | <u>3,920</u> | <u>3,662</u> | <u>34,000</u> | <u>31,067</u> |
| Long-term debt | 16,198 | 19,434 | 3,822 | 4,656 | 20,020 | 24,090 |
| Net pension & OPEB liabilities | 191,003 | 176,765 | 25,752 | 25,549 | 216,755 | 202,314 |
| Other liabilities | 33,725 | 29,989 | 5,442 | 3,856 | 39,167 | 33,845 |
| Total liabilities | <u>240,926</u> | <u>226,188</u> | <u>35,016</u> | <u>34,061</u> | <u>275,942</u> | <u>260,249</u> |
| Deferred inflows of resources | <u>6,817</u> | <u>5,062</u> | <u>1,206</u> | <u>1,550</u> | <u>8,023</u> | <u>6,612</u> |
| Net assets (net position): | | | | | | |
| Net investment in capital assets | 100,413 | 97,757 | 67,108 | 66,160 | 167,521 | 163,917 |
| Restricted | 27,367 | 21,238 | 11 | 11 | 27,378 | 21,249 |
| Unrestricted | (76,136) | (76,427) | 27,618 | 24,736 | (48,518) | (51,691) |
| Total net assets (net position) | <u>\$ 51,644</u> | <u>\$ 42,568</u> | <u>\$ 94,737</u> | <u>\$ 90,907</u> | <u>\$ 146,381</u> | <u>\$ 133,475</u> |

Governmental Activities

The City's net position from governmental activities increased from \$42.5 million in FY 2019 to \$51.6 million in FY 2020. The increase 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 \$21.6 million from \$117.9 million in FY 2019 to \$139.5 million in FY 2020 due to higher property taxes, and other revenues in the General Fund, Gas Tax Fund and repayments received on balances owed by the former Redevelopment Agency as well an increase in a gain in investments.
- In FY 2020, \$0.3 million in Housing and Urban Development Section 108 Loan and \$2.9 million in City's Pension Obligation Bonds were retired.

- Restricted net position increased \$6.1 million. The unrestricted net position improved by \$0.2 million from (\$76.4 million) in FY 2019 to (\$76.1 million) in FY 2020. The city's unrestricted net position was negatively impacted in fiscal year 2014-15 with the implementation of GASB 68, that requires the disclosure of the city's unfunded pension liability.

Business-type Activities

The net position of business-type activities increased \$3.8 million to a total of \$94.7 million in FY 2020 from \$90.9 million in FY 2019. Increases and decreases of individual assets and liabilities are as follows:

- Cash and investments increased \$3.7 million mainly due to increased sewer service charge rates and water rate increases.
- Due to economic uncertainties from COVID-19 the City's investment in infrastructure and major capital improvements declined. In FY-2020 the increase of \$0.2 million in capital assets was mainly due to capital asset additions of \$4.2 million largely offset by depreciation expense of \$4.0 million.
- Long-term debt increased \$0.4 million due to a combination of a new loan from the Sewer fund to the Water fund, and the payments of the Utility Revenue Bonds and on the loan from the State Water Resources Control Board for the recycled water project. Other liabilities increased modestly by \$0.3 million.
- Unrestricted net position increased \$2.8 million to \$27.6 million.

Changes in Net Position

Total governmental activities revenues in FY- 2020 amounted to \$117.0 million compared to \$108.9 million in FY 2019, an increase of \$8.0 million in FY 2020 due to an increase in property tax, other taxes, operating grants, charges for services and investment earnings. Governmental expenses increased by \$10.4 million in FY 2020.

Total business-type activities revenues increased \$2.9 million in FY 2020 and expenses increased \$3.8 million.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 18,235 | \$ 15,805 | \$ 46,909 | \$ 44,186 | \$ 65,144 | \$ 59,991 |
| Operating grants & contributions | 17,185 | 11,519 | | | 17,185 | 11,519 |
| Capital grants & contributions | 4,430 | 5,520 | | | 4,430 | 5,520 |
| Total program revenues | 39,850 | 32,844 | 46,909 | 44,186 | 86,759 | 77,030 |
| General revenues: | | | | | | |
| Property tax | 37,261 | 36,700 | 2,254 | 2,172 | 39,515 | 38,872 |
| Sales tax | 16,372 | 17,699 | | | 16,372 | 17,699 |
| Other taxes & franchise fees | 17,584 | 16,938 | | | 17,584 | 16,938 |
| Investments earnings | 4,581 | 3,114 | 1,518 | 1,096 | 6,099 | 4,210 |
| Other | 1,360 | 1,697 | 480 | 743 | 1,840 | 2,440 |
| Total general revenues | 77,158 | 76,148 | 4,252 | 4,011 | 81,410 | 80,159 |
| Total revenues | 117,008 | 108,992 | 51,161 | 48,197 | 168,169 | 157,189 |
| Expenses: | | | | | | |
| General government | 12,999 | 12,477 | | | 12,999 | 12,477 |
| Public safety | 65,368 | 56,118 | | | 65,368 | 56,118 |
| Public works | 14,216 | 14,173 | | | 14,216 | 14,173 |
| Culture & recreation | 12,597 | 12,447 | | | 12,597 | 12,447 |
| Economic & community development | 4,650 | 4,108 | | | 4,650 | 4,108 |
| Interest on long-term debt | 1,160 | 1,230 | | | 1,160 | 1,230 |
| Water utility | | | 17,107 | 15,811 | 17,107 | 15,811 |
| Sewer | | | 26,304 | 23,579 | 26,304 | 23,579 |
| Civic center | | | 833 | 792 | 833 | 792 |
| Transfer station | | | 29 | 235 | 29 | 235 |
| Total expenses | 110,990 | 100,553 | 44,273 | 40,417 | 155,263 | 140,970 |
| Increase (decrease) in net assets /net position before transfers | 6,018 | 8,439 | 6,888 | 7,780 | 12,906 | 16,219 |
| Transfers | 3,058 | 1,525 | (3,058) | (1,525) | - | - |
| Increase in net assets / net position | 9,076 | 9,964 | 3,830 | 6,255 | 12,906 | 16,219 |
| Net assets / net position, July 1 | 42,568 | 32,604 | 90,907 | 84,652 | 133,475 | 117,256 |
| Net assets / net position, June 30 | \$ 51,644 | \$ 42,568 | \$ 94,737 | \$ 90,907 | \$ 146,381 | \$ 133,475 |

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, 2020
(in thousands)

| | Program Revenues | Expenses | Net Revenue (Expense) |
|----------------------------------|---------------------|-------------------|--------------------------|
| Governmental Activities | | | |
| General government | \$ 10,450 | \$ 12,999 | \$ (2,549) |
| Public safety | 7,384 | 65,368 | (57,984) |
| Public works | 13,503 | 14,216 | (713) |
| Culture & recreation | 2,918 | 12,598 | (9,680) |
| Economic & community development | 5,595 | 4,650 | 945 |
| Interest on long-term debt | | 1,160 | (1,160) |
| | <hr/> | <hr/> | <hr/> |
| Total governmental activities | <u>\$ 39,850</u> | <u>\$ 110,991</u> | <u>\$ (71,141)</u> |

THE CITY’S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2020, 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 \$7.5 million to \$73.6 million in FY 2020 compared to \$66.1 million in FY 2019.

General Fund revenues for FY 2020 increased by \$4.3 million to \$95.5 million from \$91.2 million in FY 2019 due to higher property taxes, other taxes, operating grants receipts and interest income in 2020. General Fund expenditures increased by \$5.8 million to \$87.0 million in FY 2020.

In FY 2020, the Gas Tax Special Revenue Fund total fund balance increased by \$1.9 million to \$6.9 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 2020 to \$10.9 million compared to FY 2019 at \$8.8 million resulting from a full year impact of SB-1 Road Maintenance and Measure A County funding, higher local sales taxes and grant amounts as well as higher interest income on unspent balances.

The Capital Projects Fund total fund balance increased \$4.3 million in FY 2020 to \$25.5 million compared to \$21.1 million in FY 2019. This Fund is designated for specific capital projects that will benefit the community as a whole. Capital Projects Fund revenues increased \$0.6 million in FY 2020 to \$6.5 million. Capital Projects Fund expenditures and transfers increased \$1.3 million in FY 2020.

Proprietary Funds

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

Water Utility operating revenues in FY 2020 increased \$2.6 million to \$24.1 million compared to FY 2019 due to water rate increases and higher water consumption. Operating expenses increased \$1.0 million to \$17.0 million due to increase in water purchases and pension and other post-retirement expense adjustments in the current fiscal year.

Sanitation District operating revenues decreased \$0.1 million to \$22.7 million in FY 2020 due to no increase in the scheduled sewer rates, and COVID-19. Operating expenses increased by \$2.0 million to \$26.0 million in FY 2020 primarily due to increases for insurance, services and supplies related to COVID-19 expenses.

General Fund Budgetary Highlights

The City uses a biennial budgeting process. FY 2020 is 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 by \$2.5 million. 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 2020 the City had \$172.5 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)

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-type</u> <u>Activities</u> | | <u>Total</u> | |
|---------------------------------|--|-------------------------|---|-------------------------|--------------------------|--------------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Land | \$ 33,029 | \$ 33,029 | \$ 2,863 | \$ 2,863 | \$ 35,892 | \$ 35,892 |
| Buildings & improvements | 25,952 | 27,468 | 1,805 | 1,985 | 27,757 | 29,453 |
| Streets & infrastructures | 20,492 | 22,697 | | | 20,492 | 22,697 |
| Sewage facilities | | | 19,225 | 20,331 | 19,225 | 20,331 |
| Wells & pump stations | | | 4,562 | 4,752 | 4,562 | 4,752 |
| Water reservoirs | | | 7,010 | 7,224 | 7,010 | 7,224 |
| Mains and subsurface lines | | | 21,897 | 21,874 | 21,897 | 21,874 |
| Equipment | 5,369 | 6,419 | 4,401 | 4,954 | 9,770 | 11,373 |
| Furniture & fixtures | 24 | 26 | 57 | 65 | 81 | 91 |
| Construction in progress | 16,721 | 9,633 | 9,110 | 6,768 | 25,831 | 16,401 |
| Total net capital assets | <u>\$ 101,587</u> | <u>\$ 99,272</u> | <u>\$ 70,930</u> | <u>\$ 70,816</u> | <u>\$ 172,517</u> | <u>\$ 170,088</u> |

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, 2019</u> | <u>Balance June 30, 2020</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 | \$ 1,514 | \$ 1,173 |
| <u>Pension Obligation Bonds</u> Issued June 1, 2004 Maturity June 1, 2024 | 2.65% to 5.896% | \$ 36,235 | 17,920 | 15,025 |
| <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 | 1,591 | 1,342 |
| <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 | 3,065 | 2,480 |
| HUD Section 108 Loan (original loan) | 0.35% | \$ 4,500 | | |
| HUD Section 108 Loan (refinanced loan) | 2.49% | \$ 2,670 | \$ 2,131 | \$ 1,173 |
| Pension Obligation Bonds | | \$ 36,235 | 22,845 | 15,025 |
| Total Governmental Activity Debts | | | <u>24,976</u> | <u>16,198</u> |
| Business-Type Activity Debts | | | | |
| Water Revenue Bonds | | \$ 6,890 | 4,205 | 2,480 |
| CA State Water Resources Control Board - Tertiary Project | | \$ 4,450 | 2,071 | 1,342 |
| Total Business-Type Activity Debts | | | <u>6,276</u> | <u>3,822</u> |
| Total City Long-Term Debts | | | <u>\$ 31,252</u> | <u>\$ 20,020</u> |

ECONOMIC FACTORS

In the beginning of fiscal year (FY) 2019-20, the City continued to experience slow but steady economic growth. Like many other jurisdictions, Daly City experienced rapid change with the introduction of the shelter-at-home orders brought on by the worldwide COVID-19 health emergency. Though not all revenue sources were affected by the downturn of economic activity, the City experienced losses in its Sales tax and local revenue measure. Since tourism all but ceased, Transient Occupancy Tax saw the largest decline compared to the previous year. Interest on Investment was one of the items that increased significantly as well as many operating grants.

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, 2020

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments (Note 1G) | \$136,068,871 | \$46,949,137 | \$183,018,008 |
| Cash with fiscal agent (Note 1G) | 109,625 | 11,325 | 120,950 |
| Restricted cash (Note 1G) | 3,382,363 | | 3,382,363 |
| Accounts receivable, net | 9,350,110 | 6,009,208 | 15,359,318 |
| Inventories (Note 1H) | 175,332 | 1,928,333 | 2,103,665 |
| Prepays (Note 1H) | 477,966 | | 477,966 |
| Internal balances (Note 6) | (1,211,120) | 1,211,120 | |
| Notes receivable (Note 12) | 1,527,359 | | 1,527,359 |
| Loan receivable from Successor Agency (Note 14C) | 14,473,052 | | 14,473,052 |
| Property held for development (Note 1C) | 3,366,888 | | 3,366,888 |
| Capital assets (Note 4): | | | |
| Nondepreciable capital assets | 49,750,300 | 11,972,109 | 61,722,409 |
| Depreciable capital assets, net | 51,836,648 | 58,958,160 | 110,794,808 |
| Total Assets | 269,307,394 | 127,039,392 | 396,346,786 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pension (Note 7D) | 25,372,269 | 3,182,957 | 28,555,226 |
| Related to OPEB (Note 8E) | 4,707,541 | 737,533 | 5,445,074 |
| Total Deferred Outflows of Resources | 30,079,810 | 3,920,490 | 34,000,300 |
| LIABILITIES | | | |
| Accounts payable | 7,821,729 | 3,327,302 | 11,149,031 |
| Accrued payroll | 510,581 | 69,508 | 580,089 |
| Deposits payable | 5,743,524 | 17,546 | 5,761,070 |
| Interest payable | 175,643 | 23,705 | 199,348 |
| Compensated absences (Note 1K): | | | |
| Due within one year | 5,641,463 | 825,000 | 6,466,463 |
| Due in more than one year | 4,638,496 | 1,179,020 | 5,817,516 |
| Accrued claims payable (Note 10): | | | |
| Due within one year | 2,222,765 | | 2,222,765 |
| Due in more than one year | 6,971,235 | | 6,971,235 |
| Net OPEB liability, due in more than one year (Note 8C) | 38,413,727 | 5,697,899 | 44,111,626 |
| Net pension liability, due in more than one year (Note 7C) | 152,589,127 | 20,054,426 | 172,643,553 |
| Long-term debt (Note 5): | | | |
| Due within one year | 3,580,000 | 855,326 | 4,435,326 |
| Due in more than one year | 12,618,000 | 2,966,754 | 15,584,754 |
| Total Liabilities | 240,926,290 | 35,016,486 | 275,942,776 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pension (Note 7D) | 3,302,570 | 655,721 | 3,958,291 |
| Related to OPEB (Note 8E) | 3,514,165 | 550,566 | 4,064,731 |
| Total Deferred Inflows of Resources | 6,816,735 | 1,206,287 | 8,023,022 |
| NET POSITION (Note 11) | | | |
| Net investment in capital assets | 100,413,948 | 67,108,189 | 167,522,137 |
| Restricted for: | | | |
| Debt service | 109,625 | 11,325 | 120,950 |
| Streets and roads | 6,987,049 | | 6,987,049 |
| Infrastructure | 8,652,858 | | 8,652,858 |
| Low and Moderate Income Housing Asset | 8,921,891 | | 8,921,891 |
| Other | 2,695,658 | | 2,695,658 |
| Total Restricted Net Position | 27,367,081 | 11,325 | 27,378,406 |
| Unrestricted | (76,136,850) | 27,617,595 | (48,519,255) |
| Total Net Position | \$51,644,179 | \$94,737,109 | \$146,381,288 |

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| 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 | |
| Governmental Activities: | | | | | | |
| General government | \$12,998,948 | \$743,003 | \$7,515,072 | \$2,192,270 | (\$2,548,603) | (\$2,548,603) |
| Public safety | 65,368,018 | 6,619,952 | 763,693 | | (57,984,373) | (57,984,373) |
| Public works | 14,216,669 | 4,062,420 | 7,035,617 | 2,405,154 | (713,478) | (713,478) |
| Culture and recreation | 12,597,628 | 2,105,126 | 812,678 | | (9,679,824) | (9,679,824) |
| Economic and community development | 4,649,920 | 4,704,318 | 890,784 | | 945,182 | 945,182 |
| Interest on long-term debt | 1,160,227 | | | | (1,160,227) | (1,160,227) |
| Total Governmental Activities | 110,991,410 | 18,234,819 | 17,017,844 | 4,597,424 | (71,141,323) | (71,141,323) |
| Business-type Activities: | | | | | | |
| Water Utility | 17,107,407 | 23,385,773 | | | \$6,278,366 | 6,278,366 |
| Civic Center | 832,870 | 844,360 | | | 11,490 | 11,490 |
| Transfer Station | 28,709 | | | | (28,709) | (28,709) |
| Sanitation District | 26,304,502 | 22,679,620 | | | (3,624,882) | (3,624,882) |
| Total Business-type Activities | 44,273,488 | 46,909,753 | | | 2,636,265 | 2,636,265 |
| Total | \$155,264,898 | \$65,144,572 | \$17,017,844 | \$4,597,424 | (71,141,323) | 2,636,265 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property tax | | | | | 37,261,483 | 39,515,516 |
| Sales tax | | | | | 16,371,691 | 16,371,691 |
| Utility users tax | | | | | 5,769,697 | 5,769,697 |
| Franchise fees | | | | | 4,536,241 | 4,536,241 |
| Other taxes | | | | | 7,278,295 | 7,278,295 |
| Investment earnings | | | | | 4,581,480 | 6,099,548 |
| Gain from sale of capital assets | | | | | | 1,146 |
| Miscellaneous | | | | | 1,360,090 | 1,839,009 |
| Transfers (Note 6) | | | | | 3,058,347 | (3,058,347) |
| Total general revenues and transfers | | | | | 80,217,324 | 81,411,143 |
| Change in Net Position | | | | | 9,076,001 | 12,906,085 |
| Net Position-Beginning | | | | | 42,568,178 | 133,475,203 |
| Net Position-Ending | | | | | \$51,644,179 | \$146,381,288 |

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, 2020

| | General | Gas Tax | Grants | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|--------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and investments (Note 1G) | \$57,796,868 | \$8,438,071 | \$597,473 | \$25,739,748 | \$6,324,118 | \$98,896,278 |
| Restricted cash and investments (Note 1G) | 3,382,363 | | | | | 3,382,363 |
| Accounts receivable, net | 6,517,561 | 1,538,528 | 52,247 | 891,349 | 84,913 | 9,084,598 |
| Due from other funds (Note 6) | 40,908 | | | | | 40,908 |
| Prepays (Note 1H) | 477,966 | | | | | 477,966 |
| Inventories (Note 1H) | 4,046 | 34,625 | | | | 38,671 |
| Notes receivable (Note 12) | | | 475,663 | | 1,051,696 | 1,527,359 |
| Loan receivable from Successor Agency (Note 14C) | 14,473,052 | | | | | 14,473,052 |
| Property held for development (Note 1C) | | | | | 3,366,888 | 3,366,888 |
| Total Assets | \$82,692,764 | \$10,011,224 | \$1,125,383 | \$26,631,097 | \$10,827,615 | \$131,288,083 |
| LIABILITIES | | | | | | |
| Accounts payable | \$2,873,782 | \$3,014,577 | \$110,371 | \$1,101,218 | \$124,951 | \$7,224,899 |
| Accrued payroll | 463,527 | 9,598 | 393 | 6,862 | 2,663 | 483,043 |
| Due to other funds (Note 6) | | | | | 40,908 | 40,908 |
| Deposits payable | 5,687,361 | | | | 56,163 | 5,743,524 |
| Total Liabilities | 9,024,670 | 3,024,175 | 110,764 | 1,108,080 | 224,685 | 13,492,374 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - loans | | | 475,663 | | 1,051,696 | 1,527,359 |
| FUND BALANCES | | | | | | |
| Fund Balance (Note 11) | | | | | | |
| Nonspendable | 14,955,064 | 34,625 | | | | 14,989,689 |
| Restricted | 3,382,363 | 6,952,424 | 538,956 | 8,652,858 | 9,551,234 | 29,077,835 |
| Assigned | 12,663,807 | | | 16,870,159 | | 29,533,966 |
| Unassigned | 42,666,860 | | | | | 42,666,860 |
| Total Fund Balances | 73,668,094 | 6,987,049 | 538,956 | 25,523,017 | 9,551,234 | 116,268,350 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$82,692,764 | \$10,011,224 | \$1,125,383 | \$26,631,097 | \$10,827,615 | \$131,288,083 |

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, 2020

Total fund balances reported on the Governmental Funds Balance Sheet \$116,268,350

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. 93,792,405

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 | 37,282,218 |
| Accounts receivable | 265,512 |
| Deferred outflows | 391,815 |
| Inventories | 136,661 |
| Internal balances | (1,211,120) |
| Capital assets | 7,794,543 |
| Accounts payable | (596,830) |
| Accrued payroll | (27,538) |
| Interest payable | (73,823) |
| Accrued claims payable | (9,194,000) |
| Compensated absences | (692,645) |
| Net OPEB liability | (3,027,114) |
| Deferred inflows | (292,490) |
| Long-term debt - due within one year | (3,215,000) |
| Long-term debt - due in more than one year | (11,810,000) |

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. 1,527,359

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 | 29,687,995 |
| Deferred inflows | (6,524,245) |

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 | (1,173,000) |
| Interest payable | (101,820) |
| Net OPEB liability | (35,386,613) |
| Net pension liability | (152,589,127) |
| Compensated absences | (9,587,314) |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$51,644,179

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, 2020

| | General | Gas Tax | Grants | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Property tax | \$37,261,483 | | | | | \$37,261,483 |
| Gas tax | | \$4,267,109 | | | | 4,267,109 |
| Sales tax | 13,287,654 | 3,084,037 | | | | 16,371,691 |
| Utility users tax | 5,769,697 | | | | | 5,769,697 |
| Franchise fees | 4,536,241 | | | | | 4,536,241 |
| Other taxes | 7,278,295 | | | | | 7,278,295 |
| Licenses and permits | 3,013,080 | | | | | 3,013,080 |
| Fines and forfeitures | 3,700,904 | | | | | 3,700,904 |
| Rents and interest | 3,936,244 | 190,544 | \$1,765 | \$738,150 | \$141,029 | 5,007,732 |
| Federal programs and grants | | 256,045 | 56,153 | 614,125 | 1,108,146 | 2,034,469 |
| Receipts from other agencies | 8,972,605 | 1,753,143 | 679,376 | 965,902 | | 12,371,026 |
| Charges and fees | 6,439,593 | 1,083,729 | | 4,025,439 | 1,216,237 | 12,764,998 |
| Miscellaneous | 1,376,605 | 146,887 | 2,635 | 202,787 | 207,867 | 1,936,781 |
| Total Revenues | 95,572,401 | 10,781,494 | 739,929 | 6,546,403 | 2,673,279 | 116,313,506 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 10,349,208 | | 4,943 | | | 10,354,151 |
| Public safety | 56,620,611 | | 250,525 | | 23,665 | 56,894,801 |
| Public works | 5,478,318 | 4,091,512 | | | 18,828 | 9,588,658 |
| Culture and recreation | 10,638,664 | | 153,993 | | 1,153,430 | 11,946,087 |
| Economic and community development | 3,975,056 | | 39,946 | | 826,978 | 4,841,980 |
| Capital projects | | 7,713,806 | 241,818 | 2,728,193 | | 10,683,817 |
| Debt service: | | | | | | |
| Principal | | | | | 341,000 | 341,000 |
| Interest | | | | | 29,838 | 29,838 |
| Total Expenditures | 87,061,857 | 11,805,318 | 691,225 | 2,728,193 | 2,393,739 | 104,680,332 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 8,510,544 | (1,023,824) | 48,704 | 3,818,210 | 279,540 | 11,633,174 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in (Note 6) | 3,293,266 | 3,140,068 | 423 | 1,170,824 | 881,940 | 8,486,521 |
| Transfers (out) (Note 6) | (4,238,705) | (340,217) | | (663,452) | (1,412) | (5,243,786) |
| Total Other Financing Sources (Uses) | (945,439) | 2,799,851 | 423 | 507,372 | 880,528 | 3,242,735 |
| NET CHANGES IN FUND BALANCES | 7,565,105 | 1,776,027 | 49,127 | 4,325,582 | 1,160,068 | 14,875,909 |
| BEGINNING FUND BALANCES | 66,102,989 | 5,211,022 | 489,829 | 21,197,435 | 8,391,166 | 101,392,441 |
| ENDING FUND BALANCES | \$73,668,094 | \$6,987,049 | \$538,956 | \$25,523,017 | \$9,551,234 | \$116,268,350 |

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, 2020

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 \$14,875,909

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. 7,349,771

Depreciation expense is deducted from fund balance
(Depreciation expense is net of internal service fund depreciation of \$1,148,072 which has already been allocated to serviced funds). (4,277,977)

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 341,000

Interest accrued is deducted from fund balance (88,050)

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 (98,574)

Compensated absences (1,013,962)

OPEB expense 449,355

Pension expense (14,216,216)

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 5,754,745

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$9,076,001

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, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property tax | \$34,484,256 | \$34,484,256 | \$37,261,483 | \$2,777,227 |
| Sales tax | 12,939,190 | 12,939,190 | 13,287,654 | 348,464 |
| Utility users tax | 5,753,754 | 5,753,754 | 5,769,697 | 15,943 |
| Franchise fees | 4,236,246 | 4,236,246 | 4,536,241 | 299,995 |
| Other taxes | 5,918,703 | 5,918,703 | 7,278,295 | 1,359,592 |
| Licenses and permits | 2,708,824 | 2,708,824 | 3,013,080 | 304,256 |
| Fines and forfeitures | 3,798,743 | 3,798,743 | 3,700,904 | (97,839) |
| Rents and interest | 1,254,584 | 1,254,584 | 3,936,244 | 2,681,660 |
| Receipts from other agencies | 633,406 | 6,308,993 | 8,972,605 | 2,663,612 |
| Charges and fees | 5,779,421 | 5,899,446 | 6,439,593 | 540,147 |
| Miscellaneous | 3,655,909 | 694,984 | 1,376,605 | 681,621 |
| Total Revenues | <u>81,163,036</u> | <u>83,997,723</u> | <u>95,572,401</u> | <u>11,574,678</u> |
| EXPENDITURES | | | | |
| Current Operations: | | | | |
| General Government | | | | |
| Legislative: | | | | |
| Salaries and benefits | 186,956 | 186,956 | 213,230 | (26,274) |
| Services and supplies | 39,461 | 39,461 | 37,868 | 1,593 |
| Other charges | 36,812 | 36,812 | 22,179 | 14,633 |
| Total Legislative | <u>263,229</u> | <u>263,229</u> | <u>273,277</u> | <u>(10,048)</u> |
| Legal: | | | | |
| Salaries and benefits | 928,657 | 928,657 | 929,535 | (878) |
| Services and supplies | 178,633 | 188,483 | 147,211 | 41,272 |
| Other charges | 8,666 | 5,866 | 4,969 | 897 |
| Total Legal | <u>1,115,956</u> | <u>1,123,006</u> | <u>1,081,715</u> | <u>41,291</u> |
| Administrative: | | | | |
| Salaries and benefits | 8,326,688 | 8,276,688 | 6,309,607 | 1,967,081 |
| Services and supplies | 1,898,792 | 2,391,354 | 1,980,707 | 410,647 |
| Other charges | 1,190,518 | 769,491 | 703,902 | 65,589 |
| Total Administrative | <u>11,415,998</u> | <u>11,437,533</u> | <u>8,994,216</u> | <u>2,443,317</u> |
| Total General Government | <u>12,795,183</u> | <u>12,823,768</u> | <u>10,349,208</u> | <u>2,474,560</u> |
| Public Safety | | | | |
| Police: | | | | |
| Salaries and benefits | 29,711,075 | 29,711,075 | 27,851,751 | 1,859,324 |
| Services and supplies | 6,898,182 | 7,675,962 | 6,897,982 | 777,980 |
| Capital outlay | 85,750 | 227,048 | 136,289 | 90,759 |
| Other charges | 496,539 | 464,068 | 444,188 | 19,880 |
| Total Police | <u>37,191,546</u> | <u>38,078,153</u> | <u>35,330,210</u> | <u>2,747,943</u> |
| Fire: | | | | |
| Salaries and benefits | 18,086,111 | 18,086,111 | 18,399,747 | (313,636) |
| Services and supplies | 2,736,581 | 2,738,769 | 2,549,692 | 189,077 |
| Capital outlay | 63,782 | 165,311 | 170,826 | (5,515) |
| Other charges | 123,499 | 123,040 | 170,136 | (47,096) |
| Total Fire | <u>21,009,973</u> | <u>21,113,231</u> | <u>21,290,401</u> | <u>(177,170)</u> |
| Total Public Safety | <u>58,201,519</u> | <u>59,191,384</u> | <u>56,620,611</u> | <u>2,570,773</u> |

(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, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------|----------------|---|
| | Original | Final | | |
| Public Works | | | | |
| Salaries and benefits | 3,123,107 | 4,507,491 | 4,201,984 | 305,507 |
| Services and supplies | 928,615 | 1,272,383 | 1,201,826 | 70,557 |
| Other charges | 86,221 | 86,121 | 74,508 | 11,613 |
| Total Public Works | 4,137,943 | 5,865,995 | 5,478,318 | 387,677 |
| Culture and Recreation | | | | |
| Salaries and benefits | 5,970,991 | 5,964,881 | 6,002,033 | (37,152) |
| Services and supplies | 4,625,291 | 4,682,120 | 4,441,119 | 241,001 |
| Capital outlay | 10,000 | 10,000 | 135 | 9,865 |
| Other charges | 73,439 | 72,839 | 195,377 | (122,538) |
| Total Culture and Recreation | 10,679,721 | 10,729,840 | 10,638,664 | 91,176 |
| Economic and Community Development | | | | |
| Salaries and benefits | 3,209,306 | 3,207,759 | 3,141,204 | 66,555 |
| Services and supplies | 842,475 | 946,150 | 787,654 | 158,496 |
| Other charges | 58,416 | 58,416 | 46,198 | 12,218 |
| Total Economic and Community Development | 4,110,197 | 4,212,325 | 3,975,056 | 237,269 |
| Total Expenditures | 89,924,563 | 92,823,312 | 87,061,857 | 5,761,455 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (8,761,527) | (8,825,589) | 8,510,544 | 17,336,133 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,257,661 | 3,321,296 | 3,293,266 | (28,030) |
| Transfers out | (695,064) | (3,740,714) | (4,238,705) | (497,991) |
| Total Other Financing Sources (Uses) | 2,562,597 | (419,418) | (945,439) | (526,021) |
| NET CHANGE IN FUND BALANCE | (\$6,198,930) | (\$9,245,007) | 7,565,105 | \$16,810,112 |
| BEGINNING FUND BALANCE | | | 66,102,989 | |
| ENDING FUND BALANCE | | | \$73,668,094 | |

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, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Gas tax | \$4,696,000 | \$7,179,188 | \$4,267,109 | (\$2,912,079) |
| Sales tax | 1,800,000 | 2,550,000 | 3,084,037 | 534,037 |
| Rents and interest | 40,000 | 40,000 | 190,544 | 150,544 |
| Federal programs and grants | | 3,089,333 | 256,045 | (2,833,288) |
| Receipts from other agencies | 300,000 | 2,123,771 | 1,753,143 | (370,628) |
| Charges and services | 1,043,171 | 1,076,779 | 1,083,729 | 6,950 |
| Miscellaneous | 2,500 | 52,500 | 146,887 | 94,387 |
| Total Revenues | <u>7,881,671</u> | <u>16,111,571</u> | <u>10,781,494</u> | <u>(5,330,077)</u> |
| EXPENDITURES | | | | |
| Public works | 4,252,847 | 4,290,593 | 4,091,512 | 199,081 |
| Capital projects | 7,165,306 | 21,071,314 | 7,713,806 | 13,357,508 |
| Total Expenditures | <u>11,418,153</u> | <u>25,361,907</u> | <u>11,805,318</u> | <u>13,556,589</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(3,536,482)</u> | <u>(9,250,336)</u> | <u>(1,023,824)</u> | <u>8,226,512</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 490,000 | 4,153,061 | 3,140,068 | (1,012,993) |
| Transfers out | (340,217) | (340,217) | (340,217) | |
| Total Other Financing Sources (Uses) | <u>149,783</u> | <u>3,812,844</u> | <u>2,799,851</u> | <u>(1,012,993)</u> |
| NET CHANGE IN FUND BALANCE | <u>(\$3,386,699)</u> | <u>(\$5,437,492)</u> | 1,776,027 | <u>\$7,213,519</u> |
| BEGINNING FUND BALANCE | | | <u>5,211,022</u> | |
| ENDING FUND BALANCE | | | <u>\$6,987,049</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, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|---------------------------|---------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Rents and interest | \$100 | \$100 | \$1,765 | \$1,665 |
| Federal programs and grants | 284,168 | 747,147 | 56,153 | (690,994) |
| Receipts from other agencies | 525,250 | 601,960 | 679,376 | 77,416 |
| Miscellaneous revenue | | | 2,635 | 2,635 |
| Total Revenues | <u>809,518</u> | <u>1,349,207</u> | <u>739,929</u> | <u>(609,278)</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Administrative: | | | | |
| Services and supplies | | 4,923 | 4,943 | (20) |
| Total General Government | | <u>4,923</u> | <u>4,943</u> | <u>(20)</u> |
| Public Safety | | | | |
| Salaries and benefits | | 7,888 | | 7,888 |
| Services and supplies | 146,835 | 306,080 | 209,182 | 96,898 |
| Other charges | | 80,839 | 41,343 | 39,496 |
| Total Public Safety | <u>146,835</u> | <u>394,807</u> | <u>250,525</u> | <u>144,282</u> |
| Public Works | | | | |
| Capital Outlay | 278,000 | 278,000 | 241,818 | 36,182 |
| Total Public Works | <u>278,000</u> | <u>278,000</u> | <u>241,818</u> | <u>36,182</u> |
| Culture and Recreation | | | | |
| Salaries and benefits | 242,260 | 242,260 | 143,631 | 98,629 |
| Services and supplies | 4,000 | 17,759 | 10,362 | 7,397 |
| Total Culture and Recreation | <u>246,260</u> | <u>260,019</u> | <u>153,993</u> | <u>106,026</u> |
| Economic and Community Development | | | | |
| Salaries and benefits | 27,560 | 34,680 | 28,009 | 6,671 |
| Services and supplies | 1,500 | 21,500 | 4,750 | 16,750 |
| Other charges | 255,751 | 641,309 | 7,187 | 634,122 |
| Total Economic and Community Development | <u>284,811</u> | <u>697,489</u> | <u>39,946</u> | <u>657,543</u> |
| Total Expenditures | <u>955,906</u> | <u>1,635,238</u> | <u>691,225</u> | <u>944,013</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(146,388)</u> | <u>(286,031)</u> | <u>48,704</u> | <u>334,735</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | 423 | 423 | |
| NET CHANGE IN FUND BALANCE | <u><u>(\$146,388)</u></u> | <u><u>(\$285,608)</u></u> | <u>49,127</u> | <u><u>\$334,735</u></u> |
| BEGINNING FUND BALANCE | | | <u>489,829</u> | |
| ENDING FUND BALANCE | | | <u><u>\$538,956</u></u> | |

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2020

| | Business-type Activities-Enterprise Funds | | | Totals | Governmental Activities- Internal Service Funds |
|---------------------------------------|---|------------------------|------------------------------|--------------------|--|
| | Water Utility | Sanitation District | Other Enterprise Funds | | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and investments (Note 1G) | \$15,165,374 | \$29,137,184 | \$2,646,579 | \$46,949,137 | \$37,172,593 |
| Cash with fiscal agent (Note 1G) | 11,325 | | | 11,325 | 109,625 |
| Accounts receivable, net (Note 11) | 4,386,887 | 1,393,114 | 229,207 | 6,009,208 | 265,512 |
| Inventories (Note 1H) | 394,280 | 1,534,053 | | 1,928,333 | 136,661 |
| Total Current Assets | 19,957,866 | 32,064,351 | 2,875,786 | 54,898,003 | 37,684,391 |
| Noncurrent Assets: | | | | | |
| Advance to other funds (Note 6) | | 5,080,754 | | 5,080,754 | |
| 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 | | 59,021,605 | | 59,021,605 | |
| 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 | 26,871,004 | | 46,428,933 | |
| Equipment | 5,959,957 | 9,565,068 | 957,617 | 16,482,642 | 20,369,197 |
| Furniture and fixtures | 37,154 | 114,174 | | 151,328 | 63,104 |
| Construction in progress | 2,090,135 | 7,019,425 | | 9,109,560 | 3,225,260 |
| Total Capital Assets | 50,548,118 | 103,718,342 | 9,499,769 | 163,766,229 | 24,071,721 |
| Less accumulated depreciation | (26,146,195) | (60,576,356) | (6,113,409) | (92,835,960) | (16,277,178) |
| Net Capital Assets | 24,401,923 | 43,141,986 | 3,386,360 | 70,930,269 | 7,794,543 |
| Total Noncurrent Assets | 24,401,923 | 48,222,740 | 3,386,360 | 76,011,023 | 7,794,543 |
| Total Assets | 44,359,789 | 80,287,091 | 6,262,146 | 130,909,026 | 45,478,934 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Related to pension (Note 7D) | 866,807 | 2,316,150 | | 3,182,957 | |
| Related to OPEB (Note 8) | 195,907 | 541,626 | | 737,533 | 391,815 |
| Total Deferred Outflows | 1,062,714 | 2,857,776 | | 3,920,490 | 391,815 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 1,159,501 | 2,150,096 | 17,705 | 3,327,302 | 596,830 |
| Accrued payroll | 18,556 | 50,952 | | 69,508 | 27,538 |
| Deposits payable | 17,546 | | | 17,546 | |
| Interest payable | 4,133 | 19,572 | | 23,705 | 73,823 |
| Accrued claims payable (Note 10) | | | | | 2,222,765 |
| Compensated absences (Note 1K) | 282,649 | 542,351 | | 825,000 | |
| Long-term debt (Note 5) | 600,000 | 255,326 | | 855,326 | 3,215,000 |
| Total Current Liabilities | 2,082,385 | 3,018,297 | 17,705 | 5,118,387 | 6,135,956 |
| Noncurrent Liabilities: | | | | | |
| Compensated absences (Note 1K) | | 1,179,020 | | 1,179,020 | 692,645 |
| Accrued claims payable (Note 10) | | | | | 6,971,235 |
| Net OPEB liability (Note 8) | 1,513,358 | 4,184,541 | | 5,697,899 | 3,027,114 |
| Net Pension Liability (Note 7C) | 5,461,377 | 14,593,049 | | 20,054,426 | |
| Long-term debt (Note 5) | 1,880,000 | 1,086,754 | | 2,966,754 | 11,810,000 |
| Advance from other funds (Note 6) | 5,080,754 | | | 5,080,754 | |
| Total Noncurrent Liabilities | 13,935,489 | 21,043,364 | | 34,978,853 | 22,500,994 |
| Total Liabilities | 16,017,874 | 24,061,661 | 17,705 | 40,097,240 | 28,636,950 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Related to pension (Note 7D) | 178,571 | 477,150 | | 655,721 | |
| Related to OPEB (Note 8) | 146,244 | 404,322 | | 550,566 | 292,490 |
| Total Deferred Inflows | 324,815 | 881,472 | | 1,206,287 | 292,490 |
| NET POSITION (Note 11) | | | | | |
| Net investment in capital assets | 21,921,923 | 41,799,906 | 3,386,360 | 67,108,189 | 7,794,543 |
| Restricted for: | | | | | |
| Debt service | 11,325 | | | 11,325 | 109,625 |
| Unrestricted | 7,146,566 | 16,401,828 | 2,858,081 | 26,406,475 | 9,037,141 |
| Total Net Position | \$29,079,814 | \$58,201,734 | \$6,244,441 | 93,525,989 | \$16,941,309 |

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

| | |
|--|--------------|
| | 1,211,120 |
| Net position of business-type activities | \$94,737,109 |

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, 2020

| | Business-type Activities-Enterprise Funds | | | Totals | Governmental Activities- Internal Service Funds |
|--|---|------------------------|------------------------------|--------------------|--|
| | Water Utility | Sanitation District | Other Enterprise Funds | | |
| OPERATING REVENUES | | | | | |
| Water sales | \$23,385,773 | \$89,960 | | \$23,475,733 | |
| Sewer service charges | | 22,192,624 | | 22,192,624 | |
| Connection charges | | 397,036 | | 397,036 | |
| Rental income | | | \$844,360 | 844,360 | |
| Charges to City departments | | | | | \$24,038,691 |
| Other revenues | 234,370 | 99,052 | 145,497 | 478,919 | 659,493 |
| Total Operating Revenues | 23,620,143 | 22,778,672 | 989,857 | 47,388,672 | 24,698,184 |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 3,288,748 | 9,867,567 | | 13,156,315 | 7,613,443 |
| Services and supplies | 1,445,214 | 9,185,180 | 498,213 | 11,128,607 | 5,003,095 |
| Water purchases | 8,631,599 | | | 8,631,599 | |
| Utilities | 918,971 | 1,528,092 | 145,802 | 2,592,865 | 469,947 |
| Insurance | 260,033 | 660,595 | 18,781 | 939,409 | 1,956,351 |
| Claims and settlements | | | | | 2,054,560 |
| Depreciation (Note 4) | 1,247,958 | 2,492,465 | 190,694 | 3,931,117 | 1,148,072 |
| Other charges | 1,109,386 | 2,326,613 | | 3,435,999 | 638,513 |
| Total Operating Expenses | 16,901,909 | 26,060,512 | 853,490 | 43,815,911 | 18,883,981 |
| Operating Income (Loss) | 6,718,234 | (3,281,840) | 136,367 | 3,572,761 | 5,814,203 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Property taxes | | 2,254,033 | | 2,254,033 | |
| Gain on sale of capital assets | | 1,146 | | 1,146 | |
| Interest income | 497,963 | 976,732 | 43,373 | 1,518,068 | 876,751 |
| Interest expense | (130,912) | (36,147) | | (167,059) | (1,042,339) |
| Total Nonoperating Revenues (Expenses) | 367,051 | 3,195,764 | 43,373 | 3,606,188 | (165,588) |
| Income (Loss) Before Transfers | 7,085,285 | (86,076) | 179,740 | 7,178,949 | 5,648,615 |
| Transfers in (Note 6) | | 1,617,030 | | 1,617,030 | 472,156 |
| Transfers (out) (Note 6) | (2,994,663) | (1,180,293) | (500,421) | (4,675,377) | (656,544) |
| Net transfers | (2,994,663) | 436,737 | (500,421) | (3,058,347) | (184,388) |
| CHANGE IN NET POSITION | 4,090,622 | 350,661 | (320,681) | 4,120,602 | 5,464,227 |
| BEGINNING NET POSITION | 24,989,192 | 57,851,073 | 6,565,122 | 89,405,387 | 11,477,082 |
| ENDING NET POSITION | \$29,079,814 | \$58,201,734 | \$6,244,441 | 93,525,989 | \$16,941,309 |
| Net change in net position | | | | 4,120,602 | |
| 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. | | | | (290,518) | |
| Change in net position of business-type activities | | | | <u>\$3,830,084</u> | |

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020

| | 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 | \$22,954,264 | \$22,873,209 | \$911,477 | \$46,738,950 | \$24,450,177 |
| Payments to suppliers | (12,032,535) | (12,727,982) | (684,867) | (25,445,384) | (8,226,782) |
| Payments to employees | (3,556,177) | (9,614,238) | (53,222) | (13,223,637) | (7,903,243) |
| Claims paid | | | | | (2,054,560) |
| Cash Flows from Operating Activities | 7,365,552 | 530,989 | 173,388 | 8,069,929 | 6,265,592 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Property tax | | 2,254,033 | | 2,254,033 | |
| Principal paid on noncapital debt | | | | | (2,895,000) |
| Interest paid on noncapital debt | | | | | (1,056,563) |
| Advance from other funds | 2,570,587 | | | 2,570,587 | |
| Advance to other funds | | (2,570,587) | | (2,570,587) | |
| Transfers in | | 1,617,030 | | 1,617,030 | 472,156 |
| Transfers out | (2,994,663) | (1,180,293) | (500,421) | (4,675,377) | (656,544) |
| Cash Flows from (used for) Noncapital Financing Activities | (424,076) | 120,183 | (500,421) | (804,314) | (4,135,951) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from sale of capital assets | | 167,176 | | 167,176 | |
| Acquisition of capital assets | (1,438,990) | (2,772,097) | | (4,211,087) | (391,990) |
| Principal paid on capital debt | (585,000) | (249,099) | | (834,099) | |
| Interest paid on capital debt | (131,887) | (40,830) | | (172,717) | |
| Cash Flows from (used for) Capital and Related Financing Activities | (2,155,877) | (2,894,850) | | (5,050,727) | (391,990) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest income | 497,963 | 976,732 | 43,373 | 1,518,068 | 876,751 |
| Net Cash Flows | 5,283,562 | (1,266,946) | (283,660) | 3,732,956 | 2,614,402 |
| Cash and investments at beginning of period | 9,893,137 | 30,404,130 | 2,930,239 | 43,227,506 | 34,667,816 |
| Cash and investments at end of period | <u>\$15,176,699</u> | <u>\$29,137,184</u> | <u>\$2,646,579</u> | <u>\$46,960,462</u> | <u>\$37,282,218</u> |
| Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities: | | | | | |
| Operating income (loss) | \$6,718,234 | (\$3,281,840) | \$136,367 | \$3,572,761 | \$5,814,203 |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | | | |
| Depreciation | 1,247,958 | 2,492,465 | 190,694 | 3,931,117 | 1,148,072 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable, net | (648,891) | 94,537 | (78,380) | (632,734) | (248,007) |
| Prepaid | | 5,839 | | 5,839 | |
| Inventories | (4,028) | 4,474 | | 446 | 45,094 |
| Accounts payable | 336,696 | 962,185 | (22,071) | 1,276,810 | (42,970) |
| Accrued payroll | 10,907 | 41,582 | | 52,489 | 23,127 |
| Deposits payable | (16,988) | | | (16,988) | |
| Accrued claims payable | | | | | (161,000) |
| Compensated absences | (21,564) | 306,239 | (5,092) | 279,583 | 135,518 |
| Due to OPEB system | (364,997) | (524,991) | (48,130) | (938,118) | (448,445) |
| Due to retirement system | 108,225 | 430,499 | | 538,724 | |
| Cash Flows from Operating Activities | \$7,365,552 | \$530,989 | \$173,388 | \$8,069,929 | \$6,265,592 |
| NONCASH TRANSACTIONS | | | | | |
| Retirement of capital assets | | (\$166,030) | | (\$166,030) | |

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, 2020

| | Successor Agency to the Redevelopment Agency Private-Purpose Trust | Agency Funds |
|----------------------------------|---|-----------------|
| ASSETS | | |
| Cash and investments (Note 1G) | \$184,078 | \$2,913,235 |
| Receivables | 2,462 | 1,617,619 |
| Other assets | | 71,179 |
| | 186,540 | 4,602,033 |
| LIABILITIES | | |
| Accounts payable | | \$3,186,591 |
| Due to others | | 1,415,442 |
| Deposits payable | 4,050 | |
| Loans payable to City (Note 14C) | 14,473,052 | |
| | 14,477,102 | 4,602,033 |
| NET POSITION | | |
| Held in trust for other purposes | (\$14,290,562) | |

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

| | Successor Agency to the Redevelopment Agency Private-Purpose Trust |
|------------------------------------|---|
| ADDITIONS | |
| Taxes | \$1,093,898 |
| Rents and interest | 47,376 |
| Total additions | 1,141,274 |
| DEDUCTIONS | |
| Services and supplies | 13,187 |
| Other charges | 2,249 |
| Total deductions | 15,436 |
| CHANGE IN NET POSITION | 1,125,838 |
| NET POSITION | |
| Net Position (Deficit) - Beginning | (15,416,400) |
| Net Position (Deficit) - Ending | (\$14,290,562) |

See accompanying notes to financial statements



CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2020, the following expenditures exceeded the budgeted appropriations:

| | <u>Expenditures Exceeded Budget</u> |
|---|---|
| General Fund | |
| General Government | |
| Legislative | \$10,048 |
| Public Safety | |
| Fire | 177,170 |
| Grants Special Revenue Fund | |
| General Government | 20 |
| Doelger Senior Center Special Revenue Fund | |
| Culture and Recreation | 54,157 |
| Linda Vista Benefit Assessment Special Revenue Fund | |
| Public Works | 316 |

For Legislative and Public Safety, expenditures exceeding budget were primarily driven by moderately higher salaries and benefits costs. For General Government and Public Works, expenditures exceeded budget due to COVID-19 expenditures that were not budgeted for. For Culture and Recreation, expenditures exceeded budget due to increased unemployment insurance benefit payments due to COVID-19.

F. 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.

G. 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 | \$183,018,008 |
| Cash with fiscal agent | 120,950 |
| Restricted cash and investments | <u>3,382,363</u> |
| Cash and investments of the City | 186,521,321 |
| Cash and investments in Fiduciary Funds (separate statement) | <u>3,097,313</u> |
| Total cash and investments | <u><u>\$189,618,634</u></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 | \$75,000,000 per account | \$75,000,000 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 and U.S. Government Sponsored Enterprise State Obligations | N/A | AAA 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 | | \$1,120,272 | \$975,661 | \$2,095,933 |
| Money Market Mutual Funds | \$120,950 | | | 120,950 |
| California Local Agency Investment Fund | 2,231,809 | | | 2,231,809 |
| San Mateo County Investment Pool | 156,096,474 | | | 156,096,474 |
| Negotiable Certificates of Deposit | 738,726 | 3,049,046 | | 3,787,772 |
| PARS Moderately Conservative Index PLUS Fund | 3,382,363 | | | 3,382,363 |
| Total Investments | \$162,570,322 | \$4,169,318 | \$975,661 | 167,715,301 |
| Cash in Bank and On Hand | | | | 21,903,333 |
| Total Cash and Investments | | | | \$189,618,634 |

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2020, these investments have an average maturity of 191 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, 2020, these investments matured in an average of 1.75 years.

Money Market Mutual Fund investments are available for withdrawal on demand and at June 30, 2020 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, 2020 are provided by Standard and Poor's except as noted.

| Investment Type | AAAm | AAm/AAf | Total Investments |
|--|------------------|----------------------|----------------------|
| Money Market Mutual Funds | \$109,625 | \$11,325 | \$120,950 |
| San Mateo County Investment Pool | | 156,096,474 | 156,096,474 |
| Total | <u>\$109,625</u> | <u>\$156,107,799</u> | 156,217,424 |
| <i>Not rated:</i> | | | |
| U.S. Government Agency Securities | | | 2,095,933 |
| California Local Agency Investment Fund | | | 2,231,809 |
| Negotiable Certificates of Deposit | | | 3,787,772 |
| PARS Moderately Conservative Index PLUS Fund | | | <u>3,382,363</u> |
| Total Investments | | | <u>\$167,715,301</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, 2020:

| Investment Type | Level 2 | Total |
|---|-------------|---------------|
| Investments by Fair Value Level: | | |
| U.S. Government Agency Securities | \$2,095,933 | \$2,095,933 |
| Negotiable Certificates of Deposit | 3,787,772 | 3,787,772 |
| Subtotal | \$5,883,705 | 5,883,705 |
| Investments Measured at Amortized Cost: | | |
| Money Market Mutual Funds | | 120,950 |
| PARS Moderately Conservative Index PLUS Fund | | 3,382,363 |
| Investments Not Subject to the Fair Value Hierarchy: | | |
| California Local Agency Investment Fund | | 2,231,809 |
| San Mateo County Investment Pool | | 156,096,474 |
| Total Investments | | \$167,715,301 |

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

H. 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.

I. 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.

J. ADVANCES TO OTHER FUNDS AND AGENCIES

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

K. 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, 2019 | \$9,130,479 | \$1,724,437 | \$10,854,916 |
| Additions | 5,966,646 | 983,628 | 6,950,274 |
| Payments | (4,817,166) | (704,045) | (5,521,211) |
| Balance June 30, 2020 | <u>\$10,279,959</u> | <u>\$2,004,020</u> | <u>\$12,283,979</u> |
| Due within one year | <u>\$5,641,463</u> | <u>\$825,000</u> | <u>\$6,466,463</u> |

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

L. 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.

M. 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.

N. 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.

O. CLOSED FUNDS

The Doelger Senior Center Special Revenue Fund and Retiree Health Internal Service Fund were closed as of June 30, 2020.

NOTE 2.

REPORTING ENTITY

The City's Basic Financial Statements include the financial activities of the City, the North San Mateo County Sanitation District, the Daly City Public Facilities Financing Corporation and the Daly City Housing Development Finance Agency. 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 District does not issue separate financial statements.

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). The Corporation does not issue separate financial statements.

The activities of the Daly City Housing Development Finance Agency (Finance Agency) are included in the Low and Moderate Income Housing Assets Special Revenue Fund. The City established the Finance Agency in 1985 pursuant to California Health and Safety Code (HSC) Division 24, Part 2, Chapter 1, to address the housing needs of the City and the Finance Agency serves as the Housing Successor to the former Daly City Redevelopment Agency. The primary activity of the Finance Agency is to develop nonsubsidized multifamily rental housing development financing pursuant to Section 34312.3 of the HSC that is owned, operated and managed by private and other agencies, not the Finance Agency. The Finance Agency is administered by a Governing Board whose members are the City Council of the City of Daly City, and the City also performs all accounting and administrative functions for the Finance Agency. The Finance Agency does not issue separate financial statements.

NOTE 3.

COMMITMENTS AND CONTINGENCIES

A. CONSTRUCTION CONTRACTS

At June 30, 2020, the City had made commitments of approximately \$7 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, 2020 were \$663,807 in the General Fund, \$2,103,947 in the Gas Tax Special Revenue Fund, \$29,049 in the Grants Special Revenue Fund, \$1,142,225 in the Capital Projects Fund, and \$49,645 in nonmajor governmental funds.

D. FEDERAL AND STATE GRANT PROGRAMS

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

E. HOUSING EXCESS SURPLUS

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

The Low and Moderate Income Housing Assets Special Revenue Fund serves as the housing successor and as of July 1, 2019 had an excess surplus balance of \$152,322. The City expects to eliminate the excess surplus prior to the end of the third fiscal year.

F. COVID-19 GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Although many of the City's services are considered essential, City Hall was closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes and transient occupancy taxes, are directly impacted by these events, it is probable that this matter will negatively impact the City. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

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, 2019 | Additions | Retirements | Transfers | Balance June 30, 2020 |
|--|--------------------------|-------------|-------------|-------------|--------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$33,029,342 | | | | \$33,029,342 |
| Construction in progress | 9,632,596 | \$7,383,746 | | (\$295,384) | 16,720,958 |
| Total capital assets not being depreciated | 42,661,938 | 7,383,746 | | (295,384) | 49,750,300 |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | 57,824,402 | | | | 57,824,402 |
| Streets & infrastructure | 82,277,257 | | | | 82,277,257 |
| Park structures & improvements | 7,816,451 | | | 295,384 | 8,111,835 |
| Vehicles & equipment | 26,404,507 | 358,015 | (\$689,935) | | 26,072,587 |
| Furniture & fixtures | 458,590 | | | | 458,590 |
| Total capital assets being depreciated | 174,781,207 | 358,015 | (689,935) | 295,384 | 174,744,671 |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | 34,311,833 | 1,477,042 | | | 35,788,875 |
| Streets & infrastructure | 59,580,941 | 2,204,091 | | | 61,785,032 |
| Park structures & improvements | 3,861,270 | 334,038 | | | 4,195,308 |
| Vehicles & equipment | 19,985,369 | 1,408,048 | (689,935) | | 20,703,482 |
| Furniture & fixtures | 432,496 | 2,830 | | | 435,326 |
| Total accumulated depreciation | 118,171,909 | 5,426,049 | (689,935) | | 122,908,023 |
| Net depreciable assets | 56,609,298 | (5,068,034) | | 295,384 | 51,836,648 |
| Governmental activity capital assets, net | \$99,271,236 | \$2,315,712 | | | \$101,586,948 |

| | Balance June 30, 2019 | Additions | Retirements | Transfers | Balance June 30, 2020 |
|---|--------------------------|--------------------|--------------------|--------------------|--------------------------|
| <i>Business-type activities:</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$2,862,549 | | | | \$2,862,549 |
| Construction in progress | 6,768,301 | \$4,111,785 | (\$166,030) | (\$1,604,496) | 9,109,560 |
| Total capital assets not being depreciated | 9,630,850 | 4,111,785 | (166,030) | (1,604,496) | 11,972,109 |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | 7,918,904 | | | | 7,918,904 |
| Sewage facilities | 58,958,085 | | | 63,520 | 59,021,605 |
| Mains & subsurface lines | 44,948,196 | | | 1,480,737 | 46,428,933 |
| Water reservoirs | 12,715,925 | | | | 12,715,925 |
| Wells & pump stations | 9,074,783 | | | | 9,074,783 |
| Equipment | 16,323,101 | 99,302 | | 60,239 | 16,482,642 |
| Furniture & fixtures | 151,328 | | | | 151,328 |
| Total capital assets being depreciated | 150,090,322 | 99,302 | | 1,604,496 | 151,794,120 |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | 5,934,264 | 179,341 | | | 6,113,605 |
| Sewage facilities | 38,626,593 | 1,170,033 | | | 39,796,626 |
| Mains & subsurface lines | 23,074,104 | 1,457,095 | | | 24,531,199 |
| Water reservoirs | 5,491,499 | 214,351 | | | 5,705,850 |
| Wells & pump stations | 4,322,710 | 190,174 | | | 4,512,884 |
| Equipment | 11,368,938 | 712,803 | | | 12,081,741 |
| Furniture & fixtures | 86,735 | 7,320 | | | 94,055 |
| Total accumulated depreciation | 88,904,843 | 3,931,117 | | | 92,835,960 |
| Net depreciable assets | 61,185,479 | (3,831,815) | | 1,604,496 | 58,958,160 |
| Business-type activity capital assets, net | \$70,816,329 | \$279,970 | (\$166,030) | | \$70,930,269 |

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 | \$125,237 |
| Public safety | 370,622 |
| Public works | 2,223,271 |
| 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>1,148,072</u> |
| Total Governmental Activities | <u><u>\$5,426,049</u></u> |
| Business-Type Activities | |
| Water Utility | \$1,247,958 |
| Sanitation District | 2,492,465 |
| Civic Center | <u>190,694</u> |
| Total Business-Type Activities | <u><u>\$3,931,117</u></u> |

NOTE 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2020, are as follows:

| | Original Issue Amount | Balance June 30, 2019 | Retirements | Balance June 30, 2020 | 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 | \$1,514,000 | \$341,000 | \$1,173,000 | \$365,000 |
| 2004 Series A-1 Pension Obligation Bonds 2.650%-5.896%, due FY 2024 | 36,235,000 | 17,920,000 | 2,895,000 | 15,025,000 | 3,215,000 |
| Total Governmental Activities | | 19,434,000 | 3,236,000 | 16,198,000 | 3,580,000 |
| <i>Business-Type Activities Debt</i> | | | | | |
| State Water Resources Control Board Loan 2.5%, due FY 2025 (Direct Borrowing) | 4,450,128 | 1,591,179 | 249,099 | 1,342,080 | 255,326 |
| 2012 Water Revenue Refunding Bond 2.0%-3.0%, due FY 2024 | 6,890,000 | 3,065,000 | 585,000 | 2,480,000 | 600,000 |
| Total Business-Type Activities | | 4,656,179 | 834,099 | 3,822,080 | 855,326 |
| Total City Long-Term Debt | | \$24,090,179 | \$4,070,099 | \$20,020,080 | \$4,435,326 |

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, 2020, total principal and interest remaining on the note is \$1,215,965. For fiscal year 2020, principal and interest paid were \$370,838 and total block grant revenues were \$850,141.

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 2020, principal and interest paid were \$3,951,563.

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, 2020, total principal and interest remaining on the note is \$1,444,395. For fiscal year 2020, principal and interest paid were \$288,878 and total Sanitation District Enterprise net revenues were \$1,262,243.

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, 2020, total principal and interest remaining on the bonds is \$2,605,300. For fiscal year 2020, principal and interest paid were \$646,300 and total Water Utility Enterprise Fund net revenues were \$5,469,492.

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 |
| 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>\$1,173,000</u> | <u>\$42,965</u> | <u>\$15,025,000</u> | <u>\$2,323,614</u> | <u>\$16,198,000</u> | <u>\$2,366,579</u> |

| Year ending June 30 | SWRCB Loan | | Water Revenue Refunding Bond | | Business-Type Activities | |
|---------------------|--------------------|------------------|------------------------------|------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest | Total | |
| | | | | | Principal | Interest |
| 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>\$1,342,080</u> | <u>\$102,315</u> | <u>\$2,480,000</u> | <u>\$125,300</u> | <u>\$3,822,080</u> | <u>\$227,615</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, 2020 that amount was \$351,156,795. As of June 30, 2020, 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, 2020, 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>\$40,908</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, 2020, the balance of the advance was \$5,080,754, including accrued interest.

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2020 were as follows:

| <u>Fund Making Transfer</u> | <u>Fund Receiving Transfer</u> | <u>Transfer Amount</u> |
|--|--|----------------------------|
| General Fund | Gas Tax Special Revenue Fund | \$2,675,068 |
| | Grants Special Revenue Fund | 423 |
| | Capital Projects Fund | 387,824 |
| | Non Major Governmental Funds | 881,940 |
| | Internal Service Fund - Motor Vehicles | 104,186 |
| | Internal Service Fund - Central Services | 40,878 |
| | Internal Service Fund - Information Services | 97,959 |
| | Internal Service Fund - Self Insurance | 50,427 |
| Gas Tax Special Revenue Fund | General Fund | 340,217 |
| Capital Projects Fund | General Fund | 40,529 |
| | Gas Tax Special Revenue Fund | 465,000 |
| | Internal Service Fund - Motor Vehicles | 55,027 |
| | Internal Service Fund - Information Services | 102,896 |
| Non Major Governmental Funds | General Fund | 1,412 |
| Water Utility Enterprise Fund | General Fund | 927,323 |
| | Capital Projects Fund | 450,000 |
| | Sanitation District Enterprise Fund | 1,617,030 |
| | Internal Service Fund - Information Services | 310 |
| Sanitation District Enterprise Fund | General Fund | 1,161,268 |
| | Internal Service Fund - Information Services | 19,025 |
| Non Major Enterprise Funds | General Fund | 167,421 |
| | Capital Projects Fund | 333,000 |
| Internal Service Fund - Motor Vehicles | General Fund | 76,291 |
| Internal Service Fund - Central Services | General Fund | 10,870 |
| Internal Service Fund - PBX | General Fund | 12,407 |
| Internal Service Fund - Building Maintenance | General Fund | 125,830 |
| | Internal Service Fund - Information Services | 1,448 |
| Internal Service Fund - Information Services | General Fund | 214,791 |
| Internal Service Fund - Self-Insurance | General Fund | 214,907 |
| | | <u><u>\$10,575,707</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, 2020, 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 | 12.874% | 12.874% |
| Required Unfunded Accrued Liability Contribution | \$5,211,893 | |

| | 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% | 11.50% |
| Required employer contribution rates | 17.965% | 17.965% |
| Required Unfunded Accrued Liability Contribution | \$5,780,909 | |

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 for the year ended June 30, 2020 were \$5,211,893 and \$5,780,909, respectively, which were made under the lump-sum payment option.

Employees Covered – The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2018 and measurement date of June 30, 2019:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|--|----------------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 495 | 316 |
| Inactive employees entitled to but not yet receiving benefits | 390 | 102 |
| Active employees | 289 | 155 |
| Total | <u>1,174</u> | <u>573</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, 2020 were \$8,236,678 for the Miscellaneous Plan and \$9,742,714 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 Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| 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) The lesser of contract COLA or 2.50% until Purchasing Protection Allowance floor on purchasing power applies, |
| Post Retirement Benefit Increase | 2.50% thereafter |

(1) Net of pension plan investment expenses, including inflation

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

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 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

| 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, 2018 (Measurement Date) | \$315,919,093 | \$252,054,998 | \$63,864,095 |
| Changes in the year: | | | |
| Service cost | 4,846,377 | | 4,846,377 |
| Interest on the total pension liability | 22,557,657 | | 22,557,657 |
| Differences between actual and expected experience | 5,081,458 | | 5,081,458 |
| Plan to Plan Resource Movement | | 54,276 | (54,276) |
| Contributions - employer | | 7,068,468 | (7,068,468) |
| Contributions - employees | | 2,144,408 | (2,144,408) |
| Net investment income | | 16,443,055 | (16,443,055) |
| Benefit payments, including refunds of employee contributions | (15,864,061) | (15,864,061) | |
| Other Miscellaneous Expense | | 585 | (585) |
| Administrative Expense | | (179,872) | 179,872 |
| Net changes | <u>16,621,431</u> | <u>9,666,859</u> | <u>6,954,572</u> |
| Balance at June 30, 2019 (Measurement Date) | <u>\$332,540,524</u> | <u>\$261,721,857</u> | <u>\$70,818,667</u> |

Safety Plan:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2018 (Measurement Date) | \$330,621,022 | \$239,866,987 | \$90,754,035 |
| Changes in the year: | | | |
| Service cost | 5,562,199 | | 5,562,199 |
| Interest on the total pension liability | 23,732,977 | | 23,732,977 |
| Changes in assumptions | | | |
| Differences between actual and expected experience | 7,441,738 | | 7,441,738 |
| Plan to Plan Resource Movement | | (54,276) | 54,276 |
| Contributions - employer | | 8,259,177 | (8,259,177) |
| Contributions - employees | | 2,040,072 | (2,040,072) |
| Net investment income | | 15,591,708 | (15,591,708) |
| Benefit payments, including refunds of employee contributions | (17,828,231) | (17,828,231) | |
| Other Miscellaneous Expense | | 556 | (556) |
| Administrative Expense | | (171,174) | 171,174 |
| Net changes | <u>18,908,683</u> | <u>7,837,832</u> | <u>11,070,851</u> |
| Balance at June 30, 2019 (Measurement Date) | <u>\$349,529,705</u> | <u>\$247,704,819</u> | <u>\$101,824,886</u> |
| TOTAL - BOTH PLANS | <u>\$682,070,229</u> | <u>\$509,426,676</u> | <u>\$172,643,553</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 | \$114,175,028 | \$146,199,225 | \$260,374,253 |
| Current Discount Rate | 7.15% | 7.15% | 7.15% |
| Net Pension Liability | \$70,818,667 | \$101,824,886 | \$172,643,553 |
| 1% Increase | 8.15% | 8.15% | 8.15% |
| Net Pension Liability | \$34,942,872 | \$64,989,394 | \$99,932,266 |

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 EXPENSE 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, 2020, the City recognized pension expense of \$11,949,998 for the Miscellaneous Plan and \$20,784,334 for the Safety Plan, for total pension expense of \$32,734,332. At June 30, 2020, 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 | \$8,236,678 | |
| Differences between actual and expected experience | 3,003,374 | |
| Changes in assumptions | | (\$1,178,716) |
| Net differences between projected and actual earnings on plan investments | | (1,136,848) |
| Total | <u>\$11,240,052</u> | <u>(\$2,315,564)</u> |

Safety Plan:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date | \$9,742,714 | |
| Differences between actual and expected experience | 5,083,168 | (\$347,048) |
| Changes in assumptions | 2,489,292 | (224,569) |
| Net differences between projected and actual earnings on plan investments | | <u>(1,071,110)</u> |
| Total | <u>\$17,315,174</u> | <u>(\$1,642,727)</u> |
| Total Miscellaneous and Safety Plans | <u>\$28,555,226</u> | <u>(\$3,958,291)</u> |

The amount of \$17,979,392 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, 2021. 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 | <u>Annual Amortization</u> | | |
|-----------------------|----------------------------|--------------------|--------------|
| | <u>Miscellaneous Plan</u> | <u>Safety Plan</u> | <u>Total</u> |
| 2021 | \$2,233,383 | \$5,453,215 | \$7,686,598 |
| 2022 | (1,452,243) | 318,460 | (1,133,783) |
| 2023 | (356,832) | (91,780) | (448,612) |
| 2024 | 263,502 | 249,838 | 513,340 |

E. SUBSEQUENT EVENT – CALPERS PENSION CONTRIBUTION RATES

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

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, 2019 measurement date, approximately 460 retirees were eligible and were receiving retiree health care benefits from the City and approximately 43 inactive employees entitled to but not yet receiving benefit payments. There were approximately 442 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, 2020, the City contributed \$5,445,074 to the Plan, which was comprised of benefit premiums of \$2,614,074, prefunding contributions of \$2,000,000 and implied subsidy benefit payments of \$831,000.

A. FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined as part of a June 30, 2019 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 7.25% (Non-Medicare) and 6.3% (Medicare) in 2021 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, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 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 | 43% | 1.47% |
| TIPS | 5% | 1.29% |
| Commodities | 4% | 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:

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|--|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) - (b) |
| Balance at June 30, 2018 | \$59,067,105 | \$11,370,550 | \$47,696,555 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 1,560,263 | - | 1,560,263 |
| Interest on the total OPEB liability | 3,690,181 | - | 3,690,181 |
| Changes in benefit terms | - | - | - |
| Differences between expected and actual experience | (4,588,272) | - | (4,588,272) |
| Changes of assumptions | (281,571) | - | (281,571) |
| Contributions from the employer | - | 3,168,930 | (3,168,930) |
| Net investment income | - | 799,047 | (799,047) |
| Administrative expenses | - | (2,447) | 2,447 |
| Benefit payments | (3,168,930) | (3,168,930) | - |
| Net changes | (2,788,329) | 796,600 | (3,584,929) |
| Balance at June 30, 2019 (Measurement Date) | \$56,278,776 | \$12,167,150 | \$44,111,626 |

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 above include implied subsidy benefit payments in the amount of \$831,000.

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) | | |
|------------------------------|-------------------------------------|------------------------------|
| Discount Rate -1% (5.25%) | Current Discount Rate (6.25%) | Discount Rate +1% (7.25%) |
| \$50,817,711 | \$44,111,626 | \$38,521,646 |

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) | | |
|----------------------------|---|--------------|
| 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
| \$38,084,455 | \$44,111,626 | \$51,432,528 |

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$3,609,156. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Employer contributions made subsequent to the measurement date | \$5,445,074 | |
| Difference between expected and actual experience | | (\$3,738,592) |
| Changes in assumptions | | (229,428) |
| Net differences between projected and actual earnings on plan investments | | <u>(96,711)</u> |
| Total | <u>\$5,445,074</u> | <u>(\$4,064,731)</u> |

\$5,445,074 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, 2021. 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:

| <u>Year Ended June 30</u> | <u>Annual Amortization</u> |
|-------------------------------|--------------------------------|
| 2021 | (\$933,152) |
| 2022 | (933,150) |
| 2023 | (918,186) |
| 2024 | (919,515) |
| 2025 | (360,728) |

**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 Public Risk Innovation, Solutions, and Management (PRISM), formerly the 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 provide coverage to statutory limits. During the fiscal year ended June 30, 2020, the City contributed \$548,196 to PRISM for current year coverage. Audited financial statements for PRISM are available from PRISM 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, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Beginning balance of claims payable | \$9,355,000 | \$9,604,000 |
| Increase in estimated claims liability | 1,893,560 | 1,593,210 |
| Claims paid | <u>(2,054,560)</u> | <u>(1,842,210)</u> |
| Ending balance of claims payable | <u>\$9,194,000</u> | <u>\$9,355,000</u> |
| Current Portion | <u>\$2,222,765</u> | <u>\$2,254,481</u> |

The undiscounted claims totaled \$10,135,927 at June 30, 2020.

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, 2020, are below:

| Fund Balance Classifications | General Fund | Gas Tax | Grants | Capital Projects | Other Governmental Funds | Total |
|--|---------------------|--------------------|------------------|-------------------------|---------------------------------|----------------------|
| Nonspendables: | | | | | | |
| Items not in spendable form: | | | | | | |
| Inventories | \$4,046 | \$34,625 | | | | \$38,671 |
| Prepays | 477,966 | | | | | 477,966 |
| Loan Receivable from Successor Agency | 14,473,052 | | | | | 14,473,052 |
| Total Nonspendable | 14,955,064 | 34,625 | | | | 14,989,689 |
| Restricted for: | | | | | | |
| Pension benefits | 3,382,363 | | | | | 3,382,363 |
| Gas Tax Projects | | 6,952,424 | | | | 6,952,424 |
| Capital Projects | | | | \$8,652,858 | | 8,652,858 |
| Low and Moderate Income Housing Assets | | | | | \$8,921,891 | 8,921,891 |
| Linda Vista Benefit Assessment | | | | | 529,365 | 529,365 |
| Traffic Safety | | | | | 99,978 | 99,978 |
| Grants | | | \$538,956 | | | 538,956 |
| Total Restricted | 3,382,363 | 6,952,424 | 538,956 | 8,652,858 | 9,551,234 | 29,077,835 |
| Assigned to: | | | | | | |
| Operating Capital | 12,000,000 | | | | | 12,000,000 |
| Capital Projects | | | | 16,870,159 | | 16,870,159 |
| Other Contracts | 663,807 | | | | | 663,807 |
| Total Assigned | 12,663,807 | | | 16,870,159 | | 29,533,966 |
| Unassigned: | 42,666,860 | | | | | 42,666,860 |
| Total Fund Balances | \$73,668,094 | \$6,987,049 | \$538,956 | \$25,523,017 | \$9,551,234 | \$116,268,350 |

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 2020, the City made loans to 7 participants under this program and the CDBG and Cal HOME loan program activity is as follows:

| | |
|-------------------|--------------------|
| Beginning Balance | \$1,625,933 |
| New loans | 82,619 |
| Loan repayments | <u>(181,193)</u> |
| Ending Balance | <u>\$1,527,359</u> |

NOTE 13.
FUND DEFICITS

The Central Services Internal Service Fund and the PERS Contributions Internal Service Fund had deficits amounting to \$22,998 and \$6,145,467, respectively, at June 30, 2020. 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, 2020 are discussed in Note 1G above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2020.

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, 2020 is \$14,473,052.



| |
|---|
| 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, 2020
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

| Measurement Period | MISCELLANEOUS | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
| Total Pension Liability | | | | | | |
| Service Cost | \$4,928,638 | \$4,355,451 | \$4,356,641 | \$4,961,492 | \$4,820,144 | \$4,846,377 |
| Interest | 19,456,167 | 20,028,375 | 20,453,457 | 21,126,222 | 21,405,533 | 22,557,657 |
| Differences between expected and actual experience | | (5,096,599) | (6,329,013) | (1,376,656) | 1,006,212 | 5,081,458 |
| 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) | (15,864,061) |
| Net change in total pension liability | 13,079,916 | 2,264,041 | 5,618,086 | 28,707,507 | 3,645,862 | 16,621,431 |
| Total pension liability - beginning | 262,603,681 | 275,683,597 | 277,947,638 | 283,565,724 | 312,273,231 | 315,919,093 |
| 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> | <u>\$332,540,524</u> |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$3,860,928 | \$3,732,343 | \$4,446,777 | \$5,539,675 | \$6,152,860 | \$7,068,468 |
| Contributions - employee | 2,090,754 | 1,959,273 | 2,019,542 | 2,110,207 | 2,068,466 | 2,144,408 |
| Net investment income | 34,374,839 | 5,074,277 | 1,142,662 | 24,378,978 | 19,945,939 | 16,443,055 |
| Benefit payments, including refunds of employee contributions | (11,304,889) | (12,134,586) | (12,862,999) | (13,610,749) | (14,549,197) | (15,864,061) |
| Other miscellaneous income (expense) | | | | | (708,784) | 585 |
| Administrative Expense | | (255,289) | (138,235) | (326,924) | (373,237) | (179,872) |
| Plan to Plan Resource Movement | | (493) | | | (585) | 54,276 |
| Net change in plan fiduciary net position | 29,021,632 | (1,624,475) | (5,392,253) | 18,091,187 | 12,535,462 | 9,666,859 |
| Plan fiduciary net position - beginning | 199,423,445 | 228,445,077 | 226,820,602 | 221,428,349 | 239,519,536 | 252,054,998 |
| 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> | <u>\$261,721,857</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> | <u>\$70,818,667</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.86% | 81.61% | 78.09% | 76.70% | 79.78% | 78.70% |
| Covered payroll | \$24,443,972 | \$22,658,681 | \$22,823,982 | \$23,568,915 | \$22,688,822 | \$24,144,928 |
| Net pension liability as percentage of covered payroll | 193.25% | 225.64% | 272.25% | 308.68% | 281.48% | 293.31% |

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. 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. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018 and 2019, there were no changes. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

* 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, 2020
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

| Measurement Period | SAFETY | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
| Total Pension Liability | | | | | | |
| Service Cost | \$5,018,136 | \$4,776,984 | \$4,859,775 | \$5,566,167 | \$5,314,299 | \$5,562,199 |
| Interest | 19,532,405 | 20,368,130 | 21,118,384 | 21,794,377 | 22,455,535 | 23,732,977 |
| Differences between expected and actual experience | | (455,068) | (1,021,524) | 293,934 | (978,042) | 7,441,738 |
| 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) | (17,828,231) |
| Net change in total pension liability | 11,554,263 | 6,143,145 | 10,017,468 | 29,436,298 | 9,048,717 | 18,908,683 |
| Total pension liability - beginning | 264,421,131 | 275,975,394 | 282,118,539 | 292,136,007 | 321,572,305 | 330,621,022 |
| Total pension liability - ending (a) | <u>\$275,975,394</u> | <u>\$282,118,539</u> | <u>\$292,136,007</u> | <u>\$321,572,305</u> | <u>\$330,621,022</u> | <u>\$349,529,705</u> |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$4,225,009 | \$4,630,110 | \$5,309,673 | \$6,087,507 | \$6,986,096 | \$8,259,177 |
| Contributions - employee | 2,632,654 | 1,864,455 | 1,917,899 | 1,935,079 | 2,062,297 | 2,040,072 |
| Net investment income | 33,622,839 | 4,997,920 | 1,208,758 | 23,497,877 | 18,994,354 | 15,591,708 |
| Benefit payments, including refunds of employee contributions | (12,996,278) | (13,776,270) | (14,939,167) | (15,643,224) | (17,110,200) | (17,828,231) |
| Administrative Expense | | (249,064) | (134,719) | (316,566) | (358,363) | (171,174) |
| Other Miscellaneous Expense | | | | | (680,537) | 556 |
| Plan to Plan Resource Management | | 493 | | 341 | (556) | (54,276) |
| Net change in plan fiduciary net position | 27,484,224 | (2,532,356) | (6,637,556) | 15,561,014 | 9,893,091 | 7,837,832 |
| Plan fiduciary net position - beginning | 196,098,570 | 223,582,794 | 221,050,438 | 214,412,882 | 229,973,896 | 239,866,987 |
| Plan fiduciary net position - ending (b) | <u>\$223,582,794</u> | <u>\$221,050,438</u> | <u>\$214,412,882</u> | <u>\$229,973,896</u> | <u>\$239,866,987</u> | <u>\$247,704,819</u> |
| Net pension liability - ending (a)-(b) | <u>\$52,392,600</u> | <u>\$61,068,101</u> | <u>\$77,723,125</u> | <u>\$91,598,409</u> | <u>\$90,754,035</u> | <u>\$101,824,886</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 81.02% | 78.35% | 73.39% | 71.52% | 72.55% | 70.87% |
| Covered payroll | \$19,652,763 | \$19,567,377 | \$19,784,134 | \$19,829,558 | \$20,477,192 | \$21,410,816 |
| Net pension liability as percentage of covered payroll | 266.59% | 312.09% | 392.86% | 461.93% | 443.20% | 475.58% |

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred June 30. 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. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018 and 2019, there were no changes. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

* 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, 2020

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ended June 30 | MISCELLANEOUS | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Actuarially determined contribution | \$4,637,116 | \$6,771,305 | \$5,540,220 | \$6,146,305 | \$7,064,967 | \$8,236,678 |
| Contributions in relation to the actuarially determined contributions | (4,637,116) | (6,771,305) | (5,540,220) | (6,146,305) | (7,064,967) | (8,236,678) |
| Contribution deficiency (excess) | | | | | | |
| Covered payroll | \$22,658,681 | \$22,823,982 | \$23,568,915 | \$22,688,822 | \$24,144,928 | \$24,817,517 |
| Contributions as a percentage of covered payroll | 20.47% | 29.67% | 23.51% | 27.09% | 29.26% | 33.19% |
| Notes to Schedule | | | | | | |
| Valuation date: | 6/30/2012 | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 |

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

As of fiscal year ending June 30, 2020

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ended June 30 | SAFETY | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Actuarially determined contribution | \$4,225,009 | \$5,309,673 | \$6,090,350 | \$6,985,429 | \$8,263,084 | \$9,742,714 |
| Contributions in relation to the actuarially determined contributions | (4,225,009) | (5,309,673) | (6,090,350) | (6,985,429) | (8,263,084) | (9,742,714) |
| Contribution deficiency (excess) | | | | | | |
| Covered payroll | \$19,567,377 | \$19,784,134 | \$19,829,558 | \$20,477,192 | \$21,410,816 | \$22,001,988 |
| Contributions as a percentage of covered payroll | 21.59% | 26.84% | 30.71% | 34.11% | 38.59% | 44.28% |
| Notes to Schedule | | | | | | |
| Valuation date: | 6/30/2012 | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 |

City of Daly City, Agent Multiple-Employer Defined Benefit OPEB Plan
As of fiscal year ending June 30, 2020
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

| Measurement Date Ended June 30 | 2017 | 2018 | 2019 |
|---|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | |
| Service Cost | \$1,470,697 | \$1,514,818 | \$1,560,263 |
| Interest | 3,449,729 | 3,567,790 | 3,690,181 |
| Changes in benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | (4,588,272) |
| Changes of assumptions | - | - | (281,571) |
| Benefit payments | (2,980,461) | (3,170,657) | (3,168,930) |
| Net change in total OPEB liability | <u>1,939,965</u> | <u>1,911,951</u> | <u>(2,788,329)</u> |
| Total OPEB liability - beginning | <u>55,215,189</u> | <u>57,155,154</u> | <u>59,067,105</u> |
| Total OPEB liability - ending (a) | <u>\$57,155,154</u> | <u>\$59,067,105</u> | <u>\$56,278,776</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$5,980,461 | \$4,170,657 | \$3,168,930 |
| Contributions - employee | - | - | - |
| Net investment income | 557,870 | 604,302 | 799,047 |
| Administrative expense | (4,247) | (18,096) | (2,447) |
| Benefit payments | (2,980,461) | (3,170,657) | (3,168,930) |
| Net change in plan fiduciary net position | <u>3,553,623</u> | <u>1,586,206</u> | <u>796,600</u> |
| Plan fiduciary net position - beginning | <u>6,230,721</u> | <u>9,784,344</u> | <u>11,370,550</u> |
| Plan fiduciary net position - ending (b) | <u>\$9,784,344</u> | <u>\$11,370,550</u> | <u>\$12,167,150</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$47,370,810</u> | <u>\$47,696,555</u> | <u>\$44,111,626</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 17.12% | 19.25% | 21.62% |
| Covered-employee payroll | <u>\$50,082,473</u> | <u>\$49,471,054</u> | <u>\$50,975,693</u> |
| Net OPEB liability as a percentage of covered-employee payroll | <u>94.59%</u> | <u>96.41%</u> | <u>86.53%</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, 2020

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ended June 30, | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$5,264,000 | \$5,109,000 | |
| Contractually required contributions (a) | | | \$4,185,306 |
| Contributions in relation to the contractually required or actuarially determined contributions | <u>(5,445,074)</u> | <u>(3,168,930)</u> | <u>(4,185,306)</u> |
| Contribution deficiency (excess) | <u>(\$181,074)</u> | <u>\$1,940,070</u> | <u>\$0</u> |
| Covered-employee payroll | <u>\$51,740,099</u> | <u>\$50,975,693</u> | <u>\$49,471,054</u> |
| Contributions as a percentage of covered-employee payroll | 10.52% | 6.22% | 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, 2020

| | General | Special Deposits | Traffic Enforcement | Total General Fund |
|---------------------------------------|---------------------|---------------------|------------------------|-----------------------|
| ASSETS | | | | |
| Cash and investments | \$50,490,443 | \$6,838,170 | \$468,255 | \$57,796,868 |
| Restricted cash and investments | 3,382,363 | | | 3,382,363 |
| Accounts receivable, net | 6,381,098 | 102,171 | 34,292 | 6,517,561 |
| Due from other funds | 40,908 | | | 40,908 |
| Prepays | 477,966 | | | 477,966 |
| Inventories | 4,046 | | | 4,046 |
| Loan receivable from Successor Agency | 14,473,052 | | | 14,473,052 |
| | <u>\$75,249,876</u> | <u>\$6,940,341</u> | <u>\$502,547</u> | <u>\$82,692,764</u> |
| Total Assets | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$2,026,082 | \$827,572 | \$20,128 | \$2,873,782 |
| Accrued payroll | 462,790 | | 737 | 463,527 |
| Deposits payable | | 5,687,361 | | 5,687,361 |
| | <u>2,488,872</u> | <u>6,514,933</u> | <u>20,865</u> | <u>9,024,670</u> |
| Total Liabilities | | | | |
| FUND BALANCES | | | | |
| Fund Balance | | | | |
| Nonspendable | 14,955,064 | | | 14,955,064 |
| Restricted | 3,382,363 | | | 3,382,363 |
| Assigned | 12,663,807 | | | 12,663,807 |
| Unassigned | 41,759,770 | 425,408 | 481,682 | 42,666,860 |
| | <u>72,761,004</u> | <u>425,408</u> | <u>481,682</u> | <u>73,668,094</u> |
| Total Fund Balances | | | | |
| Total Liabilities, and Fund Balances | <u>\$75,249,876</u> | <u>\$6,940,341</u> | <u>\$502,547</u> | <u>\$82,692,764</u> |

CITY OF DALY CITY
GENERAL FUND
COMBINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

| | General | Special Deposits | Traffic Enforcements | Total General Funds |
|--|---------------------|---------------------|-------------------------|---------------------------|
| REVENUES | | | | |
| Property tax | \$37,261,483 | | | \$37,261,483 |
| Sales tax | 13,287,654 | | | 13,287,654 |
| Utility users tax | 5,769,697 | | | 5,769,697 |
| Franchise fees | 4,536,241 | | | 4,536,241 |
| Other taxes | 7,278,295 | | | 7,278,295 |
| Licenses and permits | 3,013,080 | | | 3,013,080 |
| Fines and forfeitures | 3,113,719 | | \$587,185 | 3,700,904 |
| Rents and interest | 3,936,244 | | | 3,936,244 |
| Receipts from other agencies | 8,972,605 | | | 8,972,605 |
| Charges and fees | 6,425,667 | \$13,926 | | 6,439,593 |
| Miscellaneous | 1,338,456 | 38,149 | | 1,376,605 |
| Total Revenues | 94,933,141 | 52,075 | 587,185 | 95,572,401 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 10,333,806 | 15,402 | | 10,349,208 |
| Public safety | 56,323,946 | | 296,665 | 56,620,611 |
| Public works | 5,478,318 | | | 5,478,318 |
| Culture and recreation | 10,638,664 | | | 10,638,664 |
| Economic and community development | 3,975,056 | | | 3,975,056 |
| Total Expenditures | 86,749,790 | 15,402 | 296,665 | 87,061,857 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 8,183,351 | 36,673 | 290,520 | 8,510,544 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,293,266 | | | 3,293,266 |
| Transfers (out) | (4,146,035) | (92,670) | | (4,238,705) |
| Total Other Financing Sources (Uses) | (852,769) | (92,670) | | (945,439) |
| NET CHANGES IN FUND BALANCES | 7,330,582 | (55,997) | 290,520 | 7,565,105 |
| BEGINNING FUND BALANCES | 65,430,422 | 481,405 | 191,162 | 66,102,989 |
| ENDING FUND BALANCES | \$72,761,004 | \$425,408 | \$481,682 | \$73,668,094 |



| |
|---|
| <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, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|----------------------|---------------------|------------------------------------|
| REVENUES | | | |
| Rents and interest | \$11,629 | \$738,150 | \$726,521 |
| Federal programs and grants | 1,001,000 | 614,125 | (386,875) |
| Receipts from other agencies | 1,165,988 | 965,902 | (200,086) |
| Charges and fees | 2,362,943 | 4,025,439 | 1,662,496 |
| Miscellaneous | | 202,787 | 202,787 |
| | <u>4,541,560</u> | <u>6,546,403</u> | <u>2,004,843</u> |
| EXPENDITURES | | | |
| Capital projects | <u>9,804,863</u> | <u>2,728,193</u> | <u>7,076,670</u> |
| | <u>9,804,863</u> | <u>2,728,193</u> | <u>7,076,670</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | |
| | <u>(5,263,303)</u> | <u>3,818,210</u> | <u>9,081,513</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 888,000 | 1,170,824 | 282,824 |
| Transfers (out) | <u>(2,288,452)</u> | <u>(663,452)</u> | <u>1,625,000</u> |
| | <u>(1,400,452)</u> | <u>507,372</u> | <u>1,907,824</u> |
| NET CHANGE IN FUND BALANCES | | | |
| | <u>(\$6,663,755)</u> | 4,325,582 | <u>\$10,989,337</u> |
| BEGINNING FUND BALANCE | | | |
| | | <u>21,197,435</u> | |
| ENDING FUND BALANCE | | | |
| | | <u>\$25,523,017</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, 2020

| | 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 | \$5,693,413 | | | \$530,325 | \$100,380 | \$6,324,118 |
| Accounts receivable, net | | | \$84,793 | | 120 | 84,913 |
| Notes receivable | | | 1,051,696 | | | 1,051,696 |
| Property held for development | 3,366,888 | | | | | 3,366,888 |
| Total Assets | <u>\$9,060,301</u> | | <u>\$1,136,489</u> | <u>\$530,325</u> | <u>\$100,500</u> | <u>\$10,827,615</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$81,435 | | \$42,034 | \$960 | \$522 | \$124,951 |
| Accrued payroll | 812 | | 1,851 | | | 2,663 |
| Due to other funds | | | 40,908 | | | 40,908 |
| Deposits payable | 56,163 | | | | | 56,163 |
| Total Liabilities | <u>138,410</u> | | <u>84,793</u> | <u>960</u> | <u>522</u> | <u>224,685</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - loans | | | 1,051,696 | | | 1,051,696 |
| FUND BALANCES | | | | | | |
| Restricted | 8,921,891 | | | 529,365 | 99,978 | 9,551,234 |
| Total Fund Balances | <u>8,921,891</u> | | | <u>529,365</u> | <u>99,978</u> | <u>9,551,234</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$9,060,301</u> | | <u>\$1,136,489</u> | <u>\$530,325</u> | <u>\$100,500</u> | <u>\$10,827,615</u> |

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | 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 | \$79,116 | \$45,093 | | \$16,820 | | \$141,029 |
| Federal programs and grants | | 258,005 | \$850,141 | | | 1,108,146 |
| Charges and fees | 1,001,511 | 159,076 | | 44,380 | \$11,270 | 1,216,237 |
| Miscellaneous | 22,486 | 5,384 | 179,884 | | 113 | 207,867 |
| Total Revenues | 1,103,113 | 467,558 | 1,030,025 | 61,200 | 11,383 | 2,673,279 |
| EXPENDITURES | | | | | | |
| Public safety | | | | | 23,665 | 23,665 |
| Public works | | | | 18,828 | | 18,828 |
| Culture and recreation | | 1,153,430 | | | | 1,153,430 |
| Economic and community development | 254,741 | | 572,237 | | | 826,978 |
| Debt service: | | | | | | |
| Principal | | | 341,000 | | | 341,000 |
| Interest | | | 29,838 | | | 29,838 |
| Total Expenditures | 254,741 | 1,153,430 | 943,075 | 18,828 | 23,665 | 2,393,739 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 848,372 | (685,872) | 86,950 | 42,372 | (12,282) | 279,540 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 218,780 | 663,160 | | | | 881,940 |
| Transfers out | | (1,412) | | | | (1,412) |
| Total Other Financing Sources (Uses) | 218,780 | 661,748 | | | | 880,528 |
| NET CHANGE IN FUND BALANCES | 1,067,152 | (24,124) | 86,950 | 42,372 | (12,282) | 1,160,068 |
| BEGINNING FUND BALANCES | 7,854,739 | 24,124 | (86,950) | 486,993 | 112,260 | 8,391,166 |
| ENDING FUND BALANCES | \$8,921,891 | | | \$529,365 | \$99,978 | \$9,551,234 |

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, 2020

| | LOW AND MODERATE INCOME HOUSING ASSETS | | | DOELGER SENIOR CENTER | | |
|--|---|-------------|------------------------------------|-----------------------|-----------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Rents and interest | | \$79,116 | \$79,116 | \$86,570 | \$45,093 | (\$41,477) |
| Federal programs and grants | | | | 244,869 | 258,005 | 13,136 |
| Charges and fees | \$1,314,974 | 1,001,511 | (313,463) | 185,121 | 159,076 | (26,045) |
| Miscellaneous | 2,850 | 22,486 | 19,636 | 106,500 | 5,384 | (101,116) |
| Total Revenues | 1,317,824 | 1,103,113 | (214,711) | 623,060 | 467,558 | (155,502) |
| EXPENDITURES | | | | | | |
| Public Safety | | | | | | |
| Services and supplies | | | | | | |
| Other charges | | | | | | |
| Total Public Safety | | | | | | |
| Public Works | | | | | | |
| Services and supplies | | | | | | |
| Capital outlay | | | | | | |
| Other charges | | | | | | |
| Total Public Works | | | | | | |
| Culture and Recreation | | | | | | |
| Salaries and benefits | | | | 456,245 | 452,282 | 3,963 |
| Services and supplies | | | | 630,778 | 682,093 | (51,315) |
| Other charges | | | | 12,250 | 19,055 | (6,805) |
| Total Culture and Recreation | | | | 1,099,273 | 1,153,430 | (54,157) |
| Economic and Community Development | | | | | | |
| Salaries and benefits | 160,768 | 164,839 | (4,071) | | | |
| Services and supplies | 119,418 | 89,902 | 29,516 | | | |
| Other charges | 1,796 | | 1,796 | | | |
| Debt Service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Total Economic and Community Development | 281,982 | 254,741 | 27,241 | | | |
| Total Expenditures | 281,982 | 254,741 | 27,241 | 1,099,273 | 1,153,430 | (54,157) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,035,842 | 848,372 | (187,470) | (476,213) | (685,872) | (209,659) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | 218,780 | 218,780 | 371,102 | 663,160 | 292,058 |
| Transfers out | | | | | (1,412) | (1,412) |
| Total Other Financing Sources (Uses) | | 218,780 | 218,780 | 371,102 | 661,748 | 290,646 |
| NET CHANGE IN FUND BALANCES | \$1,035,842 | 1,067,152 | \$31,310 | (\$105,111) | (24,124) | \$80,987 |
| BEGINNING FUND BALANCES | | 7,854,739 | | | 24,124 | |
| ENDING FUND BALANCES | | \$8,921,891 | | | | |

| COMMUNITY BLOCK GRANT | | | LINDA VISTA BENEFIT ASSESSMENT | | | TRAFFIC SAFETY | | |
|-----------------------|-----------|------------------------------------|-----------------------------------|-----------|------------------------------------|----------------|----------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$1,026,267 | \$850,141 | (\$176,126) | \$1,820 | \$16,820 | \$15,000 | | | |
| 60,000 | 179,884 | 119,884 | 44,300 | 44,380 | 80 | \$51,214 | \$11,270 | (\$39,944) |
| 1,086,267 | 1,030,025 | (56,242) | 46,120 | 61,200 | 15,080 | 51,214 | 11,383 | (39,831) |
| | | | | | | 36,290 | 22,145 | 14,145 |
| | | | | | | 6,296 | 1,520 | 4,776 |
| | | | | | | 42,586 | 23,665 | 18,921 |
| | | | 16,262 | 16,472 | (210) | | | |
| | | | 2,000 | 1,855 | 145 | | | |
| | | | 250 | 501 | (251) | | | |
| | | | 18,512 | 18,828 | (316) | | | |
| 368,867 | 374,832 | (5,965) | | | | | | |
| 206,393 | 142,380 | 64,013 | | | | | | |
| 189,772 | 55,025 | 134,747 | | | | | | |
| 341,000 | 341,000 | | | | | | | |
| 29,838 | 29,838 | | | | | | | |
| 1,135,870 | 943,075 | 192,795 | | | | | | |
| 1,135,870 | 943,075 | 192,795 | 18,512 | 18,828 | (316) | 42,586 | 23,665 | 18,921 |
| (49,603) | 86,950 | 136,553 | 27,608 | 42,372 | 14,764 | 8,628 | (12,282) | (20,910) |
| (\$49,603) | 86,950 | \$136,553 | \$27,608 | 42,372 | \$14,764 | \$8,628 | (12,282) | (\$20,910) |
| | (86,950) | | | 486,993 | | | 112,260 | |
| | | | | \$529,365 | | | \$99,978 | |



| |
|----------------------------------|
| NONMAJOR ENTERPRISE 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, 2020

| | <u>Civic Center</u> | <u>Transfer Station</u> | <u>Total</u> |
|----------------------------------|---------------------|-------------------------|--------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$1,298,828 | \$1,347,751 | \$2,646,579 |
| Accounts receivable, net | 29,772 | 199,435 | 229,207 |
| Total Current Assets | 1,328,600 | 1,547,186 | 2,875,786 |
| 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 |
| Total Capital Assets | 8,201,195 | 1,298,574 | 9,499,769 |
| Less accumulated depreciation | (4,908,219) | (1,205,190) | (6,113,409) |
| Net Capital Assets | 3,292,976 | 93,384 | 3,386,360 |
| Total Assets | 4,621,576 | 1,640,570 | 6,262,146 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 17,640 | 65 | 17,705 |
| Total Liabilities | 17,640 | 65 | 17,705 |
| NET POSITION | | | |
| Net investment in capital assets | 3,292,976 | 93,384 | 3,386,360 |
| Unrestricted | 1,310,960 | 1,547,121 | 2,858,081 |
| Total Net Position | \$4,603,936 | \$1,640,505 | \$6,244,441 |

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Civic Center</u> | <u>Transfer Station</u> | <u>Total</u> |
|----------------------------------|---------------------------|---------------------------|---------------------------|
| OPERATING REVENUES | | | |
| Rental income | \$844,360 | | \$844,360 |
| Other revenues | 34,499 | \$110,998 | 145,497 |
| | <u>878,859</u> | <u>110,998</u> | <u>989,857</u> |
| OPERATING EXPENSES | | | |
| Salaries and benefits | | | |
| Services and supplies | 481,374 | 16,839 | 498,213 |
| Utilities | 145,020 | 782 | 145,802 |
| Insurance | 18,781 | | 18,781 |
| Depreciation | 190,694 | | 190,694 |
| | <u>835,869</u> | <u>17,621</u> | <u>853,490</u> |
| Total Operating Expenses | | | |
| Operating Income | <u>42,990</u> | <u>93,377</u> | <u>136,367</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest income | <u>43,373</u> | | <u>43,373</u> |
| Income (Loss) Before Transfers | 86,363 | 93,377 | 179,740 |
| Transfers out | <u>(393,437)</u> | <u>(106,984)</u> | <u>(500,421)</u> |
| Change in Net Position | (307,074) | (13,607) | (320,681) |
| BEGINNING NET POSITION | <u>4,911,010</u> | <u>1,654,112</u> | <u>6,565,122</u> |
| ENDING NET POSITION | <u><u>\$4,603,936</u></u> | <u><u>\$1,640,505</u></u> | <u><u>\$6,244,441</u></u> |

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

| | Civic Center | Transfer Station | Total |
|---|--------------------|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$849,087 | \$62,390 | \$911,477 |
| Payments to suppliers | (641,601) | (43,266) | (684,867) |
| Payments to employees | | (53,222) | (53,222) |
| | <u>207,486</u> | <u>(34,098)</u> | <u>173,388</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers out | (393,437) | (106,984) | (500,421) |
| | <u>(393,437)</u> | <u>(106,984)</u> | <u>(500,421)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | 43,373 | | 43,373 |
| | <u>(142,578)</u> | <u>(141,082)</u> | <u>(283,660)</u> |
| Cash and investments at beginning of year | 1,441,406 | 1,488,833 | 2,930,239 |
| Cash and investments at end of year | <u>\$1,298,828</u> | <u>\$1,347,751</u> | <u>\$2,646,579</u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities: | | | |
| Operating income (loss) | \$42,990 | \$93,377 | \$136,367 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | |
| Depreciation | 190,694 | | 190,694 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (29,772) | (48,608) | (78,380) |
| Accounts payable | 3,574 | (25,645) | (22,071) |
| Compensated absences | | (5,092) | (5,092) |
| OPEB related items | | (48,130) | (48,130) |
| Cash Flows from Operating Activities | <u>\$207,486</u> | <u>(\$34,098)</u> | <u>\$173,388</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, 2020

| | Motor Vehicles | Central Services | PBX | Building Maintenance |
|---------------------------------------|---------------------|---------------------|------------------|-------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$5,522,798 | \$197,867 | \$343,345 | \$2,107,591 |
| Cash with fiscal agent | | | | |
| Accounts receivable, net | 4,694 | | | 345 |
| Inventories | 97,069 | | | 39,592 |
| Total Current Assets | 5,624,561 | 197,867 | 343,345 | 2,147,528 |
| Capital Assets: | | | | |
| Land | | | | |
| Buildings | 35,817 | | | |
| Equipment | 15,465,342 | 9,370 | 932,404 | 132,467 |
| Furniture and fixtures | | | | 16,490 |
| Construction in progress | 2,309,974 | | | |
| Total Capital Assets | 17,811,133 | 9,370 | 932,404 | 148,957 |
| Less Accumulated Depreciation | (11,510,568) | (9,370) | (932,404) | (68,719) |
| Net Capital Assets | 6,300,565 | | | 80,238 |
| Total Assets | 11,925,126 | 197,867 | 343,345 | 2,227,766 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to OPEB | 92,192 | 28,810 | | 213,193 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 57,666 | 4,710 | 9 | 103,289 |
| Accrued payroll | 5,085 | 877 | | 12,937 |
| Interest payable | | | | |
| Accrued claims payable | | | | |
| PERS obligation bonds | | | | |
| Total Current Liabilities | 62,751 | 5,587 | 9 | 116,226 |
| Long-Term Liabilities: | | | | |
| Compensated absences | 136,637 | | | 362,776 |
| Accrued claims payable | | | | |
| Net OPEB Liability | 712,263 | 222,581 | | 1,647,107 |
| PERS obligation bonds | | | | |
| Total Long-Term Liabilities | 848,900 | 222,581 | | 2,009,883 |
| Total Liabilities | 911,651 | 228,168 | 9 | 2,126,109 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to OPEB | 68,821 | 21,507 | | 159,149 |
| NET POSITION | | | | |
| Net investment in capital assets | 6,300,565 | | | 80,238 |
| Restricted for debt service | | | | |
| Unrestricted | 4,736,281 | (22,998) | 343,336 | 75,463 |
| Total Net Position (Deficit) | \$11,036,846 | (\$22,998) | \$343,336 | \$155,701 |

| Information Services | Self-Insurance | PERS Contributions | Retiree Health | Total |
|----------------------|--------------------|----------------------|----------------|---------------------|
| \$5,336,459 | \$14,569,735 | \$9,094,798 | | \$37,172,593 |
| 150 | 260,323 | 109,625 | | 109,625 |
| | | | | 265,512 |
| | | | | 136,661 |
| <u>5,336,609</u> | <u>14,830,058</u> | <u>9,204,423</u> | | <u>37,684,391</u> |
| | 378,343 | | | 378,343 |
| | | | | 35,817 |
| 3,829,614 | | | | 20,369,197 |
| 46,614 | | | | 63,104 |
| 915,286 | | | | 3,225,260 |
| <u>4,791,514</u> | <u>378,343</u> | | | <u>24,071,721</u> |
| <u>(3,756,117)</u> | | | | <u>(16,277,178)</u> |
| <u>1,035,397</u> | <u>378,343</u> | | | <u>7,794,543</u> |
| <u>6,372,006</u> | <u>15,208,401</u> | <u>9,204,423</u> | | <u>45,478,934</u> |
| <u>57,620</u> | | | | <u>391,815</u> |
| 38,714 | 141,375 | 251,067 | | 596,830 |
| 6,515 | 2,124 | | | 27,538 |
| | | 73,823 | | 73,823 |
| | 2,222,765 | | | 2,222,765 |
| | | 3,215,000 | | 3,215,000 |
| <u>45,229</u> | <u>2,366,264</u> | <u>3,539,890</u> | | <u>6,135,956</u> |
| 110,744 | 82,488 | | | 692,645 |
| | 6,971,235 | | | 6,971,235 |
| 445,163 | | | | 3,027,114 |
| | | 11,810,000 | | 11,810,000 |
| <u>555,907</u> | <u>7,053,723</u> | <u>11,810,000</u> | | <u>22,500,994</u> |
| <u>601,136</u> | <u>9,419,987</u> | <u>15,349,890</u> | | <u>28,636,950</u> |
| <u>43,013</u> | | | | <u>292,490</u> |
| 1,035,397 | 378,343 | | | 7,794,543 |
| | | 109,625 | | 109,625 |
| <u>4,750,080</u> | <u>5,410,071</u> | <u>(6,255,092)</u> | | <u>9,037,141</u> |
| <u>\$5,785,477</u> | <u>\$5,788,414</u> | <u>(\$6,145,467)</u> | | <u>\$16,941,309</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, 2020

| | <u>Motor Vehicles</u> | <u>Central Services</u> | <u>PBX</u> | <u>Building Maintenance</u> |
|---|---------------------------|-----------------------------|------------------|---------------------------------|
| OPERATING REVENUES | | | | |
| Charges to City departments | \$4,320,254 | \$238,946 | \$275,013 | \$4,978,484 |
| Other revenues | 258,419 | | 408 | 17,168 |
| Total Operating Revenues | <u>4,578,673</u> | <u>238,946</u> | <u>275,421</u> | <u>4,995,652</u> |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | 1,125,044 | 121,943 | | 2,746,726 |
| Services and supplies | 1,351,692 | 136,948 | 97,523 | 1,069,306 |
| Utilities | 24,119 | 212 | 152,529 | 247,364 |
| Insurance | 533,232 | 202 | | 6,413 |
| Claims and settlements | | | | |
| Depreciation | 1,099,404 | | | 6,668 |
| Other charges | 53,919 | 810 | | 114,058 |
| Total Operating Expenses | <u>4,187,410</u> | <u>260,115</u> | <u>250,052</u> | <u>4,190,535</u> |
| Operating Income (Loss) | <u>391,263</u> | <u>(21,169)</u> | <u>25,369</u> | <u>805,117</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 160,305 | 6,379 | 9,954 | 64,539 |
| Interest expense | | | | |
| Total Nonoperating Revenues (Expenses) | <u>160,305</u> | <u>6,379</u> | <u>9,954</u> | <u>64,539</u> |
| Income (Loss) Before Transfers | <u>551,568</u> | <u>(14,790)</u> | <u>35,323</u> | <u>869,656</u> |
| Transfers in | 159,213 | 40,878 | | |
| Transfers out | (76,291) | (10,870) | (12,407) | (127,278) |
| Net Transfers | <u>82,922</u> | <u>30,008</u> | <u>(12,407)</u> | <u>(127,278)</u> |
| Change in Net Position | 634,490 | 15,218 | 22,916 | 742,378 |
| BEGINNING NET POSITION (DEFICITS) | <u>10,402,356</u> | <u>(38,216)</u> | <u>320,420</u> | <u>(586,677)</u> |
| ENDING NET POSITION (DEFICITS) | <u>\$11,036,846</u> | <u>(\$22,998)</u> | <u>\$343,336</u> | <u>\$155,701</u> |

| <u>Information Services</u> | <u>Self- Insurance</u> | <u>PERS Contributions</u> | <u>Retiree Health</u> | <u>Total</u> |
|---------------------------------|----------------------------|-------------------------------|---------------------------|---------------------|
| \$3,056,729 | \$7,032,316 | \$4,136,949 | | \$24,038,691 |
| 150 | 383,348 | | | 659,493 |
| <u>3,056,879</u> | <u>7,415,664</u> | <u>4,136,949</u> | | <u>24,698,184</u> |
| 1,219,143 | 400,587 | | \$2,000,000 | 7,613,443 |
| 554,333 | 1,790,793 | 2,500 | | 5,003,095 |
| 44,804 | 919 | | | 469,947 |
| 254 | 1,416,250 | | | 1,956,351 |
| 42,000 | 2,054,560 | | | 2,054,560 |
| 454,029 | 15,697 | | | 1,148,072 |
| | | | | 638,513 |
| <u>2,314,563</u> | <u>5,678,806</u> | <u>2,500</u> | <u>2,000,000</u> | <u>18,883,981</u> |
| <u>742,316</u> | <u>1,736,858</u> | <u>4,134,449</u> | <u>(2,000,000)</u> | <u>5,814,203</u> |
| 165,712 | 436,310 | 33,552 | | 876,751 |
| | | (1,042,339) | | (1,042,339) |
| <u>165,712</u> | <u>436,310</u> | <u>(1,008,787)</u> | | <u>(165,588)</u> |
| <u>908,028</u> | <u>2,173,168</u> | <u>3,125,662</u> | <u>(2,000,000)</u> | <u>5,648,615</u> |
| 221,638 | 50,427 | | | 472,156 |
| (214,791) | (214,907) | | | (656,544) |
| <u>6,847</u> | <u>(164,480)</u> | | | <u>(184,388)</u> |
| 914,875 | 2,008,688 | 3,125,662 | (2,000,000) | 5,464,227 |
| <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> |
| <u>\$5,785,477</u> | <u>\$5,788,414</u> | <u>(\$6,145,467)</u> | | <u>\$16,941,309</u> |

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

| | Motor Vehicles | Central Services | PBX | Building Maintenance |
|--|--------------------|---------------------|------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$4,576,012 | \$238,946 | \$275,421 | \$4,995,307 |
| Payments to suppliers | (2,041,794) | (144,391) | (262,010) | (1,444,563) |
| Payments to employees | (1,197,181) | (99,149) | | (2,913,878) |
| Claims paid | | | | |
| | <u>1,337,037</u> | <u>(4,594)</u> | <u>13,411</u> | <u>636,866</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Principal paid on noncapital debt | | | | |
| Interest paid on noncapital debt | | | | |
| Interfund receipts | 159,213 | 40,878 | | |
| Interfund payments | (76,291) | (10,870) | (12,407) | (127,278) |
| | <u>82,922</u> | <u>30,008</u> | <u>(12,407)</u> | <u>(127,278)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (253,082) | | | (6,938) |
| | <u>(253,082)</u> | | | <u>(6,938)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income (expense) | 160,305 | 6,379 | 9,954 | 64,539 |
| | <u>1,327,182</u> | <u>31,793</u> | <u>10,958</u> | <u>567,189</u> |
| Cash and investments at beginning of period | 4,195,616 | 166,074 | 332,387 | 1,540,402 |
| Cash and investments at end of period | <u>\$5,522,798</u> | <u>\$197,867</u> | <u>\$343,345</u> | <u>\$2,107,591</u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities: | | | | |
| Operating income (loss) | \$391,263 | (\$21,169) | \$25,369 | \$805,117 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | |
| Depreciation | 1,099,404 | | | 6,668 |
| Change in assets and liabilities: | | | | |
| Receivables, net | (2,661) | | | (345) |
| Inventories | 49,966 | | | (4,872) |
| Accounts payable | (128,798) | (6,219) | (11,958) | (2,550) |
| Accrued claims payable | | | | |
| Accrued payroll | 4,028 | 30 | | 10,430 |
| Compensated absences | 12,227 | | | 10,119 |
| OPEB related items | (88,392) | 22,764 | | (187,701) |
| | <u>\$1,337,037</u> | <u>(\$4,594)</u> | <u>\$13,411</u> | <u>\$636,866</u> |
| Cash Flows from (used for) Operating Activities | <u>\$1,337,037</u> | <u>(\$4,594)</u> | <u>\$13,411</u> | <u>\$636,866</u> |

| Information Services | Self-Insurance | PERS Contributions | Retiree Health | Total |
|----------------------|---------------------|--------------------|----------------------|---------------------|
| \$3,056,879 | \$7,170,663 | \$4,136,949 | | \$24,450,177 |
| (1,079,435) | (3,252,089) | (2,500) | | (8,226,782) |
| (1,262,159) | (430,876) | | (\$2,000,000) | (7,903,243) |
| | (2,054,560) | | | (2,054,560) |
| <u>715,285</u> | <u>1,433,138</u> | <u>4,134,449</u> | <u>(2,000,000)</u> | <u>6,265,592</u> |
| | | (2,895,000) | | (2,895,000) |
| | | (1,056,563) | | (1,056,563) |
| 221,638 | 50,427 | | | 472,156 |
| (214,791) | (214,907) | | | (656,544) |
| <u>6,847</u> | <u>(164,480)</u> | <u>(3,951,563)</u> | | <u>(4,135,951)</u> |
| <u>(131,970)</u> | | | | <u>(391,990)</u> |
| <u>(131,970)</u> | | | | <u>(391,990)</u> |
| <u>165,712</u> | <u>436,310</u> | <u>33,552</u> | | <u>876,751</u> |
| 755,874 | 1,704,968 | 216,438 | (2,000,000) | 2,614,402 |
| <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> |
| <u>\$5,336,459</u> | <u>\$14,569,735</u> | <u>\$9,204,423</u> | | <u>\$37,282,218</u> |
| \$742,316 | \$1,736,858 | \$4,134,449 | (\$2,000,000) | \$5,814,203 |
| 42,000 | | | | 1,148,072 |
| | (245,001) | | | (248,007) |
| | | | | 45,094 |
| (26,015) | 132,570 | | | (42,970) |
| | (161,000) | | | (161,000) |
| 6,515 | 2,124 | | | 23,127 |
| 49,328 | 63,844 | | | 135,518 |
| (98,859) | (96,257) | | | (448,445) |
| <u>\$715,285</u> | <u>\$1,433,138</u> | <u>\$4,134,449</u> | <u>(\$2,000,000)</u> | <u>\$6,265,592</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.
- 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, 2020

| | Balance June 30, 2019 | Additions | Deductions | Balance June 30, 2020 |
|-------------------------|--------------------------|---------------------|---------------------|--------------------------|
| <u>Billing Services</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$1,795,917 | \$17,180,800 | \$17,481,898 | \$1,494,819 |
| Receivables | 2,966,887 | 3,695,312 | 5,044,580 | 1,617,619 |
| Total Assets | <u>\$4,762,804</u> | <u>\$20,876,112</u> | <u>\$22,526,478</u> | <u>\$3,112,438</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | <u>\$4,762,804</u> | <u>\$20,876,112</u> | <u>\$22,526,478</u> | <u>\$3,112,438</u> |
| <u>SMPHESG</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$1,241,714 | \$4,870,837 | \$4,996,093 | \$1,116,458 |
| Other Assets | | 1,179 | | 1,179 |
| Total Assets | <u>\$1,241,714</u> | <u>\$4,872,016</u> | <u>\$4,996,093</u> | <u>\$1,117,637</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$2,605 | \$70,645 | \$2,605 | \$70,645 |
| Due to others | 1,239,109 | 4,801,371 | 4,993,488 | 1,046,992 |
| Total Liabilities | <u>\$1,241,714</u> | <u>\$4,872,016</u> | <u>\$4,996,093</u> | <u>\$1,117,637</u> |

| | Balance June 30, 2019 | Additions | Deductions | Balance June 30, 2020 |
|-------------------------------------|--------------------------|---------------------|---------------------|--------------------------|
| <u>Supporters of Senior Center</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$243,151 | \$119,402 | \$60,595 | \$301,958 |
| Receivables | 70,000 | 70,000 | 70,000 | 70,000 |
| Total Assets | <u>\$313,151</u> | <u>\$189,402</u> | <u>\$130,595</u> | <u>\$371,958</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$7,188 | \$3,508 | \$7,188 | \$3,508 |
| Due to others | 305,963 | 185,894 | 123,407 | 368,450 |
| Total Liabilities | <u>\$313,151</u> | <u>\$189,402</u> | <u>\$130,595</u> | <u>\$371,958</u> |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$3,280,782 | \$22,171,039 | \$22,538,586 | \$2,913,235 |
| Receivables | 2,966,887 | 3,695,312 | 5,044,580 | 1,617,619 |
| Other assets | 70,000 | 71,179 | 70,000 | 71,179 |
| Total Assets | <u>\$6,317,669</u> | <u>\$25,937,530</u> | <u>\$27,653,166</u> | <u>\$4,602,033</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$4,772,597 | \$20,950,265 | \$22,536,271 | \$3,186,591 |
| Due to others | 1,545,072 | 4,987,265 | 5,116,895 | 1,415,442 |
| Total Liabilities | <u>\$6,317,669</u> | <u>\$25,937,530</u> | <u>\$27,653,166</u> | <u>\$4,602,033</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) |
|--|

Operating Information

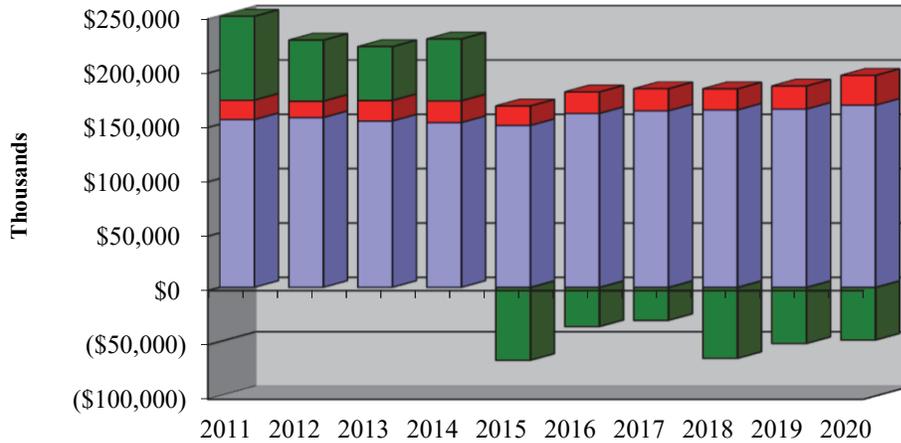
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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)



■ Net investment in capital assets ■ Restricted ■ Unrestricted

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$87,925,557 | \$87,549,833 | \$85,483,907 | \$84,272,501 | \$82,583,587 |
| Restricted | 17,883,253 | 15,053,531 | 18,829,245 | 20,021,555 | 17,933,727 |
| Unrestricted | 40,494,570 | 23,884,922 | 18,898,618 | 22,495,121 | (88,028,802) |
| Total governmental activities net position | <u>\$146,303,380</u> | <u>\$126,488,286</u> | <u>\$123,211,770</u> | <u>\$126,789,177</u> | <u>\$12,488,512</u> |
| Business-type activities | | | | | |
| Net investment in capital asset | \$66,344,770 | \$68,587,946 | \$67,479,305 | \$67,235,990 | \$66,278,166 |
| Restricted | | | | 11,229 | 11,231 |
| Unrestricted | 36,653,957 | 32,290,613 | 30,663,259 | 34,392,335 | 20,914,381 |
| Total business-type activities net position | <u>\$102,998,727</u> | <u>\$100,878,559</u> | <u>\$98,142,564</u> | <u>\$101,639,554</u> | <u>\$87,203,778</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$154,270,327 | \$156,137,779 | \$152,963,212 | \$151,508,491 | \$148,861,753 |
| Restricted | 17,883,253 | 15,053,531 | 18,829,245 | 20,032,784 | 17,944,958 |
| Unrestricted | 77,148,527 | 56,175,535 | 49,561,877 | 56,887,456 | (67,114,421) |
| Total primary government net position | <u>\$249,302,107</u> | <u>\$227,366,845</u> | <u>\$221,354,334</u> | <u>\$228,428,731</u> | <u>\$99,692,290</u> |
| 2016-2020 Summary | | | | | |
| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Governmental activities | | | | | |
| Net investment in capital assets | \$94,823,140 | \$97,821,524 | \$97,958,640 | \$97,757,236 | \$100,413,948 |
| Restricted | 19,744,996 | 20,315,097 | 19,491,867 | 21,237,769 | 27,367,081 |
| Unrestricted | (64,966,915) | (62,902,410) | (92,551,797) | (76,426,827) | (76,136,850) |
| Total governmental activities net position | <u>\$49,601,221</u> | <u>\$55,234,211</u> | <u>\$24,898,710</u> | <u>\$42,568,178</u> | <u>\$51,644,179</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$65,118,626 | \$64,499,223 | \$65,137,866 | \$66,160,150 | \$67,108,189 |
| Restricted | 11,250 | 11,250 | 11,281 | 11,387 | 11,325 |
| Unrestricted | 28,846,650 | 32,508,857 | 27,207,951 | 24,735,488 | 27,617,595 |
| Total business-type activities net position | <u>\$93,976,526</u> | <u>\$97,019,330</u> | <u>\$92,357,098</u> | <u>\$90,907,025</u> | <u>\$94,737,109</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$159,941,766 | \$162,320,747 | \$163,096,506 | \$163,917,386 | \$167,522,137 |
| Restricted | 19,756,246 | 20,326,347 | 19,503,148 | 21,249,156 | 27,378,406 |
| Unrestricted | (36,120,265) | (30,393,553) | (65,343,846) | (51,691,339) | (48,519,255) |
| Total primary government net position | <u>\$143,577,747</u> | <u>\$152,253,541</u> | <u>\$117,255,808</u> | <u>\$133,475,203</u> | <u>\$146,381,288</u> |

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

| | For the Fiscal Year Ended June 30, | | | |
|---|------------------------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$9,269,313 | \$10,260,757 | \$8,823,639 | \$10,889,822 |
| Public safety | 42,429,411 | 45,511,296 | 44,910,136 | 42,704,694 |
| Public works | 6,350,402 | 5,406,051 | 5,064,375 | 5,597,137 |
| Streets and infrastructure | 3,133,030 | 3,395,911 | 4,114,332 | 3,318,214 |
| Culture and recreation | 16,181,808 | 14,415,687 | 13,811,273 | 13,350,277 |
| Economic and community development | 8,581,051 | 5,654,736 | 4,661,549 | 3,592,174 |
| Nondepartmental | | | | |
| Interest on long term debt | 361,793 | 335,549 | 177,561 | 166,114 |
| Total governmental activities expenses | <u>86,306,808</u> | <u>84,979,987</u> | <u>81,562,865</u> | <u>79,618,432</u> |
| Business-type activities: | | | | |
| Water | 10,537,952 | 13,460,939 | 15,266,033 | 13,337,352 |
| Civic center | 681,758 | 686,051 | 813,497 | 841,901 |
| Transfer station | 98,655 | 48,926 | 151,582 | 165,477 |
| Sanitation district | 15,710,913 | 18,587,421 | 16,663,492 | 18,262,624 |
| Total business-type activities expenses | <u>27,029,278</u> | <u>32,783,337</u> | <u>32,894,604</u> | <u>32,607,354</u> |
| Total primary government expenses | <u>\$113,336,086</u> | <u>\$117,763,324</u> | <u>\$114,457,469</u> | <u>\$112,225,786</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$540,836 | \$764,719 | \$753,748 | \$1,034,252 |
| Public safety | 4,689,990 | 4,685,400 | 4,415,226 | 4,454,105 |
| Public works | 1,533,714 | 1,259,803 | 1,313,510 | 1,036,109 |
| Streets and infrastructure | 1,219,820 | 953,473 | 1,009,844 | 1,135,335 |
| Culture and recreation | 2,732,104 | 2,913,641 | 2,723,265 | 2,812,145 |
| Economic and community development | 2,070,063 | 2,095,455 | 2,374,804 | 2,243,212 |
| Nondepartmental | | | | |
| Operating grants and contributions | 10,608,563 | 8,189,627 | 7,356,801 | 7,901,753 |
| Capital grants and contributions | 1,744,640 | 3,421,710 | 763,676 | 325,832 |
| Total governmental activities program revenues | <u>25,139,730</u> | <u>24,283,828</u> | <u>20,710,874</u> | <u>20,942,743</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 13,014,097 | 14,625,062 | 16,357,654 | 18,095,452 |
| Civic center | 831,384 | 759,286 | 671,556 | 834,950 |
| Transfer station | 375,000 | 375,000 | 375,000 | 375,000 |
| Sanitation district | 15,731,505 | 15,018,052 | 15,600,570 | 16,676,480 |
| Total business-type activities program revenues | <u>29,951,986</u> | <u>30,777,400</u> | <u>33,004,780</u> | <u>35,981,882</u> |
| Total primary government program revenues | <u>\$55,091,716</u> | <u>\$55,061,228</u> | <u>\$53,715,654</u> | <u>\$56,924,625</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | (\$61,167,078) | (\$60,696,159) | (\$60,851,991) | (\$58,675,689) |
| Business-type activities | 2,922,708 | (2,005,937) | 110,176 | 3,374,528 |
| Total primary government net expense | <u>(\$58,244,370)</u> | <u>(\$62,702,096)</u> | <u>(\$60,741,815)</u> | <u>(\$55,301,161)</u> |

(a) Beginning in fiscal year 2020, Streets and Infrastructures is reported with Public Works.

For the Fiscal Year Ended June 30,

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$9,669,627 | \$10,685,635 | \$7,972,197 | \$11,936,041 | \$12,476,872 | \$12,998,948 |
| 43,774,625 | 45,867,228 | 63,616,023 | 55,603,978 | 56,118,396 | 65,368,018 |
| 7,579,522 | 8,196,165 | 7,573,579 | 10,963,753 | 12,218,279 | 14,216,669 |
| 3,466,347 | 4,014,914 | 3,335,132 | 2,198,287 | 1,955,081 | (a) |
| 11,621,738 | 12,263,494 | 10,221,420 | 12,412,166 | 12,446,541 | 12,597,628 |
| 4,718,470 | 4,099,948 | 3,083,160 | 5,194,603 | 4,107,836 | 4,649,920 |
| <u>172,642</u> | <u>40,000</u> | | <u>1,373,040</u> | <u>1,230,480</u> | <u>1,160,227</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> | <u>110,991,410</u> |
| 14,451,497 | 16,082,814 | 14,954,595 | 17,406,932 | 15,811,469 | 17,107,407 |
| 853,913 | 892,003 | 800,786 | 961,868 | 792,490 | 832,870 |
| 178,290 | 37,579 | 206,918 | 266,241 | 234,590 | 28,709 |
| <u>18,629,686</u> | <u>14,325,333</u> | <u>16,357,133</u> | <u>22,460,549</u> | <u>23,578,769</u> | <u>26,304,502</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>44,273,488</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> | <u>\$155,264,898</u> |
| \$5,054,225 | \$4,074,661 | \$3,850,838 | \$4,459,835 | \$664,292 | \$743,003 |
| 5,403,840 | 6,490,600 | 6,833,086 | 7,140,073 | 5,780,948 | 6,619,952 |
| 1,528,698 | 2,524,779 | 994,308 | 1,304,594 | 1,355,782 | 4,062,420 |
| 1,283,105 | 1,528,812 | 1,432,015 | 1,705,245 | 1,244,532 | (a) |
| 2,989,174 | 3,162,473 | 2,906,739 | 3,115,467 | 2,859,075 | 2,105,126 |
| 4,961,729 | 6,162,433 | 4,645,536 | 4,582,767 | 3,900,404 | 4,704,318 |
| 8,467,395 | 6,311,937 | 6,293,562 | 6,774,088 | 11,518,920 | 17,017,844 |
| <u>3,355,718</u> | <u>2,492,055</u> | <u>1,824,697</u> | <u>1,233,529</u> | <u>5,520,111</u> | <u>4,597,424</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> | <u>39,850,087</u> |
| 18,731,931 | 16,645,244 | 17,186,882 | 18,879,659 | 20,671,704 | 23,385,773 |
| 976,374 | 695,906 | 676,391 | 589,569 | 801,304 | 844,360 |
| 375,000 | 281,250 | | | | |
| <u>18,416,575</u> | <u>19,695,887</u> | <u>19,284,396</u> | <u>21,507,323</u> | <u>22,712,582</u> | <u>22,679,620</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>46,909,753</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> | <u>\$86,759,840</u> |
| (\$47,959,087) | (\$52,419,634) | (\$67,020,730) | (\$69,366,270) | (\$67,709,421) | (\$71,141,323) |
| 4,386,494 | 5,980,558 | 4,828,237 | (119,039) | 3,768,272 | 2,636,265 |
| <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> | <u>(\$68,505,058)</u> |

(Continued)

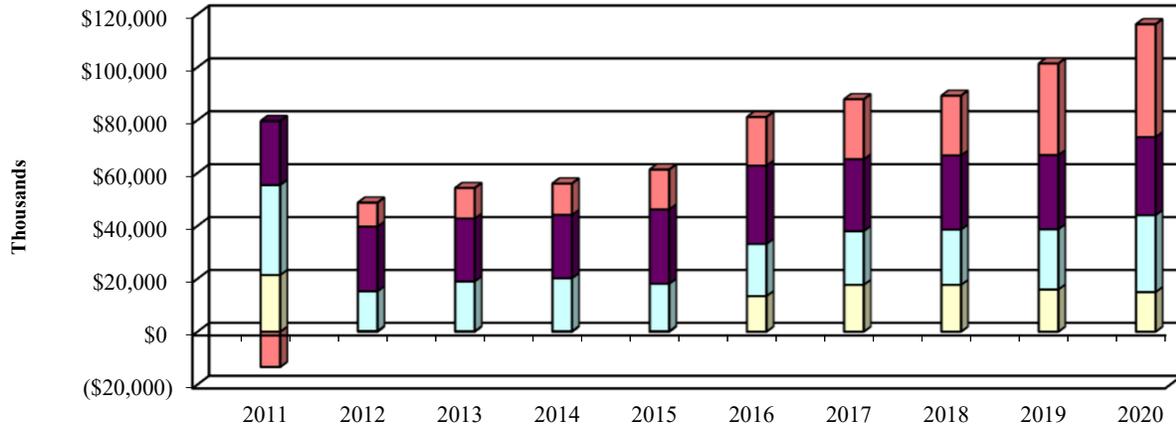
CITY OF DALY CITY
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | For the Fiscal Year Ended June 30, | | | |
|---|------------------------------------|-----------------------|----------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$29,886,156 | \$27,903,523 | \$24,682,775 | \$26,609,070 |
| Sales taxes | 10,178,386 | 10,638,574 | 11,619,157 | 12,594,335 |
| Utility users tax | 6,635,130 | 6,532,361 | 6,528,566 | 6,422,821 |
| Franchise fees | 3,471,922 | 3,500,118 | 3,544,075 | 3,663,247 |
| Other taxes | 4,189,893 | 4,203,616 | 4,756,255 | 5,247,886 |
| Motor vehicle in-lieu | 493,293 | 109,179 | 45,981 | |
| Investment earnings | 711,989 | 1,018,793 | 12,330 | 925,838 |
| Other revenues | 3,313,961 | 3,180,451 | 3,758,739 | 3,936,433 |
| Transfers | 658,160 | 2,800,581 | 3,010,709 | 2,853,466 |
| Gain/(Loss) on sale of property | | | | |
| Extraordinary or Special item | | (19,006,131) | (383,112) | |
| Total government activities | <u>59,538,890</u> | <u>40,881,065</u> | <u>57,575,475</u> | <u>62,253,096</u> |
| Business-type activities: | | | | |
| Property taxes | 1,377,982 | 1,433,604 | 1,470,340 | 1,558,773 |
| Investment earnings | 413,972 | 534,239 | (23,403) | 493,501 |
| Other revenues | 1,252,433 | 704,506 | 715,729 | 918,589 |
| Gain/(Loss) on sale of property | | 14,001 | 1,872 | 5,065 |
| Transfers | (658,160) | (2,800,581) | (3,010,709) | (2,853,466) |
| Extraordinary item or special item | | | (2,000,000) | |
| Total business-type activities | <u>2,386,227</u> | <u>(114,231)</u> | <u>(2,846,171)</u> | <u>122,462</u> |
| Total primary government | <u>\$61,925,117</u> | <u>\$40,766,834</u> | <u>\$54,729,304</u> | <u>\$62,375,558</u> |
| Change in Net Position | | | | |
| Governmental activities | (\$1,628,188) | (\$19,815,094) | (\$3,276,516) | \$3,577,407 |
| Business-type activities | 5,308,935 | (2,120,168) | (2,735,995) | 3,496,990 |
| Total primary government | <u>\$3,680,747</u> | <u>(\$21,935,262)</u> | <u>(\$6,012,511)</u> | <u>\$7,074,397</u> |

For the Fiscal Year Ended June 30,

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$29,327,703 | \$29,591,108 | \$31,417,252 | \$33,069,899 | \$36,699,766 | \$37,261,483 |
| 12,379,135 | 13,688,644 | 13,805,186 | 15,232,989 | 17,699,000 | 16,371,691 |
| 6,399,410 | 6,099,207 | 6,299,448 | 5,977,178 | 5,906,694 | 5,769,697 |
| 3,675,411 | 3,828,424 | 3,878,461 | 4,022,440 | 4,178,006 | 4,536,241 |
| 5,322,471 | 5,761,695 | 6,017,318 | 6,408,495 | 6,854,372 | 7,278,295 |
| 44,416 | | | | | |
| 467,009 | 828,112 | 700,994 | 1,058,264 | 3,113,786 | 4,581,480 |
| 1,061,054 | 1,110,702 | 1,379,422 | 1,614,584 | 1,685,805 | 1,360,090 |
| 2,983,597 | 2,060,161 | 4,616,272 | 2,188,873 | 1,524,773 | 3,058,347 |
| (3,003,763) | 41,913 | | 217,111 | 11,639 | |
| | 26,522,377 | | | | |
| 58,656,443 | 89,532,343 | 68,114,353 | 69,789,833 | 77,673,841 | 80,217,324 |
| 1,713,895 | 1,754,195 | 1,859,194 | 1,957,737 | 2,172,460 | 2,254,033 |
| 265,045 | 385,674 | 196,380 | 268,803 | 1,096,328 | 1,518,068 |
| 2,350,952 | 712,482 | 775,265 | 914,539 | 742,688 | 478,919 |
| | | | | | 1,146 |
| (2,983,597) | (2,060,161) | (4,616,272) | (2,188,873) | (1,524,773) | (3,058,347) |
| | | 4,579,613 | | | |
| 1,346,295 | 792,190 | 2,794,180 | 952,206 | 2,486,703 | 1,193,819 |
| \$60,002,738 | \$90,324,533 | \$70,908,533 | \$70,742,039 | \$80,160,544 | \$81,411,143 |
| \$10,697,356 | \$37,112,709 | \$1,093,623 | \$423,563 | \$9,964,420 | \$9,076,001 |
| 5,732,789 | 6,772,748 | 7,622,417 | 833,167 | 6,254,975 | 3,830,084 |
| \$16,430,145 | \$43,885,457 | \$8,716,040 | \$1,256,730 | \$16,219,395 | \$12,906,085 |

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



| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| General Fund | | | | | |
| Nonspendable | \$21,438,707 | \$238,031 | \$178,570 | \$186,129 | \$194,403 |
| Restricted | | | | | |
| Assigned | 12,229,191 | 12,249,286 | 12,109,457 | 12,103,389 | 12,220,256 |
| Unassigned | 9,265,602 | 9,039,548 | 11,522,227 | 11,838,923 | 15,059,052 |
| Total General Fund | <u><u>\$42,933,500</u></u> | <u><u>\$21,526,865</u></u> | <u><u>\$23,810,254</u></u> | <u><u>\$24,128,441</u></u> | <u><u>\$27,473,711</u></u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | | | | | |
| Restricted | \$34,018,497 | \$15,053,292 | \$18,829,210 | \$20,021,531 | \$17,933,698 |
| Assigned | 11,973,786 | 12,211,293 | 11,698,471 | 11,873,724 | 15,906,433 |
| Unassigned | (22,559,924) | | | | |
| Total all other governmental funds | <u><u>\$23,432,359</u></u> | <u><u>\$27,264,585</u></u> | <u><u>\$30,527,681</u></u> | <u><u>\$31,895,255</u></u> | <u><u>\$33,840,131</u></u> |
| All Governmental Funds | | | | | |
| Total Nonspendable | \$21,438,707 | \$238,031 | \$178,570 | \$186,129 | \$194,403 |
| Total Restricted | 34,018,497 | 15,053,292 | 18,829,210 | 20,021,531 | 17,933,698 |
| Total Assigned | 24,202,977 | 24,460,579 | 23,807,928 | 23,977,113 | 28,126,689 |
| Total Unassigned | (13,294,322) | 9,039,548 | 11,522,227 | 11,838,923 | 15,059,052 |
| Total All Governmental Funds | <u><u>\$66,365,859</u></u> | <u><u>\$48,791,450</u></u> | <u><u>\$54,337,935</u></u> | <u><u>\$56,023,696</u></u> | <u><u>\$61,313,842</u></u> |

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

For the Fiscal Year Ended June 30,

| 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|---------------------|---------------------|----------------------|-------------------------|
| \$13,453,512 | \$17,721,519 | \$17,684,920 | \$15,927,953 | \$14,955,064 |
| | | 3,016,958 | 3,198,748 | 3,382,363 |
| 12,098,569 | 12,111,209 | 12,047,395 | 12,291,473 | 12,663,807 |
| 18,329,649 | 22,681,817 | 22,589,341 | 34,684,815 | 42,666,860 |
| <u>\$43,881,730</u> | <u>\$52,514,545</u> | <u>\$55,338,614</u> | <u>\$66,102,989</u> | <u>\$73,668,094</u> (a) |
| \$2,211 | \$6,998 | \$29,668 | \$29,738 | \$34,625 |
| 19,742,741 | 20,304,044 | 17,897,042 | 19,592,976 | 25,695,472 |
| 17,525,314 | 15,076,221 | 15,972,732 | 15,753,688 | 16,870,159 |
| | 2,072 | | (86,950) | |
| <u>\$37,270,266</u> | <u>\$35,389,335</u> | <u>\$33,899,442</u> | <u>\$35,289,452</u> | <u>\$42,600,256</u> (a) |
| \$13,455,723 | \$17,728,517 | \$17,714,588 | \$15,957,691 | \$14,989,689 |
| 19,742,741 | 20,304,044 | 20,914,000 | 22,791,724 | 29,077,835 |
| 29,623,883 | 27,187,430 | 28,020,127 | 28,045,161 | 29,533,966 |
| 18,329,649 | 22,683,889 | 22,589,341 | 34,597,865 | 42,666,860 |
| <u>\$81,151,996</u> | <u>\$87,903,880</u> | <u>\$89,238,056</u> | <u>\$101,392,441</u> | <u>\$116,268,350</u> |

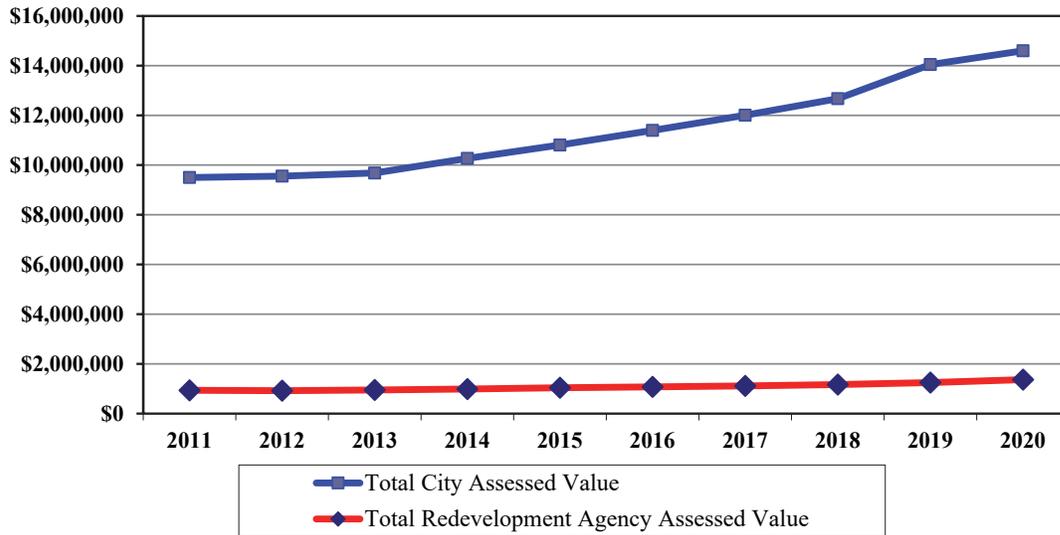
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | For the Fiscal Year Ended June 30, | | | |
|--|------------------------------------|-----------------------|--------------------|--------------------|
| | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | |
| Taxes | \$58,097,799 | \$56,413,948 | \$54,183,995 | \$58,493,320 |
| Licenses, permits and fees | 1,468,663 | 1,409,698 | 1,578,457 | 1,697,703 |
| Fines and forfeitures | 2,772,583 | 2,440,465 | 2,420,754 | 2,301,580 |
| Use of money and property | 4,333,962 | 3,132,897 | 1,050,149 | 1,864,656 |
| Intergovernmental revenues | 7,527,353 | 7,267,441 | 4,366,743 | 3,511,403 |
| Charges for services | 8,505,783 | 7,637,246 | 7,479,277 | 7,757,549 |
| Other | 3,583,288 | 4,044,012 | 4,748,815 | 4,615,471 |
| Total Revenues | 86,289,431 | 82,345,707 | 75,828,190 | 80,241,682 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 8,612,120 | 8,682,126 | 8,194,893 | 10,882,785 |
| Public safety | 41,115,067 | 42,226,973 | 42,150,729 | 42,737,888 |
| Public works | 5,136,940 | 4,995,361 | 4,726,801 | 4,712,465 |
| Culture and recreation | 13,078,179 | 12,650,231 | 12,105,970 | 11,932,443 |
| Community development | 8,900,024 | 5,773,301 | 4,666,975 | 3,896,212 |
| Capital projects | 5,502,027 | 6,977,961 | 4,336,490 | 4,149,538 |
| Debt service: | | | | |
| Principal repayment | 323,861 | 2,679,000 | 212,000 | 227,000 |
| Interest and fiscal charges | 490,281 | 312,381 | 181,942 | 170,919 |
| Total Expenditures | 83,158,499 | 84,297,334 | 76,575,800 | 78,709,250 |
| Excess (deficiency) of revenues over (under) expenditures | 3,130,932 | (1,951,627) | (747,610) | 1,532,432 |
| Other Financing Sources (Uses) | | | | |
| Sale of property | | 5,787 | 18,057 | |
| Amount paid to State | | | | |
| Transfers in | 6,490,408 | 5,753,543 | 5,812,723 | 5,523,006 |
| Transfers out | (5,249,853) | (2,838,147) | (2,903,573) | (5,369,677) |
| Loan proceeds | | | | |
| Contributions | | | | |
| Total other financing sources (uses) | 1,240,555 | 2,921,183 | 2,927,207 | 153,329 |
| Extraordinary items | | | | |
| Assets transferred to/liabilities assumed by Successor Agency | | (18,543,965) | 3,366,888 | |
| Net Change in fund balances | \$4,371,487 | (\$17,574,409) | \$5,546,485 | \$1,685,761 |
| Debt service as a percentage of noncapital expenditures | 1.0% | 3.7% | 4.0% | 0.5% |

For the Fiscal Year Ended June 30,

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$60,767,789 | \$61,030,589 | \$63,536,267 | \$66,939,056 | \$75,573,768 | \$75,484,516 |
| 2,679,745 | 2,889,367 | 3,023,889 | 2,727,875 | 2,970,667 | 3,013,080 |
| 2,740,510 | 3,442,372 | 3,850,382 | 3,678,828 | 3,379,319 | 3,700,904 |
| 1,499,885 | 1,841,802 | 1,636,285 | 2,040,295 | 3,831,438 | 5,007,732 |
| 6,092,246 | 4,218,152 | 5,526,235 | 5,378,283 | 8,922,550 | 14,405,495 |
| 12,763,912 | 14,632,874 | 9,771,337 | 9,992,458 | 11,417,260 | 12,764,998 |
| 5,307,064 | 5,527,147 | 4,989,727 | 6,785,029 | 2,293,810 | 1,936,781 |
| 91,851,151 | 93,582,303 | 92,334,122 | 97,541,824 | 108,388,812 | 116,313,506 |
| 9,495,891 | 10,777,041 | 10,067,504 | 10,259,919 | 9,076,400 | 10,354,151 |
| 44,972,711 | 49,047,952 | 50,681,833 | 51,147,772 | 54,547,977 | 56,894,801 |
| 7,053,586 | 7,589,698 | 8,480,954 | 8,895,892 | 9,173,452 | 9,588,658 |
| 10,085,356 | 10,569,151 | 10,802,067 | 10,637,826 | 11,624,964 | 11,946,087 |
| 4,917,443 | 4,306,935 | 4,340,191 | 5,115,492 | 4,531,036 | 4,841,980 |
| 4,359,239 | 5,726,698 | 10,019,069 | 6,927,154 | 7,201,911 | 10,683,817 |
| 244,000 | 260,000 | 279,000 | 298,000 | 319,000 | 341,000 |
| 235,066 | 28,730 | 41,216 | 38,672 | 35,165 | 29,838 |
| 81,363,292 | 88,306,205 | 94,711,834 | 93,320,727 | 96,509,905 | 104,680,332 |
| 10,487,859 | 5,276,098 | (2,377,712) | 4,221,097 | 11,878,907 | 11,633,174 |
| (3,003,763) | 1,600 | 262,490 | 179,922 | 11,639 | |
| (3,750,000) | | | | | |
| 6,306,265 | 5,561,713 | 6,633,748 | 4,030,049 | 6,278,010 | 8,486,521 |
| (4,750,215) | (4,776,760) | (2,346,255) | (7,096,892) | (6,014,171) | (5,243,786) |
| (5,197,713) | 786,553 | 4,549,983 | (2,886,921) | 275,478 | 3,242,735 |
| | | 4,579,613 | | | |
| \$5,290,146 | \$6,062,651 | \$6,751,884 | \$1,334,176 | \$12,154,385 | \$14,875,909 |
| 0.6% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% |

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

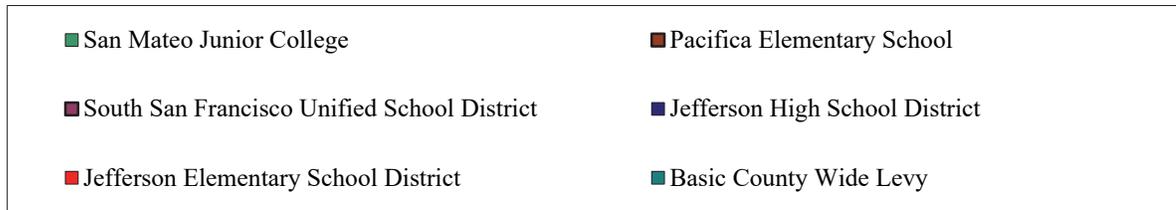
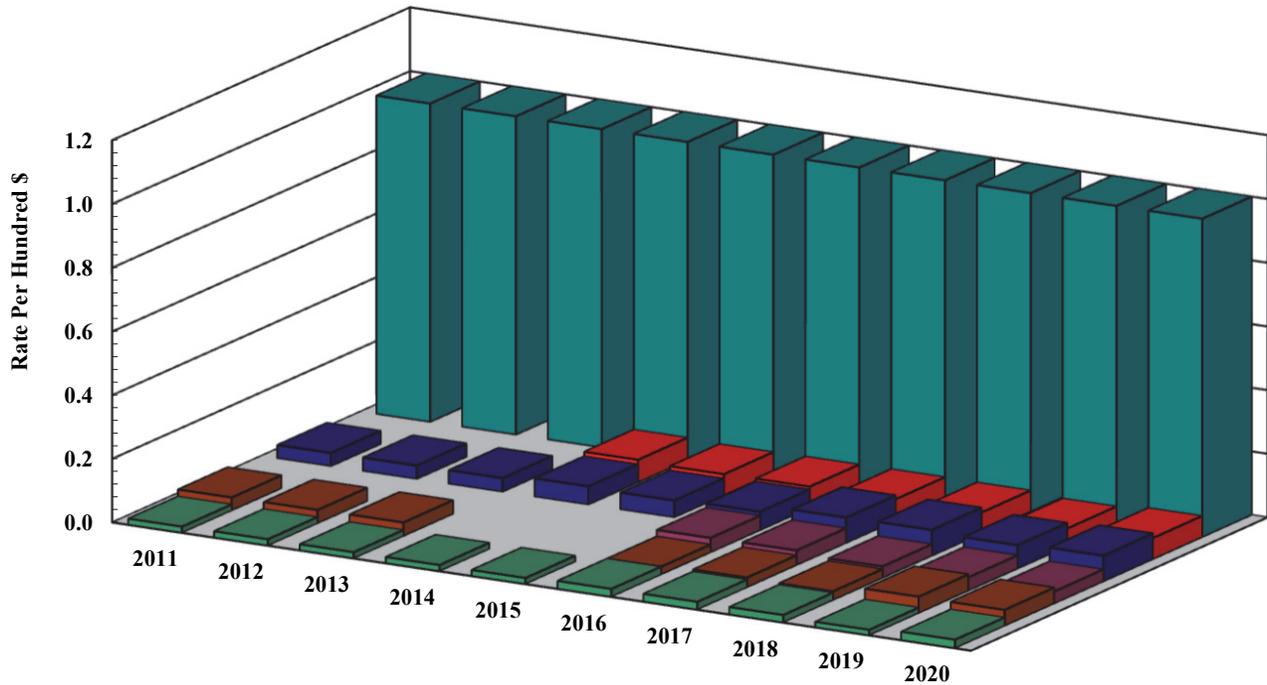


| Fiscal Year Ended June 30 | City | | | | Redevelopment Agency | | | | Total Direct Tax Rate (2) |
|---------------------------|--------------|------------|------------|--------------------------|----------------------|-----------|------------|--------------------------|---------------------------|
| | Secured | Unsecured | Exemptions | Total Assessed Value (1) | Secured | Unsecured | Exemptions | Total Assessed Value (1) | |
| 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 | 6,066 | 1,167,259 | 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% |
| 2020 | 12,878,232 | 259,710 | 94,427 | 13,232,369 | 1,294,087 | 65,154 | 6,016 | 1,365,257 | 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**



| Fiscal Year | Basic County Wide Levy | Jefferson Elementary School District | Jefferson High School District | San Mateo Junior College | South San Francisco Unified School District | Pacifica Elementary School | Total |
|-------------|------------------------|--------------------------------------|--------------------------------|--------------------------|---|----------------------------|--------|
| 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 |
| 2020 | 1.0000 | 0.0667 | 0.0811 | 0.0267 | 0.0381 | 0.0505 | 1.2631 |

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 | 2019-2020 | | | 2010-2011 | | |
|--------------------------------|-------------------------------|-------------|--|-------------------------------|-------------|--|
| | 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 LI | \$ 472,818,329 | 1 | 3.57% | \$ 128,202,101 | 2 | 1.52% |
| Westlake Assoc Lessee | 281,917,772 | 2 | 2.13% | 118,282,338 | 3 | 1.40% |
| Kimco Westlake Lp | 169,308,977 | 3 | 1.28% | 145,394,467 | 1 | 1.72% |
| Dc Station Owner Llc | 116,825,872 | 4 | 0.88% | | | |
| Skyline Heights Llc | 92,599,790 | 5 | 0.70% | 47,090,405 | 6 | 0.56% |
| Century Theaters Inc. Lessee | 66,107,018 | 6 | 0.50% | 57,129,040 | 5 | 0.68% |
| Wasl Daly City Investors V | 62,481,836 | 7 | 0.47% | | | |
| Verity Holdings Llc | 53,713,636 | 8 | 0.41% | | | |
| Eqr Hillside L P | 44,558,327 | 9 | 0.34% | | | |
| Franciscan Park Llc | 39,147,757 | 10 | 0.30% | | | |
| Db Real Estate Pacific Plaza P | - | | | 82,102,404 | 4 | 0.97% |
| Cathay Holdings | - | | | 40,428,123 | 7 | 0.48% |
| Serramonte Corporate Center LI | - | | | 37,993,918 | 8 | 0.45% |
| Seton Medical Center | - | | | 34,954,145 | 9 | 0.41% |
| Jefferson Union High Sch Dist | - | | | 33,313,197 | 10 | 0.39% |
| Subtotal | <u>\$ 1,399,479,314</u> | | <u>10.58%</u> | <u>\$ 724,890,138</u> | | <u>8.57%</u> |

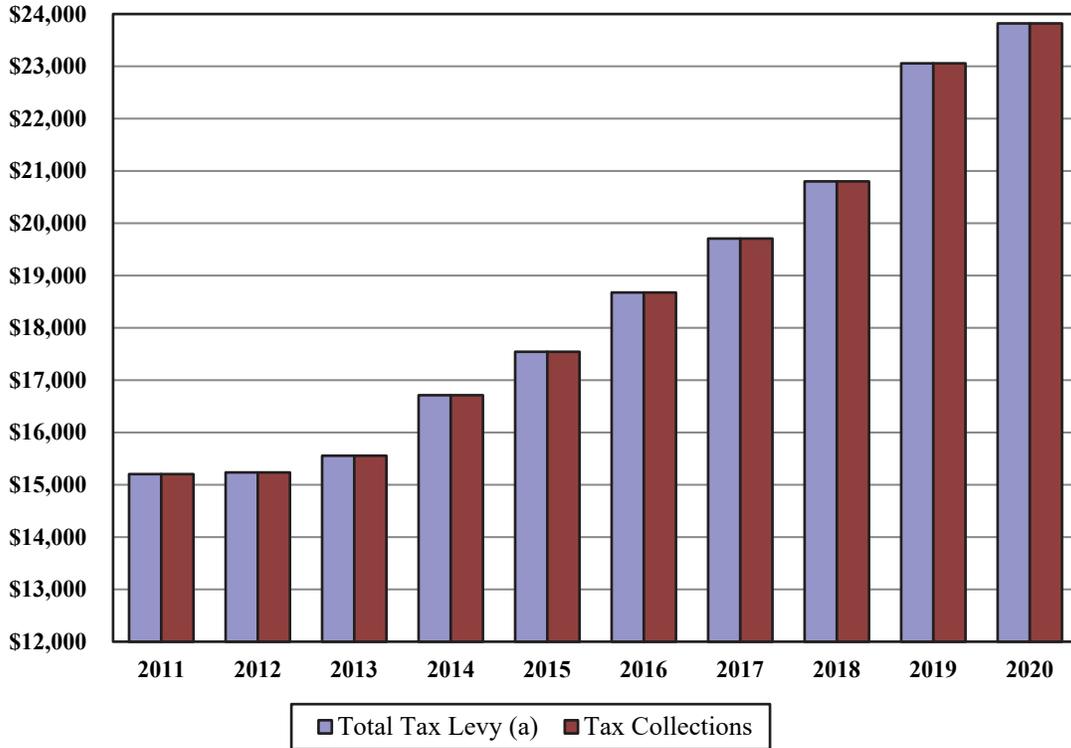
Total Assessed Valuation:

Fiscal Year 2019-2020 \$13,232,425,880

Fiscal Year 2010-2011 \$8,460,447,335

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)**



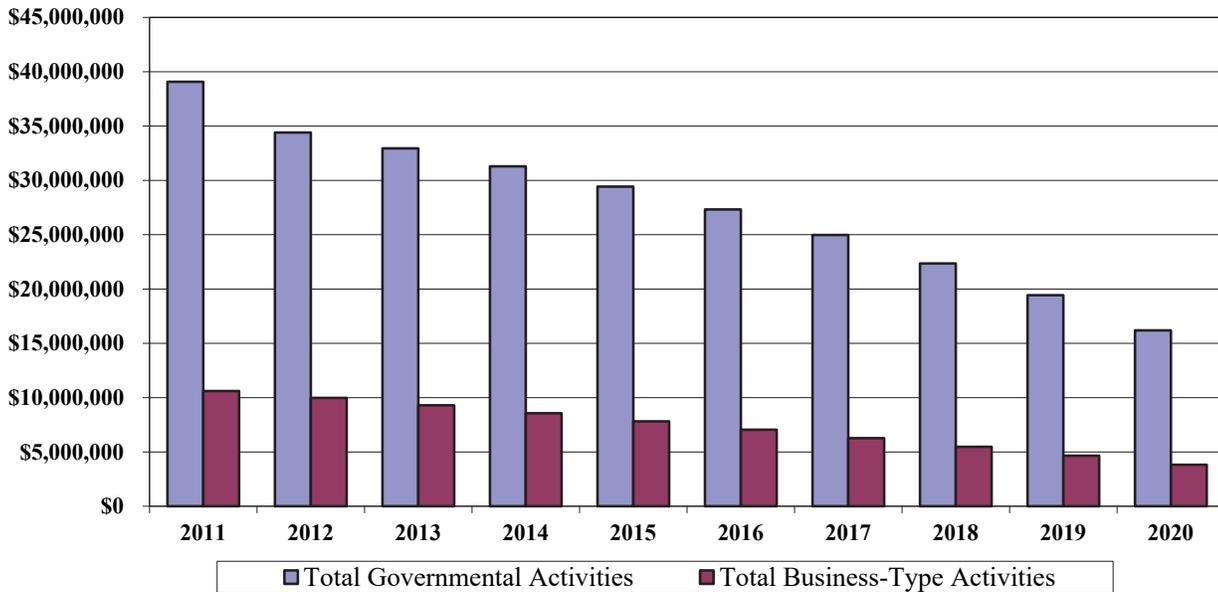
| Fiscal Year | Total Tax Levy (a) | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Tax Levy |
|--------------------|---------------------------|--------------------------------|----------------------------------|-----------------------------------|------------------------------|---|
| 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% |
| 2020 | 23,820 | 23,820 | 100.00% | | 23,820 | 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 | Capital Lease | HUD Section 108 Loan | PERS Pension Obligation Bonds | CHFA HELP Loan | Promissory Note | Total |
|-------------|---------------|----------------------|-------------------------------|----------------|-----------------|---------------|
| 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 |
| 2020 | | 1,173,000 | 15,025,000 | | | 16,198,000 |

Business-Type Activities

| Fiscal Year | Water Certificates of Participation | Water Revenue Bond | State Water Resources Board Loan | Total | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
|-------------|-------------------------------------|--------------------|----------------------------------|---------------|--------------------------|-----------------------------------|----------------|
| 2011 | \$ 7,225,000 | | \$ 3,377,252 | \$ 10,602,252 | \$ 49,678,922 | 1.81% | \$ 487.43 |
| 2012 | 6,800,000 | | 3,172,805 | 9,972,805 | 44,385,805 | 1.51% | 432.64 |
| 2013 | | \$6,330,000 | 2,963,246 | 9,293,246 | 42,244,246 | 1.43% | 408.76 |
| 2014 | | 5,815,000 | 2,748,449 | 8,563,449 | 39,857,449 | 1.33% | 379.32 |
| 2015 | | 5,290,000 | 2,528,282 | 7,818,282 | 37,243,282 | 1.22% | 351.98 |
| 2016 | | 4,750,000 | 2,302,610 | 7,052,610 | 34,377,610 | 0.90% | 316.73 |
| 2017 | | 4,205,000 | 2,071,298 | 6,276,298 | 31,252,298 | 0.90% | 287.94 |
| 2018 | | 3,640,000 | 1,834,202 | 5,474,202 | 27,827,202 | 0.69% | 258.30 |
| 2019 | | 3,065,000 | 1,591,179 | 4,656,179 | 24,090,179 | 0.60% | 223.02 |
| 2020 | | 2,480,000 | 1,342,080 | 3,822,080 | 20,020,080 | 0.54% | 183.43 |

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) |
|--|---|--|---------------------------|
| 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% | 190.24 |
| 2019 | 17,920,000 | 0.45% | 166.14 |
| 2020 | 15,025,000 | 0.40% | 137.66 |

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, 2020**

2019-2020 Assessed Valuation \$ 13,232,425,880

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT</u> | <u>Total Debt</u> 06/30/20 | <u>% Applicable (1)</u> | <u>City's Share of</u> Debt 06/30/20 |
|---|-------------------------------|-------------------------|---|
| San Mateo Community College District | \$ 766,683,503 | 5.529% | \$ 42,389,931 |
| South San Francisco Unified School District | 167,147,409 | 7.855% | 13,129,429 |
| Jefferson Union High School District | 275,999,969 | 50.824% | 140,274,224 |
| Bayshore School District | 11,744,821 | 80.244% | 9,424,514 |
| Brisbane School District | 15,991,439 | 17.161% | 2,744,291 |
| Jefferson School District | 105,030,000 | 86.568% | <u>90,922,370</u> |
| | | | |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | <u><u>298,884,759</u></u> |
| | | | |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u> | | | |
| San Mateo County General Fund Obligations | \$ 515,920,256 | 5.529% | 28,525,231 |
| San Mateo County Board of Education Certificates of Participation | 7,505,000 | 5.529% | 414,951 |
| San Mateo County Flood Control District Certificates of Participation | 16,135,000 | 27.951% | 4,509,894 |
| South San Francisco Unified School District Certificates of Participation | 3,390,000 | 7.855% | 266,285 |
| Jefferson Union H.S.D. Certificates of Participation | 6,946,865 | 50.824% | 3,530,675 |
| City of Daly City Pension Obligation Bonds | 15,025,000 | 100.000% | 15,025,000 |
| HUD Section 108 Loan | 1,173,000 | 100.000% | 1,173,000 |
| | | | |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | <u><u>53,445,036</u></u> |
| | | | |
| TOTAL DIRECT DEBT | | | 16,198,000 |
| TOTAL OVERLAPPING DEBT | | | <u><u>336,131,795</u></u> |
| | | | |
| COMBINED TOTAL DEBT | | | <u><u>\$ 352,329,795</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 obligations.

| <u>Ratios to 2019-20 Assessed Valuation</u> | |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 2.26% |
| Total Direct Debt (\$19,434,000) | 0.11% |
| Combined Total Debt | 2.66% |

Source: California Municipal Statistics, Inc.

**CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2020**

ASSESSED VALUATION:

| | |
|--|------------------|
| Total property assessed value, net of exempt real property | \$13,232,425,880 |
|--|------------------|

| | |
|---|---------------|
| BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) | \$496,215,971 |
|---|---------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

| | |
|-----------------------|-------------|
| Total Bonded Debt (b) | \$2,480,000 |
|-----------------------|-------------|

| | |
|---|-----------|
| Less: Revenue Bonds and Certificate of Participation not subject to limit | 2,480,000 |
|---|-----------|

| | |
|---------------------------------|---|
| Amount of debt subject to limit | 0 |
|---------------------------------|---|

| | |
|--------------------------|---------------|
| LEGAL BONDED DEBT MARGIN | \$496,215,971 |
|--------------------------|---------------|

| 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) | | | | |
| 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% |
| 2020 | 492,637 | 0 | 492,637 | 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 | | AS OF JUNE 30, 2020 (3) | |
|----------------------------|------------------------------|--------------------------------|------------------------------|
| <u>Category</u> | <u>Number of Connections</u> | <u>Category</u> | <u>Number of Connections</u> |
| Residential | 21,962 | Residential | 22,023 |
| Commercial | 780 | Commercial | 776 |
| Government | 91 | City/Government | 197 |
| Irrigation | 225 | Traveling Meter | 18 |
| Hydrant | 15 | | |
| Other | - | | - |
| | <hr/> | | <hr/> |
| Total Connections | <u>23,073</u> | Total Connections | <u>23,014</u> |

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

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Gross Revenues (1) | \$ 13,497,857 | \$ 15,185,857 | \$ 16,801,668 | \$ 18,931,871 | \$ 20,425,104 |
| Operating Expenses (including depreciation) (2) | 10,424,358 | 12,718,342 | 13,910,737 | 13,276,951 | 14,354,432 |
| Depreciation | (1,218,606) | (1,257,540) | (1,263,850) | (1,261,733) | (1,255,728) |
| Operating Transfers Out | <u>2,158,670</u> | <u>2,372,007</u> | <u>2,587,195</u> | <u>2,318,226</u> | <u>2,378,434</u> |
| Total Operating Expenses | <u>11,364,422</u> | <u>13,832,809</u> | <u>15,234,082</u> | <u>14,333,444</u> | <u>15,477,138</u> |
| Net Revenue Available for Debt | <u>\$ 2,133,435</u> | <u>\$ 1,353,048</u> | <u>\$ 1,567,586</u> | <u>\$ 4,598,427</u> | <u>\$ 4,947,966</u> |
| Total Debt Service Requirement | <u>\$ 751,996</u> | <u>\$ 751,621</u> | <u>\$ 649,531</u> | <u>\$ 647,050</u> | <u>\$ 647,750</u> |
| Coverage | 2.84 | 1.80 | 2.41 | 7.11 | 7.64 |

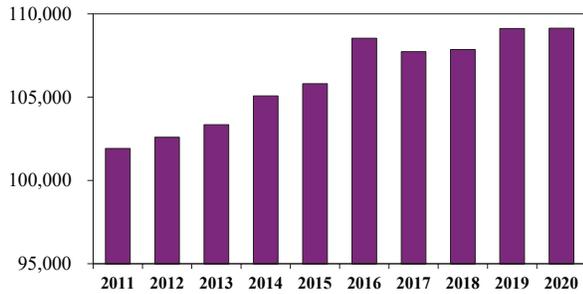
- Notes:
- (1) Includes all Water Utility Operating Revenue, and Nonoperating Revenue including Nonoperating Interest Income and Transfers in
 - (2) Includes all Water Utility Operating Expenses
 - (3) New utility billing software reporting number of connections in new categories

Source: City of Daly City Annual Financial Statements

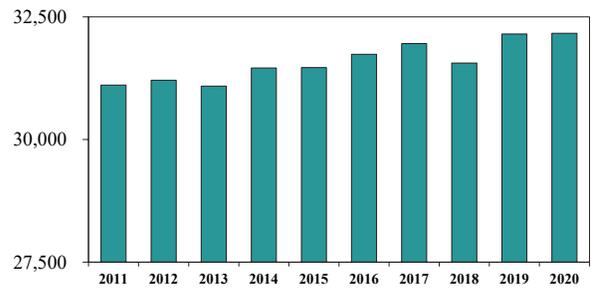
**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Gross Revenues (1) | \$ 17,186,361 | \$ 17,616,918 | \$ 19,230,073 | \$ 21,203,909 | \$ 24,118,106 |
| Operating Expenses (including depreciation) (2) | 15,950,589 | 15,337,854 | 17,077,870 | 15,891,040 | 17,032,821 |
| Depreciation | (1,274,779) | (1,342,258) | (1,330,058) | (1,258,598) | (1,247,958) |
| Operating Transfers Out | 1,689,464 | 2,156,009 | 2,449,304 | 2,646,419 | 2,994,663 |
| Total Operating Expenses | 16,365,274 | 16,151,605 | 18,197,116 | 17,278,861 | 18,779,526 |
| Net Revenue Available for Debt | \$ 821,087 | \$ 1,465,313 | \$ 1,032,957 | \$ 3,925,048 | \$ 5,338,580 |
| Total Debt Service Requirement | \$ 651,250 | \$ 645,450 | \$ 649,100 | \$ 647,801 | \$ 646,300 |
| Coverage | 1.26 | 2.27 | 1.59 | 6.06 | 8.26 |

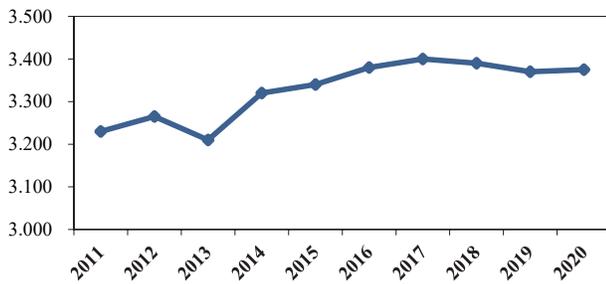
**CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



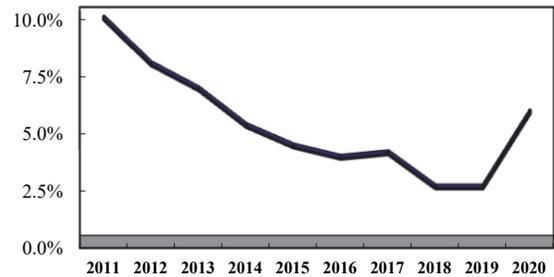
■ Daly City Population



■ 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) (in thousands) | San Mateo County Population (1) | City Population % of County |
|------|--|--|---------------------------------------|--|--------------------------------|--|---------------------------------|-----------------------------|
| 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% | 36,654 | 3,999,758 | 774,485 | 14.09% |
| 2020 | 109,142 | 32,167 | 3.375 | 5.7% | 34,284 | 3,741,824 | 773,244 | 14.11% |

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 | 2019-2020 | | | 2009-2010 | | |
|---------------------------------------|--------------------------------|-------------|--|--------------------------------|-------------|--|
| | 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 | 14.7% |
| City of Daly City | 660 | 2 | 3.6% | 705 | 2 | 6.3% |
| Jefferson Elementary School District | 662 | 3 | 3.6% | 584 | 4 | 5.2% |
| Jefferson High School District | 463 | 4 | 2.5% | 693 | 3 | 6.1% |
| Genesys Telecommunications Laboratory | 451 | 5 | 2.4% | 400 | 6 | 3.5% |
| Cow Palace | 340 | 6 | 1.8% | 405 | 5 | 3.6% |
| St. Francis Convalescent Pavilion | 321 | 7 | 1.7% | 203 | 10 | |
| Target Stores - Serramonte | 310 | 8 | 1.7% | 298 | 7 | 2.6% |
| In-N-Out Burger (2 locations) | 292 | 9 | 1.6% | | | |
| Kaiser Permanente (2 locations) | 255 | 10 | 1.4% | | | |
| McDonald's (4 locations) | | | | 250 | 8 | 2.2% |
| Walgreens (3 locations) | | | | 227 | 9 | 2.0% |
| Subtotal | <u>4,792</u> | | <u>25.9%</u> | <u>5,424</u> | | <u>48.1%</u> |
| Total Daly City Employment | <u>18,500</u> (2) | | | <u>11,275</u> (3) | | |

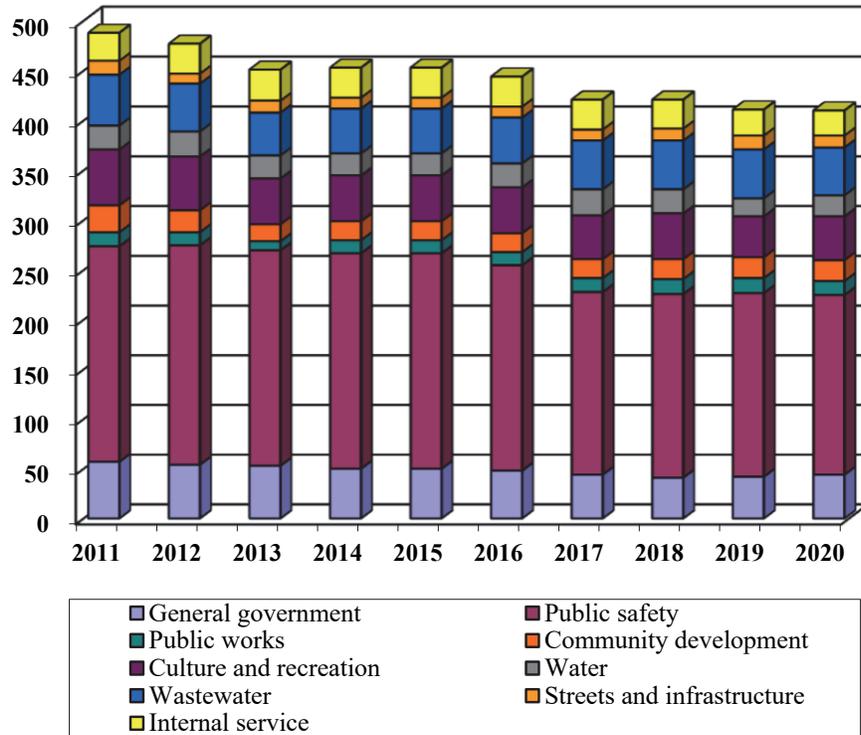
Note: (1) Includes both full-time and part-time employees

(2) Based on ABAG projections & census data

(3) Based on 2007 Economic Census- data only updated every five years

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



| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Function | | | | | | | | | | |
| General government | 57 | 54 | 53 | 50 | 50 | 48 | 44 | 41 | 42 | 44 |
| Public safety | 217 | 221 | 217 | 217 | 217 | 207 | 184 | 185 | 185 | 181 |
| Public works | 14 | 13 | 9 | 13 | 13 | 13 | 14 | 15 | 15 | 14 |
| Community development | 27 | 22 | 17 | 19 | 19 | 19 | 19 | 20 | 21 | 21 |
| Culture and recreation | 56 | 54 | 46 | 46 | 46 | 46 | 44 | 46 | 41 | 44 |
| Water | 24 | 25 | 23 | 22 | 22 | 24 | 26 | 24 | 18 | 21 |
| Wastewater | 51 | 48 | 43 | 45 | 45 | 46 | 49 | 49 | 49 | 48 |
| Streets and infrastructure | 14 | 10 | 12 | 11 | 11 | 11 | 11 | 12 | 14 | 12 |
| Internal service | 28 | 30 | 31 | 30 | 30 | 30 | 30 | 29 | 26 | 25 |
| Total | 499 | 488 | 477 | 451 | 453 | 444 | 421 | 421 | 411 | 410 |

Source: City of Daly City



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

| Function/Program | Fiscal Year June 30, | | | | |
|--|-----------------------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Public safety (calendar year data) | | | | | |
| Fire | | | | | |
| Fire calls for service | 6,516 | 7,129 | 7,179 | 7,497 | 7,543 |
| Fire inspections conducted | n/a | 2,359 | 2,354 | 2,183 | 2,183 |
| Police | | | | | |
| Police calls for service | 75,970 | 72,665 | 73,095 | 79,999 | 84,417 |
| Law violations | | | | | |
| Part I crimes | 2,071 | 2,079 | 2,040 | 2,082 | 1,888 |
| Part II crimes | 4,791 | 4,745 | 4,641 | 4,685 | 4,899 |
| Physical arrests (adults) | 2,315 | 2,450 | 2,494 | 2,562 | 2,931 |
| Physical arrests (juvenile) | 316 | 342 | 352 | 207 | 218 |
| Traffic violations | 14,843 | 8,910 | 9,637 | 8,134 | 7,323 |
| Parking violations | 72,128 | 65,505 | 62,867 | 60,301 | 74,178 |
| Public works | | | | | |
| Street repairs - asphalt patching (sq. ft.) | 17,118 | 9,500 | 20,000 | 59,050 | 32,000 |
| Street slurry seal (ft.) | 60,720 | 64,416 | 87,648 | 59,140 | 46,400 |
| Street resurfacing (ft.) | 7,920 | 14,256 | 12,144 | 8,444 | 3,800 |
| Traffic signal responses | 58 | 14 | 10 | 35 | 116 |
| Street light responses | 314 | 78 | 54 | 225 | 281 |
| Street signs replaced | 1,108 | 450 | 320 | 455 | 430 |
| Streets swept (miles) | 20,712 | 21,966 | 25,019 | 25,054 | 25,224 |
| Line striping and curb painting (linear ft.) | 500 | 10,778 | 12,000 | 5,600 | 5,800 |
| Sidewalks inspected (miles) | 3 | 0 | 0 | 0 | 0 |
| Culture and recreation | | | | | |
| Recreation | | | | | |
| Recreation class participants | 6,158 | 10,621 | 10,862 | 13,075 | 14,000 |
| Youth recreation program participants | 3,400 | 4,251 | 4,472 | 5,002 | 4,657 |
| Volunteer support hours | 78,921 | 60,667 | 63,753 | 82,475 | 63,597 |
| Senior meals served | 29,586 | 26,305 | 32,971 | 24,700 | 35,749 |
| Number of health fair events | 1 | 1 | 1 | 2 | 2 |
| Health fair events attendance | 150 | 300 | 400 | 800 | 800 |
| Facility rentals (non City events) | 2,255 | 1,252 | 1,300 | 1,000 | 956 |
| Library | | | | | |
| Volumes in collection - all formats | 222,946 | 215,373 | 214,466 | 220,123 | 220,123 |
| Total volumes borrowed | 596,428 | 533,135 | 501,757 | 480,349 | 480,349 |
| # of uses of electronic resources | 115,846 | 81,318 | 66,982 | 60,374 | 60,413 |
| Youth services program attendance | 14,941 | 17,624 | 16,025 | 13,194 | 16,025 |
| Water | | | | | |
| Water service connections | 22,830 | 22,868 | 22,921 | 22,910 | 22,936 |
| Water main breaks | 43 | 79 | 98 | 86 | 95 |
| Average daily consumption (thousands of gallons) | 6,519 | 6,868 | 7,142 | 6,571 | 5,933 |
| Wastewater | | | | | |
| Storm drain inlets | n/a | n/a | n/a | n/a | n/a |
| Sewer service connections | 29,000 | 22,946 | 22,942 | 22,942 | 22,995 |
| Sewer main blockages | 2 | 1 | 1 | 3 | 3 |
| Average daily treatment (thousands of gallons) | 7,160 | 6,500 | 6,290 | 6,940 | 6,382 |

Source: City of Daly City

Note: n/a denotes information not available.

Fiscal years 2010 - 2018 restated to include Daly City only

*Nearly double due to increase in ebook catalog due to COVID-19 restrictions

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

| Function/Program | Fiscal Year June 30, | | | | |
|--|-----------------------------|-------------|-------------|-------------|-------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Public safety (previous calendar year data) | | | | | |
| Fire | | | | | |
| Fire calls for service | 8,046 | 8,204 | 7,678 | 8,580 | 7,426 |
| Fire inspections conducted | 2,238 | 2,310 | 2,373 | 2,552 | 1,712 |
| Police | | | | | |
| Police calls for service | 86,688 | 82,376 | 71,520 | 73,291 | 76,880 |
| Law violations | | | | | |
| Part I crimes | 2,020 | 1,890 | 1,818 | 1,779 | 2,110 |
| Part II crimes | 5,040 | 4,774 | 4,523 | 4,182 | 3,306 |
| Physical arrests (adults) | 3,212 | 3,054 | 2,531 | 2,427 | 2,459 |
| Physical arrests (juvenile) | 159 | 160 | 213 | 168 | 141 |
| Traffic violations | 7,515 | 6,858 | 4,212 | 4,410 | 6,026 |
| Parking violations | 96,244 | 109,025 | 117,604 | 109,526 | 87,238 |
| Public works | | | | | |
| Street repairs - asphalt patching (sq. ft.) | 38,000 | 87,780 | 110,546 | 217,615 | 320 |
| Street slurry seal (linear ft.) | 78,125 | 71,517 | 52,535 | 73,894 | 85,008 |
| Street resurfacing (linear ft.) | 11,476 | 0 | 3,451 | 0 | 5,195 |
| Traffic signal responses | 127 | 105 | 131 | 130 | 126 |
| Street light responses | 202 | 214 | 292 | 186 | 188 |
| Street signs replaced | 305 | 950 | 2,175 | 600 | 476 |
| Streets swept (miles) | 25,305 | 25,260 | 25,460 | 25,260 | 25,320 |
| Line striping and curb painting (linear ft.) | 4,800 | 47,250 | 21,117 | 43,311 | 51,985 |
| Sidewalks inspected (miles) | 0 | 0 | 1 | 1 | 1 |
| Culture and recreation | | | | | |
| Recreation | | | | | |
| Recreation class participants | 14,800 | 15,000 | 16,000 | 15,500 | 9,378 |
| Youth recreation program participants | 5,814 | 5,335 | 3,472 | 5,139 | 2,948 |
| Volunteer support hours | 68,085 | 64,359 | 55,693 | 46,480 | 32,784 |
| Senior meals served | 40,942 | 38,027 | 35,463 | 35,707 | 34,356 |
| Number of health fair events | 2 | 2 | 2 | 4 | 0 |
| Health fair events attendance | 800 | 800 | 800 | 800 | 0 |
| Facility rentals (non City events) | 981 | 976 | 1,042 | 955 | 674 |
| Library | | | | | |
| Volumes in collection - all formats* | 224,431 | 226,238 | 228,264 | 227,245 | 489,720 |
| Total volumes borrowed | 457,642 | 400,368 | 368,428 | 392,978 | 299,586 |
| # of uses of electronic resources | 58,284 | 37,568 | 40,240 | 49,107 | 43,887 |
| Youth services program attendance | 18,967 | 18,967 | 17,429 | 17,503 | 6,578 |
| Water | | | | | |
| Water service connections | 22,964 | 22,983 | 23,269 | 23,133 | 23,140 |
| Water main breaks | 64 | 70 | 50 | 88 | 75 |
| Average daily consumption (thousands of gallons) | 6,220 | 6,220 | 5,533 | 5,575 | 6,150 |
| Wastewater | | | | | |
| Storm drain inlets | 2,181 | 2,181 | 2,181 | 2,181 | 2,181 |
| Sewer service connections | 22,965 | 22,965 | 23,141 | 23,394 | 23,350 |
| Sewer main blockages | 2 | 2 | 4 | 2 | 3 |
| Average daily treatment (thousands of gallons) | 5,510 | 5,500 | 5,500 | 5,500 | 5,800 |

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

| | Fiscal Year June 30, | | | | |
|---|----------------------|--------|--------|--------|--------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Function/Program | | | | | |
| Public safety | | | | | |
| Fire stations | 5 | 5 | 5 | 5 | 5 |
| Police stations | 1 | 1 | 1 | 1 | 1 |
| Police patrol vehicles | 29 | 30 | 32 | 31 | 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 | 2,300 | 2,300 | 4,144 |
| 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 | 2,675 | 2,675 | 3,067 |
| Community centers and clubhouses | 12 | 12 | 12 | 12 | 12 |
| Senior centers | 1 | 1 | 1 | 1 | 1 |
| Gymnasiums | 4 | 4 | 4 | 3 | 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 | 6 | 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 | 23,512 |
| 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, | | | | |
|---|----------------------|--------|--------|--------|--------|
| | 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 | 32 | 31 | 31 | 31 |
| Public works | | | | | |
| Miles of streets | 112 | 112 | 112 | 112 | 112 |
| Street lights | 3,200 | 3,200 | 3,563 | 3,574 | 3,402 |
| Traffic signals (# of intersections) | 40 | 40 | 41 | 41 | 21 |
| Miles of storm drains | 70 | 70 | 70 | 70 | 70 |
| Culture and recreation | | | | | |
| Parks and recreation | | | | | |
| City parks | 19 | 19 | 19 | 18 | 18 |
| City parks acreage | 200 | 200 | 200 | 200 | 200 |
| Park trees | 4,135 | 3,655 | 3,655 | 3,865 | 3,865 |
| 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 | 3,048 | 3,598 | 3,598 | 3,190 | 3,196 |
| Community centers and clubhouses | 12 | 12 | 12 | 11 | 11 |
| Senior centers | 1 | 1 | 1 | 1 | 1 |
| Gymnasiums | 3 | 3 | 3 | 3 | 4 |
| Tennis courts | 9 | 9 | 9 | 10 | 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 | 199 | 199 | 199 | 199 |
| Fire hydrants | 1,497 | 1,505 | 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 | 180 | 180 |
| Miles of combined sewers | 14 | 14 | 14 | 17 | 17 |
| Treatment capacity (thousands of gallons) | | | | | |
| Dry weather | 8,000 | 8,000 | 8,000 | 7,500 | 7,500 |
| Wet weather | 25,000 | 19,000 | 19,000 | 19,000 | 19,000 |

