

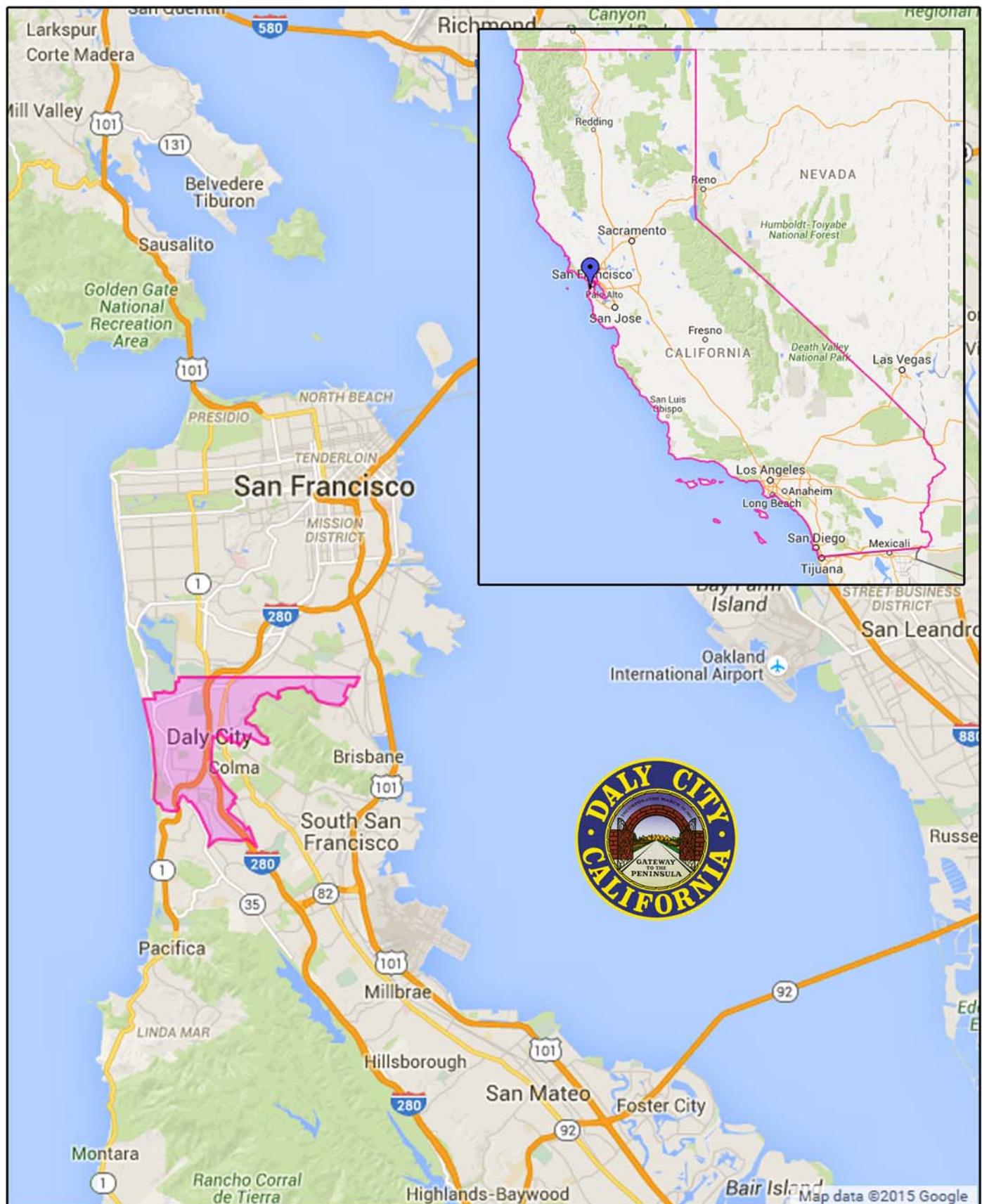


City of Daly City, California

Annual Comprehensive Financial Report

For the Fiscal Year
Ended June 30, 2022





CITY OF DALY CITY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2022



Prepared by

**DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES**

**Tim Nevin
Director**



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

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

January 24, 2023

Honorable Mayor
Members of the City Council
Citizens of Daly City

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Daly City for the Fiscal Year (FY) ended June 30, 2022. 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. Since 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 one of the largest cities in San Mateo County with an estimated population of 102,875 as of January 2022. 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 ACFR 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, the Daly City Public Facilities Financing Corporation, and the Daly City Housing Development Finance Agency. 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 District, Corporation and 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 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 meetings. 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 budget cycle. When completing a biennial budget cycle, budgets for each of the two years covered are appropriated separately. Departments are responsible for

managing within the City Council appropriated budget. Budget amendments are often necessary due to changes in economic conditions and other circumstances occurring during the first year of a biennial budget.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Indicators

According to the Federal Open Market Committee, United States GDP in 2022 is expected to grow 0.2% whereas the average GDP change in 2021 was 5.5%, compared to -2.3% in 2020 and 2.6% in 2019. Although the flat growth rate is an improvement over the negative growth rates resulting from the COVID-19 pandemic, the rates still reflect a possible future recession. Also due to the pandemic, California unemployment hit a record high of 16.4% in May 2020 and then reached a new low of 3.4% in May of 2022 as the State recovered. However, the return to low unemployment may not last as the Federal Reserve increases interest rates in response to rising inflation. As of August 2022, the unemployment rate had risen to 4.1%. The greatest risks to the forecast of the U.S. economy stem from supply chain and labor supply concerns, future variants of the COVID-19 virus, rising interest rates and concerns over inflation, and the ongoing conflict in Ukraine. Any or all of these could negatively impact 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. The U.S. Home Price Growth on a year-over-year basis as measured by the Case-Shiller 20-City Composite Home Price Index has continued to increase at a steady pace with a 15.8% increase in July 2022, compared with a 19.9% increase in July 2021. The housing market continues to be 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 2022 increased by \$22.9 million to \$112.7 million. This is primarily due to an increase of \$8.6 million in sales taxes because of a rebound in sales taxes following the pandemic and the addition of Measure Q revenues, an increase in property taxes due to a one-time payment of previous shortfalls in In-Lieu Vehicle License Fees, and the recognition of \$8.5 million in one-time American Rescue Plan Act (ARPA) funds. General Fund expenditures increased by \$10.8 million to \$106.6 million, of which about \$9.5 million was due to salary and benefit increases resulting from negotiated cost of living increases and new Measure Q positions.

Enterprise Funds

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

Revenues for the Water Utility Fund increased by \$2.3 million to \$26.2 million in FY 2022 mainly due to an annual water rate increase. Expenses decreased \$1.6 million to \$15.1 million in FY 2022 reflecting a decrease in the PERS liability for the Water Utility Fund.

Sanitation District Fund operating revenues increased by only \$0.2 million to \$23.8 million in FY 2022, remaining mostly flat. Although the Sanitation District adopted a 5% increase in rates in FY 2022, water usage was down leading to the flat revenues. Operating expenses decreased by \$7.7 million to \$20.7 million in FY 2022 because of the decrease in the PERS liability for the Sewer Enterprise Fund.

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 within the ten-year forecast are outside the City's control. This includes changes in the national and local economy; federal and state legislation; and CalPERS actuarial assumptions, investment returns, and the resulting impact on employer contribution rates. In addition, 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. 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 Reserves policy is to maintain General Fund unassigned fund balance equal to 17% of annual operating expenditures. Maintaining the reserve target of 17% 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.

2. Identify other potential sources of 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 and increases for transient occupancy tax and business license tax in the November 2018 General Election. In addition, the Daly City voters approved Measure Q – the Daly City Local Recovery and Relief Measure – in November 2020, which added a transaction and use tax of one-half cent to the total sales tax rate as of April 2021. The City will continue to identify other potential sources of new revenue and evaluate City fees 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 Agency parcels. If realized, they will generate new sales, property, business license and transient occupancy taxes. In FY 2022, the City continued to explore a proposed development on the former Redevelopment Agency parcels. Additionally, the City plans to update its economic development strategy 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). In April 2017, the City Council authorized participation in the Section 115 Trust Program which allowed the City to set aside funds towards OPEB costs and help reduce the unfunded liability. The City continued to contribute to this Program in FY 2022. In May 2017, the City Council also authorized participation in a Section 115 Trust to pre-fund pension costs and prepare for pension increases due to changes in CalPERS actuarial assumptions and discount rates.

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 asset condition assessment and capital improvement plan. In 2017, the Public Works Department started the process by completing 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.

Since then, the Public Works Department has completed the ADA Self Evaluation and Transition Plan, has developed the Parks and Open Space Master Plan, and has updated the City's Pavement Management System Report. The findings from the above planning documents will be incorporated into a future Capital Improvement Plan for budgeting purposes. Future planning studies to be performed include a Storm Drain Master Plan, Water Master Plan, Sanitary Sewer Master Plan, and Seismic Evaluation of Critical

Facilities. Results of these studies will identify needed work to properly maintain the City's infrastructure. It is imperative to have a comprehensive understanding of the infrastructure needs of the City, so that resources can be identified, and a long-term budget plan developed.

MAJOR INITIATIVES

During FY 2022, under the leadership of the City Council, several outstanding key programs and projects were successfully undertaken by the City.

Economic and Community Development

The Economic and Community Development Department has continued to provide its regular services throughout the pandemic, while implementing a variety of new programs and policies. Aside from the typical permit issuance and building inspections, the Building Division brought forward a new ordinance that creates an expedited permit process for the installation of new electrical vehicle charging stations. Planning Division and Economic Development staff worked to amend the Home Occupation Ordinance to allow Micro-Enterprise Home Kitchen Operations within residents' homes, creating new business opportunities for residents. Additionally, Economic Development staff initiated the retail cannabis permitting program and processed four cannabis applications throughout the City and expects to have cannabis retailers open for business by the end of 2022. The Housing Division continued to administer the federal funding that was provided to help households that were affected by COVID-19 through rental assistance, food distribution, and mental health services. The Housing Division has also initiated efforts to establish a low-income daycare facility on City property using ARPA funds. Many significant construction projects initiated and/or completed construction; including a Carvana vehicle vending facility, three drive-through restaurants, faculty housing at M. Pauline Brown Elementary School, and a significant retrofit of DC Station to allow for life science businesses.

Library and Recreation Services

The Department of Library and Recreation Services continued to return to the "new normal". On July 1, 2021, the Recreation Division began offering rental facilities so the Daly City community could reserve spaces for personal gatherings and events. In the first full year back after our closure to the public, we were able to secure 326 rentals in a modified setting. The Afterschool Youth Recreation Program served 908 participants at five school locations, while the Summer Youth Recreation Program served over 1,026 youth at three recreation locations. The senior lunch program continued providing five (5) home-cooked meals with all the components to qualify for the San Mateo County Congregate Meal Program. Through the Grab & Go, modified Home Delivery, Second Course, and in-person programs, the senior services unit was able to serve over 54,440 meals to those in need. Our athletic leagues and programs, such as Youth Basketball and Mini Hoops, were modified to serve our participants in a safe and meaningful way and

served over 644 participants. We continued to provide our modified “drive-through” special events, including the popular Trunk or Treat and Frosty Fest events, sharing happiness with over 500 youth. Spring Fun Day was the first community event that was back in-person, and it served over 410 participants. Our contract instructors provided in-person, fitness-focused enrichment classes to our Daly City community, serving over 12,607 participants. Over 258 volunteers and volunteers were welcomed back as well and accumulated over 8,421 hours of volunteer/volunteer service.

By the beginning of FY 2022, the Library Division had all four facilities open to the public with full operating hours at Serramonte Main and Westlake Libraries. The John Daly and Bayshore Libraries opened to five days a week as of February 28, 2022, after operating with a two to three day-a-week schedule since 2013, due to the approval of Measure Q by Daly City voters. With library buildings open once again, there were 135,132 visits from community members in FY 2022. Circulation of physical materials was 337,729, 14% below FY 2019, the last full year of regular operations, and eBooks and other electronic materials usage increased over 20% to its highest level, 76,446. The Library transitioned from virtual programs back to in-person programs in May 2022. Staff provided 103 virtual programs during the year with an attendance of 1,572 and, starting in the summer, hosted 78 in-person programs with 4,671 attending. Resumption of in-person programs kicked off with a full schedule of hands-on Summer Learning programs for youth and weekly early literacy story times at all four libraries.

North County Fire Authority

The North County Fire Authority (NCFA) achieved an overall “Customer Satisfaction” rating of 98% in the delivery of emergency and non-emergency services. NCFA developed and implemented a Pandemic Response Plan covering preparedness, response, personnel protective equipment, illnesses, operational readiness, and continuity of operations. The NCFA provided high quality Basic Life Support and Advanced Life Support (ALS) assessment and interventions to emergency medical incidents utilizing our paramedic fire engine and truck companies, in which over half of total EMS calls benefited and served senior citizens. The NCFA achieved an average response time of 5 minutes and 36 seconds for a fire engine or truck company to arrive at all emergency incidents.

Fire Prevention Services completed pre-fire engineering and plan check reviews and inspections for new construction projects, tenant improvements, alarm installations and suppression systems, additionally completed a fire “cause and origin” analysis and investigation for all fire incidents. Further, NCFA completed annual mandated and required fire and life safety code compliance inspections covering all business, multi-family and permitted occupancies. NCFA presented throughout the year Basic Emergency Preparedness, Individual and Family Preparedness seminars, as well as Community Emergency Response Team (CERT) classes through a virtual format due to

the COVID pandemic. NCFA provided fire engine companies and chief officers to numerous major wildfire incidents throughout the State of California.

Police Department

The Police Department maintains our commitment towards service-based policing, often leading the industry in community engagement, policing tactics, and policy adaptation. We continue to participate in local and regional task forces focused on drug, vehicle theft, and gang prevention. We partnered with local agencies in a Multidisciplinary Accident Investigation Team (MAIT), sharing resources during complex collision investigations. We remain committed to our supportive partnerships with the Community Overcoming Relationship Abuse (CORA), the Homeless Outreach Team (HOT), and other County entities providing invaluable services to our community.

Our Body Worn Camera program has been active for one year and our vehicle mounted cameras have been active for several months, supporting community trust through transparency. We are compliant with the Racial and Identity Profiling Act (RIPA – AB953, 2015), a requirement for our agency which began in 2022, and we are successfully uploading new reporting requirements through the California Based Incident Reporting System (CIBRS).

The Police Department was the first agency in the region to train all sworn staff in Active Bystandership for Law Enforcement (ABLE), a Georgetown Law program geared towards preventing mistakes, misconduct, and promoting officer health and wellbeing for improved community relationships. We continue to maintain a relationship with the Stanford University SPARQ (Social Psychological Answers to Real-World Questions) program, who provided communications training to officers for improved citizen contacts and community relations.

Our Mental Health Clinician supported by Star Vista has been imbedded with the Department for one year and the relationship is proving to be beneficial for the department and the community. The clinician handles upwards of 20+ calls for service every month and provides support to officers in the field when responding on calls for those suffering from a mental health crisis. The co-response model has supported de-escalation and a more holistic outcome targeting the needs of those requiring our service.

Public Works Department

The Public Works Department completed several capital improvement projects and continued to provide routine services to the public such as street sweeping, traffic signal and street light maintenance, park maintenance and litter and debris removal. The Department continues to focus on preventative measures to maintain and maximize the useful lifespan of City owned assets such as City vehicles, equipment, and facilities. In addition, Public Works continues to institute protective measures at all City facilities to

protect City employees, residents, and business customers from the COVID-19 virus. Installation of air purifiers and increased cleaning protocols continued at all City facilities.

Some completed projects by the Public Works Department include: the Southgate/Callan Traffic Signal Installation Project, the Daly City Traffic Signal Management System Project, the 2019-20 Original Daly City Civic Center Slurry Seal Project, the Gellert Park Restroom, installing a new restroom and site utilities as part of the overall Gellert Park Renovations Project, and the Tennis & Basketball Court Surface Rehabilitation Project. Work also commenced on the ADA Sidewalk and Parking Lot Improvements Project, the Southgate Avenue and School Street Safety Improvements Project, the Skyline Slurry Seal Project, the Vision Zero Community Outreach Program, the Daly City Crosswalk Enhancement Project, and the Bayshore Public Wi-Fi Project.

The Public Works Department also continues to seek grant funds for the City and was successful in securing additional funds for the John Daly/Skyline Intersection Improvements, Polaris Park, Margate Park, Serramonte Library Improvements, Bayshore Generator Replacement, and Southgate/School Street Quick Strike Improvements.

Department of Water and Wastewater Resources

The Department of Water and Wastewater Resources (DWWR) continued to meet all public health and regulatory requirements associated with the production, treatment, and distribution of high-quality drinking water, along with the collection, treatment, re-use, and disposal of wastewater on behalf of the citizens of Daly City and the North San Mateo County Sanitation District. The Department continued to manage the critically important regional water, wastewater, and stormwater project, the Vista Grande Drainage Basin Improvement Project. DWWR is working diligently with our project partners, the San Francisco Public Utilities Commission (SFPUC), the County of San Mateo, Caltrans, the Olympic Club, and many others in anticipation of a bid date in 2023 and construction start date in 2024.

Drinking water projects continued to be of the highest priority because of the severe drought that endured throughout 2022. A major groundwater pumping project was initiated in January 2022 to construct treatment modifications to the Westlake Pump Station to accommodate additional groundwater from new wells in Daly City. This is a joint project with the SFPUC, and they are reimbursing Daly City for the \$5 million cost to construct. Another important groundwater pumping project was approved and funded through ARPA in 2022 to add a new well to Daly City's water system. Additionally, significant capital improvements were made at the North San Mateo County Sanitation District Wastewater Treatment and Collection Facilities that include concrete structural rehabilitation to the Secondary Clarifiers and Maintenance Building, replacement of carbon media in the plant air scrubbers, and upgrades to the electrical and control systems at the Colma Lift Station. Finally, through California's Water and Wastewater Arrearage

Payment Program, funded by ARPA, we were able to provide financial assistance totaling over half a million dollars to residents for unpaid water and wastewater bills related to the COVID-19 pandemic.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the 35th consecutive year that the City of Daly City has received this prestigious award.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 ACFR 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 FY 2023. 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

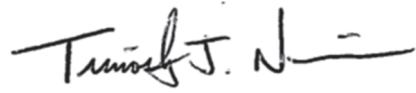
The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated efforts of the Accounting Division of the Department of Finance and Administrative Services. Each individual has our sincere appreciation for the professionalism, dedication and contributions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



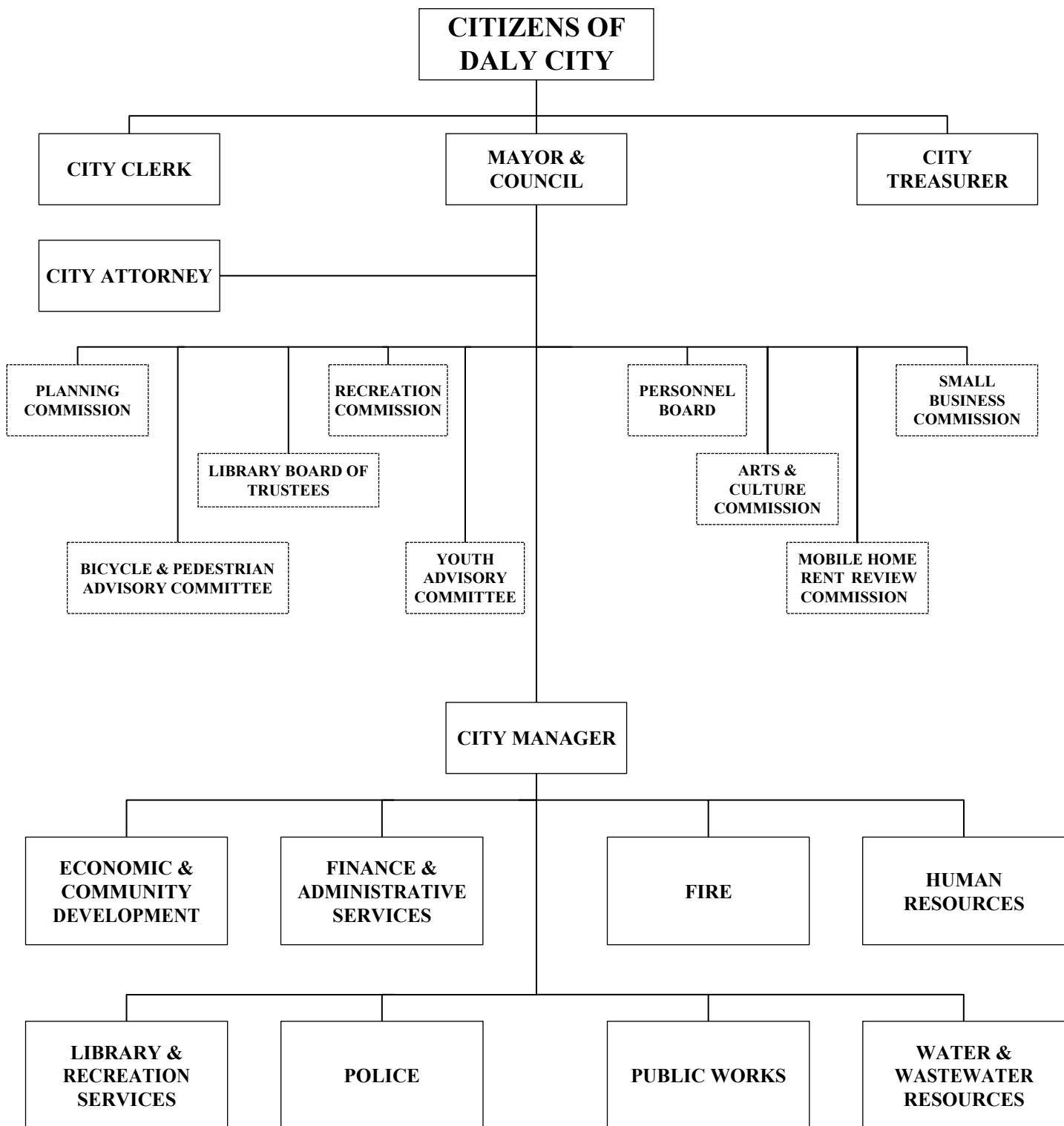
Thomas J. Piccolotti
City Manager



Timothy J. Nevin
Director of Finance and
Administrative Services



**CITY OF DALY CITY
ORGANIZATIONAL STRUCTURE
FISCAL YEAR 2022**



**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2022**

Dr. Rod Daus-Magbual, Mayor

Raymond A. Buenaventura, Vice Mayor

Glenn R. Sylvester

Pamela DiGiovanni

Juslyn C. Manalo

K. Annette Hipona
City Clerk

Daneca Halvorson
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

Thomas J. Piccolotti	Interim City Manager
Rose Zimmerman	City Attorney
Richard Chiu Jr.	Director of Public Works
Cameron Christensen	Acting Police Chief
Timothy Nevin	Director of Finance and Administrative Services
Tatum Mothershead	Director of Economic & Community Development
Ron Myers	Fire Chief
Thomas J. Piccolotti	Director of Water & Wastewater Resources
Natalie Sakkal	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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Monill

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daly City, California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement No. 87 – Leases, which became effective during the year ended June 30, 2022 and required the restatement certain balances as discussed in Note 12E to the financial statements:

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

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maye & Associates". The signature is fluid and cursive, with "Maye" on the first line and "& Associates" on the second line.

Pleasant Hill, California
January 24, 2023

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, 2022.

FISCAL YEAR 2022 FINANCIAL HIGHLIGHTS

- At June 30, 2022, net position totaled \$175.6 million, an increase of \$32.9 million from the prior year total of \$142.6 million for both Governmental and Business-Type activities.
- Net Position of governmental activities in Fiscal Year (FY) 2022 was \$63.1 million compared to \$45.1 million in FY 2021, an increase of \$17.9 million.
- Net Pension and OPEB Liabilities of governmental activities decreased by \$58.8 million to \$142.8 million in FY 2022 from \$201.7 million in FY 2021.
- Net Position of business-type activities in FY 2022 was \$112.5 million compared to \$97.4 million in FY 2021, an increase of \$15 million.
- Net Pension and OPEB Liabilities of business-type activities decreased by \$17.9 million to \$10.7 million in FY 2022 from \$28.6 million in FY 2021.
- In FY 2022, total City revenues, including program and general revenues, were \$182.1 million, while total expenses were \$149.2 million.
- Governmental activities program revenues were \$41.7 million in FY 2022 compared with \$35.2 million in FY 2021. Business-type activities program revenues were \$53.1 million in FY 2022 compared with \$47.9 million in FY 2021.
- Governmental activities general revenues were \$85.8 million in FY 2022 compared with \$71.3 million in FY 2021, an increase of \$14.4 million over the prior year. Part of this is a \$5.5 million increase in property taxes, due to a one-time payment of a previous year's shortfalls in In-Lieu Vehicle License Fees. Another large part of this increase is \$8.6 million in additional sales tax revenues from the rebound in sales tax revenue following the COVID-19 pandemic and the recognition of a full year of the new Measure Q revenues. Business-type activities general revenues were \$1.6 million in FY 2022, a decrease of \$1.4 million over the prior year.
- Unrestricted net position of governmental funds changed from negative (\$87.7) million in FY 2021 to negative (\$74.5) million in FY 2022, primarily due to an increase in total assets of \$24.4 million and a decrease of \$58.8 million in net pension and OPEB liabilities and related deferred outflows/inflows of resources.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report (ACFR) 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, like 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 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 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 the City's basic services are 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 because 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 a few 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	
	2022	2021*	2022	2021*	2022	2021*
Cash and investments	\$ 170,326	\$ 156,418	\$ 55,221	\$ 51,639	\$ 225,547	\$ 208,057
Other assets	42,762	31,199	20,738	9,493	63,500	40,692
Capital assets	97,984	99,080	67,334	68,995	165,318	168,075
Total assets	311,072	286,697	143,293	130,127	454,366	416,824
Deferred outflows of resources	30,217	0	2,362	4,350	32,579	4,350
Long-term debt	9,956	14,101	2,090	2,967	12,046	17,068
Net pension & OPEB liabilities	142,830	201,666	10,718	28,626	153,548	230,292
Other liabilities	58,946	53,129	6,227	4,899	65,173	58,028
Total liabilities	211,732	268,896	19,035	36,492	230,767	305,388
Deferred inflows of resources	66,438	3,312	14,145	511	80,583	3,823
Net assets (net position):						
Net investment in capital assets	96,249	96,789	65,245	66,028	161,494	162,817
Restricted	41,352	36,133	1,887	11	43,239	36,144
Unrestricted	(74,482)	(87,745)	45,343	31,434	(29,139)	(56,311)
Total net assets (net position)	\$ 63,119	\$ 45,177	\$ 112,475	\$ 97,473	\$ 175,594	\$ 142,650

*Not restated for the implementation of GASB Statement No. 87

Governmental Activities

The City's net position from governmental activities increased from \$45.1 million in FY 2021 to \$63.1 million in FY 2022. The increase in the Net Position reflected in the Statement of Activities, is also shown in Table 1. Increases and decreases of individual assets and liabilities include:

- Governmental cash and investments increased \$13.9 million from \$156.4 million in FY 2021 to \$170.3 million in FY 2022. The City's net position in cash and investments increased because of an increase in governmental revenues including increased sales tax revenues resulting from a rebound in the City's sales tax revenues as they begin to return to pre-COVID 19 levels and the recognition of a full year of Measure Q revenues. The City's net position also increased due to a one-time payment of In-Lieu Vehicle License fees from previous year's shortfalls. In addition, the City received \$12.6 million again this year as its second installment of American Rescue Plan Act (ARPA) federal grant funds.

- Also on the asset side, other assets increased significantly in FY 2022 to \$42.8 million from \$31.2 million in FY 2021. This is mostly due to the implementation of GASB 87 in FY 2022. Within the City's General Fund, the City estimates the value of leases receivables to be \$9.1 million.
- In FY 2022, liabilities also decreased significantly by \$57.2 million due to several factors. First, long-term debt decreased because \$0.39 million in Housing and Urban Development Section 108 Loan and \$3.6 million in Pension Obligation Bonds were retired. Second, net pension and OPEB liabilities decreased \$58.8 million because the market value for the City's pension fund and OPEB trust account increased significantly following strong market returns for the year ending June 30, 2021, the year used to calculate net pension and OPEB liabilities for FY 2022. Finally, the City also received the second tranche of American Rescue Plan Act Funds (\$12.6 million), which was added to the City's other liabilities as unearned revenue until the City recognizes the funding.
- Restricted net position increased \$5.2 million. The unrestricted net position improved by \$13.3 million from \$87.7 million in FY 2021 to \$74.5 million in FY 2022. The City's unrestricted net position was negatively impacted in fiscal year 2014-15 with the implementation of GASB 68, which continues to require the disclosure of the City's unfunded pension liability. The unrestricted net position improved in FY 2022 because of the strong returns from the market as of June 30, 2021, which helped reduce the City's unfunded pension liability for FY 2022.

Business-type Activities

The net position of business-type activities increased \$15 million to a total of \$112.5 million in FY 2022 from \$97.5 million in FY 2021. Increases and decreases of individual assets and liabilities are as follows:

- Cash and investments increased \$3.6 million in FY 2022, mostly because of an increase in Water Utility revenues, a result of the 9.5% water rate increase. The Sanitation District revenues remained flat in FY 2022 despite a 5% increase in sanitary sewer rates because of the low water usage in FY 2022. At the same time, the Water Utility and Sanitation District received additional grant revenues that added to the cash balance including revenues from the Water and Wastewater Arrearage Payment Program funded by the American Rescue Plan Act.
- In FY 2022, other assets also increased because of the implementation of GASB 87. Between the three Enterprise funds: the Water Utility, Sanitation District, and Civic Center funds, the estimated value of leases receivables is \$9.4 million. Due to the changes resulting from GASB 87, the Civic Center enterprise fund is also now classified as a major fund in the Proprietary Funds Statement of Net Position.

- Long-term debt decreased \$0.9 million due to ongoing debt payments. Investments in infrastructure and major capital improvements continued in FY 2022, though no significant projects were completed. Construction in progress increased to over \$10 million, but overall capital assets decreased for the year by \$1.7 million as current year depreciation expenses exceeded capital additions.
- Unrestricted net position improved \$13.9 million to \$45.3 million in FY 2022. Like in the governmental activities funds, the unrestricted net position improved significantly in FY 2022 because of the strong returns from the market as of June 30, 2021, which reduced the Enterprise funds net pension and OPEB liabilities.

Changes in Net Position

Total governmental activities revenue in FY 2022 amounted to \$127.5 million compared to \$106.5 million in FY 2021, an increase of \$20.9 million in FY 2022 due to a variety of factors. This included a one-time increase in property taxes from the payment of In-Lieu Vehicle License Fee revenues from previous fiscal years, the return of sales tax revenues following the COVID-19 pandemic, a full year of new Measure Q revenues, and \$8.5 million in American Rescue Plan Act funding that the City recognized during the fiscal year. Governmental expenses decreased by \$3.2 million in FY 2022 because of salary savings due to staff vacancies, mainly in the Police Department.

Total business-type activities revenues increased \$3.7 million in FY 2022 due to an increase in water utility rate revenues and operating grants and contributions. The expenses decreased \$8.8 million due to a decrease in the net pension and OPEB liability for FY 2022.

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

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 15,940	\$ 14,464	\$ 50,951	\$ 47,919	\$ 66,891	\$ 62,383
Operating grants & contributions	18,039	18,280	2,119	-	20,158	18,280
Capital grants & contributions	7,697	2,472	-	-	7,697	2,472
Total program revenues	<u>41,676</u>	<u>35,216</u>	<u>53,070</u>	<u>47,919</u>	<u>94,746</u>	<u>83,135</u>
General revenues:						
Property tax	45,611	33,950	2,416	2,336	48,027	36,286
Sales tax	24,157	18,567	-	-	24,157	18,567
Other taxes & franchise fees	18,505	17,468	-	-	18,505	17,468
Investments earnings	(4,574)	(109)	(1,375)	7	(5,949)	(102)
Other	2,093	1,495	519	645	2,612	2,140
Total general revenues	<u>85,792</u>	<u>71,371</u>	<u>1,560</u>	<u>2,988</u>	<u>87,352</u>	<u>74,359</u>
Total revenues	127,468	106,587	54,630	50,907	182,098	157,494
Expenses:						
General government	14,340	13,340	-	-	14,340	13,340
Public safety	58,798	67,486	-	-	58,798	67,486
Public works	16,153	17,735	-	-	16,153	17,735
Culture & recreation	14,580	10,762	-	-	14,580	10,762
Economic & community development	7,501	5,193	-	-	7,501	5,193
Interest on long-term debt	729	820	-	-	729	820
Water utility	-	15,285	16,761	15,285	16,761	
Sewer	-	20,833	28,264	20,833	28,264	
Civic center	-	935	864	935	864	
Transfer station	-	-	-	-	-	
Total expenses	112,101	115,336	37,053	45,889	149,154	161,225
Increase (decrease) in net assets /net position before transfers	15,367	(8,749)	17,577	5,018	32,944	(3,731)
Transfers	2,575	2,282	(2,575)	(2,282)	-	-
Increase in net assets / net position	17,942	(6,467)	15,002	2,736	32,944	(3,731)
Net assets / net position, July 1	45,177	51,644	97,473	94,737	142,650	146,381
Net assets / net position, June 30	<u>\$ 63,119</u>	<u>\$ 45,177</u>	<u>\$ 112,475</u>	<u>\$ 97,473</u>	<u>\$ 175,594</u>	<u>\$ 142,650</u>

Governmental Activities

Table 3 splits the revenues of the City's governmental programs into five main areas. Table 4 splits the expenses of the governmental programs into six main areas. The distributions correspond to the programs in the Statement of Activities in which the total Change in Net Position, defined as total program cost less the revenues generated by those specific activities, is negative \$(70.2) million.

Table 3
Governmental Activities - Revenues
For the Year Ended June 30, 2022
(in thousands)

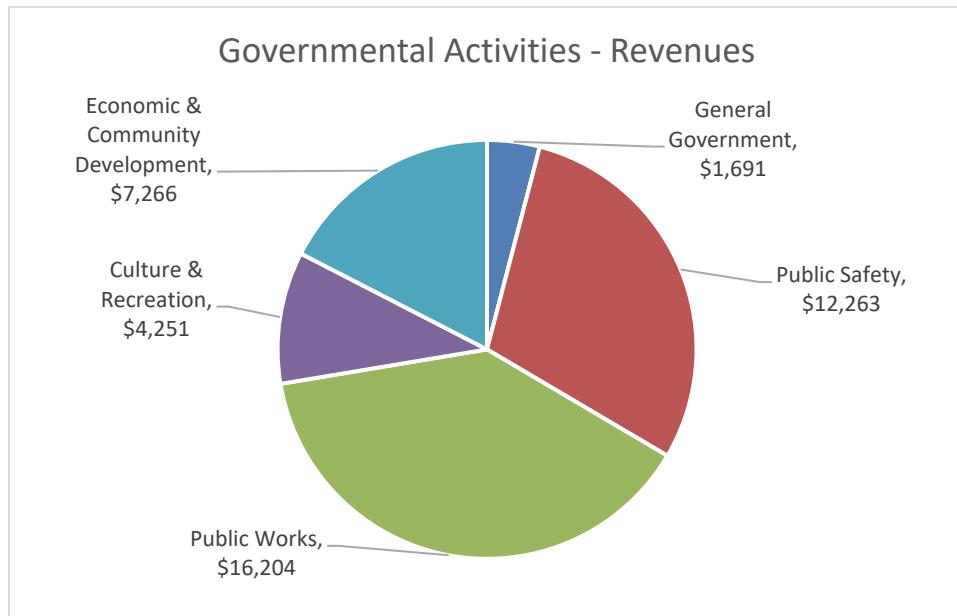
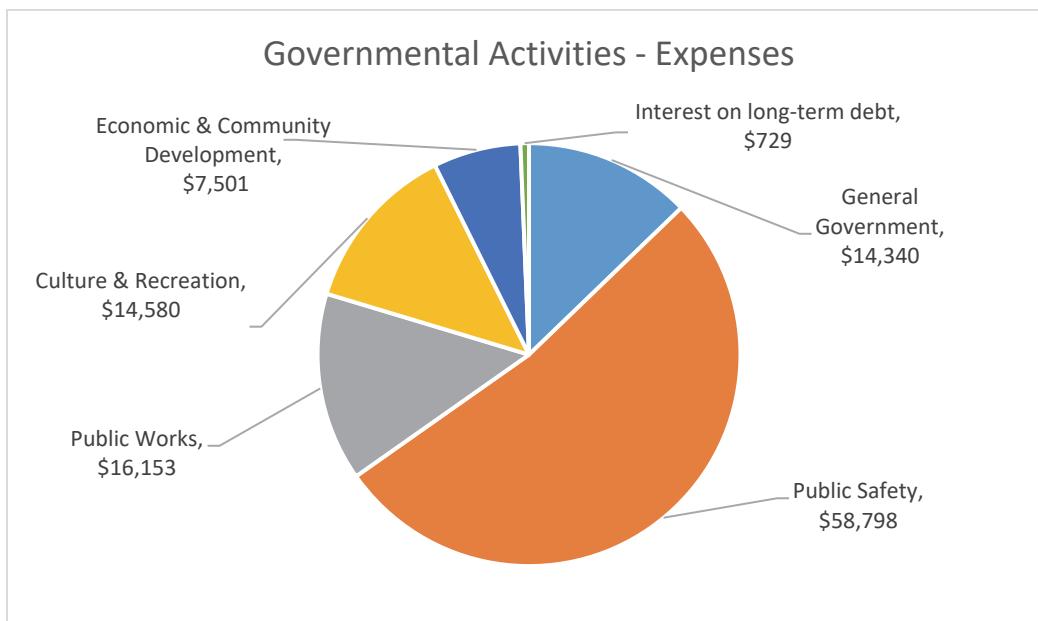


Table 4
Governmental Activities - Expenses
For the Year Ended June 30, 2022
(in thousands)



THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2022, the City's major governmental funds consisted of the General Fund, Gas Tax Fund, Grants Fund, Measures A and W 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 \$7.1 million to \$70 million in FY 2022 compared to \$62.9 million in FY 2021.

General Fund revenues for FY 2022 increased by \$22.9 million to \$112.7 million from \$89.8 million in FY 2021 due to several factors. To begin, the City recognized \$8.5 million in one-time American Rescue Plan Act funds during FY 2022 and realized a one-time increase in property taxes from the payment of In-Lieu Vehicle License Fee revenues from previous fiscal years. At the same time, sales tax revenues improved in FY 2022 because of new sales tax revenues from Measure Q and a rebound in sales tax revenues following the pandemic lows. General Fund expenditures increased by \$10.8 million to \$106.6 million in FY 2022 due to increases in benefits and salaries in accordance with memoranda of understanding, a return to regular programming for the Recreation and Library Department following the COVID-19 pandemic, and new expenditures related to the added Measure Q services. Although the General Fund showed an increase in expenditures, the expenditures were \$16.5 million lower than the budget of \$123.1 million. This is primarily due to salary savings within the Police Department and elsewhere within the City where the City has seen a high number of vacant positions.

In FY 2022, the Gas Tax Special Revenue Fund total fund balance decreased by \$3.7 million to \$8.8 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 improvement plan. The fund balance decreased in FY 2022 because the City moved Measure A and Measure W funds out of the Gas Tax Special Revenue Fund and into their own funds for better tracking of capital project expenses. After removing the Measure A and W funds from the Gas Tax Fund, its revenues decreased in FY 2022 by \$1.2 million because the City received less in Federal Grant funds. Gas Tax Special Revenue Fund expenditures decreased \$3.9 million in FY 2022.

The Capital Projects Fund total fund balance decreased \$1.3 million in FY 2022 to \$27.1 million compared to \$28.4 million in FY 2021. This fund is designated for specific capital projects that will benefit the community. Capital Projects Fund revenues decreased \$1 million in FY 2022 to \$1.8 million. Capital Projects Fund expenditures increased \$0.6 million in FY 2022.

Enterprise Funds

The City has three major enterprise funds: the Water Utility Fund, the Sanitation District Fund and the Civic Center Fund.

Water Utility operating revenues in FY 2022 increased \$2.3 million to \$26.2 million compared to FY 2021 due to an increase in revenues related to a 9.5% water rate increase. Operating expenses decreased \$1.6 million in FY 2022 to \$15.1 million because of a reduction in the net pension and OPEB liabilities.

Sanitation District operating revenues increased \$0.2 million to \$23.8 million in FY 2022 because water usage decreased even though the sanitary sewer rates increased by 5%. Operating expenses decreased by \$7.7 million to \$20.7 million in FY 2022 primarily due to the reduction in net pension and OPEB liabilities.

The Civic Center Fund became a major fund this year due to the implementation of GASB 87 and the addition of leases receivables for building leases within the Fund. The Civic Center Fund assets increased by \$9.4 million to \$14 million in FY 2022 due to the leases receivables adjustments.

General Fund Budgetary Highlights

The City typically uses a biennial budgeting process. 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. However, due to the continuing economic uncertainties created by the COVID-19 pandemic, the City completed a one-year budget process for FY 2022. Revenues were close to budget in FY 2022 because some revenues were less than expected and others were more. The City budgeted \$5.9 million more in American Rescue Plan Act funds that was recognized in FY 2022. At the same time sales tax revenues were better than budgeted and the City received a one-time payment of additional In-Lieu Vehicle License fees from previous year's shortfalls that was not in the budget. Expenditures were below final budgeted amounts by \$16.5 million, mostly because of staffing vacancies.

Table 5
General Fund
Statements of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022
(in thousands)

	Final Budget	Actual	Variance
			Positive/(Negative)
Revenues:			
Property tax	43,134,815	45,611,135	2,476,320
Sales and use tax - general	21,750,054	24,157,170	2,407,116
Utility users tax	5,874,200	6,008,575	134,375
Franchise fees	4,682,274	4,909,174	226,900
Other Taxes	7,193,600	7,587,013	393,413
Licenses & Permits	2,358,766	3,015,932	657,166
Fines, forfeitures and penalties	3,364,668	2,329,138	(1,035,530)
Rents and Interest	2,116,896	(1,525,051)	(3,641,947)
Federal Program Grant	14,377,672	8,539,854	(5,837,818)
Receipt from other Agencies	1,297,949	1,262,931	(35,018)
Charges for services	5,746,118	6,657,369	911,251
Miscellaneous	272,119	4,186,233	3,914,114
Total revenues	<u>112,169,131</u>	<u>112,739,473</u>	<u>570,342</u>
Expenditures:			
Current:			
General government	15,499,463	13,504,605	1,994,858
Public safety	78,281,327	68,607,651	9,673,676
Public Works	7,285,631	6,014,764	1,270,867
Culture and Recreation	14,910,120	13,126,801	1,783,319
Economic andCommunity development	7,166,132	5,379,260	1,786,872
Total expenditures	<u>123,142,673</u>	<u>106,633,081</u>	<u>16,509,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,973,542)</u>	<u>6,106,392</u>	<u>17,079,934</u>
Other Financing Sources (Uses):			
Sale of Property	-	-	-
Transfers in (Note 6)	3,945,949	3,945,949	-
Transfers (out) (Note6)	(4,576,549)	(2,917,358)	1,659,191
Total other financing sources (uses)	<u>(630,600)</u>	<u>1,028,591</u>	<u>1,659,191</u>
Net change in fund balance	<u>(11,604,142)</u>	<u>7,134,983</u>	

CAPITAL ASSETS

At the end of FY 2022 the City had \$165.3 million, net of accumulated depreciation, invested in a broad range of capital assets, as shown in Table 6 below (further detail may be found in Note 4 to the financial statements):

Table 6
Capital Assets Net of Depreciation at June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 27,856	\$ 27,856	\$ 2,863	\$ 2,863	\$ 30,719	\$ 30,719
Buildings & improvements	23,655	25,582	1,472	1,639	25,127	27,221
Right-to-use building	29	-	-	-	29	0
Streets & infrastructures	26,105	21,225	-	-	26,105	21,225
Sewage facilities	-	-	17,279	18,053	17,279	18,053
Wells & pump stations	-	-	4,182	4,372	4,182	4,372
Water reservoirs	-	-	6,691	6,851	6,691	6,851
Mains and subsurface lines	-	-	20,326	21,898	20,326	21,898
Equipment	9,356	8,013	4,452	4,276	13,808	12,289
Furniture & fixtures	18	20	43	50	61	70
Construction in progress	10,965	16,384	10,026	8,993	20,991	25,377
Total net capital assets	\$ 97,984	\$ 99,080	\$ 67,334	\$ 68,995	\$165,318	\$168,075

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 7
Outstanding Debt
(in thousands)

Governmental Activities	Original Principal	2022	2021
<u>Description</u>			
<u>HUD Section 108 Loan for Bayshore Community Center</u>	0.35% to \$ 4,500	\$ 418	\$ 808
Issued January 29, 2004	2.49%	2,670	
Maturity August 1, 2022			
<u>Pension Obligation Bonds</u>	2.65% to \$ 36,235	8,250	11,810
Issued June 1, 2004	5.896%		
Maturity June 1, 2024			
<u>Equipment Lease Purchase Community First Bank</u>	2.7%	1,288	1,483
Issued December 18, 2020			
Maturity December 18, 2027			
Total Governmental Activity Debts		9,956	14,101
 Business-type Activities			
<u>State Water Resources Control Board Revolving Fund Loan for Sanitation</u>	2.50% \$ 4,450	825.00	1,087
<u>District Recycled Water Project</u>			
Issued November 18, 2003			
Maturity December 1, 2024			
<u>Water Revenue Refunding Bonds to Refinance Water Certificates of Participation</u>	2.00% to \$ 6,890	1,265.00	1,880
Issued September 10, 2012	3.00%		
Maturity June 1, 2024			
Total Business-Type Activity Debts		2,090	2,967
Total City Long-Term Debts		\$ 12,046	\$ 17,068

ECONOMIC FACTORS

During fiscal year (FY) 2021-22, the City did start to see a recovery in revenues as the City and its businesses returned to more normal operations following the COVID-19 health emergency. The City experienced an increase in sales taxes in FY 2022, bringing it closer to pre-pandemic levels. The City also received a full year of Measure Q revenues in FY 2022, which also increased overall sales tax revenues. This new sales tax revenue resulted from the passage of Measure Q - the Daly City Local Recovery & Relief Measure, approved by voters in November 2020. Unfortunately, expenditures continued to rise for the City as inflation and other supply and demand factors began to affect the cost of labor as well as services and supplies. The City was fortunate to receive a total of \$25.3 million in American Rescue Plan Act funds to support the City's recovery.

ADDITIONAL INFORMATION

This Annual Comprehensive 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 budget documents, can be found at www.dalycity.org.

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. 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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 1G)	\$170,326,137	\$55,220,505	\$225,546,642
Cash with fiscal agent (Note 1G)	1,447	11,325	12,772
Restricted cash (Note 1G)	4,332,892		4,332,892
Accounts receivable, net	12,713,457	8,161,457	20,874,914
Inventories (Note 1H)	235,108	2,071,279	2,306,387
Prepays (Note 1H)	361,843	5,580	367,423
Internal balances (Note 6)	(1,070,547)	1,070,547	
Notes receivable (Note 13)	1,623,472		1,623,472
Loan receivable from Successor Agency (Note 14C)	12,142,785		12,142,785
Leases receivable (Note 7)	9,055,050	9,418,273	18,473,323
Property held for development (Note 1C)	3,366,888		3,366,888
Capital assets (Note 4):			
Nondepreciable capital assets	38,821,656	12,888,969	51,710,625
Depreciable capital assets, net	<u>59,162,652</u>	<u>54,445,599</u>	<u>113,608,251</u>
Total Assets	<u>311,072,840</u>	<u>143,293,534</u>	<u>454,366,374</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 8D)	25,947,378	1,702,126	27,649,504
Related to OPEB (Note 9E)	<u>4,269,185</u>	<u>659,921</u>	<u>4,929,106</u>
Total Deferred Outflows of Resources	<u>30,216,563</u>	<u>2,362,047</u>	<u>32,578,610</u>
LIABILITIES			
Accounts payable	9,551,005	3,270,033	12,821,038
Accrued payroll	980,253	155,300	1,135,553
Deposits payable	8,280,192	28,600	8,308,792
Unearned revenue	16,675,088	96,575	16,771,663
Interest payable	63,076	14,138	77,214
Compensated absences (Note 1K):			
Due within one year	5,642,074	856,478	6,498,552
Due in more than one year	<u>7,238,739</u>	<u>1,806,083</u>	<u>9,044,822</u>
Accrued claims payable (Note 11):			
Due within one year	2,544,159		2,544,159
Due in more than one year	7,942,841		7,942,841
Net OPEB liability, due in more than one year (Note 9C)	33,148,542	5,124,032	38,272,574
Net pension liability, due in more than one year (Note 8C)	109,680,889	5,593,963	115,274,852
Lease payable (Note 7)			
Due within one year	29,703		29,703
Long-term debt (Note 5):			
Due within one year	4,543,710	893,252	5,436,962
Due in more than one year	<u>5,411,856</u>	<u>1,196,793</u>	<u>6,608,649</u>
Total Liabilities	<u>211,732,127</u>	<u>19,035,247</u>	<u>230,767,374</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 8D)	53,075,512	4,448,827	57,524,339
Related to OPEB (Note 9E)	<u>4,437,737</u>	<u>685,977</u>	<u>5,123,714</u>
Related to leases (Note 7)	<u>8,924,675</u>	<u>9,010,667</u>	<u>17,935,342</u>
Total Deferred Inflows of Resources	<u>66,437,924</u>	<u>14,145,471</u>	<u>80,583,395</u>
NET POSITION (Note 12)			
Net investment in capital assets	<u>96,249,039</u>	<u>65,244,523</u>	<u>161,493,562</u>
Restricted for:			
Debt service	1,447	11,325	12,772
Streets and roads	17,899,089		17,899,089
Infrastructure	11,026,935		11,026,935
Qualified capital outlay		1,875,638	1,875,638
Affordable housing	9,163,365		9,163,365
Other	<u>3,260,927</u>		<u>3,260,927</u>
Total Restricted Net Position	<u>41,351,763</u>	<u>1,886,963</u>	<u>43,238,726</u>
Unrestricted	<u>(74,481,450)</u>	<u>45,343,377</u>	<u>(29,138,073)</u>
Total Net Position	<u>\$63,119,352</u>	<u>\$112,474,863</u>	<u>\$175,594,215</u>

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General government	\$14,340,037	\$724,161	\$670,948	\$295,813	(\$12,649,115)	(\$12,649,115)
Public safety	58,797,739	5,430,260	6,833,343		(46,534,136)	(46,534,136)
Public works	16,152,556	4,118,081	5,684,740	6,401,169	51,434	51,434
Culture and recreation	14,579,848	1,495,986	1,755,464	1,000,000	(10,328,398)	(10,328,398)
Economic and community development	7,500,998	4,171,831	3,094,415		(234,752)	(234,752)
Interest on long-term debt	729,892				(729,892)	(729,892)
Total Governmental Activities	112,101,070	15,940,319	18,038,910	7,696,982	(70,424,859)	(70,424,859)
Business-type Activities:						
Water Utility	15,284,885	25,984,982	580,920		\$11,281,017	11,281,017
Civic Center	935,680	1,341,880			406,200	406,200
Transfer Station						
Sanitation District	20,832,712	23,623,875	1,538,496		4,329,659	4,329,659
Total Business-type Activities	37,053,277	50,950,737	2,119,416		16,016,876	16,016,876
Total	<u><u>\$149,154,347</u></u>	<u><u>\$66,891,056</u></u>	<u><u>\$20,158,326</u></u>	<u><u>\$7,696,982</u></u>	<u><u>(70,424,859)</u></u>	<u><u>16,016,876</u></u>
General revenues:						
Taxes:						
Property tax				45,611,135	2,415,701	48,026,836
Sales tax				24,157,170		24,157,170
Utility users tax				6,008,575		6,008,575
Franchise fees				4,909,174		4,909,174
Other taxes				7,587,013		7,587,013
Investment earnings				(4,574,540)	(1,374,982)	(5,949,522)
Gain from sale of capital assets				34,303	1,503	35,806
Miscellaneous				2,059,402	517,376	2,576,778
Transfers (Note 6)				2,574,893	(2,574,893)	
Total general revenues and transfers				<u><u>88,367,125</u></u>	<u><u>(1,015,295)</u></u>	<u><u>87,351,830</u></u>
Change in Net Position				17,942,266	15,001,581	32,943,847
Net Position-Beginning				<u><u>45,177,086</u></u>	<u><u>97,473,282</u></u>	<u><u>142,650,368</u></u>
Net Position-Ending				<u><u>\$63,119,352</u></u>	<u><u>\$112,474,863</u></u>	<u><u>\$175,594,215</u></u>

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, 2022**

	General	Gas Tax	Grants	Measures A and W	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments (Note 1G)	\$74,168,916	\$8,773,301	\$251,697	\$8,844,684	\$28,835,601	\$6,454,357	\$127,328,556
Restricted cash and investments (Note 1G)	4,332,892						4,332,892
Accounts receivable, net	10,574,057	550,979	984,193	221,095	48,654	286,053	12,665,031
Due from other funds (Note 6)	22,786						22,786
Prepays (Note 1H)	360,359				1,484		361,843
Inventories (Note 1H)	18,150	23,317					41,467
Notes receivable (Note 13)	200,000		425,875			997,597	1,623,472
Loan receivable from Successor Agency (Note 14C)	12,142,785						12,142,785
Leases receivable (Note 7)	9,055,050						9,055,050
Property held for development (Note 1C)						3,366,888	3,366,888
Total Assets	\$110,874,995	\$9,347,597	\$1,661,765	\$9,065,779	\$28,885,739	\$11,104,895	\$170,940,770
LIABILITIES							
Accounts payable	\$7,069,198	\$490,294	\$49,716		\$787,430	\$259,378	\$8,656,016
Accrued payroll	884,727	23,993	1,524			4,963	915,207
Due to other funds (Note 6)						22,786	22,786
Deposits payable	8,276,191					4,001	8,280,192
Unearned revenue	15,675,088				1,000,000		16,675,088
Total Liabilities	31,905,204	514,287	51,240		1,787,430	291,128	34,549,289
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - loans			425,875			997,597	1,423,472
Related to leases	8,924,675						8,924,675
Total Deferred Inflows of Resources	8,924,675		425,875			997,597	10,348,147
FUND BALANCES							
Fund Balance (Note 12)							
Nonspendable	12,728,449	23,317			1,484		12,753,250
Restricted	5,332,892	8,809,993	1,184,650	\$9,065,779	11,026,935	9,816,170	45,236,419
Assigned	1,055,425				16,069,890		17,125,315
Unassigned	50,928,350						50,928,350
Total Fund Balances	70,045,116	8,833,310	1,184,650	\$9,065,779	27,098,309	9,816,170	126,043,334
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$110,874,995	\$9,347,597	\$1,661,765	\$9,065,779	\$28,885,739	\$11,104,895	\$170,940,770

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, 2022

Total fund balances reported on the Governmental Funds Balance Sheet \$126,043,334

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. 89,233,292

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	42,999,028
Accounts receivable	48,426
Prepays	
Deferred outflows	365,504
Inventories	193,641
Internal balances	(1,070,547)
Capital assets	8,751,016
Accounts payable	(894,989)
Accrued payroll	(65,046)
Interest payable	(58,806)
Accrued claims payable	(10,487,000)
Compensated absences	(827,236)
Net OPEB liability	(2,837,926)
Deferred inflows	(379,926)
Long-term debt - due within one year	(4,125,710)
Long-term debt - due in more than one year	(5,411,856)

ACCRAUL 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. 1,423,472

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	29,851,059
Deferred inflows	(57,133,323)

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	(418,000)
Leases payable	(29,703)
Interest payable	(4,270)
Net OPEB liability	(30,310,616)
Net pension liability	(109,680,889)
Compensated absences	<u>(12,053,577)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$63,119,352

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, 2022

	General	Gas Tax	Grants	Measures A and W	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property tax	\$45,611,135						\$45,611,135
Gas tax		\$4,726,833					4,726,833
Sales tax	24,157,170			\$3,655,779			27,812,949
Utility users tax	6,008,575						6,008,575
Franchise fees	4,909,174						4,909,174
Other taxes	7,587,013						7,587,013
Licenses and permits	3,015,932						3,015,932
Fines and forfeitures	2,329,138						2,329,138
Rents and interest	(1,525,051)	(258,781)	\$3,513	(126,080)	(\$791,722)	\$25,488	(2,672,633)
Federal programs and grants	8,539,854	717,306	572,031		331,282	1,334,119	11,494,592
Receipts from other agencies	1,262,931	404,473	963,184		123,137		2,753,725
Charges and fees	6,657,369	1,253,250			1,988,967	59,358	9,958,944
Miscellaneous	4,186,233	36,416	465		187,427	443,129	4,853,670
Total Revenues	<u>112,739,473</u>	<u>6,879,497</u>	<u>1,539,193</u>	<u>3,529,699</u>	<u>1,839,091</u>	<u>1,862,094</u>	<u>128,389,047</u>
EXPENDITURES							
Current:							
General government	13,432,444		5,000	4,862			13,442,306
Public safety	68,607,651		212,349			8,825	68,828,825
Public works	6,014,764	3,950,245				19,295	9,984,304
Culture and recreation	13,126,801		223,825				13,350,626
Economic and community development	5,379,260		640,850			1,456,012	7,476,122
Capital projects		2,179,563	278,202		3,697,359		6,155,124
Debt service:							
Principal	68,851					390,000	458,851
Interest	3,310					14,824	18,134
Total Expenditures	<u>106,633,081</u>	<u>6,129,808</u>	<u>1,360,226</u>	<u>4,862</u>	<u>3,697,359</u>	<u>1,888,956</u>	<u>119,714,292</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,106,392</u>	<u>749,689</u>	<u>178,967</u>	<u>3,524,837</u>	<u>(1,858,268)</u>	<u>(26,862)</u>	<u>8,674,755</u>
OTHER FINANCING SOURCES (USES)							
Transfers in (Note 6)	3,945,949	2,334,350	309,154	5,818,566	996,655	4,240,709	17,645,383
Transfers (out) (Note 6)	(2,917,358)	(6,739,109)		(277,624)	(468,219)	(3,990,884)	(14,393,194)
Total Other Financing Sources (Uses)	<u>1,028,591</u>	<u>(4,404,759)</u>	<u>309,154</u>	<u>5,540,942</u>	<u>528,436</u>	<u>249,825</u>	<u>3,252,189</u>
NET CHANGES IN FUND BALANCES	<u>7,134,983</u>	<u>(3,655,070)</u>	<u>488,121</u>	<u>9,065,779</u>	<u>(1,329,832)</u>	<u>222,963</u>	<u>11,926,944</u>
BEGINNING FUND BALANCES	<u>62,910,133</u>	<u>12,488,380</u>	<u>696,529</u>		<u>28,428,141</u>	<u>9,593,207</u>	<u>114,116,390</u>
ENDING FUND BALANCES	<u>\$70,045,116</u>	<u>\$8,833,310</u>	<u>\$1,184,650</u>	<u>\$9,065,779</u>	<u>\$27,098,309</u>	<u>\$9,816,170</u>	<u>\$126,043,334</u>

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, 2022

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 \$11,926,944

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance.	2,200,028
Depreciation expense is deducted from fund balance	
(Depreciation expense is net of internal service fund depreciation of \$1,191,156 which has already been allocated to serviced funds).	(4,741,224)
Retirements are deducted from fund balance	(12,405)

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	390,000
Repayment of lease principal is added back to fund balance	68,851
Interest accrued is deducted from fund balance	3,820

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	5,066
Compensated absences	(559,819)
OPEB expense	1,538,389
Pension expense	2,572,277

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	<u>4,550,339</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$17,942,266

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property tax	\$37,124,281	\$43,134,815	\$45,611,135	\$2,476,320
Sales tax	21,250,054	21,750,054	24,157,170	2,407,116
Utility users tax	5,874,200	5,874,200	6,008,575	134,375
Franchise fees	4,682,274	4,682,274	4,909,174	226,900
Other taxes	7,193,600	7,193,600	7,587,013	393,413
Licenses and permits	2,358,766	2,358,766	3,015,932	657,166
Fines and forfeitures	3,364,668	3,364,668	2,329,138	(1,035,530)
Rents and interest	2,116,896	2,116,896	(1,525,051)	(3,641,947)
Federal programs and grants	12,627,672	14,377,672	8,539,854	(5,837,818)
Receipts from other agencies	6,505,595	1,297,949	1,262,931	(35,018)
Charges and fees	5,723,118	5,746,118	6,657,369	911,251
Miscellaneous	224,037	272,119	4,186,233	3,914,114
Total Revenues	109,045,161	112,169,131	112,739,473	570,342
EXPENDITURES				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	256,255	256,255	233,419	22,836
Services and supplies	43,591	43,591	37,527	6,064
Other charges	35,331	35,331	15,012	20,319
Total Legislative	335,177	335,177	285,958	49,219
Legal:				
Salaries and benefits	1,182,205	1,182,205	1,135,823	46,382
Services and supplies	687,938	713,448	206,526	506,922
Other charges	8,788	6,703	3,359	3,344
Total Legal	1,878,931	1,902,356	1,345,708	556,648
Administrative:				
Salaries and benefits	8,731,353	8,782,328	8,449,345	332,983
Services and supplies	2,824,544	3,134,031	2,760,407	373,624
Capital outlay				
Other charges	1,282,844	1,345,571	591,026	754,545
Total Administrative	12,838,741	13,261,930	11,800,778	1,461,152
Total General Government	15,052,849	15,499,463	13,432,444	2,067,019
Public Safety				
Police:				
Salaries and benefits	40,433,038	40,433,038	32,925,431	7,507,607
Services and supplies	6,259,953	6,351,061	6,215,499	135,562
Capital outlay	393,268	390,841	202,352	188,489
Other charges	518,408	549,908	542,583	7,325
Total Police	47,604,667	47,724,848	39,885,865	7,838,983
Fire:				
Salaries and benefits	27,130,114	27,110,114	25,436,848	1,673,266
Services and supplies	2,971,637	2,930,895	2,839,156	91,739
Capital outlay	280,000	340,000	309,589	30,411
Other charges	181,470	175,470	136,193	39,277
Total Fire	30,563,221	30,556,479	28,721,786	1,834,693
Total Public Safety	78,167,888	78,281,327	68,607,651	9,673,676

(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, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Public Works				
Salaries and benefits	5,281,444	5,281,444	4,260,735	1,020,709
Services and supplies	1,805,454	1,911,012	1,680,712	230,300
Other charges	93,175	93,175	73,317	19,858
Total Public Works	<u>7,180,073</u>	<u>7,285,631</u>	<u>6,014,764</u>	<u>1,270,867</u>
Culture and Recreation				
Salaries and benefits	8,549,631	8,766,972	7,189,274	1,577,698
Services and supplies	5,704,271	5,870,291	5,688,051	182,240
Capital outlay	15,000	177,000	158,681	18,319
Other charges	95,857	95,857	90,795	5,062
Total Culture and Recreation	<u>14,364,759</u>	<u>14,910,120</u>	<u>13,126,801</u>	<u>1,783,319</u>
Economic and Community Development				
Salaries and benefits	3,933,876	3,933,876	3,531,244	402,632
Services and supplies	1,268,301	3,068,268	1,806,760	1,261,508
Other charges	63,988	163,988	41,256	122,732
Total Economic and Community Deve	<u>5,266,165</u>	<u>7,166,132</u>	<u>5,379,260</u>	<u>1,786,872</u>
Debt service:				
Principal			68,851	(68,851)
Interest			<u>3,310</u>	<u>(3,310)</u>
			<u>72,161</u>	<u>(72,161)</u>
Total Expenditures	<u>120,031,734</u>	<u>123,142,673</u>	<u>106,633,081</u>	<u>16,509,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,986,573)</u>	<u>(10,973,542)</u>	<u>6,106,392</u>	<u>17,079,934</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,425,897	3,945,949	3,945,949	
Transfers out	<u>(1,150,920)</u>	<u>(4,576,549)</u>	<u>(2,917,358)</u>	<u>1,659,191</u>
Total Other Financing Sources (Uses)	<u>2,274,977</u>	<u>(630,600)</u>	<u>1,028,591</u>	<u>1,659,191</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$8,711,596)</u></u>	<u><u>(\$11,604,142)</u></u>	<u><u>7,134,983</u></u>	<u><u>\$18,739,125</u></u>
BEGINNING FUND BALANCE			<u>62,910,133</u>	
ENDING FUND BALANCE			<u>\$70,045,116</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, 2022

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Gas tax	\$7,763,798	\$4,733,450	\$4,726,833	(\$6,617)
Sales tax	2,592,709			
Rents and interest	70,000	70,000	(258,781)	(328,781)
Federal programs and grants		750,704	717,306	(33,398)
Receipts from other agencies	300,000	2,566,933	404,473	(2,162,460)
Charges and services	1,122,890	1,067,106	1,253,250	186,144
Miscellaneous	9,500	9,500	36,416	26,916
Total Revenues	<u>11,858,897</u>	<u>9,197,693</u>	<u>6,879,497</u>	<u>(2,318,196)</u>
EXPENDITURES				
Public works	4,636,455	4,636,864	3,950,245	686,619
Capital projects	10,105,737	20,470,194	2,179,563	18,290,631
Total Expenditures	<u>14,742,192</u>	<u>25,107,058</u>	<u>6,129,808</u>	<u>18,977,250</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,883,295)</u>	<u>(15,909,365)</u>	<u>749,689</u>	<u>16,659,054</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,236,000	12,084,656	2,334,350	(9,750,306)
Transfers out	(360,936)	(6,739,108)	(6,739,109)	(1)
Total Other Financing Sources (Uses)	<u>4,875,064</u>	<u>5,345,548</u>	<u>(4,404,759)</u>	<u>(9,750,307)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$1,991,769</u></u>	<u><u>(\$10,563,817)</u></u>	<u><u>(3,655,070)</u></u>	<u><u>\$6,908,747</u></u>
BEGINNING FUND BALANCE			<u>12,488,380</u>	
ENDING FUND BALANCE			<u><u>\$8,833,310</u></u>	

See accompanying notes to financial statements

**CITY OF DALY CITY
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Rents and interest	\$3,152	\$3,152	\$3,513	\$361
Federal programs and grants		1,505,909	572,031	(933,878)
Receipts from other agencies	423,003	1,139,912	963,184	(176,728)
Miscellaneous revenue			465	465
Total Revenues	426,155	2,648,973	1,539,193	(1,109,780)
EXPENDITURES				
General Government				
Administrative:				
Services and supplies		5,000	5,000	
Total General Government		5,000	5,000	
Public Safety				
Salaries and benefits	168,845	168,845	164,748	4,097
Services and supplies	50,000	137,195	26,539	110,656
Capital outlay	50,000	150,000	6,568	143,432
Other charges		37,337	14,494	22,843
Total Public Safety	268,845	493,377	212,349	281,028
Public Works				
Capital Outlay		641,350	278,202	363,148
Total Public Works		641,350	278,202	363,148
Culture and Recreation				
Salaries and benefits	211,440	314,376	190,033	124,343
Services and supplies	36,373	58,613	33,792	24,821
Total Culture and Recreation	247,813	372,989	223,825	149,164
Economic and Community Development				
Salaries and benefits		77,488	82,073	(4,585)
Services and supplies		79,429	37,708	41,721
Other charges		1,551,021	521,069	1,029,952
Total Economic and Community Development		1,707,938	640,850	1,067,088
Total Expenditures	516,658	3,220,654	1,360,226	1,860,428
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(90,503)	(571,681)	178,967	750,648
OTHER FINANCING SOURCES (USES)				
Transfers in		309,154	309,154	
NET CHANGE IN FUND BALANCE	(\$90,503)	(\$262,527)	488,121	\$750,648
BEGINNING FUND BALANCE			696,529	
ENDING FUND BALANCE				\$1,184,650

See accompanying notes to financial statements

CITY OF DALY CITY
MEASURES A AND W SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Sales taxes		\$2,592,709	\$3,655,779	\$1,063,070
Rents and interest			(126,080)	(126,080)
Total Revenues		<u>2,592,709</u>	<u>3,529,699</u>	<u>936,990</u>
EXPENDITURES				
General Government				
Administrative:				
Services and supplies		<u>4,862</u>	<u>4,862</u>	
Total Expenditures		<u>4,862</u>	<u>4,862</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		2,587,847	3,524,837	936,990
OTHER FINANCING SOURCES (USES)				
Transfers in		5,818,566	5,818,566	
Transfers out		(8,922,696)	(277,624)	8,645,072
NET CHANGE IN FUND BALANCE		<u>(\$516,283)</u>	<u>9,065,779</u>	<u>\$9,582,062</u>
BEGINNING FUND BALANCE				
ENDING FUND BALANCE			<u>\$9,065,779</u>	

See accompanying notes to financial statements

**CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds	
	Water Utility	Sanitation District	Civic Center	Nonmajor - Transfer Station	Totals	
ASSETS						
Current Assets:						
Cash and investments (Note 1G)	\$21,721,484	\$30,295,663	\$1,658,041	\$1,545,317	\$55,220,505	\$42,997,581
Cash with fiscal agent (Note 1G)	11,325				11,325	1,447
Accounts receivable, net (Note 1I)	6,796,056	1,325,358	40,043		8,161,457	48,426
Inventories (Note 1H)	409,219	1,662,060			2,071,279	193,641
Prepays		5,580			5,580	
Total Current Assets	28,938,084	33,288,661	1,698,084	1,545,317	65,470,146	43,241,095
Noncurrent Assets:						
Advance to other funds (Note 6)		2,570,647			2,570,647	
Leases receivable (Note 7)			9,418,273		9,418,273	
Capital Assets (Note 4):						
Land	839,856	233,547	1,695,762	93,384	2,862,549	378,343
Buildings	272,379	893,519	5,568,728	1,184,278	7,918,904	35,817
Sewage facilities		59,413,041			59,413,041	
Wells and pump stations	9,074,783				9,074,783	
Water reservoirs	12,715,925				12,715,925	
Mains and subsurface lines	21,074,931	26,871,004			47,945,935	
Equipment	6,949,163	9,849,124	936,705	20,912	17,755,904	25,412,332
Furniture and fixtures	37,154	114,174			151,328	63,104
Construction in progress	40,337	9,986,083			10,026,420	179,803
Total Capital Assets	51,004,528	107,360,492	8,201,195	1,298,574	167,864,789	26,069,399
Less accumulated depreciation	(28,556,567)	(65,478,857)	(5,289,607)	(1,205,190)	(100,530,221)	(17,318,383)
Net Capital Assets	22,447,961	41,881,635	2,911,588	93,384	67,334,568	8,751,016
Total Noncurrent Assets	22,447,961	44,452,282	12,329,861	93,384	79,323,488	8,751,016
Total Assets	51,386,045	77,740,943	14,027,945	1,638,701	144,793,634	51,992,111
DEFERRED OUTFLOWS OF RESOURCES						
Related to pension (Note 8D)	443,961	1,258,165			1,702,126	
Related to OPEB (Note 9)	182,747	477,174			659,921	365,504
Total Deferred Outflows	626,708	1,735,339			2,362,047	365,504
LIABILITIES						
Current Liabilities:						
Accounts payable	1,508,309	1,736,512	25,212		3,270,033	894,989
Accrued payroll	47,423	107,877			155,300	65,046
Deposits payable	28,600				28,600	
Interest payable	2,108	12,030			14,138	58,806
Unearned revenue		96,575			96,575	
Accrued claims payable (Note 11)						2,544,159
Compensated absences (Note 1K)	270,714	585,764			856,478	
Long-term debt (Note 5)	625,000	268,252			893,252	4,125,710
Total Current Liabilities	2,482,154	2,807,010	25,212		5,314,376	7,688,710
Noncurrent Liabilities:						
Compensated absences (Note 1K)	125,509	1,680,574			1,806,083	827,236
Accrued claims payable (Note 10)						7,942,841
Net OPEB liability (Note 9)	1,418,963	3,705,069			5,124,032	2,837,926
Net Pension Liability (Note 8C)	1,459,058	4,134,905			5,593,963	
Long-term debt (Note 5)	640,000	556,793			1,196,793	5,411,856
Advance from other funds (Note 6)	2,570,647				2,570,647	
Total Noncurrent Liabilities	6,214,177	10,077,341			16,291,518	17,019,859
Total Liabilities	8,696,331	12,884,351	25,212		21,605,894	24,708,569
DEFERRED INFLOWS OF RESOURCES						
Related to pension (Note 8D)	1,160,375	3,288,452			4,448,827	
Related to OPEB (Note 9)	189,963	496,014			685,977	379,926
Related to leases (Note 7)			9,010,667		9,010,667	
Total Deferred Inflows	1,350,338	3,784,466	9,010,667		14,145,471	379,926
NET POSITION (Note 12)						
Net investment in capital assets	21,182,961	41,056,590	2,911,588	93,384	65,244,523	7,463,450
Restricted for:						
Debt service	11,325				11,325	1,447
Qualified capital outlay		1,875,638			1,875,638	
Unrestricted	20,771,798	19,875,237	2,080,478	1,545,317	44,272,830	19,804,223
Total Net Position	\$41,966,084	\$62,807,465	\$4,992,066	\$1,638,701	111,404,316	\$27,269,120

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

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, 2022

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Water Utility	Sanitation District	Civic Center	Nonmajor - Transfer Station	Totals	
OPERATING REVENUES						
Water sales	\$25,984,982	\$254,959			\$26,239,941	
Sewer service charges		23,153,073			23,153,073	
Connection charges		215,843			215,843	
Rental income			\$1,341,880		1,341,880	
Charges to City departments						\$25,878,146
Other revenues	201,605	141,384	59,807	\$114,580	517,376	356,691
Total Operating Revenues	26,186,587	23,765,259	1,401,687	114,580	51,468,113	26,234,837
OPERATING EXPENSES						
Salaries and benefits	1,370,052	3,403,284			4,773,336	6,892,468
Services and supplies	1,740,271	11,321,967	502,714		13,564,952	4,224,032
Water purchases	7,917,436				7,917,436	
Utilities	1,101,949	1,852,540	199,035		3,153,524	508,417
Insurance	275,869	700,824	19,925		996,618	2,898,646
Claims and settlements						3,587,995
Depreciation (Note 4)	1,226,189	2,433,940	190,695		3,850,824	1,191,156
Other charges	1,505,617	937,193			2,442,810	652,766
Total Operating Expenses	15,137,383	20,649,748	912,369		36,699,500	19,955,480
Operating Income (Loss)	11,049,204	3,115,511	489,318	114,580	14,768,613	6,279,357
NONOPERATING REVENUES (EXPENSES)						
Property taxes		2,415,701			2,415,701	
Intergovernmental	580,920	1,538,496			2,119,416	246,616
Gain on sale of capital assets		1,503			1,503	34,303
Interest income	(606,733)	(724,320)	(43,929)		(1,374,982)	(889,026)
Interest expense	(58,462)	(23,352)			(81,814)	(715,578)
Total Nonoperating Revenues (Expenses)	(84,275)	3,208,028	(43,929)		3,079,824	(1,323,685)
Income (Loss) Before Transfers	10,964,929	6,323,539	445,389	114,580	17,848,437	4,955,672
Transfers in (Note 6)		1,792,828	5,829		1,798,657	551,605
Transfers (out) (Note 6)	(2,678,853)	(1,516,000)	(64,117)	(114,580)	(4,373,550)	(1,228,901)
Net transfers	(2,678,853)	276,828	(58,288)	(114,580)	(2,574,893)	(677,296)
CHANGE IN NET POSITION	8,286,076	6,600,367	387,101		15,273,544	4,278,376
BEGINNING NET POSITION	33,680,008	56,207,098	4,604,965	1,638,701	96,130,772	22,990,744
ENDING NET POSITION	\$41,966,084	\$62,807,465	\$4,992,066	\$1,638,701	111,404,316	\$27,269,120
Net change in net position					15,273,544	
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.					(271,963)	
Change in net position of business-type activities					\$15,001,581	

See accompanying notes to financial statements

**CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Water Utility	Sanitation District	Civic Center	Nommajor - Transfer Station	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$24,167,064	\$23,857,896	\$968,561	\$114,580	\$49,108,101	\$26,233,143
Payments to suppliers	(12,040,179)	(14,558,992)	(712,778)		(27,311,949)	(6,404,733)
Payments to employees	(4,173,658)	(11,559,156)			(15,732,814)	(6,833,475)
Claims paid						(3,250,995)
Cash Flows from Operating Activities	7,953,227	(2,260,252)	255,783	114,580	6,063,338	9,743,940
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax		2,415,701			2,415,701	246,616
Intergovernmental	580,920	1,635,071			2,215,991	
Principal paid on noncapital debt						(3,560,000)
Interest paid on noncapital debt						(696,317)
Advance from other funds	(2,526,873)				(2,526,873)	
Advance to other funds		2,526,873			2,526,873	
Transfers in		1,792,828	5,829		1,798,657	551,605
Transfers out	(2,678,853)	(1,516,000)	(64,117)	(114,580)	(4,373,550)	(1,228,901)
Cash Flows from (used for) Noncapital Financing Activities	(4,624,806)	6,854,473	(58,288)	(114,580)	2,056,799	(4,686,997)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets		1,503			1,503	34,303
Acquisition of capital assets	(124,613)	(2,065,941)			(2,190,554)	(2,550,489)
Principal paid on capital debt	(615,000)	(261,709)			(876,709)	(195,490)
Interest paid on capital debt	(59,487)	(27,170)			(86,657)	(39,599)
Cash Flows from (used for) Capital and Related Financing Activities	(799,100)	(2,353,317)			(3,152,417)	(2,751,275)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income (expense)	(606,733)	(724,320)	(43,929)		(1,374,982)	(889,026)
Net Cash Flows	1,922,588	1,516,584	153,566		3,592,738	1,416,642
Cash and investments at beginning of period	19,810,221	28,779,079	1,504,475	1,545,317	51,639,092	41,582,386
Cash and investments at end of period	\$21,732,809	\$30,295,663	\$1,658,041	\$1,545,317	\$55,231,830	\$42,999,028
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	\$11,049,204	\$3,115,511	\$489,318	\$114,580	\$14,768,613	\$6,279,357
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	1,226,189	2,433,940	190,695		3,850,824	1,191,156
Change in assets and liabilities:						
Accounts receivable, net	(2,029,123)	92,637	(25,520)		(1,962,006)	(1,694)
Inventories	(16,094)	(110,716)			(126,810)	(32,605)
Prepays	2,373	(1,606)			767	1,483,056
Accounts payable	514,684	365,854	8,896		889,434	428,677
Accrued payroll	17,414	29,276			46,690	21,982
Deposits payable	9,600				9,600	
Accrued claims payable						337,000
Compensated absences	2,958	287,213			290,171	90,163
Leases-related activity			(407,606)		(407,606)	
Due to OPEB system	(26,568)	(292,507)			(319,075)	(53,152)
Due to retirement system	(2,797,410)	(8,179,854)			(10,977,264)	
Cash Flows from Operating Activities	\$7,953,227	(\$2,260,252)	\$255,783	\$114,580	\$6,063,338	\$9,743,940

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.

CUSTODIAL FUNDS

These funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

CITY OF DALY CITY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds	External Investment Pool Fund
ASSETS			
Cash and investments (Note 1G)	\$208,592	\$2,343,951	\$302,622
Receivables	<u>2,532,000</u>	<u>2,532,000</u>	<u>2,532,000</u>
Total Assets	208,592	4,875,951	302,622
LIABILITIES			
Accounts payable		4,352,822	
Deposits payable	4,050		
Loans payable to City (Note 14C)	<u>12,142,785</u>	<u>12,142,785</u>	<u>12,142,785</u>
Total Liabilities	12,146,835	4,352,822	302,622
NET POSITION			
Restricted for:			
Other agencies and organizations	(11,938,243)	523,129	
Pool participant	<u>523,129</u>	<u>523,129</u>	<u>302,622</u>
Total Net Position	(\$11,938,243)	\$523,129	\$302,622

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds	Custodial Funds External Investment Pool Fund
ADDITIONS			
Taxes	\$1,187,765		
Receipts from other agencies		\$80,191	
Rents and interest	7,500		(\$40,059)
Other receipts			4,556,375
Total additions	1,195,265	80,191	4,516,316
DEDUCTIONS			
Services and supplies	6,598		
Culture and recreation		1,354	
Other payments	2,385		5,188,427
Total deductions	8,983	1,354	5,188,427
CHANGE IN NET POSITION	1,186,282	78,837	(672,111)
NET POSITION			
Net Position (Deficit) - Beginning	(13,124,525)	444,292	974,733
Net Position (Deficit) - Ending	(\$11,938,243)	\$523,129	\$302,622

See accompanying notes to financial statements



CITY OF DALY CITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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, the Daly City Public Facilities Financing Corporation and the Daly City Joint Powers Financing Authority (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 blended 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.

MEASURES A AND W SPECIAL REVENUE FUND is used to account for the City's portion of the Measure A special half cent sales tax receipts restricted for maintaining local streets and roads improvements and the City's portion of the Measure W special half cent sales tax receipts restricted for congestion relief and transit improvements.

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.

CIVIC CENTER FUND is used to account for rental activity of real property owned by the City in the Civic Center area.

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 - 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. Custodial Funds are used to account for assets held by the City for Billing Services and Supporters of Senior Center and monies held for an external investment pool for the San Mateo Pre-Hospital Emergency Medical Services Group, none of which are held in trust. In addition, 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.

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, including lease liabilities, as well as 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, including entering into contracts giving the City the right to use leased assets. Proceeds of governmental long-term debt and financing through 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 assets 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 assets or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. 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 and deferred amounts related to leases. 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 Custodial Funds. Due to the COVID-19 pandemic and ongoing economic uncertainties, the City moved to a one-year budget cycle starting in FY2021. The City is monitoring and evaluating the economic climate in hopes of switching back to a biennial budget process. 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.

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	\$225,546,642
Cash with fiscal agent	12,772
Restricted cash and investments	<u>4,332,892</u>
Cash and investments of the City	229,892,306
Cash and investments in Fiduciary Funds (separate statement):	
Private-purpose Trust Fund	208,592
Custodial Funds	2,343,951
Custodial Funds - External investment pool	<u>302,622</u>
Total cash and investments	<u><u>\$232,747,471</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
FDIC Insured/Collateralized Time Certificates of Deposit	5 Years	N/A	30%	5%
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's 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	No Limit	No Limit
Commercial Paper	270 Days	A Category	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. Treasury Note		\$948,280		\$948,280
U.S. Government Agency Securities		3,850,525	\$451,398	4,301,923
Money Market Mutual Funds	\$12,793			12,793
California Local Agency Investment Fund	21,042,774			21,042,774
San Mateo County Investment Pool	181,302,386			181,302,386
Negotiable Certificates of Deposit	1,960,065	5,061,079		7,021,144
PARS Moderately Conservative Index PLUS Fund	4,332,892			4,332,892
Total Investments	\$208,650,910	\$9,859,884	\$451,398	218,962,192
Cash in Bank and On Hand				13,785,279
Total Cash and Investments				\$232,747,471

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, 2022, these investments have an average maturity of 311 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, 2022, these investments matured in an average of 1.45 years.

Money Market Mutual Fund investments are available for withdrawal on demand.

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, 2022 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	AA+/AA/A-1	Total Investments
U.S. Government Agency Securities		\$2,930,165	\$2,930,165
Money Market Mutual Funds	\$1,446	11,347	12,793
San Mateo County Investment Pool		181,302,386	181,302,386
 Total	 \$1,446	 \$184,243,898	 184,245,344
<i>Not rated:</i>			
U.S. Government Agency Securities			1,371,758
California Local Agency Investment Fund			21,042,774
Negotiable Certificates of Deposit			7,021,144
PARS Moderately Conservative Index PLUS Fund			4,332,892
<i>Exempt:</i>			
U.S. Treasury Note			948,280
 Total Investments	 	 \$218,962,192	

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, 2022:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Treasury Note	\$948,280		\$948,280
U.S. Government Agency Securities		\$4,301,923	4,301,923
Negotiable Certificates of Deposit		7,021,144	7,021,144
Subtotal	<u>\$948,280</u>	<u>\$11,323,067</u>	<u>12,271,347</u>
Investments Measured at Amortized Cost:			
Money Market Mutual Funds			12,793
PARS Moderately Conservative Index PLUS Fund			4,332,892
Investments Not Subject to the Fair Value Hierarchy:			
California Local Agency Investment Fund			21,042,774
San Mateo County Investment Pool			<u>181,302,386</u>
Total Investments			<u>\$218,962,192</u>

The U.S. Treasury Note classified in Level 1 of the fair value hierarchy are valued using quoted prices in an active market for identical assets. 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, prepays do not constitute available spendable resources even though they are a component of net current assets. The consumption method of accounting is applied to prepays.

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 from 750 to 1,392 hours, depending on the bargaining unit, 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 the liability for compensated absences were as follows:

	Governmental Activities	Business Type Activities	Total
Balance July 1, 2021	\$12,230,831	\$2,372,390	\$14,603,221
Additions	8,244,739	1,343,333	9,588,072
Payments	(7,594,757)	(1,053,162)	(8,647,919)
Balance June 30, 2022	<u>\$12,880,813</u>	<u>\$2,662,561</u>	<u>\$15,543,374</u>
Due within one year	<u>\$5,642,074</u>	<u>\$856,478</u>	<u>\$6,498,552</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. NEW FUNDS

The City established the Measures A and W Special Revenue Fund during the year ended June 30, 2022. The activity was previously reported in the Gas Tax Special Revenue Fund.

The City established the Affordable Housing Special Revenue Fund during the year ended June 30, 2022. The activity was previously reported in the Low and Moderate Income Housing Special Revenue Fund.

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 and are reported as blended component units. Council members are financially accountable for these entities' operations and approve fees, debt issues and adopt budgets. Blended component units, although legally separate entities are, in substance, part of the government's operations, thus, data from these units are combined with that of the primary government.

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 Affordable Housing and the Low and Moderate Income Housing Assets Special Revenue Funds. 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.

The City and the Sanitation District established the Daly City Joint Powers Financing Authority (Financing Authority) in March 2022 pursuant to the Joint Exercise of Powers Act (commencing at Government Code Section 6500) to provide assistance with public financings, including, among others, General Fund lease financings and enterprise fund financings. The Financing Authority 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 Financing Authority. The Financing Authority does not issue separate financial statements. The Financing Authority did not have any activity during the year ended June 30, 2022.

NOTE 3.

COMMITMENTS AND CONTINGENCIES

A. CONSTRUCTION CONTRACTS

At June 30, 2022, the City had made commitments of approximately \$7.8 million for construction work, legal and consulting fees, and purchases of supplies and equipment, which includes the encumbrances in Note 3C below.

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, 2022 were \$1,055,425 in the General Fund, \$565,843 in the Gas Tax Special Revenue Fund, \$75,934 in the Grants Special Revenue Fund, \$1,284,221 in the Capital Projects Fund, and \$842,466 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.

NOTE 4.

CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for intangible right to-use lease assets, the measurement of which is discussed in Note 7 below. 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 all classes of capital assets with useful lives exceeding two years. Prior to July 2020, the City's policy was to capitalize costs exceeding \$25,000 for infrastructure and \$5,000 for all other classes of capital assets.

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	Sanitation Subsurface Lines and Water Mains	25 years
Vehicles, Equipment, Furniture and Fixtures	5-20 years	Wells and Pump Stations	40-50 years
Right to Use Leased Building	2 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, 2021 (as Restated)	Additions	Retirements	Transfers	Balance June 30, 2022
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$27,856,486				\$27,856,486
Construction in progress	16,383,805	\$2,297,149	(\$12,405)	(\$7,703,379)	10,965,170
Total capital assets not being depreciated	<u>44,240,291</u>	<u>2,297,149</u>	<u>(12,405)</u>	<u>(7,703,379)</u>	<u>38,821,656</u>
Capital assets being depreciated:					
Buildings & improvements	59,226,591				59,226,591
Right-to-use building	98,554				98,554
Streets & infrastructure	85,226,375			7,371,977	92,598,352
Park structures & improvements	8,030,071				8,030,071
Vehicles & equipment	29,474,251	2,453,368	(646,450)	331,402	31,612,571
Furniture & fixtures	458,590				458,590
Total capital assets being depreciated	<u>182,514,432</u>	<u>2,453,368</u>	<u>(646,450)</u>	<u>7,703,379</u>	<u>192,024,729</u>
Less accumulated depreciation for:					
Buildings & improvements	37,176,438	1,577,041			38,753,479
Right-to-use building	69,567				69,567
Streets & infrastructure	64,001,754	2,491,749			66,493,503
Park structures & improvements	4,498,668	349,788			4,848,456
Vehicles & equipment	21,461,132	1,441,406	(646,450)		22,256,088
Furniture & fixtures	438,155	2,829			440,984
Total accumulated depreciation	<u>127,576,147</u>	<u>5,932,380</u>	<u>(646,450)</u>		<u>132,862,077</u>
Net depreciable assets	<u>54,938,285</u>	<u>(3,479,012)</u>		<u>7,703,379</u>	<u>59,162,652</u>
Governmental activity capital assets, net	<u><u>\$99,178,576</u></u>	<u><u>(\$1,181,863)</u></u>	<u><u>(\$12,405)</u></u>		<u><u>\$97,984,308</u></u>

	Balance June 30, 2021	Additions	Transfers	Balance June 30, 2022
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$2,862,549			\$2,862,549
Construction in progress	8,993,568	\$2,068,707	(\$1,035,855)	10,026,420
Total capital assets not being depreciated	11,856,117	2,068,707	(1,035,855)	12,888,969
Capital assets being depreciated:				
Buildings & improvements	7,918,904			7,918,904
Sewage facilities	59,021,605		391,436	59,413,041
Mains & subsurface lines	47,945,935			47,945,935
Water reservoirs	12,715,925			12,715,925
Wells & pump stations	9,074,783			9,074,783
Equipment	16,989,638	121,847	644,419	17,755,904
Furniture & fixtures	151,328			151,328
Total capital assets being depreciated	153,818,118	121,847	1,035,855	154,975,820
Less accumulated depreciation for:				
Buildings & improvements	6,280,005	166,401		6,446,406
Sewage facilities	40,968,987	1,164,857		42,133,844
Mains & subsurface lines	26,047,640	1,572,064		27,619,704
Water reservoirs	5,865,144	159,293		6,024,437
Wells & pump stations	4,703,056	190,172		4,893,228
Equipment	12,713,191	590,717		13,303,908
Furniture & fixtures	101,374	7,320		108,694
Total accumulated depreciation	96,679,397	3,850,824		100,530,221
Net depreciable assets	57,138,721	(3,728,977)	1,035,855	54,445,599
Business-type activity capital assets, net	\$68,994,838	(\$1,660,270)		\$67,334,568

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	\$190,877
Public safety	374,769
Public works	2,632,437
Culture and recreation	1,543,141
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	<u>1,191,156</u>
Total Governmental Activities	<u>\$5,932,380</u>
Business-Type Activities	
Water Utility	\$1,226,189
Sanitation District	2,433,940
Civic Center	<u>190,695</u>
Total Business-Type Activities	<u>\$3,850,824</u>

NOTE 5.

LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2022, are as follows:

	Original Issue	Balance	Balance	Current	
	Amount	June 30, 2021	Retirements	June 30, 2022	Portion
<i>Governmental Activities Debt</i>					
Housing & Urban Development Section 108 Loan					
0.35%-2.49%, due FY 2023 (Direct Borrowing)	\$4,500,000	\$808,000	\$390,000	\$418,000	\$418,000
2004 Series A-1 Pension Obligation Bonds					
2.650%-5.896%, due FY 2024	36,235,000	11,810,000	3,560,000	8,250,000	3,925,000
Community First National Bank Lease-Fire Pumpers					
2.670%, due FY 2028	1,483,056	<u>1,483,056</u>	195,490	<u>1,287,566</u>	<u>200,710</u>
Total Governmental Activities		<u>14,101,056</u>	<u>4,145,490</u>	<u>9,955,566</u>	<u>4,543,710</u>
<i>Business-Type Activities Debt</i>					
State Water Resources Control Board Loan					
2.5%, due FY 2025 (Direct Borrowing)	4,450,128	1,086,754	261,709	825,045	268,252
2012 Water Revenue Refunding Bond					
2.0%-3.0%, due FY 2024	6,890,000	<u>1,880,000</u>	615,000	<u>1,265,000</u>	<u>625,000</u>
Total Business-Type Activities		<u>2,966,754</u>	<u>876,709</u>	<u>2,090,045</u>	<u>893,252</u>
Total City Long-Term Debt		<u>\$17,067,810</u>	<u>\$5,022,199</u>	<u>\$12,045,611</u>	<u>\$5,436,962</u>

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, 2022, total principal and interest remaining on the note is \$423,121. For fiscal year 2022, principal and interest paid were \$404,824 and total block grant revenues were \$1,330,183.

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 2022, principal and interest paid were \$4,256,317.

On December 18, 2020, the City entered into a lease financing agreement in the amount of \$1,483,056 with Community First National Bank, to acquire two fire pumper. Events of default on the lease include non-payment of principal and interest when due. A penalty of 10% per year of the amount due will be added on all amount due, and, after five days written notice, the lessor has the right to take possession of the equipment. There have been no events of default since the lease was issued. Principal and interest are due annually starting on December 18, 2021, with annual payments of \$235,088 through 2027. The lease bears an interest rate of 2.670%. For fiscal year 2022, principal and interest paid were \$235,089.

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, 2022, total principal and interest remaining on the note is \$866,639. For fiscal year 2022, principal and interest paid were \$288,879 and total Sanitation District Enterprise net revenues were \$7,263,328.

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, 2022, total principal and interest remaining on the bonds is \$1,303,100. For fiscal year 2022, principal and interest paid were \$652,600 and total Water Utility Enterprise Fund net revenues were \$9,570,727.

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

Year ending June 30	Governmental Activities						Total	
	HUD Section 108 Loan		Pension Obligation Bonds		Fire Apparatus Pumpers Lease			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$418,000	\$5,121	\$3,925,000	\$486,420	\$200,710	\$34,378	\$4,543,710	\$525,919
2024			4,325,000	255,002	206,069	29,019	4,531,069	284,021
2025					211,571	23,517	211,571	23,517
2026					217,220	17,868	217,220	17,868
2027					223,020	12,068	223,020	12,068
2028					228,976	6,113	228,976	6,113
	<u>\$418,000</u>	<u>\$5,121</u>	<u>\$8,250,000</u>	<u>\$741,422</u>	<u>\$1,287,566</u>	<u>\$122,963</u>	<u>\$9,955,566</u>	<u>\$869,506</u>

Year ending June 30	Business-Type Activities						Total	
	SWRCB Loan		Water Revenue Refunding Bond					
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$268,252	\$20,626	\$625,000	\$25,300	\$893,252	\$45,926		
2024	274,959	13,920	640,000	12,800	914,959	26,720		
2025	281,834	7,048			281,834	7,048		
	<u>\$825,045</u>	<u>\$41,594</u>	<u>\$1,265,000</u>	<u>\$38,100</u>	<u>\$2,090,045</u>	<u>\$79,694</u>		

The City is subject to a debt limit that is 3.75% of the total assessed value of property, net of exempt real property. At June 30, 2022 that amount was \$540,553,502. As of June 30, 2022, the City did not have any outstanding debt applicable to the limit.

CONDUIT DEBT

The Finance Agency has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City and Finance Agency are not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City or Finance Agency funds to repay these debts in the event of default by any of these issuers. At June 30, 2022, the balance of this issuers' outstanding debt was as follows:

Franciscan Mobile Home Park Acquisition Project:	
Senior Revenue Refunding Bonds, Series 2007A	\$38,330,000
Subordinate Revenue Refunding Bonds, Series 2007B	4,450,000
Third Tier Revenue Refunding Bonds, Series 2007C	7,100,000
Fourth Tier Revenue Bonds, Series 2002D	829,000

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, 2022, Community Block Grant Special Revenue Fund owed the General Fund \$22,786.

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, 2022, the balance of the advance was \$2,570,647, including accrued interest.

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2022 were as follows:

Fund Making Transfer	Fund Receiving Transfer	Transfer Amount
General Fund	Gas Tax Special Revenue Fund	\$1,639,422
	Grants Special Revenue Fund	309,154
	Capital Projects Fund	514,370
	Non Major Governmental Funds	237,553
	Internal Service Fund - Motor Vehicles	150,000
	Internal Service Fund - Central Services	43,367
	Internal Service Fund - Information Systems	23,492
Gas Tax Special Revenue Fund	General Fund	360,937
	Measures A and W Special Revenue Fund	5,818,566
	Capital Projects Fund	482,285
	Sanitation District Enterprise Fund	77,321
Measures A and W Special Revenue Fund	Gas Tax Special Revenue Fund	277,624
Capital Projects Fund	General Fund	171
	Gas Tax Special Revenue Fund	417,304
	Civic Center Enterprise Fund	5,829
	Internal Service Fund - Motor Vehicles	9,661
	Internal Service Fund - Information Systems	35,254
Water Utility Enterprise Fund	General Fund	961,298
	Sanitation District Enterprise Fund	1,715,507
	Internal Service Fund - Information Systems	2,048
Sanitation District Enterprise Fund	General Fund	1,231,352
	Internal Service Fund - Motor Vehicles	278,500
	Internal Service Fund - Information Services	6,148
Civic Center Enterprise Fund	General Fund	64,117
Non Major Enterprise Fund	General Fund	114,580
Non Major Governmental Funds	Non Major Governmental Funds	3,990,884
Internal Service Fund - Motor Vehicles	General Fund	600,394
	Non Major Governmental Funds	12,272
Internal Service Fund - Central Services	General Fund	11,532
Internal Service Fund - PBX	General Fund	13,163
Internal Service Fund - Building Maintenance	General Fund	133,493
	Internal Service Fund - Information Services	3,135
Internal Service Fund - Information Services	General Fund	227,235
Internal Service Fund - Self-Insurance	General Fund	227,677
		\$19,995,645

The purpose of the majority of transfers is to provide general support to another fund. General Fund transfers out typically represent a subsidy or in the case of grants, a match of another fund's expenditures. In addition, in fiscal year 2022, the Gas Tax Special Revenue Fund and the Affordable Housing Special Revenue Fund made transfers to the Measures A and W Special Revenue Fund and the Low and Moderate Income Housing Assets Special Revenue Fund, respectively, to separately report the activity in these new funds.

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. LEASES

A. POLICIES

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivables or liabilities with an initial, individual value of \$25,000 or more.

Lessee - The City is a lessee for a noncancellable lease of office space, as well as the financed purchase discussed in Note 5. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The City is a lessor for noncancelable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

B. LEASES RECEIVABLE

The balances related to leases receivable and deferred inflows of resources as of June 30, 2022 were:

	Lease Receivable	Deferred Inflows of Resources
General Fund		
Property easement	\$79,511	\$79,511
Communication sites	8,567,203	8,450,106
Facilities leases	408,336	395,058
Civic Center Enterprise Fund		
Facilities leases	9,418,273	9,010,667
Total	<u>\$18,473,323</u>	<u>\$17,935,342</u>

Property Easement – The City entered into an easement agreement in December 2020 to facilitate the acquisition of an easement for parking access and utilities. As of June 30, 2022, the lease had two years remaining, with annual payments of \$40,000. Payments under the agreement begin in October 2022, therefore the City did not recognize lease or interest revenue during the current fiscal year related to this lease. Also, the City has deferred inflows of resources related to this lease that will be recognized over the lease term.

Communication Site Leases – The City leases various locations to third parties for the provisions of mobile/wireless communications services. During the year ended June 30, 2022, the City had nine leases, with original lease terms ranging from five to fifty-five years, including the optional extension periods, and as of June 30, 2022, the leases had 2 to 50 years remaining. The City recognized \$384,815 in lease revenue and \$167,938 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

Facilities Leases – The City leases various facilities to third parties. During the year ended June 30, 2022, the City had six leases, with original lease terms ranging from three to twelve years and as of June 30, 2022, the leases had 1 to 15.5 years remaining. The City recognized \$1,036,384 in lease revenue and \$500,147 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

C. LEASE PAYABLE

A summary of governmental activities lease transactions for the fiscal year ended June 30, 2022, are as follows:

	Balance		Balance June 30, 2022	Current Portion
	June 30, 2021 (as restated)	Retirements		
Governmental Activities				
Lease Payable				
MKD Cedar Hill	<u>\$98,554</u>	<u>\$68,851</u>	<u>\$29,703</u>	<u>\$29,703</u>

Building Lease – The City entered into a five year lease agreement with MKD Cedar Hill as lessee for the use of office space that commenced in November 2017. An initial lease liability was recorded in the amount of \$98,554 during the current fiscal year. as of June 30, 2022, the value of the lease liability was \$29,703. The City is required to make monthly principal and interest payments of \$6,014. The lease bears the City's incremental borrowing rate of 4.92%. The value of the right-to-use asset as of the end of the current fiscal year was \$98,554 and had accumulated amortization of \$69,567.

The future principal and interest lease payments as of June 30, 2022, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2023	\$29,703	\$366	\$30,069

NOTE 8.
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, 2022, 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	12.69% *	12.69% *
Required Unfunded Accrued Liability Contribution	\$6,490,352	

*Effective February 15, 2014, members in the Teamsters Local 856 Public Safety Dispatchers and Police Assistants were required to pay an additional 5.41% for their share of pension costs and members in the Teamsters Local 856 Clerical/Technical unit pay an additional 5.51% for their share of pension costs.

	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	18.01% *	18.01% *
Required Unfunded Accrued Liability Contribution	\$8,013,267	

*Effective July 11, 2020, members in the Daly City Police Officers Association and Daly City Police Management Bargaining Unit were required to pay an additional 3.0% for their share of pension costs.

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, 2022 were \$6,490,352 and \$8,013,267, 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, 2020 and measurement date of June 30, 2021:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	525	336
Inactive employees entitled to but not yet receiving benefits	414	102
Active employees	276	153
Total	1,215	591

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

The City’s Contributions to the Plans for the year ended June 30, 2022 were \$9,832,915 for the Miscellaneous Plan and \$12,263,576 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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
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, 2020 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 rates of return by asset class.

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

(a) In the CalPERS Annual Comprehensive Financial Report, 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, 2020 (Measurement Date)	\$344,188,975	\$267,865,833	\$76,323,142
Changes in the year:			
Service cost	4,750,071		4,750,071
Interest on the total pension liability	24,305,480		24,305,480
Differences between actual and expected experience	2,730,394		2,730,394
Plan to Plan Resource Movement			
Contributions - employer		8,924,993	(8,924,993)
Contributions - employees		2,129,297	(2,129,297)
Net investment income		59,983,132	(59,983,132)
Benefit payments, including refunds of employee contributions	(18,715,236)	(18,715,236)	
Other Miscellaneous Expense			
Administrative Expense		(267,582)	267,582
Net changes	13,070,709	52,054,604	(38,983,895)
Balance at June 30, 2021 (Measurement Date)	\$357,259,684	\$319,920,437	\$37,339,247
Safety Plan:			
		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020 (Measurement Date)	\$363,985,149	\$252,126,108	\$111,859,041
Changes in the year:			
Service cost	5,977,808		5,977,808
Interest on the total pension liability	25,785,538		25,785,538
Changes in assumptions			
Differences between actual and expected experience	3,789,911		3,789,911
Plan to Plan Resource Movement			
Contributions - employer		10,622,105	(10,622,105)
Contributions - employees		2,777,982	(2,777,982)
Net investment income		56,328,465	(56,328,465)
Benefit payments, including refunds of employee contributions	(20,254,165)	(20,254,165)	
Other Miscellaneous Expense			
Administrative Expense		(251,859)	251,859
Net changes	15,299,092	49,222,528	(33,923,436)
Balance at June 30, 2021 (Measurement Date)	\$379,284,241	\$301,348,636	\$77,935,605
TOTAL - BOTH PLANS	\$736,543,925	\$621,269,073	\$115,274,852

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	\$82,832,680	\$125,247,685	\$208,080,365
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$37,339,247	\$77,935,605	\$115,274,852
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	(\$414,416)	\$38,598,903	\$38,184,487

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, 2022 the City recognized pension expense of \$1,184,126 for the Miscellaneous Plan and \$7,362,824 for the Safety Plan, for total pension expense of \$8,546,950. At June 30, 2022, 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	\$9,832,915	
Differences between actual and expected experience		1,528,631
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		(\$29,695,554)
Total	<u>\$11,361,546</u>	<u>(\$29,695,554)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$12,263,576	
Differences between actual and expected experience	4,024,382	
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		(\$27,828,785)
Total	\$16,287,958	(\$27,828,785)
Total Miscellaneous and Safety Plans	\$27,649,504	(\$57,524,339)

The amount of \$22,096,491 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, 2023. 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
2023	(\$6,201,425)	(\$4,532,160)	(\$10,733,585)
2024	(6,613,286)	(5,001,852)	(11,615,138)
2025	(7,125,004)	(6,554,815)	(13,679,819)
2026	(8,227,208)	(7,715,576)	(15,942,784)

E. SUBSEQUENT EVENT - REDUCTION OF CALPERS DISCOUNT RATE

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

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

NOTE 9.
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, 2021 measurement date, approximately 496 retirees were eligible and were receiving retiree health care benefits from the City and approximately 38 inactive employees entitled to but not yet receiving benefit payments. There were approximately 437 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, 2022, the City contributed \$4,453,620 to the Plan, which was comprised of benefit premiums of \$2,530,620, prefunding contributions of \$1,000,000 and implied subsidy benefit payments of \$923,000.

A. *FUNDING POLICY AND ACTUARIAL ASSUMPTIONS*

The total OPEB liability was determined as part of a June 30, 2020 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 2.50% inflation rate, 5.50% investment rate of return, 2.75% projected annual salary increase, and a medical trend of 6.50% (Non-Medicare), 5.65% (Medicare-Non-Kaiser) and 4.6% (Medicare-Kaiser) in 2023 decreasing to an ultimate rate of 3.75% 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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021.

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%	4.56%
Fixed Income	43%	0.78%
TIPS	5%	-0.08%
Commodities	4%	1.22%
REITs	8%	4.06%
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.5%. 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.

Changes of Assumptions – For the measurement date of June 30, 2021, the discount rate decreased from 6.25% to 5.5%, the inflation rate decreased from 2.75% to 2.50%, the payroll growth rate decreased from 3.00% to 2.75%, and the mortality improvement scale was updated to Scale MP- 2021. In addition, the City changed from CERBT’s Investment Strategy 2 to 1 effective August 23, 2022, to take advantage of typically higher returns in Strategy 1.

C. CHANGES IN NET OPEB LIABILITY

The changes in the net OPEB liability follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021	<u>\$56,925,096</u>	<u>\$14,815,070</u>	<u>\$42,110,026</u>
Changes Recognized for the Measurement Period:			
Service Cost	1,480,458	1,480,458	
Interest on the total OPEB liability	3,541,517	3,541,517	
Changes in benefit terms	0	0	
Differences between expected and actual experience	(1,048,749)	(1,048,749)	
Changes of assumptions	581,149	581,149	
Contributions from the employer	5,482,594	5,482,594	
Net investment income	2,914,658	2,914,658	
Administrative expenses	(5,425)	(5,425)	
Benefit payments	(3,482,594)	(3,482,594)	
Net changes	<u>1,071,781</u>	<u>4,909,233</u>	<u>(3,837,452)</u>
Balance at June 30, 2022 (June 30, 2021 Measurement Date)	<u><u>\$57,996,877</u></u>	<u><u>\$19,724,303</u></u>	<u><u>\$38,272,574</u></u>

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 \$866,000.

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

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

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current	Discount Rate +1%
(4.5%)	(5.5%)	(6.5%)
<u>\$45,184,006</u>	<u>\$38,272,574</u>	<u>\$32,479,102</u>

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
1% Decrease	Current	1% Increase
\$34,914,167	\$38,272,574	\$42,239,461

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$2,543,004. At June 30, 2022, 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	\$4,453,620	
Difference between expected and actual experience		(\$2,897,299)
Changes in assumptions	475,486	(669,779)
Net differences between projected and actual earnings on plan investments		(1,556,636)
Total	\$4,929,106	(\$5,123,714)

\$4,453,620 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, 2023. 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
2023	(\$1,538,660)
2024	(1,539,989)
2025	(981,204)
2026	(545,870)
2027	(42,505)

NOTE 10.**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 Plan is part of the public agency agent multiple-employer defined contribution plan that is administered by CalPERS. Benefit provisions under the Plan are established by City Resolution.

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.

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

The City adopted a Resolution that requires a monthly deferred compensation contribution of \$1,000 for the City Manager. The City does not make any other contributions to the Plan. The City's required contributions for the year ended June 30, 2022 totaled \$12,000.

NOTE 11.
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 \$250,000 of general and automobile liability claims and maintains a \$25,000 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), 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, 2022, the City contributed \$627,877 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, 2022 and 2021:

	2022	2021
Beginning balance of claims payable	\$10,150,000	\$9,194,000
Increase in estimated claims liability	3,587,995	3,415,361
Claims paid	(3,250,995)	(2,459,361)
Ending balance of claims payable	<u><u>\$10,487,000</u></u>	<u><u>\$10,150,000</u></u>
Current Portion	<u><u>\$2,544,159</u></u>	<u><u>\$2,452,655</u></u>

The undiscounted claims totaled \$11,569,000 at June 30, 2022.

NOTE 12.

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, 2022, are below:

Fund Balance Classifications	General Fund	Gas Tax	Grants	Measures A and W	Capital Projects	Other Governmental Funds	Total
Nonspendables:							
Items not in spendable form:							
Inventories	\$18,150	\$23,317					\$41,467
Petty cash	7,155						7,155
Prepays	360,359				\$1,484		361,843
Loan receivable	200,000						200,000
Loan receivable from Successor Agency	12,142,785						12,142,785
Total Nonspendable	12,728,449	23,317			1,484		12,753,250
Restricted for:							
Pension benefits	4,332,892						4,332,892
Gas Tax Projects		8,809,993					8,809,993
Capital Projects	1,000,000			\$9,065,779	11,026,935		21,092,714
Affordable Housing						\$5,101,756	5,101,756
Low and Moderate Income						4,061,609	4,061,609
Housing Assets						555,562	555,562
Linda Vista Benefit Assessment						97,242	97,242
Traffic Safety						1	1,184,651
Grants			\$1,184,650				
Total Restricted	5,332,892	8,809,993	1,184,650	9,065,779	11,026,935	9,816,170	45,236,419
Assigned to:							
Capital Projects						16,069,890	16,069,890
Other Contracts	1,055,425						1,055,425
Total Assigned	1,055,425				16,069,890		17,125,315
Unassigned:							
Contingency Fund	1,000,000						1,000,000
Operating Reserve	18,000,000						18,000,000
Unassigned	31,928,350						31,928,350
Total Unassigned	50,928,350						50,928,350
Total Fund Balances	\$70,045,116	\$8,833,310	\$1,184,650	\$9,065,779	\$27,098,309	\$9,816,170	\$126,043,334

C. MINIMUM FUND BALANCE POLICY

The City Council adopted a General Fund Reserve Policy in July 2020 to establish target reserve levels and the methodology for calculating reserve levels. The Policy also establishes criteria for the use of reserves and a process to replenish reserves.

The Policy requires the City to strive to maintain the following fund balances:

1) Contingency Fund

The City shall maintain a minimum Contingency Fund reserve equal to \$1,000,000 within its General Fund to provide a financial cushion to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods or to provide funds in the event of major unplanned expenditures the City could face as a result of natural or man-made disasters such as earthquakes, windstorms, landslides, floods, wildfires, natural gas leaks, or terrorist attacks.

The balance of the Contingency Fund Reserve was \$1,000,000 at June 30, 2022 and is reported as a component of General Fund unassigned fund balance.

2) General Fund Operating Reserve

The City shall maintain a minimum General Fund operating reserve equal to two months (17%), and a targeted reserve equal to three months (25%), of General Fund annual operating expenditures plus recurring (i.e., not one-time) transfers to other funds for that fiscal year. These reserves will be used to provide adequate cash flow and budget contingencies.

The balance of the Operating Reserve was \$18 million at June 30, 2022 and is reported as a component of General Fund unassigned fund balance.

If reserves are projected to fall below, or unexpectedly fall below, the minimum levels as set by this policy, the City shall include within its annual budget a plan to restore reserves to the minimum levels within two years based on its long-range financial forecast. Such a plan may include, but not be limited to, revenue enhancements, service delivery changes, expenditure controls/cost shifts, and/or service level reductions. At no time shall reserves be planned to fall below zero for any operating or capital fund.

D. NET POSITION RESTRICTED FOR QUALIFIED CAPITAL OUTLAY

The City established a Reserve for Qualified Capital Outlay in the Sanitation District Enterprise Fund and transferred into it amounts from fiscal years 2019 to 2022 necessary to ensure compliance with State Gann Limit provisions. These funds will be used solely to pay for Gann Limit excludable capital expenses. To qualify, they must be for assets with a value greater than \$100,000 and a useful life of at least 10 years.

E. RESTATEMENT

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. As a result, the City determined that beginning the balances of leases receivable and deferred inflows of resources related to leases were \$19,356,538 and the balances of the lease payable and intangible right-to-use asset was \$98,554 as of July 1, 2021 and restated and increased the balances in that amount, and the net effect on beginning net position was zero. See the Leases disclosure in Note 7.

NOTE 13.

LOANS AND NOTES RECEIVABLE

Housing Rehabilitation Program - 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 2022, the City made loans to 4 participants under this program and the CDBG and Cal HOME loan program activity is as follows:

Beginning Balance	\$1,418,406
New loans	82,145
Loan repayments	(65,881)
Loans forgiven	(11,198)
Ending Balance	<u><u>\$1,423,472</u></u>

Daly City Partnership Loan – In October 2021, the City made a loan of \$200,000 to the Daly City Partnership, a nonprofit corporation, to administer the services provided for the rental support and case management services for very low income residents negative impacted by the COVID-19 pandemic, by supporting cash flow during the administration of those programs. The loan does not bear interest and is repayable on or before December 31, 2022.

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, 2022 are discussed in Note 1H above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2022.

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, 2022 is \$12,142,785.

NOTE 15.

SUBSEQUENT EVENT

On October 11, 2022, the City entered into a lease financing agreement in the amount of \$1,830,457 with Community First National Bank, to acquire two fire engines. Principal and interest are due annually starting on January 15, 2024, with annual payments of \$306,115 through 2030. The lease bears an interest rate of 3.81%.



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.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

As of fiscal year ending June 30, 2022

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	2019-2020	2020-2021
Total Pension Liability								
Service Cost	\$4,928,638	\$4,355,451	\$4,356,641	\$4,961,492	\$4,820,144	\$4,846,377	\$4,734,206	\$4,750,071
Interest	19,456,167	20,028,375	20,453,457	21,126,222	21,405,533	22,557,657	23,372,961	24,305,480
Differences between expected and actual experience	(5,096,599)	(6,329,013)	(1,376,656)	1,006,212	5,081,458	432,569	2,730,394	
Changes in assumptions								
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)	(16,891,285)	(18,715,236)
Net change in total pension liability	13,079,916	2,264,041	5,618,086	28,707,507	3,645,862	16,621,431	11,648,451	13,070,709
Total pension liability - beginning	262,603,681	275,683,597	277,947,638	283,565,724	312,273,231	315,919,093	332,540,524	344,188,975
Total pension liability - ending (a)	\$275,683,597	\$277,947,638	\$283,565,724	\$312,273,231	\$315,919,093	\$332,540,524	\$344,188,975	\$357,259,684
Plan fiduciary net position								
Contributions - employer	\$3,860,928	\$3,732,343	\$4,446,777	\$5,539,675	\$6,152,860	\$7,068,468	\$8,214,918	\$8,924,993
Contributions - employee	2,090,754	1,959,273	2,019,542	2,110,207	2,068,466	2,144,408	2,252,506	2,129,297
Net investment income	34,374,839	5,074,277	1,142,662	24,378,978	19,945,939	16,443,055	12,936,801	59,983,132
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)	(16,891,285)	(18,715,236)
Other miscellaneous income (expense)					(708,784)	585		
Administrative Expense		(255,289)	(138,235)	(326,924)	(373,237)	(179,872)	(368,964)	(267,582)
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	6,143,976	52,054,604
Plan fiduciary net position - beginning	199,423,445	228,445,077	226,820,602	221,428,349	239,519,536	252,054,998	261,721,857	267,865,833
Plan fiduciary net position - ending (b)	\$228,445,077	\$226,820,602	\$221,428,349	\$239,519,536	\$252,054,998	\$261,721,857	\$267,865,833	\$319,920,437
Net pension liability - ending (a)-(b)	\$47,238,520	\$51,127,036	\$62,137,375	\$72,753,695	\$63,864,095	\$70,818,667	\$76,323,142	\$37,339,247
Plan fiduciary net position as a percentage of the total pension liability	82.86%	81.61%	78.09%	76.70%	79.78%	78.70%	77.83%	89.55%
Covered payroll	\$24,443,972	\$22,658,681	\$22,823,982	\$23,568,915	\$22,688,822	\$24,144,928	\$24,817,517	\$24,973,064
Net pension liability as percentage of covered payroll	193.25%	225.64%	272.25%	308.68%	281.48%	293.31%	307.54%	149.52%

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. In 2016, 2018, 2019, 2020 and 2021 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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

As of fiscal year ending June 30, 2022

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	2019-2020	2020-2021
Total Pension Liability								
Service Cost	\$5,018,136	\$4,776,984	\$4,859,775	\$5,566,167	\$5,314,299	\$5,562,199	\$5,837,397	\$5,977,808
Interest	19,532,405	20,368,130	21,118,384	21,794,377	22,455,535	23,732,977	24,739,728	25,785,538
Differences between expected and actual experience	(455,068)	(1,021,524)		293,934	(978,042)	7,441,738	3,245,246	3,789,911
Changes in assumptions				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)	(19,366,927)	(20,254,165)
Net change in total pension liability	11,554,263	6,143,145	10,017,468	29,436,298	9,048,717	18,908,683	14,455,444	15,299,092
Total pension liability - beginning	264,421,131	275,975,394	282,118,539	292,136,007	321,572,305	330,621,022	349,529,705	363,985,149
Total pension liability - ending (a)	\$275,975,394	\$282,118,539	\$292,136,007	\$321,572,305	\$330,621,022	\$349,529,705	\$363,985,149	\$379,284,241
Plan fiduciary net position								
Contributions - employer	\$4,225,009	\$4,630,110	\$5,309,673	\$6,087,507	\$6,986,096	\$8,259,177	\$9,741,720	\$10,622,105
Contributions - employee	2,632,654	1,864,455	1,917,899	1,935,079	2,062,297	2,040,072	2,186,070	2,777,982
Net investment income	33,622,839	4,997,920	1,208,758	23,497,877	18,994,354	15,591,708	12,209,629	56,328,465
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)	(19,366,927)	(20,254,165)
Administrative Expense		(249,064)	(134,719)	(316,566)	(358,363)	(171,174)	(349,203)	(251,859)
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	4,421,289	49,222,528
Plan fiduciary net position - beginning	196,098,570	223,582,794	221,050,438	214,412,882	229,973,896	239,866,987	247,704,819	252,126,108
Plan fiduciary net position - ending (b)	\$223,582,794	\$221,050,438	\$214,412,882	\$229,973,896	\$239,866,987	\$247,704,819	\$252,126,108	\$301,348,636
Net pension liability - ending (a)-(b)	\$52,392,600	\$61,068,101	\$77,723,125	\$91,598,409	\$90,754,035	\$101,824,886	\$111,859,041	\$77,935,605
Plan fiduciary net position as a percentage of the total pension liability	81.02%	78.35%	73.39%	71.52%	72.55%	70.87%	69.27%	79.45%
Covered payroll	\$19,652,763	\$19,567,377	\$19,784,134	\$19,829,558	\$20,477,192	\$21,410,816	\$22,001,988	\$23,722,063
Net pension liability as percentage of covered payroll	266.59%	312.09%	392.86%	461.93%	443.20%	475.58%	508.40%	328.54%

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. In 2016, 2018, 2019, 2020 and 2021 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

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

As of fiscal year ending June 30, 2022

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	MISCELLANEOUS							
	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$4,637,116	\$6,771,305	\$5,540,220	\$6,146,305	\$7,064,967	\$8,236,678	\$8,901,914	\$9,382,915
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)	(8,901,914)	(9,382,915)
Contribution deficiency (excess)								
Covered payroll	\$22,658,681	\$22,823,982	\$23,568,915	\$22,688,822	\$24,144,928	\$24,817,517	\$24,973,064	\$27,629,117
Contributions as a percentage of covered payroll	20.47%	29.67%	23.51%	27.09%	29.26%	33.19%	35.65%	33.96%

Notes to Schedule

Valuation date:

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

As of fiscal year ending June 30, 2022

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	SAFETY							
	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$4,225,009	\$5,309,673	\$6,090,350	\$6,985,429	\$8,263,084	\$9,742,714	\$10,620,215	\$12,263,576
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)	(10,620,215)	(12,263,576)
Contribution deficiency (excess)								
Covered payroll	\$19,567,377	\$19,784,134	\$19,829,558	\$20,477,192	\$21,410,816	\$22,001,988	\$23,722,063	\$26,760,075
Contributions as a percentage of covered payroll	21.59%	26.84%	30.71%	34.11%	38.59%	44.28%	44.77%	45.83%

Notes to Schedule

Valuation date:

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

As of fiscal year ending June 30, 2022

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Measurement Date Ended June 30	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$1,470,697	\$1,514,818	\$1,560,263	\$1,455,663	\$1,480,458
Interest	3,449,729	3,567,790	3,690,181	3,500,744	3,541,517
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	-	(4,588,272)	-	(1,048,749)
Changes of assumptions	-	-	(281,571)	(865,013)	581,149
Benefit payments	(2,980,461)	(3,170,657)	(3,168,930)	(3,445,074)	(3,482,594)
Net change in total OPEB liability	1,939,965	1,911,951	(2,788,329)	646,320	1,071,781
Total OPEB liability - beginning	55,215,189	57,155,154	59,067,105	56,278,776	56,925,096
Total OPEB liability - ending (a)	\$57,155,154	\$59,067,105	\$56,278,776	\$56,925,096	\$57,996,877
 Plan fiduciary net position					
Contributions - employer	\$5,980,461	\$4,170,657	\$3,168,930	\$5,445,074	\$5,482,594
Contributions - employee	-	-	-	-	-
Net investment income	557,870	604,302	799,047	653,960	2,914,658
Administrative expense	(4,247)	(18,096)	(2,447)	(6,040)	(5,425)
Benefit payments	(2,980,461)	(3,170,657)	(3,168,930)	(3,445,074)	(3,482,594)
Net change in plan fiduciary net position	3,553,623	1,586,206	796,600	2,647,920	4,909,233
Plan fiduciary net position - beginning	6,230,721	9,784,344	11,370,550	12,167,150	14,815,070
Plan fiduciary net position - ending (b)	\$9,784,344	\$11,370,550	\$12,167,150	\$14,815,070	\$19,724,303
 Net OPEB liability - ending (a)-(b)	 \$47,370,810	 \$47,696,555	 \$44,111,626	 \$42,110,026	 \$38,272,574
Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	19.25%	21.62%	26.03%	34.01%
Covered-employee payroll	\$50,082,473	\$49,471,054	\$50,975,693	\$51,740,099	\$54,458,885
Net OPEB liability as a percentage of covered-employee payroll	94.59%	96.41%	86.53%	81.39%	70.28%

* 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, 2022

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions	\$5,021,000	\$4,873,000	\$5,264,000	\$5,109,000	
Contractually required contributions (a)					\$4,185,306
Contributions in relation to the contractually required or actuarially determined contributions	(4,453,620)	(5,482,594)	(5,445,074)	(3,168,930)	(4,185,306)
Contribution deficiency (excess)	\$567,380	(\$609,594)	(\$181,074)	\$1,940,070	\$0
Covered-employee payroll	<u>\$63,519,016</u>	<u>\$54,458,885</u>	<u>\$51,740,099</u>	<u>\$50,975,693</u>	<u>\$49,471,054</u>
Contributions as a percentage of covered-employee payroll	7.01%	10.07%	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, 2022**

	General	Special Deposits	Traffic Enforcement	Total General Fund
ASSETS				
Cash and investments	\$60,458,485	\$13,045,664	\$664,767	\$74,168,916
Restricted cash and investments	4,332,892			4,332,892
Accounts receivable, net	10,500,745	65,680	7,632	10,574,057
Due from other funds	22,786			22,786
Prepays	360,359			360,359
Inventories	18,150			18,150
Loan receivable	200,000			200,000
Loan receivable from Successor Agency	12,142,785			12,142,785
Leases receivable	9,055,050			9,055,050
 Total Assets	 \$97,091,252	 \$13,111,344	 \$672,399	 \$110,874,995
LIABILITIES				
Accounts payable	\$2,669,900	\$4,399,298		\$7,069,198
Accrued payroll	884,727			884,727
Deposits payable		8,276,191		8,276,191
Unearned revenue	15,675,088			15,675,088
 Total Liabilities	 19,229,715	 12,675,489		 31,905,204
DEFERRED INFLOWS OF RESOURCES				
Related to leases	8,924,675			8,924,675
FUND BALANCES				
Fund Balance				
Nonspendable	12,728,449			12,728,449
Restricted	5,332,892			5,332,892
Assigned	1,055,425			1,055,425
Unassigned	49,820,096	435,855	\$672,399	50,928,350
 Total Fund Balances	 68,936,862	 435,855	 672,399	 70,045,116
 Total Liabilities, and Fund Balances	 \$97,091,252	 \$13,111,344	 \$672,399	 \$110,874,995

**CITY OF DALY CITY
GENERAL FUND**
**COMBINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

	General	Special Deposits	Traffic Enforcements	Total General Funds
REVENUES				
Property tax	\$45,611,135			\$45,611,135
Sales tax	24,157,170			24,157,170
Utility users tax	6,008,575			6,008,575
Franchise fees	4,909,174			4,909,174
Other taxes	7,587,013			7,587,013
Licenses and permits	3,015,932			3,015,932
Fines and forfeitures	2,263,332		\$65,806	2,329,138
Rents and interest	(1,525,051)			(1,525,051)
Federal programs and grants	8,539,854			8,539,854
Receipts from other agencies	1,262,931			1,262,931
Charges and fees	6,646,169	\$11,200		6,657,369
Miscellaneous	4,184,906	1,327		4,186,233
 Total Revenues	 112,661,140	 12,527	 65,806	 112,739,473
EXPENDITURES				
Current:				
General government	13,432,444			13,432,444
Public safety	68,607,651			68,607,651
Public works	6,014,764			6,014,764
Culture and recreation	13,126,681	120		13,126,801
Economic and community development	5,379,260			5,379,260
Debt service:				
Principal	68,851			68,851
Interest	3,310			3,310
 Total Expenditures	 106,632,961	 120	 65,806	 106,633,081
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 6,028,179	 12,407	 65,806	 6,106,392
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property				
Transfers in	3,945,778	171		3,945,949
Transfers (out)	(2,917,358)			(2,917,358)
 Total Other Financing Sources (Uses)	 1,028,420	 171	 65,806	 1,028,591
NET CHANGES IN FUND BALANCES	 7,056,599	 12,578	 65,806	 7,134,983
BEGINNING FUND BALANCES	 61,880,263	 423,277	 606,593	 62,910,133
ENDING FUND BALANCES	 \$68,936,862	 \$435,855	 \$672,399	 \$70,045,116



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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Rents and interest		(\$791,722)	(\$791,722)
Federal programs and grants	\$7,003,500	331,282	(6,672,218)
Receipts from other agencies	6,271,750	123,137	(6,148,613)
Charges and fees	2,109,190	1,988,967	(120,223)
Miscellaneous	<u>500,000</u>	<u>187,427</u>	<u>(312,573)</u>
Total Revenues	<u>15,884,440</u>	<u>1,839,091</u>	<u>(14,045,349)</u>
EXPENDITURES			
Capital projects	<u>26,319,213</u>	<u>3,697,359</u>	<u>22,621,854</u>
Total Expenditures	<u>26,319,213</u>	<u>3,697,359</u>	<u>22,621,854</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>(10,434,773)</u>	<u>(1,858,268)</u>	<u>8,576,505</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,028,926	996,655	(1,032,271)
Transfers (out)	(4,141,529)	(468,219)	3,673,310
Total Other Financing Sources (Uses)	<u>(2,112,603)</u>	<u>528,436</u>	<u>2,641,039</u>
NET CHANGE IN FUND BALANCES	<u>(\$12,547,376)</u>	<u>(1,329,832)</u>	<u>\$11,217,544</u>
BEGINNING FUND BALANCE		<u>28,428,141</u>	
ENDING FUND BALANCE		<u>\$27,098,309</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.
- 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.
- Affordable Housing – to account for the activities of the Daly City Housing Development Finance Agency.

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

SPECIAL REVENUE FUNDS					
	Low and Moderate Income Housing Assets	Community Block Grant	Linda Vista Benefit Assessment	Traffic Safety	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$5,107,439		\$555,562	\$96,635	\$6,454,357
Accounts receivable, net		\$285,446		607	286,053
Notes receivable		997,597			997,597
Property held for development				3,366,888	3,366,888
Total Assets	\$5,107,439	\$1,283,043	\$555,562	\$97,242	\$11,104,895
LIABILITIES					
Accounts payable		\$259,378			\$259,378
Accrued payroll	\$1,682	3,281			4,963
Due to other funds		22,786			22,786
Deposits payable	4,001				4,001
Total Liabilities	5,683	285,445			291,128
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - loans		997,597			997,597
FUND BALANCES					
Restricted	5,101,756	1	\$555,562	\$97,242	\$4,061,609
Total Fund Balances	5,101,756	1	\$555,562	97,242	\$4,061,609
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5,107,439	\$1,283,043	\$555,562	\$97,242	\$11,104,895

CITY OF DALY CITY
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS					Total Nonmajor Governmental Funds
	Low and Moderate Income Housing Assets	Community Block Grant	Linda Vista Benefit Assessment	Traffic Safety	Affordable Housing	
REVENUES						
Sales tax						
Rents and interest	\$39,804		(\$15,237)		\$921	\$25,488
Federal programs and grants		\$1,330,183			3,936	1,334,119
Charges and fees			44,379	\$14,979		59,358
Miscellaneous	128,563	312,604			1,962	443,129
Total Revenues	168,367	1,642,787	29,142	14,979	6,819	1,862,094
EXPENDITURES						
Public safety				8,825		8,825
Public works			19,295			19,295
Economic and community development	44,517	1,237,848			173,647	1,456,012
Debt service:						
Principal		390,000				390,000
Interest		14,824				14,824
Total Expenditures	44,517	1,642,672	19,295	8,825	173,647	1,888,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	123,850	115	9,847	6,154	(166,828)	(26,862)
OTHER FINANCING SOURCES (USES)						
Transfers in				12,272	4,228,437	4,240,709
Transfers out	(3,990,884)					(3,990,884)
Total Other Financing Sources (Uses)	(3,990,884)			12,272	4,228,437	249,825
NET CHANGE IN FUND BALANCES	(3,867,034)	115	9,847	18,426	4,061,609	222,963
BEGINNING FUND BALANCES	8,968,790	(114)	545,715	78,816		9,593,207
ENDING FUND BALANCES	\$5,101,756	\$1	\$555,562	\$97,242	\$4,061,609	\$9,816,170

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, 2022

	LOW AND MODERATE INCOME HOUSING ASSETS			COMMUNITY BLOCK GRANT		
			Variance			Variance
	Budget	Actual	Positive (Negative)	Budget	Actual	Positive (Negative)
REVENUES						
Sales tax						
Rents and interest	\$70,000	\$39,804	(\$30,196)	\$2,274,209	\$1,330,183	(\$944,026)
Federal programs and grants				505,828		(505,828)
Receipts from other agencies						
Charges and fees						
Miscellaneous	5,350	128,563	123,213	294,085	312,604	18,519
Total Revenues	75,350	168,367	93,017	3,074,122	1,642,787	(1,431,335)
EXPENDITURES						
Public Safety						
Services and supplies						
Capital outlay						
Other charges						
Total Public Safety	_____	_____	_____	_____	_____	_____
Public Works						
Services and supplies						
Capital outlay						
Other charges						
Total Public Works	_____	_____	_____	_____	_____	_____
Economic and Community Development						
Salaries and benefits				431,627	413,138	18,489
Services and supplies	74,500	44,517	29,983	943,451	575,611	367,840
Other charges	4,200,000		4,200,000	894,219	202,589	691,630
Capital outlay				400,000	46,510	353,490
Debt Service:						
Principal				390,000	390,000	
Interest				14,824	14,824	
Total Economic and Community Development	4,274,500	44,517	4,229,983	3,074,121	1,642,672	1,431,449
Total Expenditures	4,274,500	44,517	4,229,983	3,074,121	1,642,672	1,431,449
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,199,150)	123,850	4,323,000	1	115	114
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(450,362)	(3,990,884)	(3,540,522)			
Total Other Financing Sources (Uses)	(450,362)	(3,990,884)	(3,540,522)			
NET CHANGE IN FUND BALANCES	(\$4,649,512)	(3,867,034)	\$782,478	\$1	115	\$114
BEGINNING FUND BALANCES		8,968,790			(114)	
ENDING FUND BALANCES		\$5,101,756				\$1

LINDA VISTA BENEFIT ASSESSMENT			TRAFFIC SAFETY			AFFORDABLE HOUSING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,264	(\$15,237)	(\$20,501)				\$5,000	\$921	(4,079)
44,381	44,379	(2)	\$40,182	\$14,979	(\$25,203)	16,000	1,962	(14,038)
49,645	29,142	(20,503)	40,182	14,979	(25,203)	21,000	6,819	(14,181)
			45,007	3,537	41,470			
			1,256		1,256			
			7,300	5,288	2,012			
			53,563	8,825	44,738			
16,942	16,652	290						
4,000	2,084	1,916						
500	559	(59)						
21,442	19,295	2,147						
						113,365	150,093	(36,728)
						245,873	23,554	222,319
						359,238	173,647	185,591
21,442	19,295	2,147	53,563	8,825	44,738	359,238	173,647	185,591
28,203	9,847	(18,356)	(13,381)	6,154	19,535	(338,238)	(166,828)	171,410
			12,272	12,272		687,915	4,228,437	3,540,522
			12,272	12,272		687,915	4,228,437	3,540,522
\$28,203	9,847	(\$18,356)	(\$1,109)	18,426	\$19,535	\$349,677	4,061,609	\$3,711,932
				78,816				
				97,242				
							\$4,061,609	



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.

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	\$7,141,037	\$319,990	\$349,311	\$3,075,579
Cash with fiscal agent				
Accounts receivable, net	23,434			70
Inventories	129,115			64,526
Total Current Assets	<u>7,293,586</u>	<u>319,990</u>	<u>349,311</u>	<u>3,140,175</u>
Capital Assets:				
Land				
Buildings	35,817			
Equipment	19,366,109	9,370	1,025,840	132,467
Furniture and fixtures				16,490
Construction in progress				
Total Capital Assets	<u>19,401,926</u>	<u>9,370</u>	<u>1,025,840</u>	<u>148,957</u>
Less Accumulated Depreciation	(12,393,223)	(9,370)	(934,999)	(82,864)
Net Capital Assets	<u>7,008,703</u>	<u>90,841</u>	<u>66,093</u>	
Total Assets	<u>14,302,289</u>	<u>319,990</u>	<u>440,152</u>	<u>3,206,268</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	<u>86,297</u>	<u>25,382</u>		<u>192,900</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	224,965	5,713	5,356	161,786
Accrued payroll	8,129	2,219		36,077
Interest payable	18,271			
Accrued claims payable				
Lease payable	200,710			
PERS obligation bonds				
Total Current Liabilities	<u>452,075</u>	<u>7,932</u>	<u>5,356</u>	<u>197,863</u>
Long-Term Liabilities:				
Compensated absences	182,468			428,962
Accrued claims payable				
Net OPEB Liability	670,066	197,078		1,497,794
Lease payable	1,086,856			
PERS obligation bonds				
Total Long-Term Liabilities	<u>1,939,390</u>	<u>197,078</u>		<u>1,926,756</u>
Total Liabilities	<u>2,391,465</u>	<u>205,010</u>	<u>5,356</u>	<u>2,124,619</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	<u>89,705</u>	<u>26,384</u>		<u>200,516</u>
NET POSITION				
Net investment in capital assets	5,721,137		90,841	66,093
Restricted for debt service				
Unrestricted	6,186,279	113,978	343,955	1,007,940
Total Net Position (Deficit)	<u>\$11,907,416</u>	<u>\$113,978</u>	<u>\$434,796</u>	<u>\$1,074,033</u>

Information Services	Self-Insurance	PERS Contributions	Total
\$5,058,627	\$17,089,355	\$9,963,682	\$42,997,581
		1,447	1,447
	24,922		48,426
		193,641	
<u>5,058,627</u>	<u>17,114,277</u>	<u>9,965,129</u>	<u>43,241,095</u>
	378,343		378,343
		35,817	
4,878,546			25,412,332
46,614			63,104
<u>179,803</u>	<u></u>	<u></u>	<u>179,803</u>
<u>5,104,963</u>	<u>378,343</u>	<u></u>	<u>26,069,399</u>
<u>(3,897,927)</u>	<u></u>	<u></u>	<u>(17,318,383)</u>
<u>1,207,036</u>	<u>378,343</u>	<u></u>	<u>8,751,016</u>
<u>6,265,663</u>	<u>17,492,620</u>	<u>9,965,129</u>	<u>51,992,111</u>
<u>55,849</u>	<u>5,076</u>	<u></u>	<u>365,504</u>
231,446	14,656	251,067	894,989
14,310	4,311		65,046
		40,535	58,806
	2,544,159		2,544,159
			200,710
		3,925,000	3,925,000
<u>245,756</u>	<u>2,563,126</u>	<u>4,216,602</u>	<u>7,688,710</u>
166,456	49,350		827,236
	7,942,841		7,942,841
433,572	39,416		2,837,926
			1,086,856
	4,325,000		4,325,000
<u>600,028</u>	<u>8,031,607</u>	<u>4,325,000</u>	<u>17,019,859</u>
<u>845,784</u>	<u>10,594,733</u>	<u>8,541,602</u>	<u>24,708,569</u>
<u>58,044</u>	<u>5,277</u>	<u></u>	<u>379,926</u>
1,207,036	378,343		7,463,450
		1,447	1,447
4,210,648	6,519,343	1,422,080	19,804,223
<u>\$5,417,684</u>	<u>\$6,897,686</u>	<u>\$1,423,527</u>	<u>\$27,269,120</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Motor Vehicles	Central Services	PBX	Building Maintenance
OPERATING REVENUES				
Charges to City departments	\$4,592,957	\$253,498	\$278,515	\$5,281,673
Other revenues	<u>268,754</u>		<u>761</u>	<u>5,989</u>
Total Operating Revenues	<u>4,861,711</u>	<u>253,498</u>	<u>279,276</u>	<u>5,287,662</u>
OPERATING EXPENSES				
Salaries and benefits	1,199,552	101,664		3,412,746
Services and supplies	1,624,918	112,959	56,775	1,197,130
Utilities	15,782	167	161,821	282,470
Insurance	565,706	214		6,803
Claims and settlements				
Depreciation	994,156		2,595	7,073
Other charges	<u>10,034</u>	<u>3,852</u>		<u>6,310</u>
Total Operating Expenses	<u>4,410,148</u>	<u>218,856</u>	<u>221,191</u>	<u>4,912,532</u>
Operating Income (Loss)	<u>451,563</u>	<u>34,642</u>	<u>58,085</u>	<u>375,130</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	34,185	4,345		146,588
Interest income	(203,193)	(8,535)	(9,262)	(83,524)
Gain on sale of capital assets	34,303			
Interest expense	<u>(36,752)</u>			
Total Nonoperating Revenues (Expenses)	<u>(171,457)</u>	<u>(4,190)</u>	<u>(9,262)</u>	<u>63,064</u>
Income (Loss) Before Transfers	<u>280,106</u>	<u>30,452</u>	<u>48,823</u>	<u>438,194</u>
Transfers in	438,161	43,367		
Transfers out	<u>(612,666)</u>	<u>(11,532)</u>	<u>(13,163)</u>	<u>(136,628)</u>
Net Transfers	<u>(174,505)</u>	<u>31,835</u>	<u>(13,163)</u>	<u>(136,628)</u>
Change in Net Position	105,601	62,287	35,660	301,566
BEGINNING NET POSITION (DEFICITS)	<u>11,801,815</u>	<u>51,691</u>	<u>399,136</u>	<u>772,467</u>
ENDING NET POSITION (DEFICITS)	<u>\$11,907,416</u>	<u>\$113,978</u>	<u>\$434,796</u>	<u>\$1,074,033</u>

Information Services	Self-Insurance	PERS Contributions	Total
\$3,245,885	\$7,467,479	\$4,758,139	\$25,878,146
	81,187		356,691
<u>3,245,885</u>	<u>7,548,666</u>	<u>4,758,139</u>	<u>26,234,837</u>
1,668,222	510,284		6,892,468
892,909	336,841	2,500	4,224,032
47,441	736		508,417
270	2,325,653		2,898,646
	3,587,995		3,587,995
187,332			1,191,156
626,803	5,767		652,766
<u>3,422,977</u>	<u>6,767,276</u>	<u>2,500</u>	<u>19,955,480</u>
(177,092)	781,390	4,755,639	6,279,357
51,598	9,900		246,616
(145,503)	(439,906)	897	(889,026)
			34,303
		<u>(678,826)</u>	<u>(715,578)</u>
<u>(93,905)</u>	<u>(430,006)</u>	<u>(677,929)</u>	<u>(1,323,685)</u>
<u>(270,997)</u>	<u>351,384</u>	<u>4,077,710</u>	<u>4,955,672</u>
70,077			551,605
(227,235)	(227,677)		(1,228,901)
<u>(157,158)</u>	<u>(227,677)</u>		<u>(677,296)</u>
(428,155)	123,707	4,077,710	4,278,376
<u>5,845,839</u>	<u>6,773,979</u>	<u>(2,654,183)</u>	<u>22,990,744</u>
<u>\$5,417,684</u>	<u>\$6,897,686</u>	<u>\$1,423,527</u>	<u>\$27,269,120</u>

**CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$4,868,216	\$253,498	\$279,276	\$5,287,592
Payments to suppliers	(611,515)	(115,775)	(213,240)	(1,406,874)
Payments to employees	(1,196,514)	(116,202)		(3,439,797)
Claims paid				
Cash Flows from (used for) Operating Activities	3,060,187	21,521	66,036	440,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Intergovernmental	34,185	4,345		146,588
Interfund receipts	438,161	43,367		
Interfund payments	(612,666)	(11,532)	(13,163)	(136,628)
Cash Flows from (used for) Noncapital Financing Activities	(140,320)	36,180	(13,163)	9,960
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,277,250)			(93,436)
Proceeds from sale of capital assets	34,303			
Principal paid on capital debt	(195,490)			
Interest paid on capital debt	(39,599)			
Cash Flows from (used for) Capital and Related Financing Activities	(2,478,036)		(93,436)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income (expense)	(203,193)	(8,535)	(9,262)	(83,524)
Net Cash Flows	238,638	49,166	(49,825)	367,357
Cash and investments at beginning of period	6,902,399	270,824	399,136	2,708,222
Cash and investments at end of period	\$7,141,037	\$319,990	\$349,311	\$3,075,579
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$451,563	\$34,642	\$58,085	\$375,130
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	994,156		2,595	7,073
Change in assets and liabilities:				
Receivables, net	6,505			(70)
Inventories	(26,588)			(6,017)
Prepays	1,483,056			
Accounts payable	148,457	1,417	5,356	91,856
Accrued claims payable				
Accrued payroll	1,056	1,020		14,977
Compensated absences	12,153			33,491
OPEB related items	(10,171)	(15,558)		(75,519)
Cash Flows from (used for) Operating Activities	\$3,060,187	\$21,521	\$66,036	\$440,921



CUSTODIAL FUNDS

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

These funds include the following:

- Billing Services – a custodial 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.
- Supporters of Senior Center – a custodial 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. The Supporters establish how the sources can be expended and approve disbursements from the account.

**CITY OF DALY CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	Billing Services	Supporters of Senior Center	Total
ASSETS			
Current Assets:			
Cash and investments	\$1,818,543	\$525,408	\$2,343,951
Accounts receivable, net	2,532,000		2,532,000
Total Assets	<u>4,350,543</u>	<u>525,408</u>	<u>4,875,951</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	4,350,543	2,279	4,352,822
Total Liabilities	<u>4,350,543</u>	<u>2,279</u>	<u>4,352,822</u>
NET POSITION			
Restricted for other organizations		523,129	523,129
Total Net Position (Deficit)		<u><u>\$523,129</u></u>	<u><u>\$523,129</u></u>

**CITY OF DALY CITY
CUSTODIAL FUNDS**
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Billing Services	Supporters of Senior Center	Total
ADDITIONS			
Receipts from other agencies		\$80,191	<u>\$80,191</u>
Total Additions		80,191	<u>80,191</u>
DEDUCTIONS			
Culture and recreation		1,354	<u>1,354</u>
Total Deductions		1,354	<u>1,354</u>
Change in Net Position		78,837	<u>78,837</u>
BEGINNING NET POSITION		444,292	<u>444,292</u>
ENDING NET POSITION (DEFICITS)		<u>\$523,129</u>	<u>\$523,129</u>



STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed Value of Taxable 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. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Water Utility District

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

STATISTICAL SECTION - (Continued)

Operating Information

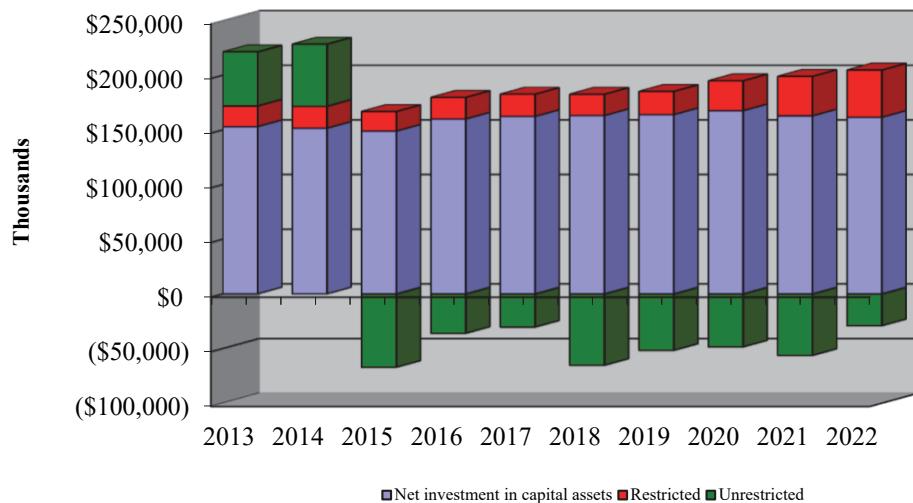
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$85,483,907	\$84,272,501	\$82,583,587	\$94,823,140	\$97,821,524
Restricted	18,829,245	20,021,555	17,933,727	19,744,996	20,315,097
Unrestricted	18,898,618	22,495,121	(88,028,802)	(64,966,915)	(62,902,410)
Total governmental activities net position	<u><u>\$123,211,770</u></u>	<u><u>\$126,789,177</u></u>	<u><u>\$12,488,512</u></u>	<u><u>\$49,601,221</u></u>	<u><u>\$55,234,211</u></u>

	2013	2014	2015	2016	2017
Business-type activities					
Net investment in capital asset	\$67,479,305	\$67,235,990	\$66,278,166	\$65,118,626	\$64,499,223
Restricted		11,229	11,231	11,250	11,250
Unrestricted	30,663,259	34,392,335	20,914,381	28,846,650	32,508,857
Total business-type activities net position	<u><u>\$98,142,564</u></u>	<u><u>\$101,639,554</u></u>	<u><u>\$87,203,778</u></u>	<u><u>\$93,976,526</u></u>	<u><u>\$97,019,330</u></u>

	2013	2014	2015	2016	2017
Primary government					
Net investment in capital assets	\$152,963,212	\$151,508,491	\$148,861,753	\$159,941,766	\$162,320,747
Restricted	18,829,245	20,032,784	17,944,958	19,756,246	20,326,347
Unrestricted	49,561,877	56,887,456	(67,114,421)	(36,120,265)	(30,393,553)
Total primary government net position	<u><u>\$221,354,334</u></u>	<u><u>\$228,428,731</u></u>	<u><u>\$99,692,290</u></u>	<u><u>\$143,577,747</u></u>	<u><u>\$152,253,541</u></u>

	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	\$97,958,640	\$97,757,236	\$100,413,948	\$96,788,966	\$96,249,039
Restricted	19,491,867	21,237,769	27,367,081	36,133,323	41,351,763
Unrestricted	(92,551,797)	(76,426,827)	(76,136,850)	(87,745,203)	(74,481,450)
Total governmental activities net position	<u><u>\$24,898,710</u></u>	<u><u>\$42,568,178</u></u>	<u><u>\$51,644,179</u></u>	<u><u>\$45,177,086</u></u>	<u><u>\$63,119,352</u></u>

	2018	2019	2020	2021	2022
Business-type activities					
Net investment in capital assets	\$65,137,866	\$66,160,150	\$67,108,189	\$66,028,084	\$65,244,523
Restricted	11,281	11,387	11,325	11,324	1,886,963
Unrestricted	27,207,951	24,735,488	27,617,595	31,433,874	45,343,377
Total business-type activities net position	<u><u>\$92,357,098</u></u>	<u><u>\$90,907,025</u></u>	<u><u>\$94,737,109</u></u>	<u><u>\$97,473,282</u></u>	<u><u>\$112,474,863</u></u>

	2018	2019	2020	2021	2022
Primary government					
Net investment in capital assets	\$163,096,506	\$163,917,386	\$167,522,137	\$162,817,050	\$161,493,562
Restricted	19,503,148	21,249,156	27,378,406	36,144,647	43,238,726
Unrestricted	(65,343,846)	(51,691,339)	(48,519,255)	(56,311,329)	(29,138,073)
Total primary government net position	<u><u>\$117,255,808</u></u>	<u><u>\$133,475,203</u></u>	<u><u>\$146,381,288</u></u>	<u><u>\$142,650,368</u></u>	<u><u>\$175,594,215</u></u>

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

	For the Fiscal Year Ended June 30,			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$8,823,639	\$10,889,822	\$9,669,627	\$10,685,635
Public safety	44,910,136	42,704,694	43,774,625	45,867,228
Public works	5,064,375	5,597,137	7,579,522	8,196,165
Streets and infrastructure	4,114,332	3,318,214	3,466,347	4,014,914
Culture and recreation	13,811,273	13,350,277	11,621,738	12,263,494
Economic and community development	4,661,549	3,592,174	4,718,470	4,099,948
Nondepartmental				
Interest on long term debt	177,561	166,114	172,642	40,000
Total governmental activities expenses	<u>81,562,865</u>	<u>79,618,432</u>	<u>81,002,971</u>	<u>85,167,384</u>
Business-type activities:				
Water	15,266,033	13,337,352	14,451,497	16,082,814
Civic center	813,497	841,901	853,913	892,003
Transfer station	151,582	165,477	178,290	37,579
Sanitation district	16,663,492	18,262,624	18,629,686	14,325,333
Total business-type activities expenses	<u>32,894,604</u>	<u>32,607,354</u>	<u>34,113,386</u>	<u>31,337,729</u>
Total primary government expenses	<u><u>\$114,457,469</u></u>	<u><u>\$112,225,786</u></u>	<u><u>\$115,116,357</u></u>	<u><u>\$116,505,113</u></u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$753,748	\$1,034,252	\$5,054,225	\$4,074,661
Public safety	4,415,226	4,454,105	5,403,840	6,490,600
Public works	1,313,510	1,036,109	1,528,698	2,524,779
Streets and infrastructure	1,009,844	1,135,335	1,283,105	1,528,812
Culture and recreation	2,723,265	2,812,145	2,989,174	3,162,473
Economic and community development	2,374,804	2,243,212	4,961,729	6,162,433
Operating grants and contributions	7,356,801	7,901,753	8,467,395	6,311,937
Capital grants and contributions	763,676	325,832	3,355,718	2,492,055
Total governmental activities program revenues	<u>20,710,874</u>	<u>20,942,743</u>	<u>33,043,884</u>	<u>32,747,750</u>
Business-type activities:				
Charges for services:				
Water	16,357,654	18,095,452	18,731,931	16,645,244
Civic center	671,556	834,950	976,374	695,906
Transfer station	375,000	375,000	375,000	281,250
Sanitation district	15,600,570	16,676,480	18,416,575	19,695,887
Operating grants and contributions				
Total business-type activities program revenues	<u>33,004,780</u>	<u>35,981,882</u>	<u>38,499,880</u>	<u>37,318,287</u>
Total primary government program revenues	<u><u>\$53,715,654</u></u>	<u><u>\$56,924,625</u></u>	<u><u>\$71,543,764</u></u>	<u><u>\$70,066,037</u></u>
Net (Expense)/Revenue				
Governmental activities	(\$60,851,991)	(\$58,675,689)	(\$47,959,087)	(\$52,419,634)
Business-type activities	110,176	3,374,528	4,386,494	5,980,558
Total primary government net expense	<u><u>(\$60,741,815)</u></u>	<u><u>(\$55,301,161)</u></u>	<u><u>(\$43,572,593)</u></u>	<u><u>(\$46,439,076)</u></u>

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

For the Fiscal Year Ended June 30,					
2017	2018	2019	2020	2021	2022
\$7,972,197	\$11,936,041	\$12,476,872	\$12,998,948	\$13,339,758	\$14,340,037
63,616,023	55,603,978	56,118,396	65,368,018	67,486,476	58,797,739
7,573,579	10,963,753	12,218,279	14,216,669	17,734,741	16,152,556
3,335,132	2,198,287	1,955,081 (a)	(a)	(a)	
10,221,420	12,412,166	12,446,541	12,597,628	10,761,931	14,579,848
3,083,160	5,194,603	4,107,836	4,649,920	5,193,416	7,500,998
	1,373,040	1,230,480	1,160,227	820,486	729,892
<u>95,801,511</u>	<u>99,681,868</u>	<u>100,553,485</u>	<u>110,991,410</u>	<u>115,336,808</u>	<u>112,101,070</u>
14,954,595	17,406,932	15,811,469	17,107,407	16,761,016	15,284,885
800,786	961,868	792,490	832,870	863,506	935,680
206,918	266,241	234,590	28,709	(213)	
16,357,133	22,460,549	23,578,769	26,304,502	28,264,570	20,832,712
<u>32,319,432</u>	<u>41,095,590</u>	<u>40,417,318</u>	<u>44,273,488</u>	<u>45,888,879</u>	<u>37,053,277</u>
<u>\$128,120,943</u>	<u>\$140,777,458</u>	<u>\$140,970,803</u>	<u>\$155,264,898</u>	<u>\$161,225,687</u>	<u>\$149,154,347</u>
\$3,850,838	\$4,459,835	\$664,292	\$743,003	\$422,110	\$724,161
6,833,086	7,140,073	5,780,948	6,619,952	5,371,364	5,430,260
994,308	1,304,594	1,355,782	4,062,420	4,113,341	4,118,081
1,432,015	1,705,245	1,244,532 (a)	(a)	(a)	
2,906,739	3,115,467	2,859,075	2,105,126	502,031	1,495,986
4,645,536	4,582,767	3,900,404	4,704,318	4,054,903	4,171,831
6,293,562	6,774,088	11,518,920	17,017,844	18,280,149	18,038,910
1,824,697	1,233,529	5,520,111	4,597,424	2,472,075	7,696,982
<u>28,780,781</u>	<u>30,315,598</u>	<u>32,844,064</u>	<u>39,850,087</u>	<u>35,215,973</u>	<u>41,676,211</u>
17,186,882	18,879,659	20,671,704	23,385,773	23,672,903	25,984,982
676,391	589,569	801,304	844,360	881,616	1,341,880
<u>19,284,396</u>	<u>21,507,323</u>	<u>22,712,582</u>	<u>22,679,620</u>	<u>23,364,666</u>	<u>23,623,875</u>
<u>37,147,669</u>	<u>40,976,551</u>	<u>44,185,590</u>	<u>46,909,753</u>	<u>47,919,185</u>	<u>53,070,153</u>
<u>\$65,928,450</u>	<u>\$71,292,149</u>	<u>\$77,029,654</u>	<u>\$86,759,840</u>	<u>\$83,135,158</u>	<u>\$94,746,364</u>
(\$67,020,730)	(\$69,366,270)	(\$67,709,421)	(\$71,141,323)	(\$80,120,835)	(\$70,424,859)
4,828,237	(119,039)	3,768,272	2,636,265	2,030,306	16,016,876
<u>(\$62,192,493)</u>	<u>(\$69,485,309)</u>	<u>(\$63,941,149)</u>	<u>(\$68,505,058)</u>	<u>(\$78,090,529)</u>	<u>(\$54,407,983)</u>

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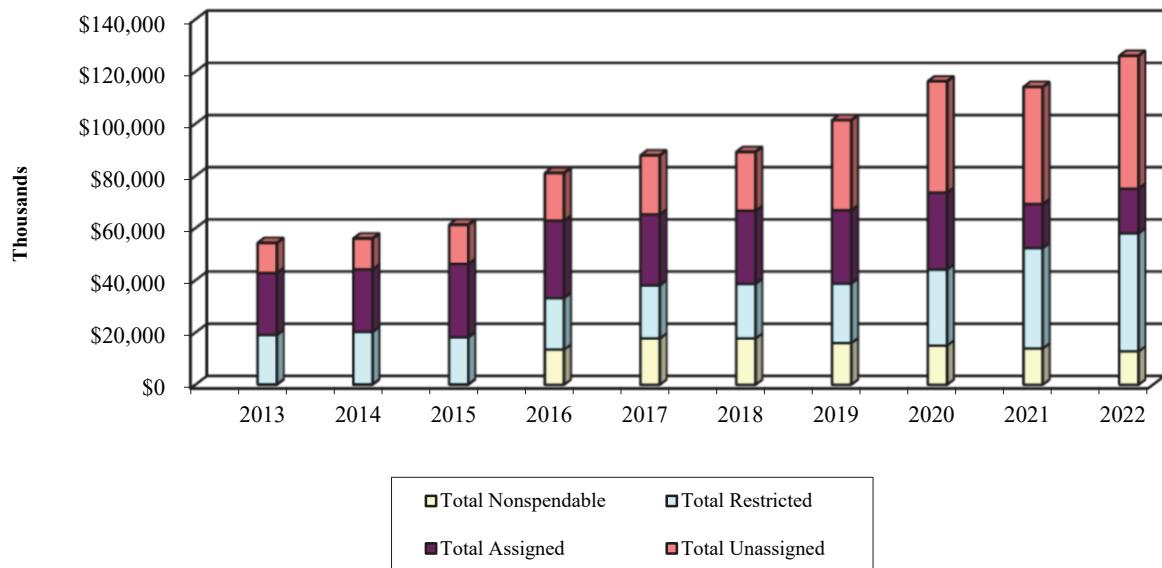
CITY OF DALY CITY
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$24,682,775	\$26,609,070	\$29,327,703	\$29,591,108
Sales taxes	11,619,157	12,594,335	12,379,135	13,688,644
Utility users tax	6,528,566	6,422,821	6,399,410	6,099,207
Franchise fees	3,544,075	3,663,247	3,675,411	3,828,424
Other taxes	4,756,255	5,247,886	5,322,471	5,761,695
Motor vehicle in-lieu	45,981		44,416	
Investment earnings	12,330	925,838	467,009	828,112
Other revenues	3,758,739	3,936,433	1,061,054	1,110,702
Transfers	3,010,709	2,853,466	2,983,597	2,060,161
Gain/(Loss) on sale of property			(3,003,763)	41,913
Extraordinary or Special item	(383,112)			26,522,377
Total government activities	<u>57,575,475</u>	<u>62,253,096</u>	<u>58,656,443</u>	<u>89,532,343</u>
Business-type activities:				
Property taxes	1,470,340	1,558,773	1,713,895	1,754,195
Investment earnings	(23,403)	493,501	265,045	385,674
Other revenues	715,729	918,589	2,350,952	712,482
Gain/(Loss) on sale of property	1,872	5,065		
Transfers	(3,010,709)	(2,853,466)	(2,983,597)	(2,060,161)
Extraordinary item or special item	(2,000,000)			
Total business-type activities	<u>(2,846,171)</u>	<u>122,462</u>	<u>1,346,295</u>	<u>792,190</u>
Total primary government	<u>\$54,729,304</u>	<u>\$62,375,558</u>	<u>\$60,002,738</u>	<u>\$90,324,533</u>
Change in Net Position				
Governmental activities	(\$3,276,516)	\$3,577,407	\$10,697,356	\$37,112,709
Business-type activities	(2,735,995)	3,496,990	5,732,789	6,772,748
Total primary government	<u>(\$6,012,511)</u>	<u>\$7,074,397</u>	<u>\$16,430,145</u>	<u>\$43,885,457</u>

For the Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022
\$31,417,252	\$33,069,899	\$36,699,766	\$37,261,483	\$33,949,879	\$45,611,135
13,805,186	15,232,989	17,699,000	16,371,691	18,566,645	24,157,170
6,299,448	5,977,178	5,906,694	5,769,697	5,912,945	6,008,575
3,878,461	4,022,440	4,178,006	4,536,241	4,255,982	4,909,174
6,017,318	6,408,495	6,854,372	7,278,295	7,300,774	7,587,013
700,994	1,058,264	3,113,786	4,581,480	(109,320)	(4,574,540)
1,379,422	1,614,584	1,685,805	1,360,090	1,150,745	2,059,402
4,616,272	2,188,873	1,524,773	3,058,347	2,282,058	2,574,893
	217,111	11,639		344,034	34,303
<u>68,114,353</u>	<u>69,789,833</u>	<u>77,673,841</u>	<u>80,217,324</u>	<u>73,653,742</u>	<u>88,367,125</u>
1,859,194	1,957,737	2,172,460	2,254,033	2,335,681	2,415,701
196,380	268,803	1,096,328	1,518,068	7,164	(1,374,982)
775,265	914,539	742,688	478,919	643,228	517,376
			1,146	1,852	1,503
(4,616,272)	(2,188,873)	(1,524,773)	(3,058,347)	(2,282,058)	(2,574,893)
<u>4,579,613</u>	<u>952,206</u>	<u>2,486,703</u>	<u>1,193,819</u>	<u>705,867</u>	<u>(1,015,295)</u>
<u>2,794,180</u>	<u>\$70,742,039</u>	<u>\$80,160,544</u>	<u>\$81,411,143</u>	<u>\$74,359,609</u>	<u>\$87,351,830</u>
\$1,093,623	\$423,563	\$9,964,420	\$9,076,001	(\$6,467,093)	\$17,942,266
7,622,417	833,167	6,254,975	3,830,084	2,736,173	15,001,581
<u>\$8,716,040</u>	<u>\$1,256,730</u>	<u>\$16,219,395</u>	<u>\$12,906,085</u>	<u>(\$3,730,920)</u>	<u>\$32,943,847</u>

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



	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$178,570	\$186,129	\$194,403	\$13,453,512	\$17,721,519
Restricted					
Assigned	12,109,457	12,103,389	12,220,256	12,098,569	12,111,209
Unassigned	11,522,227	11,838,923	15,059,052	18,329,649	22,681,817
Total General Fund	<u>\$23,810,254</u>	<u>\$24,128,441</u>	<u>\$27,473,711</u>	<u>\$43,881,730</u>	<u>\$52,514,545</u>
All Other Governmental Funds					
Nonspendable				\$2,211	\$6,998
Restricted	\$18,829,210	\$20,021,531	\$17,933,698	19,742,741	20,304,044
Assigned	11,698,471	11,873,724	15,906,433	17,525,314	15,076,221
Unassigned					2,072
Total all other governmental funds	<u>\$30,527,681</u>	<u>\$31,895,255</u>	<u>\$33,840,131</u>	<u>\$37,270,266</u>	<u>\$35,389,335</u>
All Governmental Funds					
Total Nonspendable	\$178,570	\$186,129	\$194,403	\$13,455,723	\$17,728,517
Total Restricted	18,829,210	20,021,531	17,933,698	19,742,741	20,304,044
Total Assigned	23,807,928	23,977,113	28,126,689	29,623,883	27,187,430
Total Unassigned	11,522,227	11,838,923	15,059,052	18,329,649	22,683,889
Total All Governmental Funds	<u>\$54,337,935</u>	<u>\$56,023,696</u>	<u>\$61,313,842</u>	<u>\$81,151,996</u>	<u>\$87,903,880</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,				
2018	2019	2020	2021	2022
\$17,684,920	\$15,927,953	\$14,955,064	\$13,875,487	\$12,728,449
3,016,958	3,198,748	3,382,363	3,746,447	5,332,892
12,047,395	12,291,473	12,663,807	375,051	1,055,425
22,589,341	34,684,815	42,666,860	44,913,148	50,928,350
\$55,338,614	\$66,102,989	\$73,668,094	\$62,910,133	\$70,045,116 (a)
\$29,668	\$29,738	\$34,625	\$25,184	\$24,801
17,897,042	19,592,976	25,695,472	34,689,298	39,903,527
15,972,732	15,753,688	16,870,159	16,491,889	16,069,890
(86,950)			(114)	
\$33,899,442	\$35,289,452	\$42,600,256	\$51,206,257	\$55,998,218 (a)
\$17,714,588	\$15,957,691	\$14,989,689	\$13,900,671	\$12,753,250
20,914,000	22,791,724	29,077,835	38,435,745	45,236,419
28,020,127	28,045,161	29,533,966	16,866,940	17,125,315
22,589,341	34,597,865	42,666,860	44,913,034	50,928,350
\$89,238,056	\$101,392,441	\$116,268,350	\$114,116,390	\$126,043,334

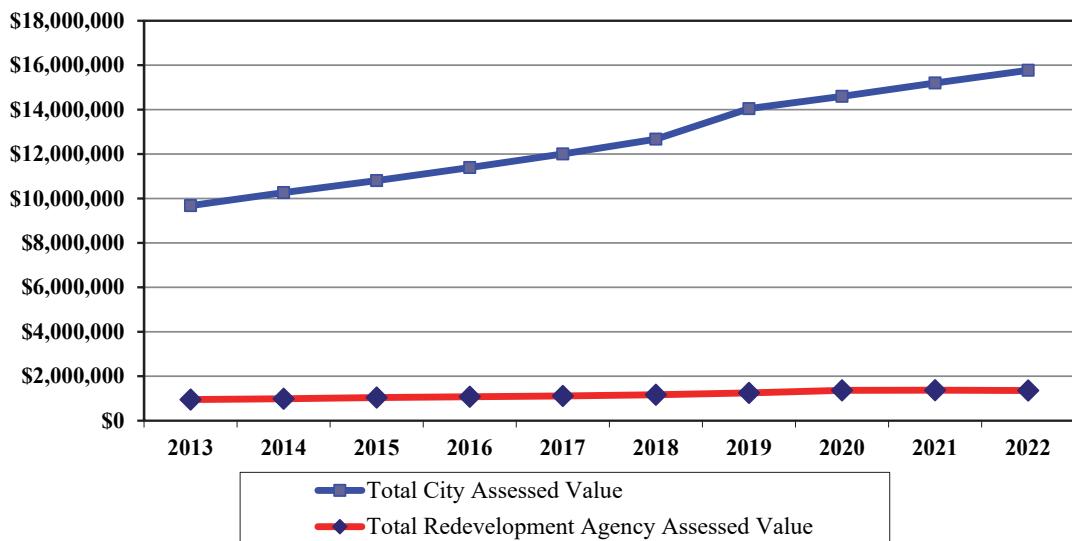
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,			
	2013	2014	2015	2016
Revenues				
Taxes	\$54,183,995	\$58,493,320	\$60,767,789	\$61,030,589
Licenses, permits and fees	1,578,457	1,697,703	2,679,745	2,889,367
Fines and forfeitures	2,420,754	2,301,580	2,740,510	3,442,372
Use of money and property	1,050,149	1,864,656	1,499,885	1,841,802
Intergovernmental revenues	4,366,743	3,511,403	6,092,246	4,218,152
Charges for services	7,479,277	7,757,549	12,763,912	14,632,874
Other	4,748,815	4,615,471	5,307,064	5,527,147
Total Revenues	75,828,190	80,241,682	91,851,151	93,582,303
Expenditures				
Current:				
General government	8,194,893	10,882,785	9,495,891	10,777,041
Public safety	42,150,729	42,737,888	44,972,711	49,047,952
Public works	4,726,801	4,712,465	7,053,586	7,589,698
Culture and recreation	12,105,970	11,932,443	10,085,356	10,569,151
Community development	4,666,975	3,896,212	4,917,443	4,306,935
Capital projects	4,336,490	4,149,538	4,359,239	5,726,698
Debt service:				
Principal repayment	212,000	227,000	244,000	260,000
Interest and fiscal charges	181,942	170,919	235,066	28,730
Total Expenditures	76,575,800	78,709,250	81,363,292	88,306,205
Excess (deficiency) of revenues over (under) expenditures	(747,610)	1,532,432	10,487,859	5,276,098
Other Financing Sources (Uses)				
Sale of property	18,057		(3,003,763)	1,600
Amount paid to State			(3,750,000)	
Transfers in	5,812,723	5,523,006	6,306,265	5,561,713
Transfers out	(2,903,573)	(5,369,677)	(4,750,215)	(4,776,760)
Total other financing sources (uses)	2,927,207	153,329	(5,197,713)	786,553
Extraordinary items				
Assets transferred to/liabilities assumed by Successor Agency	3,366,888			
Net Change in fund balances	\$5,546,485	\$1,685,761	\$5,290,146	\$6,062,651
Debt service as a percentage of noncapital expenditures	4.0%	0.5%	0.6%	0.3%

For the Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022
\$63,536,267	\$66,939,056	\$75,573,768	\$75,484,516	\$74,390,755	\$96,655,679
3,023,889	2,727,875	2,970,667	3,013,080	2,981,237	3,015,932
3,850,382	3,678,828	3,379,319	3,700,904	3,040,526	2,329,138
1,636,285	2,040,295	3,831,438	5,007,732	564,446	(2,672,633)
5,526,235	5,378,283	8,922,550	14,405,495	13,652,973	14,248,317
9,771,337	9,992,458	11,417,260	12,764,998	9,035,012	9,958,944
4,989,727	6,785,029	2,293,810	1,936,781	2,824,687	4,853,670
<u>92,334,122</u>	<u>97,541,824</u>	<u>108,388,812</u>	<u>116,313,506</u>	<u>106,489,636</u>	<u>128,389,047</u>
10,067,504	10,259,919	9,076,400	10,354,151	12,823,394	13,442,306
50,681,833	51,147,772	54,547,977	56,894,801	63,791,207	68,828,825
8,480,954	8,895,892	9,173,452	9,588,658	9,426,845	9,984,304
10,802,067	10,637,826	11,624,964	11,946,087	10,196,627	13,350,626
4,340,191	5,115,492	4,531,036	4,841,980	5,476,383	7,476,122
10,019,069	6,927,154	7,201,911	10,683,817	9,639,122	6,155,124
279,000	298,000	319,000	341,000	365,000	458,851
41,216	38,672	35,165	29,838	23,020	18,134
<u>94,711,834</u>	<u>93,320,727</u>	<u>96,509,905</u>	<u>104,680,332</u>	<u>111,741,598</u>	<u>119,714,292</u>
<u>(2,377,712)</u>	<u>4,221,097</u>	<u>11,878,907</u>	<u>11,633,174</u>	<u>(5,251,962)</u>	<u>8,674,755</u>
262,490	179,922	11,639		379,095	
6,633,748	4,030,049	6,278,010	8,486,521	13,712,986	17,645,383
(2,346,255)	(7,096,892)	(6,014,171)	(5,243,786)	(10,992,079)	(14,393,194)
<u>4,549,983</u>	<u>(2,886,921)</u>	<u>275,478</u>	<u>3,242,735</u>	<u>3,100,002</u>	<u>3,252,189</u>
4,579,613					
<u>\$6,751,884</u>	<u>\$1,334,176</u>	<u>\$12,154,385</u>	<u>\$14,875,909</u>	<u>(\$2,151,960)</u>	<u>\$11,926,944</u>
0.3%	0.4%	0.4%	0.4%	0.4%	0.4%

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

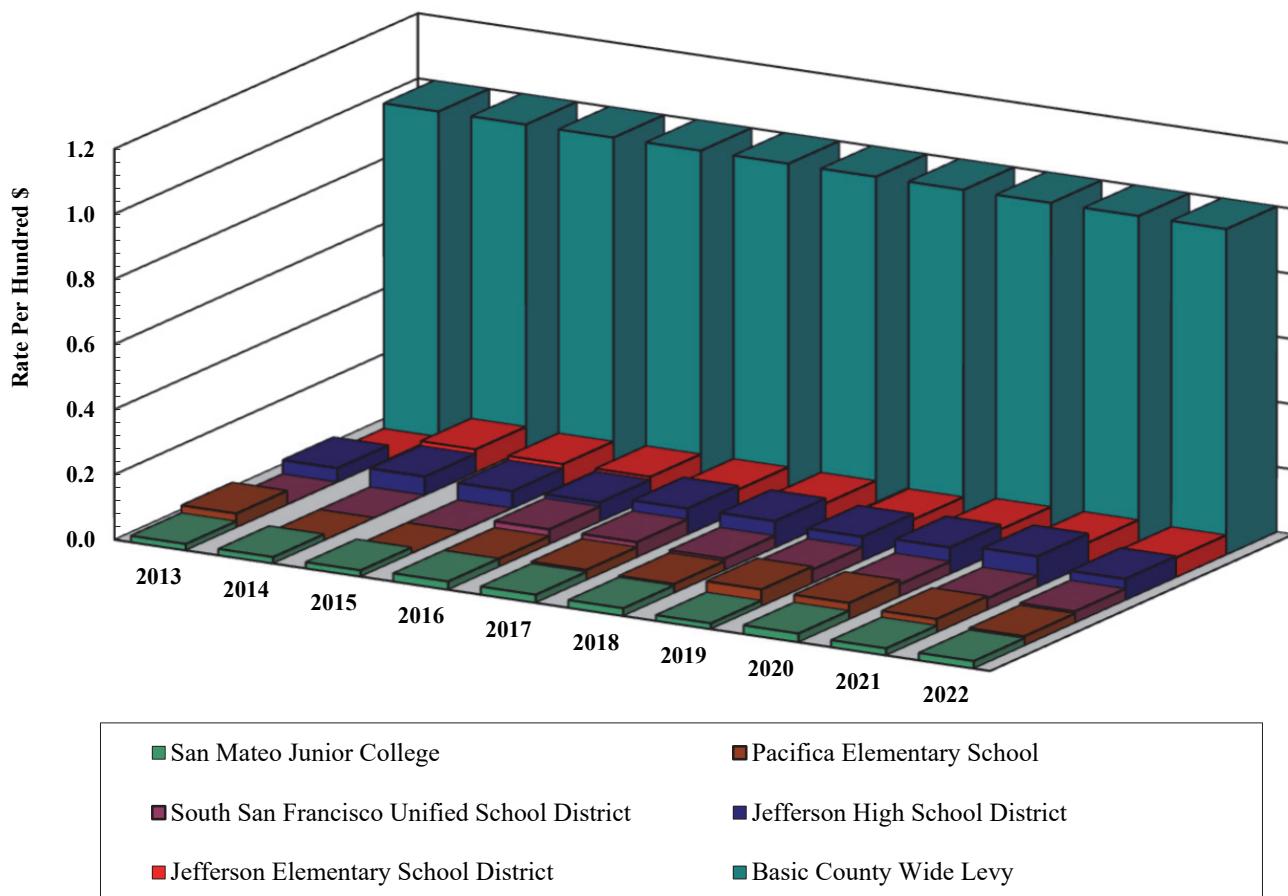


Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
2013	\$8,391,284	\$237,106	\$102,195	\$8,730,585	\$893,143	\$50,023	\$6,516	\$949,682	1.00%
2014	8,951,230	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	6,187	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%
2021	13,483,669	252,523	93,566	13,829,758	1,299,577	64,182	5,985	1,369,744	1.00%
2022	14,077,399	243,862	93,499	14,414,760	1,304,636	45,533	5,974	1,356,143	1.00%

- (1) The State Constitution requires properties to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually. These values are considered to be full market values.
- (2) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount by an annual calculation to all the taxing entities within a tax rate area.

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

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



Fiscal Year	Basic County Wide Levy	Jefferson Elementary School District	Jefferson High School District	San Mateo Junior College	South San Francisco Unified School District	Pacifica Elementary School	Total
2013	1.0000		0.0430	0.0194		0.0432	1.1056
2014	1.0000	0.0713	0.0574	0.0194		0.0250	1.1481
2015	1.0000	0.0662	0.0530	0.0190		0.0247	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
2021	1.0000	0.0667	0.0942	0.0213	0.0350	0.0415	1.2587
2022	1.0000	0.0603	0.0650	0.0227	0.0352	0.0288	1.2120

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

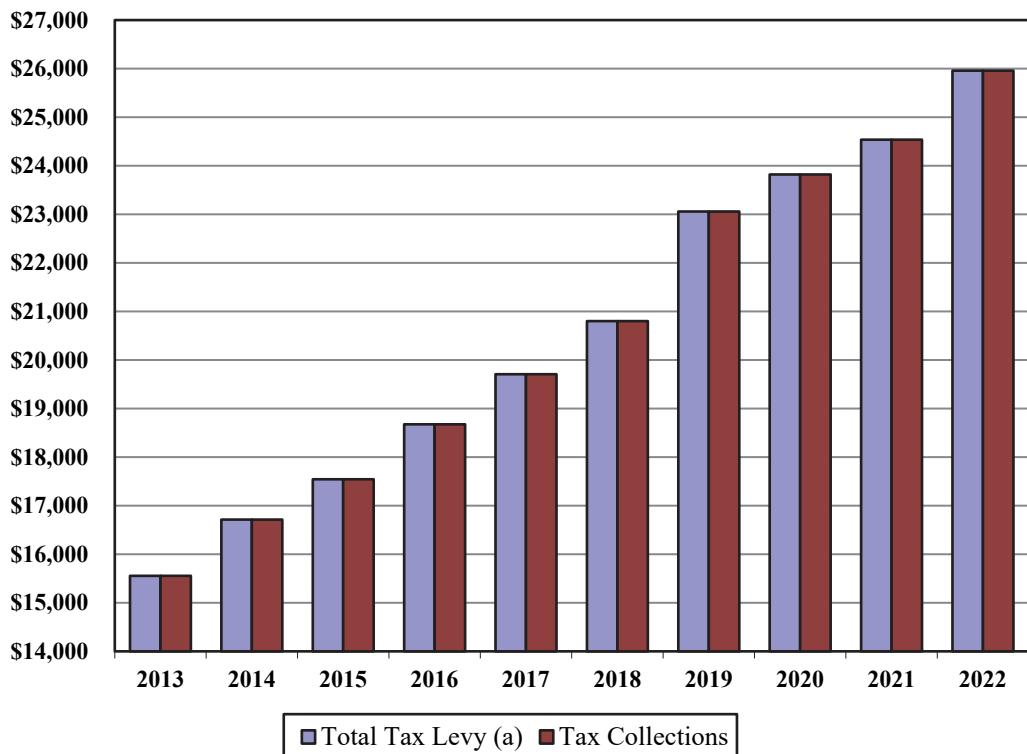
Taxpayer	2021-22			2012-13		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Daly City Serramonte Center LLC	\$487,849,411	1	3.41%	\$124,947,881	2	1.45%
Westlake Assoc Lessee	290,580,577	2	2.03%	121,612,234	3	1.41%
Kimco Westlake Lp	174,484,259	3	1.22%	149,125,295	1	1.73%
SMC Coastside Properties LLC	164,500,000	4	1.15%			
Dc Station Owner Llc	120,359,936	5	0.84%			
Skyline Heights Llc	95,270,446	6	0.67%			
SP Peninsula Del Rey LLC	69,716,284	7	0.49%			
EQR Hillside LP	46,311,960	8	0.32%	39,441,000	7	0.46%
Jefferson Union High Sch Dist.	40,162,999	9	0.28%			
Century Theaters Inc Lessee	37,347,999	10	0.26%	58,710,403	6	0.68%
Db Real Estate Pacific Plaza P	-			84,368,937	4	0.98%
WASL Daly City Investors	-			63,390,835	5	0.73%
Serramonte Corporate Center Ll	-			39,045,610	8	0.45%
Daly Skyline Associates LLC	-			38,776,852	9	0.45%
Seton Medical Center	-			35,920,874	10	0.42%
Subtotal	<u>\$1,526,583,871</u>		<u>10.66%</u>	<u>\$755,339,921</u>		<u>8.75%</u>

Total Assessed Valuation:

Fiscal Year 2021-2022	\$14,321,261,049
Fiscal Year 2012-2013	\$8,628,390,404

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)



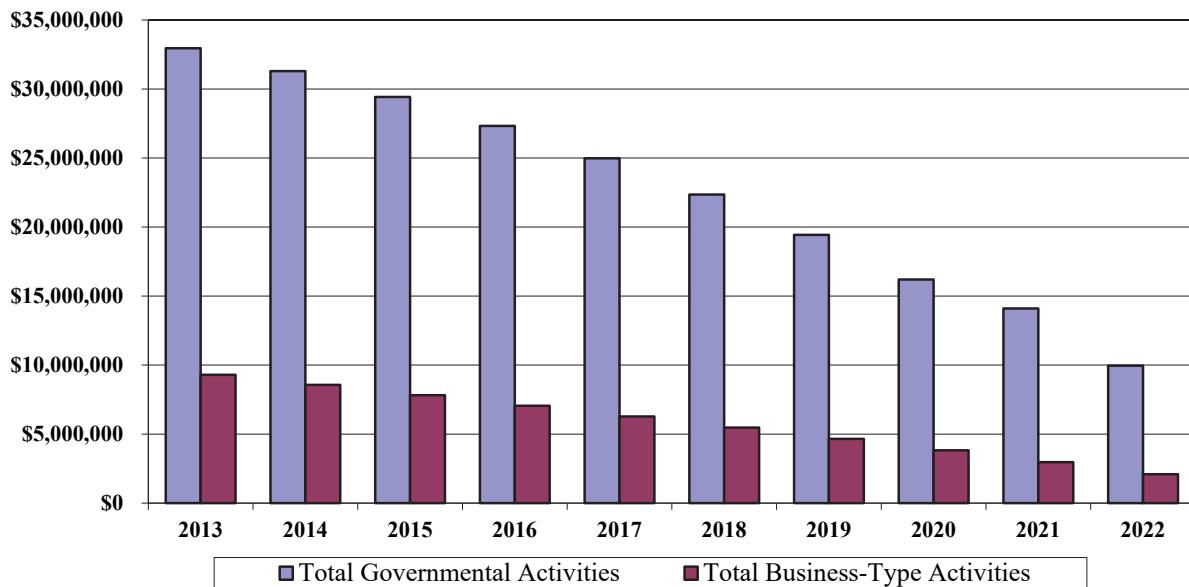
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2013	\$15,555	\$15,555	100.00%		\$15,555	100.00%
2014	16,713	16,713	100.00%		16,713	100.00%
2015	17,543	17,543	100.00%		17,543	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%
2021	24,536	24,536	100.00%		24,536	100.00%
2022	25,959	25,959	100.00%		25,959	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



Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Capital Lease	HUD Section 108		PERS Pension Obligation Bonds	Total			
		Loan						
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			
2021	\$1,483,056	808,000		11,810,000	14,101,056			
2022	1,287,566	418,000		8,250,000	9,955,566			
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)	
2013		\$6,330,000	\$2,963,246	\$9,293,246	\$42,244,246	1.43%	\$409	
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%	290.09	
2018		3,640,000	1,834,202	5,474,202	27,827,202	0.69%	257.98	
2019		3,065,000	1,591,179	4,656,179	24,090,179	0.60%	220.76	
2020		2,480,000	1,342,080	3,822,080	20,020,080	0.54%	183.43	
2021		1,880,000	1,086,754	2,966,754	17,067,810	0.49%	157.16	
2022		1,265,000	825,045	2,090,045	12,045,611	0.29%	114.87	

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)
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%	164.22
2020	15,025,000	0.40%	137.66
2021	11,810,000	0.34%	108.75
2022	8,250,000	0.20%	78.67

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, 2022

2021-22 Assessed Valuation **\$14,414,760,049**

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/21	% Applicable (1)	City's Share of Debt 06/30/21
San Mateo Community College District	\$733,897,184	5.412%	\$39,718,516
South San Francisco Unified School District	164,131,912	7.445%	12,219,621
Jefferson Union High School District	250,808,014	49.061%	123,048,920
Bayshore School District	11,529,821	81.325%	9,376,627
Brisbane School District	24,851,439	13.940%	3,464,291
Jefferson School District	116,340,000	86.654%	<u>100,813,264</u>

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT **288,641,239**

DIRECT AND OVERLAPPING GENERAL FUND DEBT

San Mateo County General Fund Obligations	\$612,605,687	5.412%	33,154,220
San Mateo County Board of Education Certificates of Participation	6,490,000	5.412%	351,239
San Mateo County Flood Control District Certificates of Participation	14,675,000	27.428%	4,025,059
South San Francisco Unified School District Certificates of Participation	2,980,000	7.445%	221,861
Jefferson Union H.S.D. Certificates of Participation	47,490,000	49.061%	23,299,069
Jefferson Union H.S.D. General Fund Obligations	3,825,000	5.412%	207,009
City of Daly City Pension Obligation Bonds	8,250,000	100.000%	8,250,000
HUD Section 108 Loan	418,000	100.000%	418,000

TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT **69,926,457**

TOTAL DIRECT DEBT **8,668,000**
TOTAL OVERLAPPING DEBT **349,899,696**

COMBINED TOTAL DEBT **\$358,567,696** (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.

Ratios to 2021-22 Assessed Valuation

Total Overlapping Tax and Assessment Debt	2.00%
Total Direct Debt (\$8,668,000)	0.06%
Combined Total Debt	2.49%

Source: California Municipal Statistics, Inc.

CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2022

ASSESSED VALUATION:

Total property assessed value, net of exempt real property	<u><u>\$14,414,760,049</u></u>
---	--------------------------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u><u>\$540,553,502</u></u>
---	-----------------------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (b)	\$1,265,000
Less: Revenue Bonds and Certificate of Participation not subject to limit	<u><u>1,265,000</u></u>
Amount of debt subject to limit	<u><u>0</u></u>

LEGAL BONDED DEBT MARGIN	<u><u>\$540,553,502</u></u>
--------------------------	-----------------------------

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)				
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%
2021	515,037	0	515,037	0.00%
2022	540,554	0	540,554	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, 2021		AS OF JUNE 30, 2022	
<u>Category</u>	<u>Number of Connections</u>	<u>Category</u>	<u>Number of Connections</u>
Residential	20,375	Residential	20,218
Multi-Family	1,852	Mulit-Family	1,830
Commercial	839	Commercial	778
City/Government	256	City/Government	195
Traveling Meter	<u>64</u>	Traveling Meter	<u>24</u>
Total Connections	<u>23,386</u>	Total Connections	<u>23,045</u>

**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE**

	LAST TEN FISCAL YEARS				
	2013	2014	2015	2016	2017
Gross Revenues (1)	\$16,801,668	\$18,931,871	\$20,425,104	\$17,186,361	\$17,616,918
Operating Expenses (including depreciation) (2)	13,910,737	13,276,951	14,354,432	15,950,589	15,337,854
Depreciation	(1,263,850)	(1,261,733)	(1,255,728)	(1,274,779)	(1,342,258)
Operating Transfers Out	2,587,195	2,318,226	2,378,434	1,689,464	2,156,009
Total Operating Expenses	15,234,082	14,333,444	15,477,138	16,365,274	16,151,605
Net Revenue Available for Debt	\$1,567,586	\$4,598,427	\$4,947,966	\$821,087	\$1,465,313
Total Debt Service Requirement	<u>\$649,531</u>	<u>\$647,050</u>	<u>\$647,750</u>	<u>\$651,250</u>	<u>\$645,450</u>
Coverage	2.41	7.11	7.64	1.26	2.27

Notes:

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

(2) Includes all Water Utility Operating Expenses

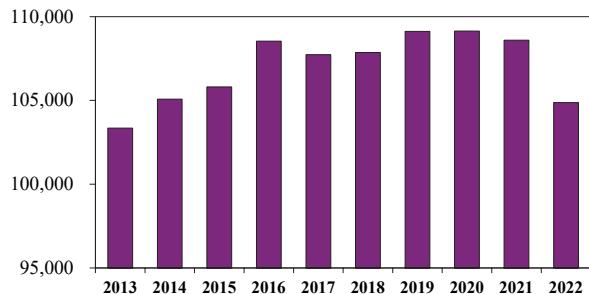
Source: City of Daly City Annual Financial Statements

**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE**

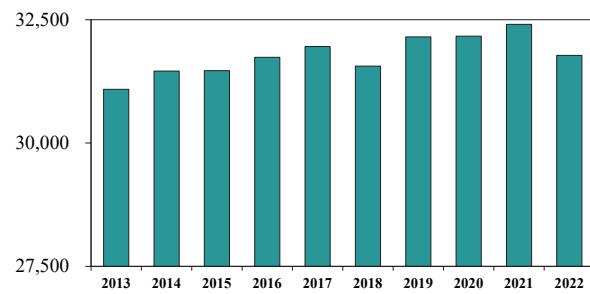
LAST TEN FISCAL YEARS

	2018	2019	2020	2021	2022
Gross Revenues (1)	\$19,230,073	\$21,203,909	\$24,118,100	\$24,002,397	\$26,160,774
Operating Expenses (including depreciation) (2)	17,077,870	15,891,040	17,032,815	16,733,316	15,137,383
Depreciation	(1,330,058)	(1,258,598)	(1,247,958)	(1,184,182)	(1,226,189)
Operating Transfers Out	2,449,304	2,646,419	2,994,662	2,604,001	2,678,853
Total Operating Expenses	18,197,116	17,278,861	18,779,519	18,153,135	16,590,047
Net Revenue Available for Debt	\$1,032,957	\$3,925,048	\$5,338,581	\$5,849,262	\$9,570,727
Total Debt Service Requirement	\$649,100	\$647,801	\$645,325	\$649,600	\$651,575
Coverage	1.59	6.06	8.27	9.00	14.69

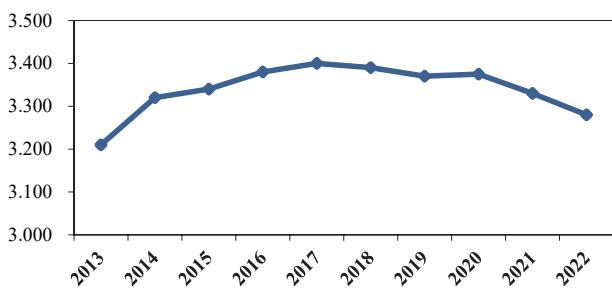
CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



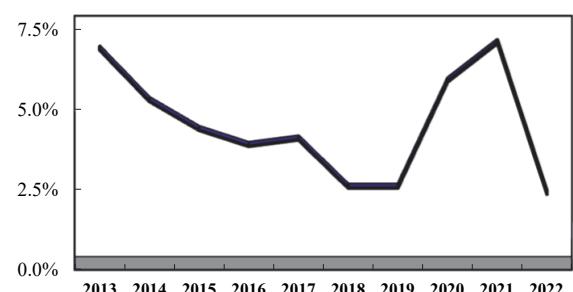
■ Daly City Population



■ 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
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%
2021	108,599	32,407	3.330	6.9%	32,242	3,501,449	765,245	14.19%
2022	104,867	31,777	3.280	2.2%	39,124	4,102,817	737,888	14.21%

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	2021-2022			2012-2013		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Seton Medical Center	783	1	4.1%	1,288	1	11.4%
City of Daly City	638	2	3.3%	657	3	5.8%
Jefferson Elementary School District	560	3	2.9%	754	2	6.7%
Jefferson Union High School District	491	4	2.6%	497	4	4.4%
Kaiser Permanente (3 Locations)	344	5	1.8%			
Cow Palace	340	6	1.8%	407	5	3.6%
St. Francis Convalescent Pavilion	321	7	1.7%	203	10	1.8%
Target Stores - Serramonte	310	8	1.6%	337	7	3.0%
In-N-Out Burger (2 locations)	217	9	1.1%			
Walgreens (3 locations)	186	10	1.0%	244	9	2.2%
Genesys Communication Laboratories				400	6	3.5%
McDonald's (4 locations)				250	8	2.2%
Subtotal	4,190		22.0%	5,037		44.7%
Total Daly City Employment	19,050 (2)			11,275 (3)		

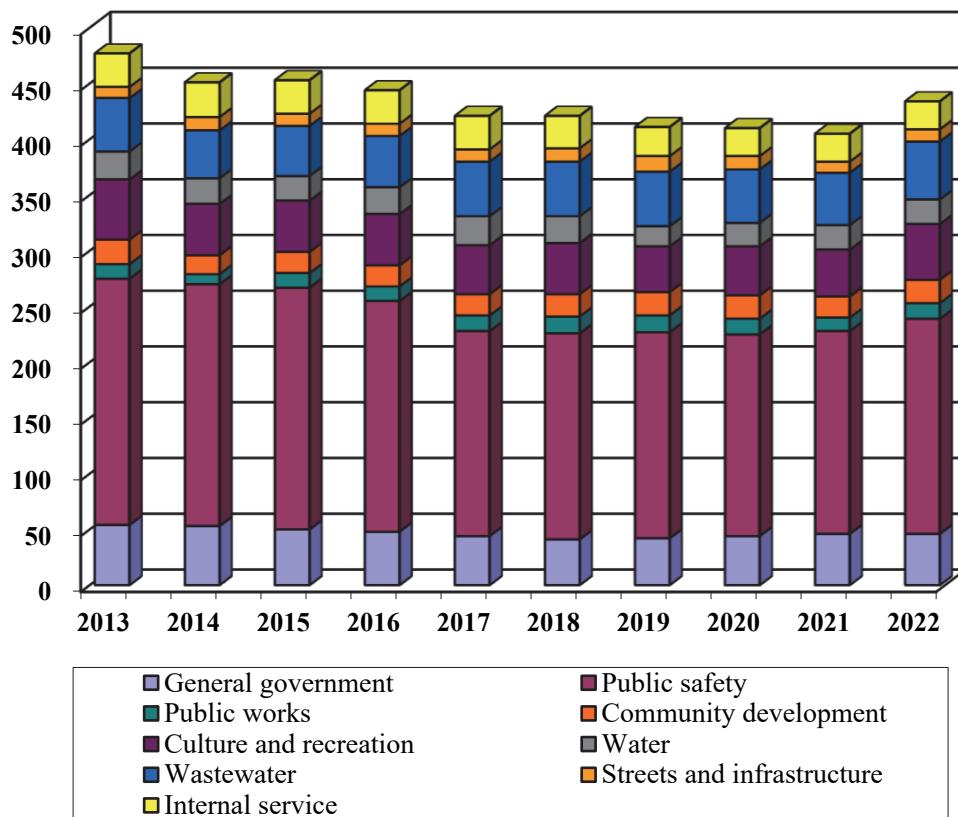
Note: (1) Includes both full-time and part-time employees

(2) Based on ABAG projections & census data

(3) Based on 2012 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



Source: City of Daly City



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

<u>Function/Program</u>	<u>Fiscal Year June 30,</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety (calendar year data)					
Fire					
Fire calls for service	7,179	7,497	7,543	8,046	8,204
Fire inspections conducted *	2,354	2,183	2,183	2,238	2,310
Police					
Police calls for service	73,095	79,999	84,417	86,688	82,376
Law violations					
Part I crimes	2,040	2,082	1,888	2,020	1,890
Part II crimes	4,641	4,685	4,899	5,040	4,774
Physical arrests (adults)	2,494	2,562	2,931	3,212	3,054
Physical arrests (juvenile)	352	207	218	159	160
Traffic violations	9,637	8,134	7,323	7,515	6,858
Parking violations	62,867	60,301	74,178	96,244	109,025
Public works					
Street repairs - asphalt patching (sq. ft.)	20,000	59,050	32,000	38,000	87,780
Street slurry seal (linear ft.)	87,648	59,140	46,400	78,125	71,517
Street resurfacing (linear ft.)	12,144	8,444	3,800	11,476	0
Traffic signal responses	10	35	116	127	105
Street light responses	54	225	281	202	214
Street signs replaced	320	455	430	305	950
Streets swept (miles)	25,019	25,054	25,224	25,305	25,260
Line striping and curb painting (linear ft.)	12,000	5,600	5,800	4,800	47,250
Sidewalks inspected (miles)	0	0	0	0	0
Culture and recreation					
Recreation ***					
Recreation class participants	10,862	13,075	14,000	14,800	15,000
Youth recreation program participants	4,472	5,002	4,657	5,814	5,335
Volunteer support hours	63,753	82,475	63,597	68,085	64,359
Senior meals served	32,971	24,700	35,749	40,942	38,027
Number of health fair events	1	2	2	2	2
Health fair events attendance	400	800	800	800	800
Facility rentals (non City events)	1,300	1,000	956	981	976
Library					
Volumes in collection - all formats **	214,466	220,123	220,123	224,431	226,238
Total volumes borrowed	501,757	480,349	480,349	457,642	400,368
# of uses of electronic resources	66,982	60,374	60,413	58,284	37,568
Youth services program attendance	16,025	13,194	16,025	18,967	18,967
Water					
Water service connections	22,921	22,910	22,936	22,964	22,983
Water main breaks	98	86	95	64	70
Average daily consumption (thousands of gallons)	7,142	6,571	5,933	6,220	6,220
Wastewater					
Storm drain inlets	n/a	n/a	n/a	2,181	2,181
Sewer service connections	22,942	22,942	22,995	22,965	22,965
Sewer main blockages	1	3	3	2	2
Average daily treatment (thousands of gallons)	6,290	6,940	6,382	5,510	5,500

Source: City of Daly City

Note: n/a denotes information not available.

* Fiscal years 2012 - 2018 restated to include Daly City only

**Increase in e-book catalog due to COVID-19 restrictions

***Due to COVID-19 restrictions, many classes and events were canceled, virtual or modified in person

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

	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
<u>Function/Program</u>					
Public safety (calendar year data)					
Fire					
Fire calls for service	7,678	8,580	7,426	8,281	8,429
Fire inspections conducted*	2,373	2,552	1,712	1,647	3,642
Police					
Police calls for service	71,520	73,291	76,880	58,791	51,216
Law violations					
Part I crimes	1,818	1,779	2,110	2,338	2,325
Part II crimes	4,523	4,182	3,306	3,641	1,987
Physical arrests (adults)	2,531	2,427	2,459	1,616	1,458
Physical arrests (juvenile)	213	168	141	47	43
Traffic violations	4,212	4,410	6,026	2,448	2,573
Parking violations	117,604	109,526	87,238	85,576	69,136
Public works					
Street repairs - asphalt patching (sq. ft.)	110,546	217,615	320,000	36,543	42,500
Street slurry seal (linear ft.)	52,535	73,894	85,008	77,616	0
Street resurfacing (linear ft.)	3,451	0	5,195	8,124	0
Traffic signal responses	131	130	126	131	126
Street light responses	292	186	188	256	327
Street signs replaced	2,175	600	476	350	325
Streets swept (miles)	25,460	25,260	25,320	21,100	25,200
Line striping and curb painting (linear ft.)	21,117	43,311	51,985	52,592	290
Sidewalks inspected (miles)	1	1	1	1	1
Culture and recreation					
Recreation***					
Recreation class participants	16,000	15,500	9,378	2,060	12,607
Youth recreation program participants	3,472	5,139	2,948	790	1,934
Volunteer support hours	55,693	46,480	32,784	786	8,420
Senior meals served	35,463	35,707	34,356	33,810	54,440
Number of health fair events	2	4	0	0	0
Health fair events attendance	800	800	0	0	0
Facility rentals (non City events)	1,042	955	674	44	326
Library					
Volumes in collection - all formats**	228,264	227,245	489,720	466,267	638,843
Total volumes borrowed	368,428	392,978	299,586	202,477	335,007
# of uses of electronic resources	40,240	49,107	43,887	60,345	76,446
Youth services program attendance	17,429	17,503	6,578	3,080	7,479
Water					
Water service connections	23,269	23,133	23,140	23,131	23,341
Water main breaks	50	88	75	103	93
Average daily consumption (thousands of gallons)	5,533	5,575	6,150	5,665	5,510
Wastewater					
Storm drain inlets	2,181	2,181	2,181	2,181	2,181
Sewer service connections	23,141	23,394	23,350	23,368	23,476
Sewer main blockages	4	2	3	5	4
Average daily treatment (thousands of gallons)	5,500	5,500	5,800	5,007	5,250

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

	Fiscal Year June 30,				
	2013	2014	2015	2016	2017
Function/Program					
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	32	31	31	31	32
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	2,300	2,300	4,144	4,135	3,655
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	2,675	2,675	3,067	3,048	3,598
Community centers and clubhouses	12	12	12	12	12
Senior centers	1	1	1	1	1
Gymnasiums	4	3	3	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	6	6	6	6	6
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	187	187	187	187	199
Fire hydrants	1,497	1,497	1,497	1,497	1,505
Storage capacity (thousands of gallons)	24,490	24,490	23,512	23,512	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	19,000

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

Function/Program	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	31	31	31	32	33
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,563	3,574	3,402	3,678	3,678
Traffic signals (# of intersections)	41	41	41	42	42
Miles of storm drains	70	70	70	70	70
Culture and recreation					
Parks and recreation					
City parks	19	18	18	18	18
City parks acreage	200	200	200	200	200
Park trees	3,655	3,865	3,865	3,862	3,869
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	3,598	3,190	3,196	4,043	3,476
Community centers and clubhouses	12	11	11	11	11
Senior centers	1	1	1	1	1
Gymnasiums	3	3	4	4	4
Tennis courts	9	10	10	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	199	199	199	199	199
Fire hydrants	1,505	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	180	180	180	180
Miles of combined sewers	14	17	17	17	17
Treatment capacity (thousands of gallons)					
Dry weather	8,000	7,500	7,500	7,500	7,500
Wet weather	19,000	19,000	19,000	19,000	19,000

