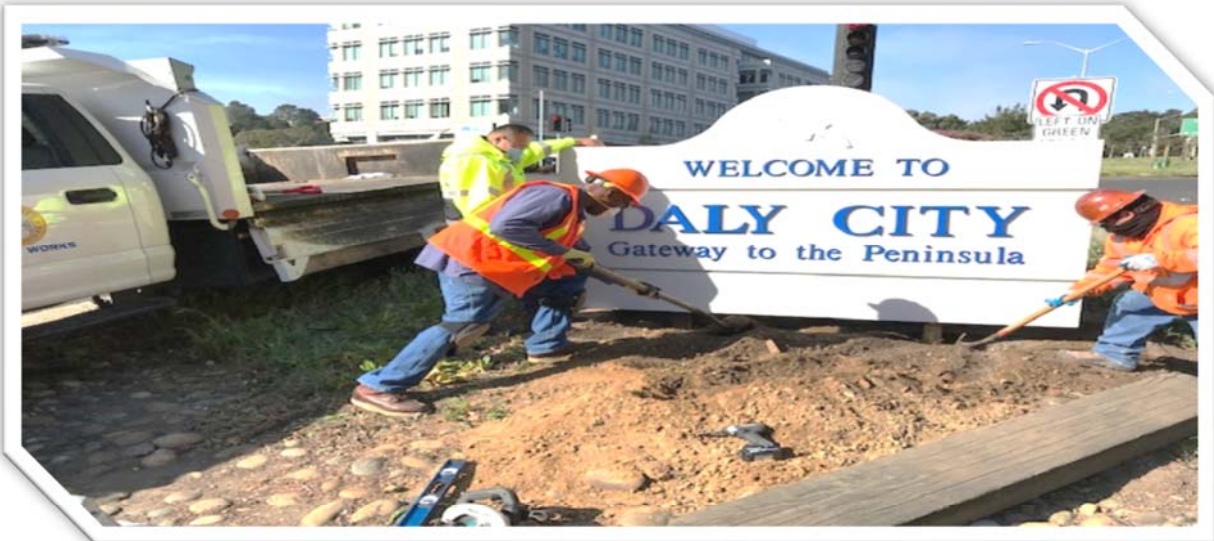


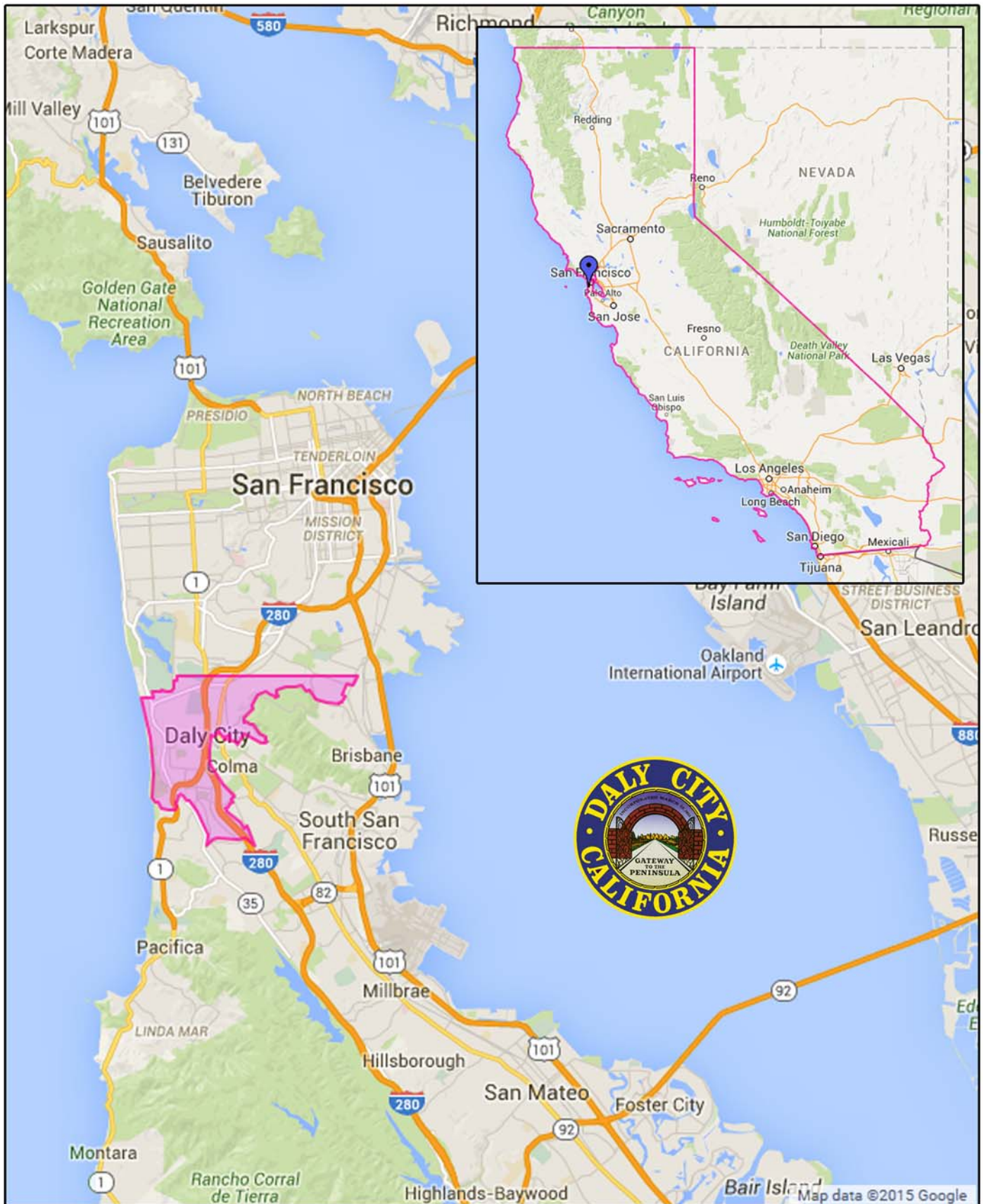


City of Daly City

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,

A handwritten signature in cursive script, appearing to read "Shawna Maltbie".

Shawna Maltbie
City Manager

A handwritten signature in cursive script, appearing to read "Timothy J. Nevin".

Timothy J. Nevin
Director of Finance and
Administrative Services

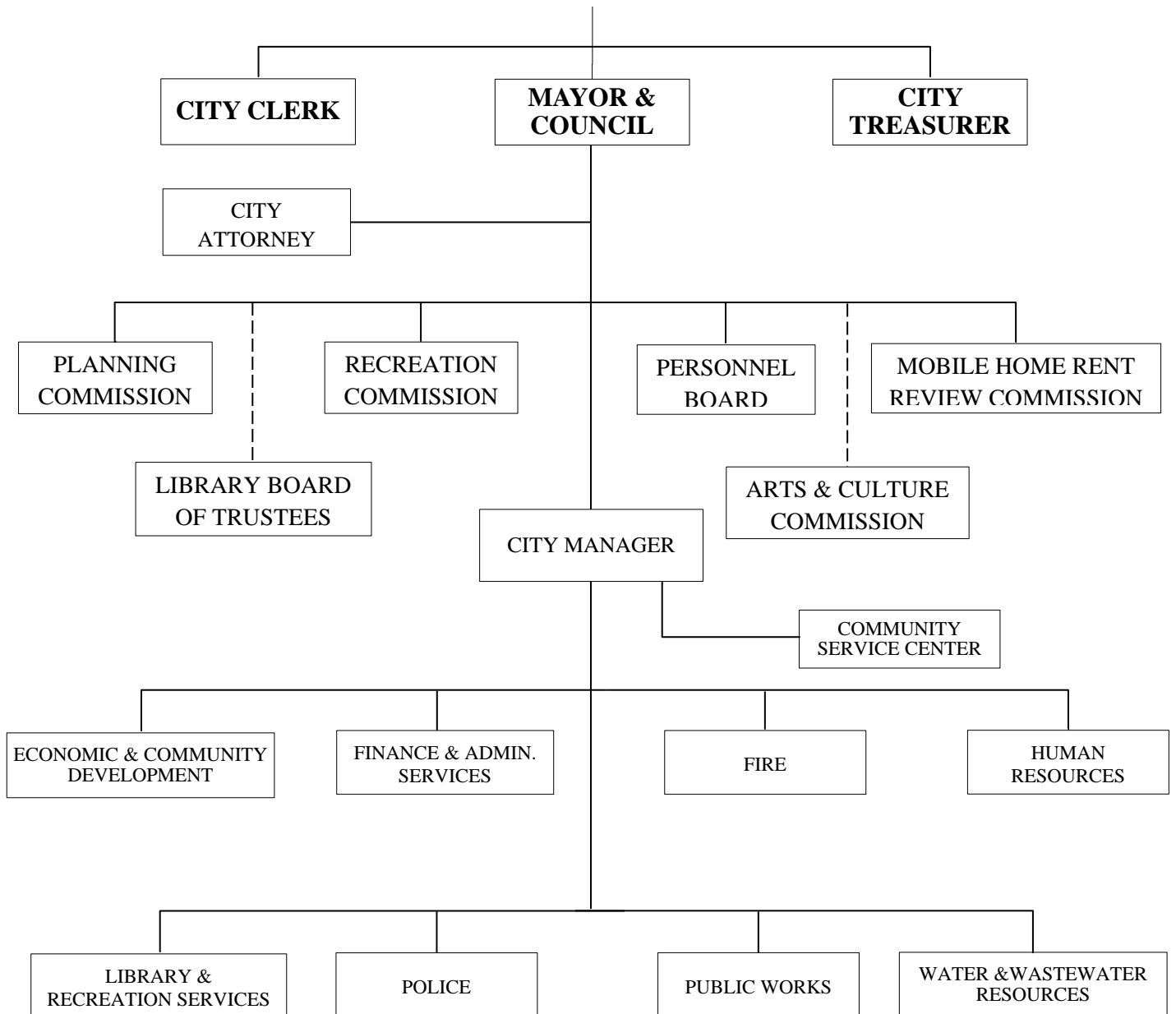


City of Daly City

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

Shawwna 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	269,307	246,413	127,039	122,856	396,346	369,269
Deferred outflows of resources	30,080	27,405	3,920	3,662	34,000	31,067
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	240,926	226,188	35,016	34,061	275,942	260,249
Deferred inflows of resources	6,817	5,062	1,206	1,550	8,023	6,612
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)	\$ 51,644	\$ 42,568	\$ 94,737	\$ 90,907	\$ 146,381	\$ 133,475

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	<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

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)
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)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
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	\$ 101,587	\$ 99,272	\$ 70,930	\$ 70,816	\$ 172,517	\$ 170,088

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	<u>2,071</u>	<u>1,342</u>
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	Business-type 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	(68,505,058)
General revenues:							
Taxes:							
Property tax					37,261,483	2,254,033	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	1,518,068	6,099,548
Gain from sale of capital assets						1,146	1,146
Miscellaneous					1,360,090	478,919	1,839,009
Transfers (Note 6)					3,058,347	(3,058,347)	
Total general revenues and transfers					80,217,324	1,193,819	81,411,143
Change in Net Position					9,076,001	3,830,084	12,906,085
Net Position-Beginning					42,568,178	90,907,025	133,475,203
Net Position-Ending					\$51,644,179	\$94,737,109	\$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
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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
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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
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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	<u><u>\$51,644,179</u></u>
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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
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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
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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)
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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
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$9,076,001
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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	81,163,036	83,997,723	95,572,401	11,574,678
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	263,229	263,229	273,277	(10,048)
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	1,115,956	1,123,006	1,081,715	41,291
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	11,415,998	11,437,533	8,994,216	2,443,317
Total General Government	12,795,183	12,823,768	10,349,208	2,474,560
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	37,191,546	38,078,153	35,330,210	2,747,943
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	21,009,973	21,113,231	21,290,401	(177,170)
Total Public Safety	58,201,519	59,191,384	56,620,611	2,570,773

(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	<u>(\$6,198,930)</u>	<u>(\$9,245,007)</u>	7,565,105	<u>\$16,810,112</u>
BEGINNING FUND BALANCE			66,102,989	
ENDING FUND BALANCE			<u>\$73,668,094</u>	

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
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	7,881,671	16,111,571	10,781,494	(5,330,077)
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	11,418,153	25,361,907	11,805,318	13,556,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,536,482)	(9,250,336)	(1,023,824)	8,226,512
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)	149,783	3,812,844	2,799,851	(1,012,993)
NET CHANGE IN FUND BALANCE	(\$3,386,699)	(\$5,437,492)	1,776,027	\$7,213,519
BEGINNING FUND BALANCE			5,211,022	
ENDING FUND BALANCE			\$6,987,049	

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

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
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	809,518	1,349,207	739,929	(609,278)
EXPENDITURES				
General Government				
Administrative:				
Services and supplies		4,923	4,943	(20)
Total General Government		4,923	4,943	(20)
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	146,835	394,807	250,525	144,282
Public Works				
Capital Outlay	278,000	278,000	241,818	36,182
Total Public Works	278,000	278,000	241,818	36,182
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	246,260	260,019	153,993	106,026
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	284,811	697,489	39,946	657,543
Total Expenditures	955,906	1,635,238	691,225	944,013
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(146,388)	(286,031)	48,704	334,735
OTHER FINANCING SOURCES (USES)				
Transfers in		423	423	
NET CHANGE IN FUND BALANCE	(\$146,388)	(\$285,608)	49,127	\$334,735
BEGINNING FUND BALANCE			489,829	
ENDING FUND BALANCE			\$538,956	

See accompanying notes to financial statements

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

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 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

Net position of business-type activities

1,211,120

\$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			Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals
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
Total Operating Revenues	23,620,143	22,778,672	989,857	47,388,672
OPERATING EXPENSES				
Salaries and benefits	3,288,748	9,867,567		13,156,315
Services and supplies	1,445,214	9,185,180	498,213	11,128,607
Water purchases	8,631,599			8,631,599
Utilities	918,971	1,528,092	145,802	2,592,865
Insurance	260,033	660,595	18,781	939,409
Claims and settlements				2,054,560
Depreciation (Note 4)	1,247,958	2,492,465	190,694	3,931,117
Other charges	1,109,386	2,326,613		3,435,999
Total Operating Expenses	16,901,909	26,060,512	853,490	43,815,911
Operating Income (Loss)	6,718,234	(3,281,840)	136,367	3,572,761
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
Interest expense	(130,912)	(36,147)		(167,059)
Total Nonoperating Revenues (Expenses)	367,051	3,195,764	43,373	3,606,188
Income (Loss) Before Transfers	7,085,285	(86,076)	179,740	7,178,949
Transfers in (Note 6)		1,617,030		1,617,030
Transfers (out) (Note 6)	(2,994,663)	(1,180,293)	(500,421)	(4,675,377)
Net transfers	(2,994,663)	436,737	(500,421)	(3,058,347)
CHANGE IN NET POSITION	4,090,622	350,661	(320,681)	4,120,602
BEGINNING NET POSITION	24,989,192	57,851,073	6,565,122	89,405,387
ENDING NET POSITION	\$29,079,814	\$58,201,734	\$6,244,441	93,525,989
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				\$3,830,084

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				Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
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	\$15,176,699	\$29,137,184	\$2,646,579	\$46,960,462	\$37,282,218
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
		<u>71,179</u>
Total Assets	<u>186,540</u>	<u>\$4,602,033</u>
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	
		<u>14,473,052</u>
Total Liabilities	<u>14,477,102</u>	<u>\$4,602,033</u>
NET POSITION		
Held in trust for other purposes	<u>(\$14,290,562)</u>	

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
	<hr/>
Total additions	1,141,274
	<hr/>
DEDUCTIONS	
Services and supplies	13,187
Other charges	2,249
	<hr/>
Total deductions	15,436
	<hr/>
CHANGE IN NET POSITION	1,125,838
NET POSITION	
Net Position (Deficit) - Beginning	(15,416,400)
	<hr/>
Net Position (Deficit) - Ending	(\$14,290,562)
	<hr/> <hr/>

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	<u>\$162,570,322</u>	<u>\$4,169,318</u>	<u>\$975,661</u>	167,715,301
Cash in Bank and On Hand				<u>21,903,333</u>
Total Cash and Investments				<u><u>\$189,618,634</u></u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, 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	<u>\$5,883,705</u>	<u>5,883,705</u>
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		<u>156,096,474</u>
Total Investments		<u>\$167,715,301</u>

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
<i>Governmental activities:</i>					
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	Total	
					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:

	Miscellaneous	Safety
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	1,174	573

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	100.0%		

(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	16,621,431	9,666,859	6,954,572
Balance at June 30, 2019 (Measurement Date)	\$332,540,524	\$261,721,857	\$70,818,667

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	18,908,683	7,837,832	11,070,851
Balance at June 30, 2019 (Measurement Date)	\$349,529,705	\$247,704,819	\$101,824,886
TOTAL - BOTH PLANS	\$682,070,229	\$509,426,676	\$172,643,553

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

	Miscellaneous	Safety	Total
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	\$11,240,052	(\$2,315,564)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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		(1,071,110)
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	Annual Amortization		
	Miscellaneous Plan	Safety Plan	Total
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)		
	Current	
Discount Rate -1% (5.25%)	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)		
	Current	
1% Decrease	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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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		(96,711)
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:

Year Ended June 30	Annual Amortization
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:

	2020	2019
Beginning balance of claims payable	\$9,355,000	\$9,604,000
Increase in estimated claims liability	1,893,560	1,593,210
Claims paid	(2,054,560)	(1,842,210)
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><u>\$1,527,359</u></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	1,939,965	1,911,951	(2,788,329)
Total OPEB liability - beginning	55,215,189	57,155,154	59,067,105
Total OPEB liability - ending (a)	\$57,155,154	\$59,067,105	\$56,278,776
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	3,553,623	1,586,206	796,600
Plan fiduciary net position - beginning	6,230,721	9,784,344	11,370,550
Plan fiduciary net position - ending (b)	\$9,784,344	\$11,370,550	\$12,167,150
Net OPEB liability - ending (a)-(b)	\$47,370,810	\$47,696,555	\$44,111,626
Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	19.25%	21.62%
Covered-employee payroll	\$50,082,473	\$49,471,054	\$50,975,693
Net OPEB liability as a percentage of covered-employee payroll	94.59%	96.41%	86.53%

* 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,	2020	2019	2018
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	(5,445,074)	(3,168,930)	(4,185,306)
Contribution deficiency (excess)	(\$181,074)	\$1,940,070	\$0
Covered-employee payroll	\$51,740,099	\$50,975,693	\$49,471,054
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>14,473,052</u>	<u></u>	<u></u>	<u>14,473,052</u>
Total Assets	<u>\$75,249,876</u>	<u>\$6,940,341</u>	<u>\$502,547</u>	<u>\$82,692,764</u>
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>5,687,361</u>	<u></u>	<u>5,687,361</u>
Total Liabilities	<u>2,488,872</u>	<u>6,514,933</u>	<u>20,865</u>	<u>9,024,670</u>
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>41,759,770</u>	<u>425,408</u>	<u>481,682</u>	<u>42,666,860</u>
Total Fund Balances	<u>72,761,004</u>	<u>425,408</u>	<u>481,682</u>	<u>73,668,094</u>
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



MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS
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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

	Budget	Actual	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
Total Revenues	<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>
Total Expenditures	<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>
Total Other Financing Sources (Uses)	<u>(1,400,452)</u>	<u>507,372</u>	<u>1,907,824</u>
NET CHANGE IN FUND BALANCES	<u>(\$6,663,755)</u>	<u>4,325,582</u>	<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	<u>8,921,891</u>			<u>529,365</u>	<u>99,978</u>	<u>9,551,234</u>
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	<u>29,772</u>	<u>199,435</u>	<u>229,207</u>
Total Current Assets	<u>1,328,600</u>	<u>1,547,186</u>	<u>2,875,786</u>
Capital Assets:			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	<u>936,705</u>	<u>20,912</u>	<u>957,617</u>
Total Capital Assets	<u>8,201,195</u>	<u>1,298,574</u>	<u>9,499,769</u>
Less accumulated depreciation	<u>(4,908,219)</u>	<u>(1,205,190)</u>	<u>(6,113,409)</u>
Net Capital Assets	<u>3,292,976</u>	<u>93,384</u>	<u>3,386,360</u>
Total Assets	<u>4,621,576</u>	<u>1,640,570</u>	<u>6,262,146</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	<u>17,640</u>	<u>65</u>	<u>17,705</u>
Total Liabilities	<u>17,640</u>	<u>65</u>	<u>17,705</u>
NET POSITION			
Net investment in capital assets	3,292,976	93,384	3,386,360
Unrestricted	<u>1,310,960</u>	<u>1,547,121</u>	<u>2,858,081</u>
Total 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 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	<u>34,499</u>	<u>\$110,998</u>	<u>145,497</u>
Total Operating Revenues	<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	<u>190,694</u>		<u>190,694</u>
Total Operating Expenses	<u>835,869</u>	<u>17,621</u>	<u>853,490</u>
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)
Cash Flows from Operating Activities	207,486	(34,098)	173,388
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(393,437)	(106,984)	(500,421)
Cash Flows from Noncapital financing activities	(393,437)	(106,984)	(500,421)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	43,373		43,373
Net Cash Flows	(142,578)	(141,082)	(283,660)
Cash and investments at beginning of year	1,441,406	1,488,833	2,930,239
Cash and investments at end of year	\$1,298,828	\$1,347,751	\$2,646,579
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	\$207,486	(\$34,098)	\$173,388

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
5,336,609	14,830,058	9,204,423		37,684,391
	378,343			378,343
				35,817
3,829,614				20,369,197
46,614				63,104
915,286				3,225,260
4,791,514	378,343			24,071,721
(3,756,117)				(16,277,178)
1,035,397	378,343			7,794,543
6,372,006	15,208,401	9,204,423		45,478,934
57,620				391,815
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
45,229	2,366,264	3,539,890		6,135,956
110,744	82,488			692,645
	6,971,235			6,971,235
445,163				3,027,114
		11,810,000		11,810,000
555,907	7,053,723	11,810,000		22,500,994
601,136	9,419,987	15,349,890		28,636,950
43,013				292,490
1,035,397	378,343			7,794,543
		109,625		109,625
4,750,080	5,410,071	(6,255,092)		9,037,141
\$5,785,477	\$5,788,414	(\$6,145,467)		\$16,941,309

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	<u>258,419</u>		<u>408</u>	<u>17,168</u>
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	<u>53,919</u>	<u>810</u>		<u>114,058</u>
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	<u>(76,291)</u>	<u>(10,870)</u>	<u>(12,407)</u>	<u>(127,278)</u>
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><u>\$11,036,846</u></u>	<u><u>(\$22,998)</u></u>	<u><u>\$343,336</u></u>	<u><u>\$155,701</u></u>

Information Services	Self- Insurance	PERS Contributions	Retiree Health	Total
\$3,056,729	\$7,032,316	\$4,136,949		\$24,038,691
150	383,348			659,493
3,056,879	7,415,664	4,136,949		24,698,184
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
	2,054,560			2,054,560
42,000				1,148,072
454,029	15,697			638,513
2,314,563	5,678,806	2,500	2,000,000	18,883,981
742,316	1,736,858	4,134,449	(2,000,000)	5,814,203
165,712	436,310	33,552		876,751
		(1,042,339)		(1,042,339)
165,712	436,310	(1,008,787)		(165,588)
908,028	2,173,168	3,125,662	(2,000,000)	5,648,615
221,638	50,427			472,156
(214,791)	(214,907)			(656,544)
6,847	(164,480)			(184,388)
914,875	2,008,688	3,125,662	(2,000,000)	5,464,227
4,870,602	3,779,726	(9,271,129)	2,000,000	11,477,082
\$5,785,477	\$5,788,414	(\$6,145,467)		\$16,941,309

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				
Cash Flows from (used for) Operating Activities	<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	<u>(76,291)</u>	<u>(10,870)</u>	<u>(12,407)</u>	<u>(127,278)</u>
Cash Flows from (used for) Noncapital Financing Activities	<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	<u>(253,082)</u>			<u>(6,938)</u>
Cash Flows from (used for) Capital and Related Financing Activities	<u>(253,082)</u>			<u>(6,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income (expense)	<u>160,305</u>	<u>6,379</u>	<u>9,954</u>	<u>64,539</u>
Net Cash Flows	1,327,182	31,793	10,958	567,189
Cash and investments at beginning of period	<u>4,195,616</u>	<u>166,074</u>	<u>332,387</u>	<u>1,540,402</u>
Cash and investments at end of period	<u><u>\$5,522,798</u></u>	<u><u>\$197,867</u></u>	<u><u>\$343,345</u></u>	<u><u>\$2,107,591</u></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	<u>(88,392)</u>	<u>22,764</u>		<u>(187,701)</u>
Cash Flows from (used for) Operating Activities	<u><u>\$1,337,037</u></u>	<u><u>(\$4,594)</u></u>	<u><u>\$13,411</u></u>	<u><u>\$636,866</u></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)
715,285	1,433,138	4,134,449	(2,000,000)	6,265,592
		(2,895,000)		(2,895,000)
		(1,056,563)		(1,056,563)
221,638	50,427			472,156
(214,791)	(214,907)			(656,544)
6,847	(164,480)	(3,951,563)		(4,135,951)
(131,970)				(391,990)
(131,970)				(391,990)
165,712	436,310	33,552		876,751
755,874	1,704,968	216,438	(2,000,000)	2,614,402
4,580,585	12,864,767	8,987,985	2,000,000	34,667,816
\$5,336,459	\$14,569,735	\$9,204,423		\$37,282,218
\$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)
\$715,285	\$1,433,138	\$4,134,449	(\$2,000,000)	\$6,265,592



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)
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Operating Information

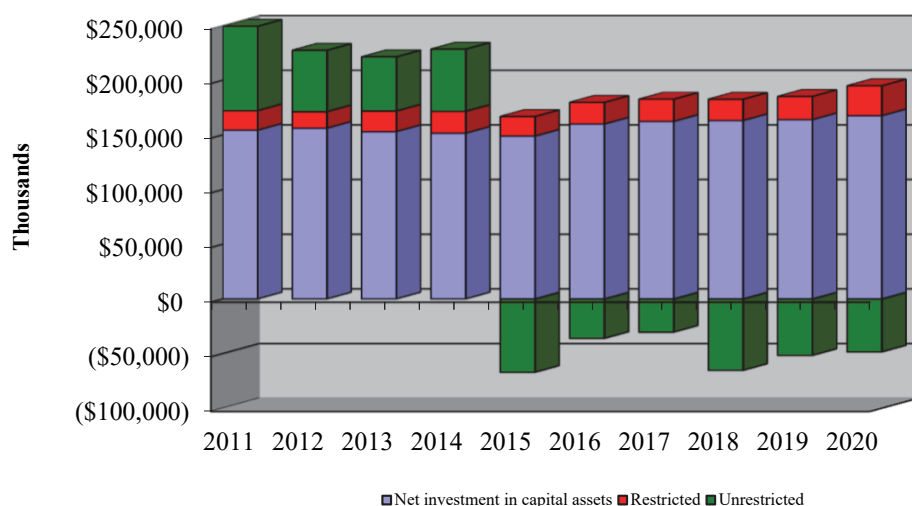
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	2011	2012	2013	2014	2015
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	2017	2018	2019	2020
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	86,306,808	84,979,987	81,562,865	79,618,432
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	27,029,278	32,783,337	32,894,604	32,607,354
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	25,139,730	24,283,828	20,710,874	20,942,743
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	29,951,986	30,777,400	33,004,780	35,981,882
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
172,642	40,000		1,373,040	1,230,480	1,160,227
81,002,971	85,167,384	95,801,511	99,681,868	100,553,485	110,991,410
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
18,629,686	14,325,333	16,357,133	22,460,549	23,578,769	26,304,502
34,113,386	31,337,729	32,319,432	41,095,590	40,417,318	44,273,488
\$115,116,357	\$116,505,113	\$128,120,943	\$140,777,458	\$140,970,803	\$155,264,898
\$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
3,355,718	2,492,055	1,824,697	1,233,529	5,520,111	4,597,424
33,043,884	32,747,750	28,780,781	30,315,598	32,844,064	39,850,087
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				
18,416,575	19,695,887	19,284,396	21,507,323	22,712,582	22,679,620
38,499,880	37,318,287	37,147,669	40,976,551	44,185,590	46,909,753
\$71,543,764	\$70,066,037	\$65,928,450	\$71,292,149	\$77,029,654	\$86,759,840
(\$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
(\$43,572,593)	(\$46,439,076)	(\$62,192,493)	(\$69,485,309)	(\$63,941,149)	(\$68,505,058)

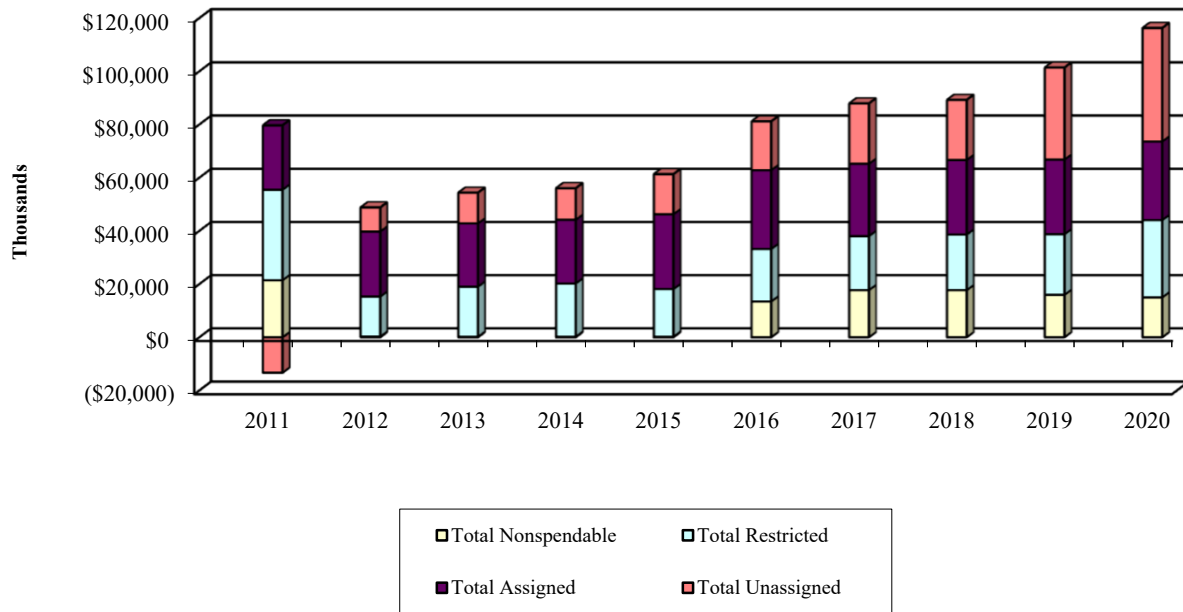
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CITY OF DALY CITY
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	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	59,538,890	40,881,065	57,575,475	62,253,096
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	2,386,227	(114,231)	(2,846,171)	122,462
Total primary government	\$61,925,117	\$40,766,834	\$54,729,304	\$62,375,558
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	\$3,680,747	(\$21,935,262)	(\$6,012,511)	\$7,074,397

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)



	2011	2012	2013	2014	2015
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>

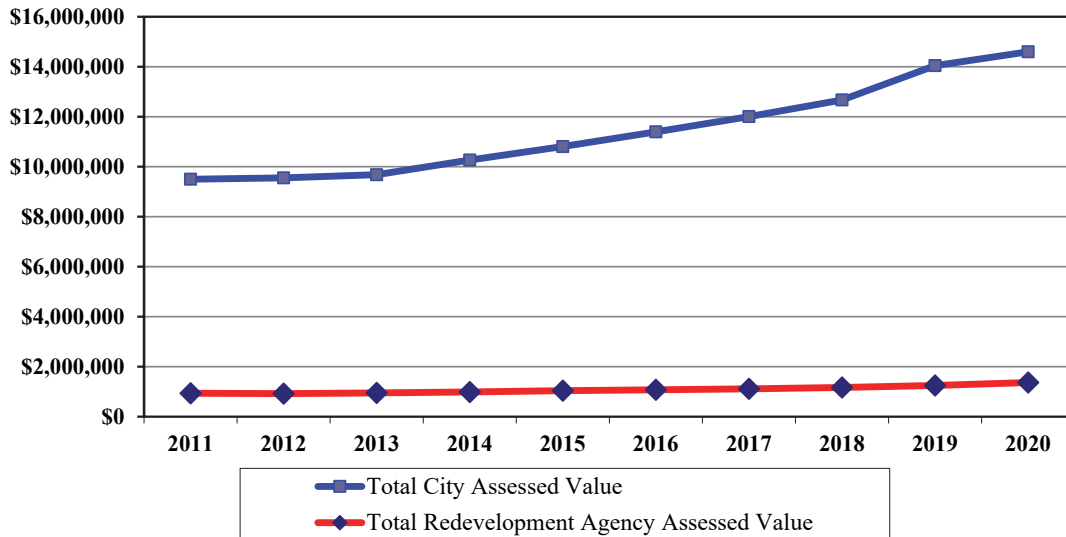
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	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)**

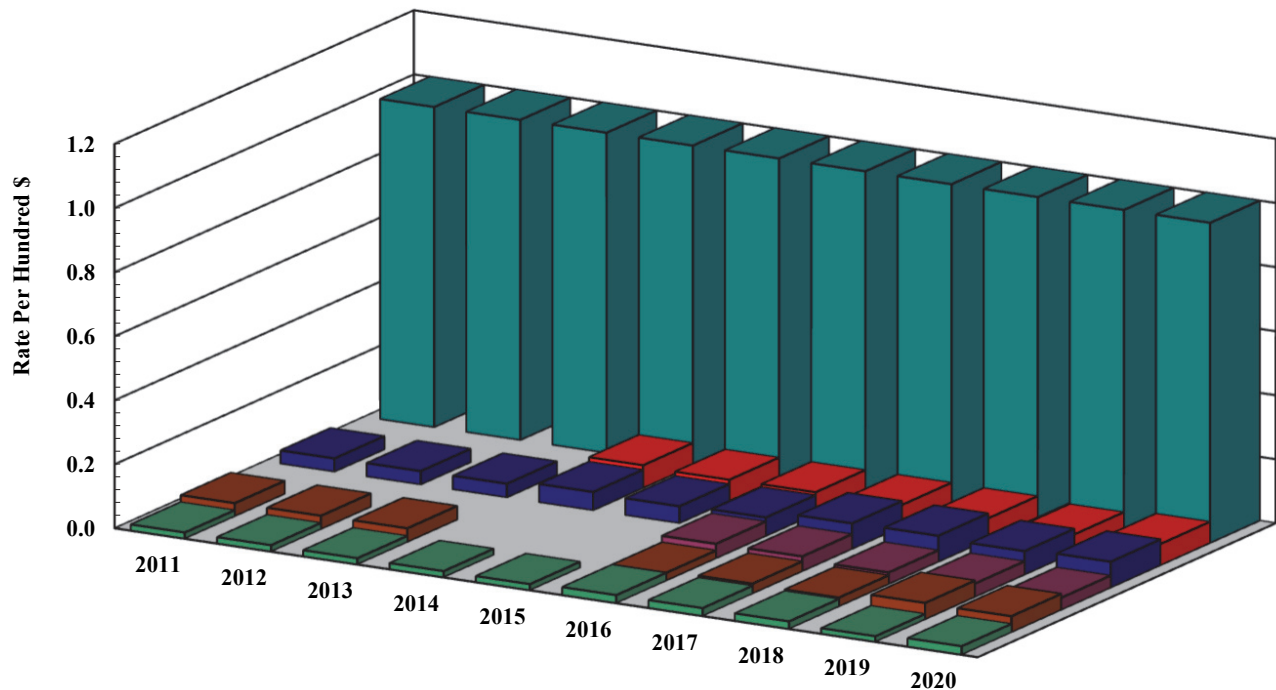


Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
2011	\$ 8,224,722	\$ 235,725	\$ 104,742	\$ 8,565,189	\$ 875,392	\$ 53,443	\$ 6,523	\$ 935,358	1.00%
2012	8,287,585	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



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

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>

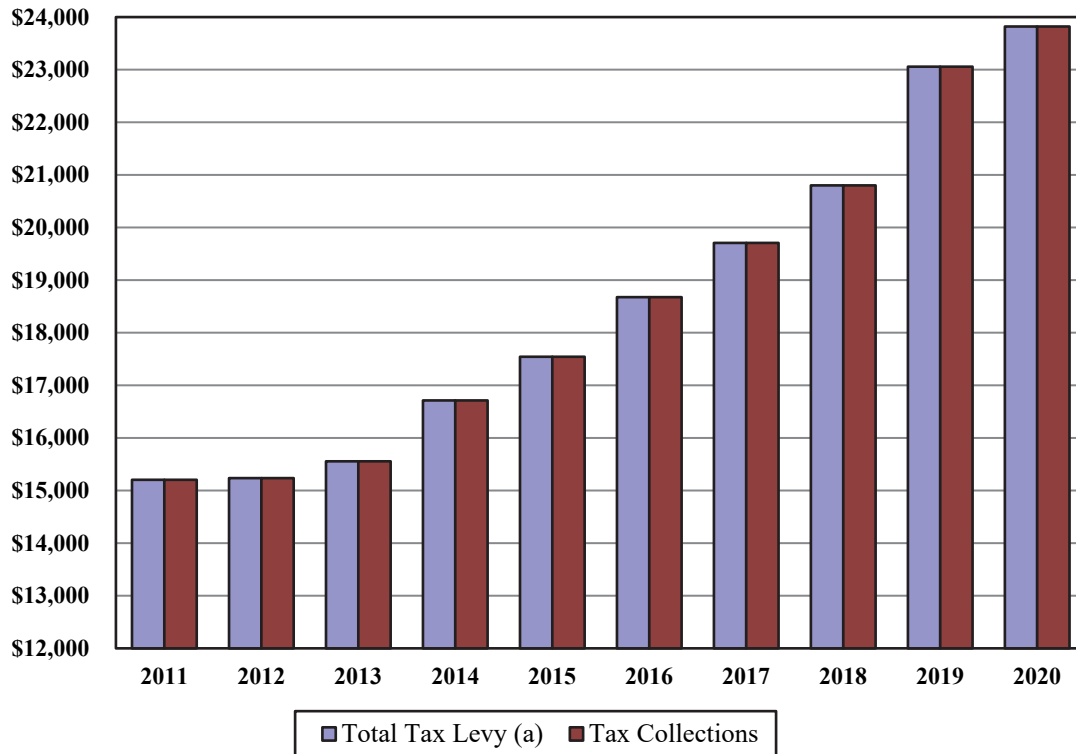
Total Assessed Valuation:

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)



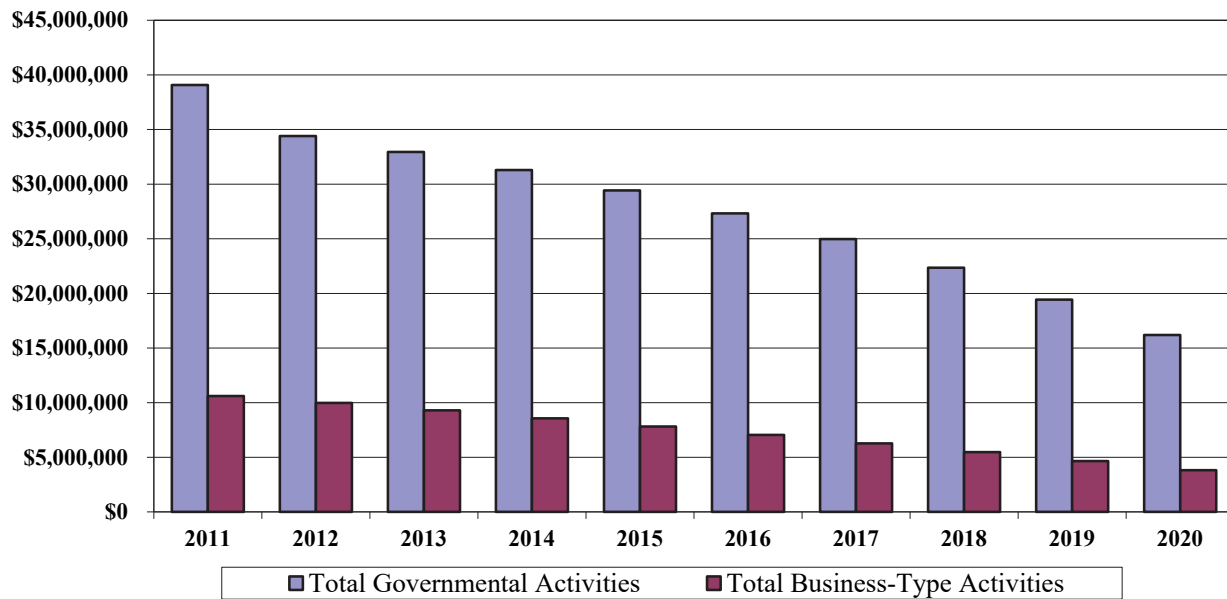
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	\$ 15,204	\$ 15,204	100.00%		\$ 15,204	100.00%
2012	15,236	15,236	100.00%		15,236	100.00%
2013	15,555	15,555	100.00%		15,555	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

	Total Debt 06/30/20	% Applicable (1)	City's Share of Debt 06/30/20
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
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%	90,922,370
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
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$496,215,971
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (b)	\$2,480,000
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Less: Revenue Bonds and Certificate of Participation not subject to limit	2,480,000
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Amount of debt subject to limit	0
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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	-		-
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

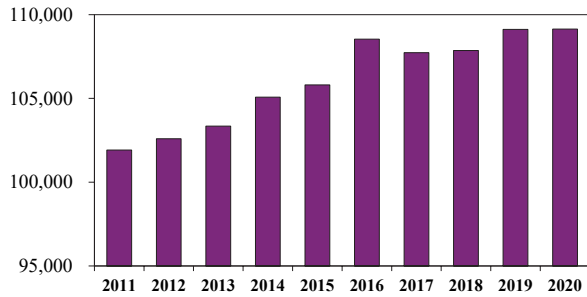
(3) New utility billing software reporting number of connections in new categories

Source: City of Daly City Annual Financial Statements

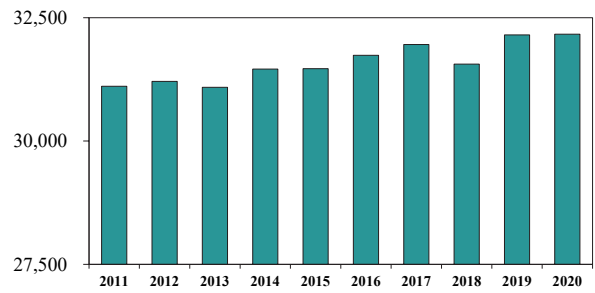
**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

	2016	2017	2018	2019	2020
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

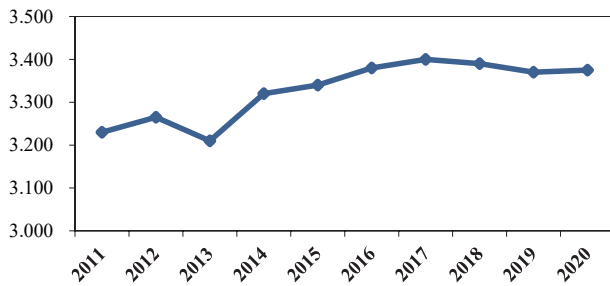
**CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



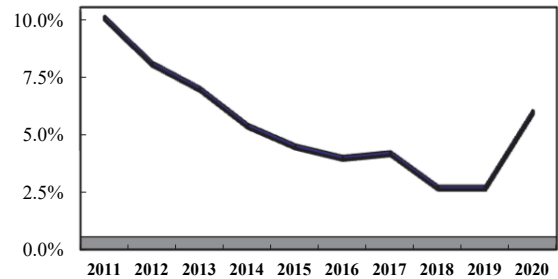
■ Daly City Population



■ 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)	

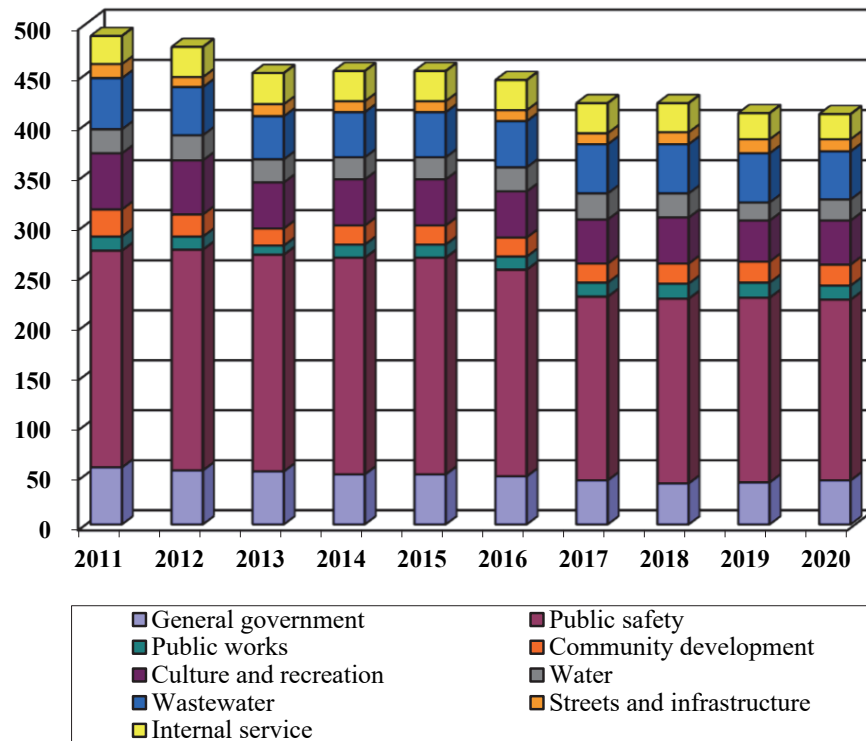
Note: (1) Includes both full-time and part-time employees

(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

	Fiscal Year June 30,				
	2011	2012	2013	2014	2015
Function/Program					
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

	Fiscal Year June 30,				
	2016	2017	2018	2019	2020
Function/Program					
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

