

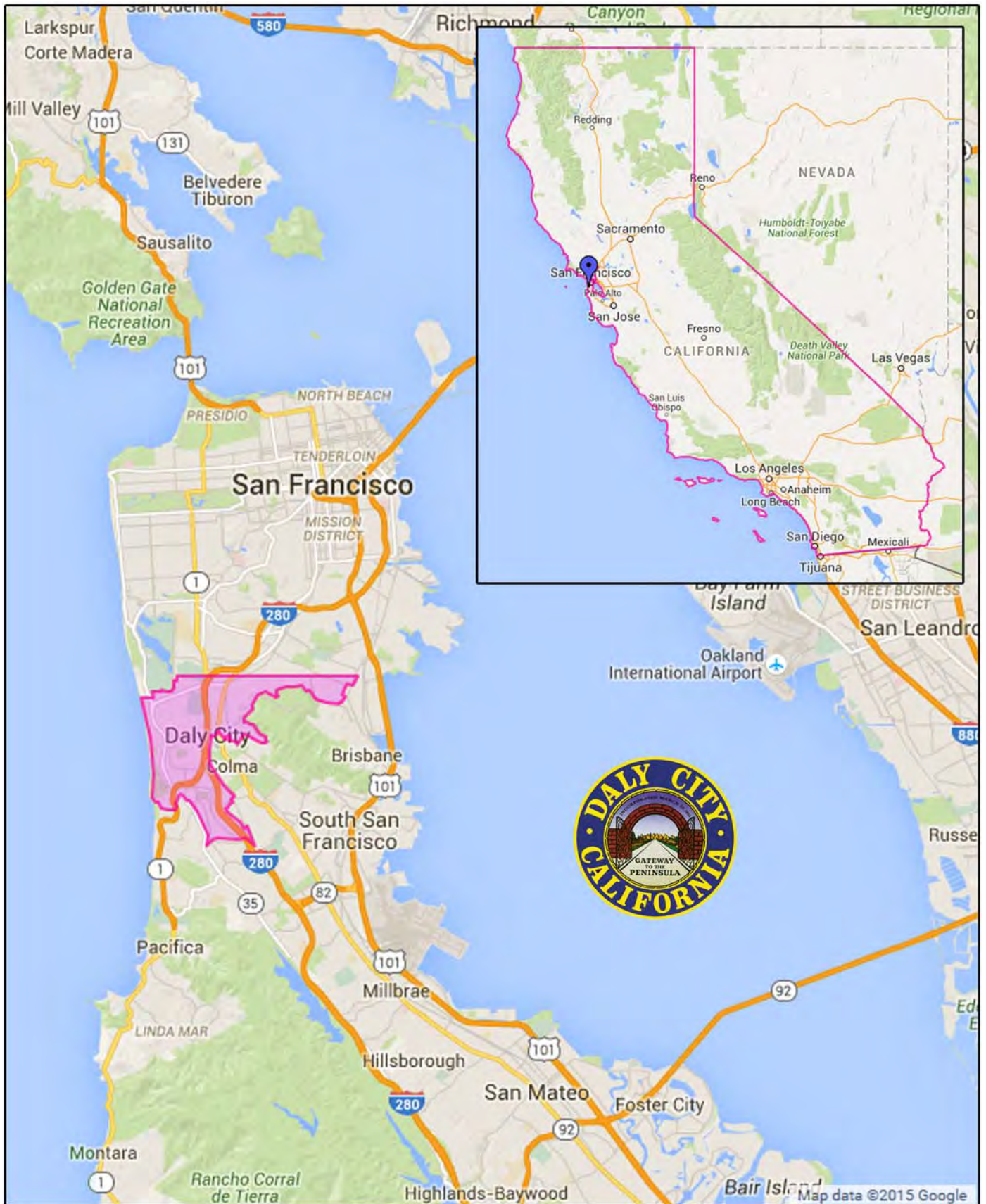


CITY OF DALY CITY, CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



CITY OF DALY CITY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024



Prepared by
DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES

Tim Nevin
Director



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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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CITY OF DALY CITY

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

December 13, 2024

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, 2024. 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 101,458. Daly City is an urbanized, coastal community located at the northern edge of San Mateo County, comprising approximately 7.66 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 annual 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 complete 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 operates a water utility and a sanitary sewer district. 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, the Daly City Housing Development Finance Agency, and the Daly City Joint Powers Financing Authority. 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, Agency, and Authority. 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. 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 fiscal year.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Indicators

According to the Federal Open Market Committee, United States GDP in 2024 is expected to grow 2% while the GDP increased in 2023 by 3.1%, compared to 0.7% in 2022 and negative 5.4% in 2021. Although the increased growth rate is an improvement over the negative growth rates resulting from the COVID-19 pandemic, the lower growth 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 October 2024, the unemployment rate has risen to 5.4%. The greatest risks to the forecast of the U.S. economy stem from concerns over inflation, rising interest rates, and supply concerns for both labor and housing. The current tightening of monetary policies affecting financial and credit conditions will also weigh on economic activity, hiring, and inflation.

In California, especially in the San Francisco Bay Area, housing prices continue to be increasingly expensive and unaffordable, particularly for first time homebuyers, given the limited availability. The U.S. Home Price Growth, on a year-over-year basis as measured by the Case-Shiller 20-City Composite Home Price Index, experienced a 5.9% increase in July 2024, compared with a 0.1% increase in July 2023. 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 2024 increased by \$5.9 million to \$124.7 million. The revenue increase is made up of some revenue increases and some decreases among the various General Fund sources. The City experienced revenue increases in property tax and sales tax revenues of about \$3.9 million dollars; an increase in the utility users tax, due to rising energy costs in FY 2024; and, through the recognition of \$5.6 million in one-time American Rescue Plan Act (ARPA) funds. General Fund expenditures increased by \$6.7 million to \$117.5 million in FY 2024, the majority of which was due to salary and benefit increases resulting from cost-of-living raises. Although the City budgeted at a deficit for FY 2024, the General Fund almost broke even, with only a minor deficit because of savings from a large number of vacant staff positions.

Enterprise Funds

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

Revenues for the Water Utility Fund increased by \$1.4 million to \$29.8 million in FY 2024 mainly due to an annual water rate increase of 9.5% and investment returns. Expenses increased \$1.7 million to \$20.9 million in FY 2024 reflecting an increase in the cost-of-living salary increases for employees in the Water Utility Fund and an increase in capital project spending.

The Sanitation District Fund revenues increased by \$2.6 million to \$25.8 million in FY 2024 due to an annual 9% increase in sewer rates. Expenses increased by \$3.2 million to \$33.8 million in FY 2024 also reflecting an increase in cost-of-living salary increases for employees in the Sewer Enterprise Fund and an increase in capital project spending.

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. Due to the passage of Propositions 13, 218, and 26 in California, the City has no ability to institute taxes and assessments without voter approval. For a ballot measure to be successful, there must be broad community support.

Given the current and forecasted 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 Financial Policy is to maintain the Minimum General Fund unassigned fund balance equal to 17% or two months of annual budgeted expenditures. It is recommended that the City maintain the Preferred General Fund unassigned fund balance equal to 25% or 3 months of annual budgeted expenditures. Accomplishing the reserve target of 25% requires closely monitoring the balance between revenues and expenses on an ongoing basis. The General Fund reserve provides a buffer to the City in the event of unexpected reductions in revenues or increases in costs. If the City draws down the General Fund reserve, year-end budget surpluses will be used to replenish the reserve.

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 for services provided.

3. Promote economic development and business expansion. The City has identified several economic development opportunities which will improve economic activity in the City. These include economic development opportunities related to the disposition of former Redevelopment sites, implementation of commercial cannabis business licensing, and the provision of financial assistance to local small and minority-owned businesses. The City has expanded efforts to engage with the small business community by creating the Small Business Commission to celebrate and honor local businesses through the Legacy Business Award program. A contract with the Daly City Colma Chamber of Commerce was also re-established this past year. The City will continue to identify new opportunities for expanding and diversifying its 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 2024.

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. Another potential benefit includes 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. Within the last seven years, the Public Works Department completed several long-term planning documents. The City completed the Facilities Condition Assessment, the ADA Self Evaluation and Transition Plan, the Parks and Open Space Master Plan, the Vision Zero Action Plan, the update to the City's Pavement Management System Report, and the Pedestrian and Bicycle Master Plan. The Storm Drain Master Plan is currently underway and anticipated to be completed in 2025. The Seismic Evaluation of Critical Facilities still needs to be budgeted for.

The needs identified by the above master planning documents far exceed the available resources currently available. Public Works has and will continue to look for grant funds to assist with needed improvements. Public Works will also work with other departments to develop and identify long term budget plans to improve and maintain the City's infrastructure.

MAJOR INITIATIVES

During FY 2024, 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 while implementing a variety of new programs and policies. Aside from the typical permit issuance and building inspections, the Building Division improved customer service by making improvements to its online permitting portal for "quick" permits and permits for photovoltaic installations. With the assistance of Plante Moran, an analysis of the permitting process was initiated with the goal of creating greater efficiency and to better utilize technology to improve the process.

The Planning Division continued its work on the preparation of the Housing Element, which is a plan to build over 4,800 housing units to meet the region's housing needs. The Planning Division created Objective Design Standards to help streamline residential development throughout the City.

Economic Development staff had its inaugural Legacy Business Celebration to celebrate local businesses that have local relevance to the community. Additionally, the Economic Development staff and the Small Business Commission conducted small business listening tours and surveys to hear issues most important to the business community. The results will help guide policy. Economic Development staff took the lead in creating a street fair called Top of the Hill Festival to showcase the businesses in the Top of the Hill neighborhood and to establish this neighborhood as a destination.

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 confirmed funding and secured a site to establish a low-income daycare facility on City property. The Housing Division also continues to refine its contract with Habitat for Humanity to administer the Residential Rehabilitation Program.

Daly City Library

The Department of Library and Recreation Services was evaluated and found that the two departments would be better able to serve the public as individual units. These two departments were split into The Daly City Public Library and The Department of Recreation Services.

In fiscal year 2024, Daly City's libraries welcomed 229,980 visits, an increase of nearly 25% from the previous year. Use of the physical collection is also trending up with a circulation total of 472,414, an increase of close to 5% from last year. There were larger gains in use of electronic materials; eBooks and online resources saw an increase of over 40%. Early literacy story times, activities, workshops, and events continue to draw people to the libraries. We provided 537 programs during the year with a total attendance of 16,093, a slight decrease from the prior year. Availability of public computers and wi-fi is still a critical offering for many residents. Use of the computers has trended downward, with 26,574 sessions, but wi-fi use has increased 14% to over half a million connections. Laptop lending kiosks now installed at three of our four locations offers a hybrid option for visitors needing internet access for work, school, research, or recreational purposes.

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 provided high quality Basic Life Support and Advanced Life Support assessment and treatment interventions to emergency medical incidents utilizing our paramedic fire engines and truck companies, in which over half of total EMS calls benefited and served senior citizens. NCFA achieved an average response time of 5 minutes and 26 seconds for on scene arrival of a first due fire company 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 Emergency Preparedness, Individual and Family Preparedness seminars, as well as Community Emergency Response Team (CERT) classes. Additionally, "Hands Only CPR", "Stop the Bleed and Choking" was presented to the public through numerous events and venues. NCFA provided fire engine companies and chief officers to multiple major wildfire incidents throughout the State of California.

Police Department

The Daly City Police Department maintains our commitment towards service-based policing, often leading the industry in community engagement, policing tactics and technology, and policy adaptation. We continue to participate in local and regional task forces focused on quality-of-life issues and trending crime patterns. We remain committed to our local and regional law enforcement and supportive community partnerships, and well as other entities designed to provide invaluable services to our community.

As part of our ongoing commitment to combat organized retail theft (ORT), we applied and were awarded a California State grant to implement a comprehensive response, to include acquisition of advanced technology and extra deployment of personnel. This grant opportunity established a joint task force with two partner agencies sharing similar concerns, allowing us to combine resources. We strengthened our relationship with local retailers by working closely with businesses, sharing information to support a swift and collaborative response to incidents. Ultimately, this has created a safer retail environment for both merchants and shoppers. Our grant also supported a focus on vehicle accessory theft, which has resulted in a decrease in related crimes. This multi-faceted approach not only disrupts organized crime but also reinforces our commitment to protecting both local businesses and the community, ensuring a safer environment for all.

We continue to support community trust through transparency by equipping officers with body and vehicle cameras, and by ensuring applicable policy adaptation. We strive to remain compliant with all reporting and legislative requirements, and we have further prioritized community engagement by maintaining staffing in our Community Division, enhancing our social media presence, and expanding our participation in local events.

We continue to strengthen community engagement by maintaining our own Mental Health Clinician in the field, and through employing Police Assistants and Community Service Officers, designed to bridge the gap between a civilianized law enforcement response and our community. These relationships will ensure a well-versed response to community needs and layers of a compassionate approach.

Technology has become a primary focus of our response tactics. We are seeing significant success in responding to, investigating, and preventing crime using automated license plate readers (ALPR's), pursuit intervention solutions, and data integration software designed to streamline investigations. Increased officer and community safety is being realized through the deployment of unmanned arial systems, with future expansion into drones as a first responder (DFR) for improved efficiency and safety.

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, equipment and vehicle maintenance, facility 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, facilities, and infrastructure.

Some completed projects by the Public Works Department include: the Central Corridor Bicycle and Pedestrian Safety Improvements Project, Community Development Block Grant ADA/Sidewalk Improvements Project, Outdoor Fitness Courts at Westlake Park and Lincoln Park, 2020-2021 Serramonte Slurry Seal and Daly City Crosswalk Enhancement Project, 2020-21 Street Resurfacing Project, Fire Station 91 Roof Replacement Project, and 2021-22 and 2022-23 Street Resurfacing Project.

Construction also began on the Southgate Avenue and School Street Safety Improvements Project, Mussel Rock Landfill Upper Disposal Area Pull-Back Project, Civic Center North Human Resources Tenant Improvements Project, Lawson Hall Roof Project, and City Hall Elevator Modernization and ADA Barrier Removal Project.

The Public Works Department also continues to seek grant funds for the City and was successful in securing additional funds for the Lake Merced Boulevard Lane Reconfiguration and Bicycle Lane Protection Project, Daly City Vision Zero Design Standards Project, Daly City Safe Routes to School Project, Mussel Rock Landfill Upper Disposal Area Pull-Back Project, Electric Vehicle Purchase, and Daly City Bayshore Shuttle.

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 drinking 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 an early 2025 bid date, and construction beginning mid-year 2025.

Drinking water projects continued to be of the highest priority and groundwater pumping projects were a large part of the Capital Program this year. Treatment modifications to the Westlake Pump Station to accommodate additional groundwater from new wells in Daly City was completed. The Design phases commenced for a new drinking water well at Margate Street and water main improvements at St. Francis, San Diego, Santa Cruz, and Guadalupe Streets. At Reservoir 6B a new seismic roof is being installed and the interior of Reservoir 8 is being restored to protect the drinking water of our residents. Additionally, significant capital improvements were made at the North San Mateo County Sanitation District Wastewater Treatment Plant and Collection Facilities such as sewer lift station rehabilitation, improvements to the treatment plant air scrubbers, upgrades to the treatment plant aeration mixer, and roof replacement at the Administration and Operations buildings. Lastly, the City Council authorized the expansion of the Water Rate Assistance Program to become the Utility Rate Assistance Program and include solid waste and sewer rates. This expansion will offer financial help to low-income ratepayers in managing their utility bills.

Recreation Services

The Department of Recreation Services provided 600 rental opportunities for the Daly City community to host personal gatherings and events. The Youth Recreation Program, including Afterschool and Summer activities, served 2,940 participants across five school locations and four recreation facilities. Through the Senior Lunch Program, over 52,929 congregate meals were served across four locations, with an additional 2,470 frozen meals distributed to those in need through the Food Pantry.

Athletic leagues and programs, such as Youth Basketball, Mini Hoops, Youth Baseball, and Clinics, engaged over 1,855 participants in safe, meaningful activities. The Department also hosted a variety of city-wide cultural and family-oriented events, including the Black History Celebration, Crab Feed, Recreation Resource Day, Spring Fun Day, Health and Wellness Fair, Children's Day, Hip Hop Day, Latino Heritage Month, Kasayahan Sa Daly City, Trunk or Treat, Autumn Fest, and Frosty Fest, collectively reaching over 10,000 youth and families.

Additionally, recreation programs, activities, and classes in exercise, education, and cultural arts served more than 15,349 participants. Community engagement was bolstered by 470 volunteers and volunteens, who collectively contributed over 28,656 service hours to support these efforts.

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, 2023. This was the 37th 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 2024. 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,



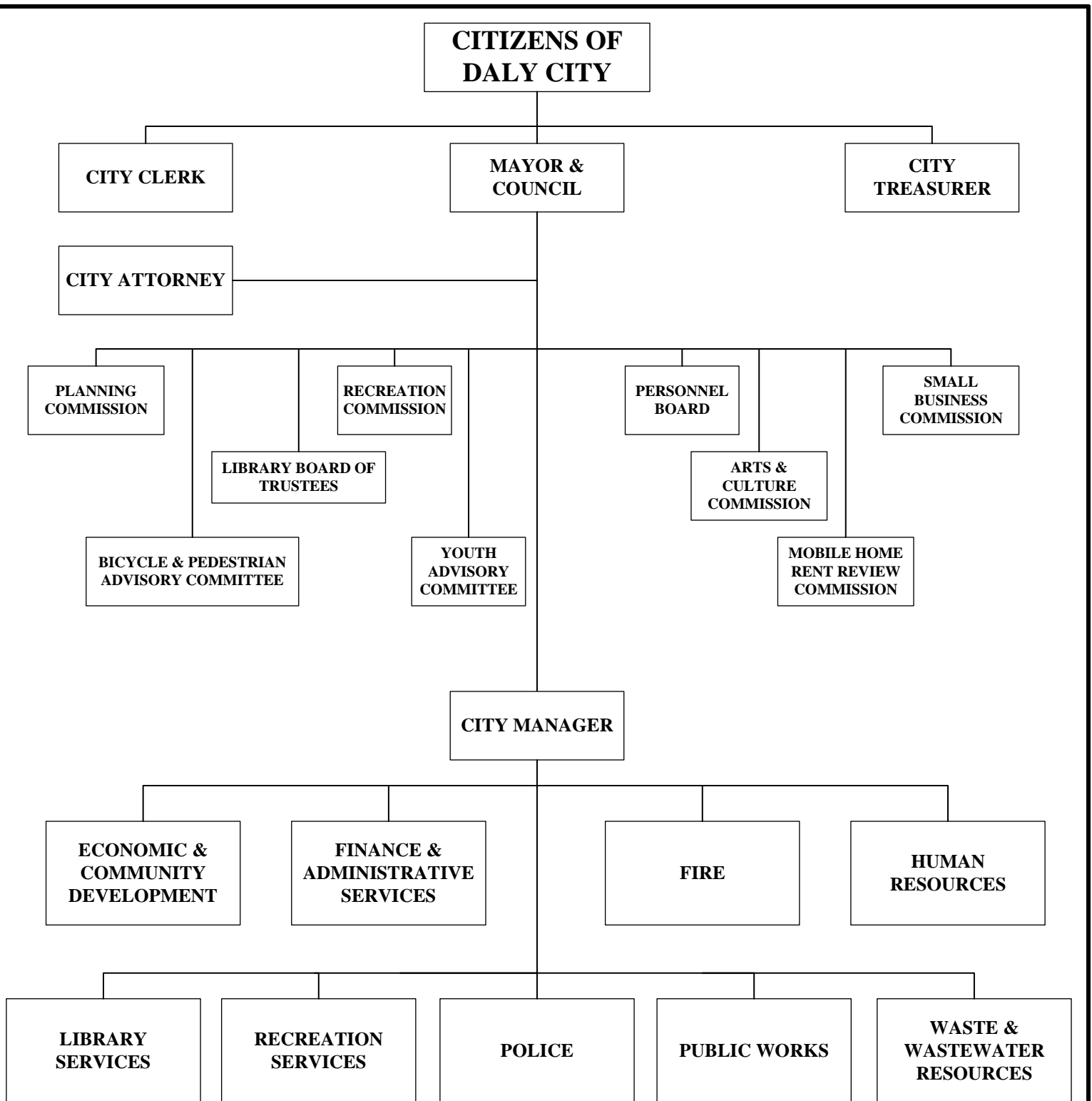
Thomas J. Piccolotti
City Manager



Timothy J. Nevin
Director of Finance and
Administrative Services



**CITY OF DALY CITY
ORGANIZATONAL STRUCTURE
FISCAL YEAR 2024**



**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2024**

Juslyn C. Manalo, Mayor

Dr. Rod Daus-Magbual, Vice Mayor

Glenn R. Sylvester

Pamela DiGiovanni

Teresa G. Proano

K. Annette Hipona
City Clerk

Daneca Halvorson
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

Thomas J. Piccolotti
Rose Zimmerman
Richard Chiu Jr.
Cameron Christensen
Timothy Nevin
Tatum Mothershead
Ron Myers
Joshua A. Cosgrove
Natalie Sakkal

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Daly City
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2024 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.



Pleasant Hill, California
December 13, 2024

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, 2024.

FISCAL YEAR 2024 FINANCIAL HIGHLIGHTS

- As of June 30, 2024, net position totaled \$218.1 million, an increase of \$17.8 million from the prior year total of \$200.3 million for both Governmental and Business-Type activities.
- Net Position of governmental activities in Fiscal Year (FY) 2024 was \$88.4 million compared to \$78.2 million in FY 2023, an increase of \$10.2 million.
- Net Pension and OPEB Liabilities of governmental activities increased by \$8.1 million to \$242.5 million in FY 2024 from \$234.4 million in FY 2023.
- Net Position of business-type activities in FY 2024 was \$129.7 million compared to \$122.1 million in FY 2023, an increase of \$7.6 million.
- Net Pension and OPEB Liabilities of business-type activities increased by \$.2 million to \$18.2 million in FY 2024 from \$18 million in FY 2023.
- In FY 2024, total City revenues, including program and general revenues, were \$216 million, while total expenses were \$198 million.
- Governmental activities program revenues were \$40.1 million in FY 2024 compared with \$37.9 million in FY 2023. Business-type activities program revenues were \$57.2 million in FY 2024 compared with \$56.4 million in FY 2023.
- Governmental activities general revenues were \$110.1 million in FY 2024 compared with \$100.9 million in FY 2023, an increase of \$9.2 million over the prior year. Part of this is \$3.9 million in additional revenues from property taxes and sales taxes, showing a return to more normal growth rates for these revenues. In addition, there was an increase in the utility users tax due to increasing energy costs in FY 2024, and an improvement in investment income of \$5.9 million. Business-type activities general revenues were \$8.5 million in FY 2024, an increase of \$4 million over the prior year primarily due to an improvement in investment income.
- Unrestricted net position of governmental funds changed from negative (\$64) million in FY 2023 to negative (\$58.6) million in FY 2024, primarily due to an increase in total assets of \$19.5 million, made up of increases in cash and investments and capital assets.

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	
	2024	2023	2024	2023	2024	2023
Cash and investments	\$ 195,864	\$ 183,170	\$ 69,972	\$ 63,372	\$ 265,836	\$ 246,542
Other assets	42,747	41,317	19,517	20,600	62,264	61,917
Capital assets	107,476	102,148	67,522	66,266	174,998	168,414
Total assets	346,087	326,635	157,011	150,238	503,099	476,873
Deferred outflows of resources	64,706	65,979	5,152	5,173	69,858	71,152
Long-term debt	2,495	7,243	0	1,197	2,495	8,440
Net pension & OPEB liabilities	242,518	234,369	18,214	18,030	260,732	252,399
Other liabilities	63,045	60,892	5,942	5,415	68,987	66,307
Total liabilities	308,058	302,504	24,156	24,642	332,214	327,146
Deferred inflows of resources	14,383	11,928	8,282	8,672	22,665	20,600
Net assets (net position):						
Net investment in capital assets	100,342	96,664	67,523	65,069	167,865	161,733
Restricted	46,598	45,537	605	2,443	47,203	47,980
Unrestricted	(58,589)	(64,019)	61,596	54,585	3,007	(9,434)
Total net assets (net position)	\$ 88,351	\$ 78,182	\$ 129,724	\$ 122,097	\$ 218,075	\$ 200,279

Governmental Activities

The City's net position from governmental activities increased from \$78.2 million in FY 2023 to \$88.4 million in FY 2024. 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 \$12.8 million from \$183.1 million in FY 2023 to \$195.9 million in FY 2024. The City's net position in cash and investments increased partly because of a steady increase in governmental revenues including property taxes (\$3.2 million), sales taxes (\$681 thousand), and charges for fees (\$1.2 million) which increased due increased use of City services. The other portion of that increase is due to the change in investment earnings, which went from \$3.5 million in FY 2023 to \$9.5 million in FY 2024, as the financial markets rebounded to positive returns.

- Also on the asset side, capital assets increased in FY 2024 to \$107.5 million from \$102.2 million in FY 2023. This is mostly due to the implementation of GASB 96 in FY 2023. Within the City's governmental activities, the City estimates the value of the subscription-based information technology arrangement assets to be \$ 4.5 million.
- In FY 2024, liabilities also increased by \$5.6 million. This is due to an increase in the City's net pension and OPEB liabilities, which went from \$234.4 million in FY 2023, to \$242.5 million in FY 2023.
- The restricted net position increased \$1 million, and the unrestricted net position improved by \$5.4 million from negative (\$64) million in FY 2023 to negative (\$58.6) million in FY 2024. 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 2024 because of the increase in cash and investments (\$12.7 million) and the increase in capital assets (\$5.3 million).

Business-type Activities

The net position of business-type activities increased \$7.6 million to a total of \$129.7 million in FY 2024 from \$122.1 million in FY 2023. Increases and decreases of individual assets and liabilities are as follows:

- Cash and investments increased \$12.7 million in FY 2024 due to a few different factors. The Water Utility revenues did increase \$1.4 million in FY 2024 because of a 9.5% water rate increase. In addition, the Sanitation District revenues increased about \$.6 million in FY 2024 due to a 9% increase in sanitary sewer rates even as water usage decreased. Investment income also went up for both utilities adding \$2.6 million to the total given the strong financial market returns in FY 2024. Finally, the Sanitation District continued to receive grant revenues in FY 2024 that added to the cash balance including revenues from the Water and Wastewater Arrearage Payment Program funded by the American Rescue Plan Act.
- Liabilities decreased in FY 2024 by \$.4 million from \$24.6 million in FY 2023 to \$24.2 million in FY 2024. Similar to governmental activities, the increase is due to a \$.2 million increase in net pension and OPEB liabilities.
- Overall, the unrestricted net position improved \$7 million ending at \$61.6 million in FY 2024. The unrestricted net position increased in FY 2024 because of the increases in cash and investments resulting mostly from the rate increases approved for the year by both the Water Utility and the Sanitation District.

Changes in Net Position

Total governmental activities revenue in FY 2024 amounted to \$150.2 million compared to \$138.8 million in FY 2023, an increase of \$11.4 million in FY 2024 due to a variety of factors. This includes increases in both property taxes and sales taxes as the City's main revenue sources returned to more normal growth rates. The increase also includes an increase in the utility users tax, based on the increase in energy costs in FY 2024, and \$5.6 million in American Rescue Plan Act funding that the City recognized during the fiscal year. Governmental expenses increased by \$16.9 million in FY 2024 mostly due to newly negotiated cost of living raises for employees.

Total business-type activities revenues increased \$4.8 million in FY 2024 due to an increase in water utility rate revenues, sanitary sewer rate revenues, an increase in investment income, and operating grants and contributions. The expenses increased \$6.2 million due to an increase in the net pension and OPEB liability for FY 2024 and negotiated cost of living raises for employees.

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

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 16,330	\$ 14,874	\$ 56,308	\$ 54,342	\$ 72,638	\$ 69,216
Operating grants & contributions	17,476	16,099	918	2,063	18,394	18,162
Capital grants & contributions	6,277	6,953	-	-	6,277	6,953
Total program revenues	40,083	37,926	57,226	56,405	97,309	94,331
General revenues:						
Property tax	52,140	48,895	2,725	2,620	54,865	51,515
Sales tax	26,456	25,775	-	-	26,456	25,775
Other taxes & franchise fees	20,983	20,219	-	-	20,983	20,219
Investments earnings	9,468	3,530	4,997	1,067	14,465	4,597
Other	1,048	2,454	797	818	1,845	3,272
Total general revenues	110,095	100,873	8,519	4,505	118,614	105,378
Total revenues	150,178	138,799	65,745	60,910	215,923	199,709
Expenses:						
General government	16,920	14,303	-	-	16,920	14,303
Public safety	85,789	70,765	-	-	85,789	70,765
Public works	13,603	15,856	-	-	13,603	15,856
Culture & recreation	18,268	16,743	-	-	18,268	16,743
Economic & community development	7,114	6,884	-	-	7,114	6,884
Interest on long-term debt	356	579	-	-	356	579
Water utility	-	-	20,995	18,875	20,995	18,875
Sewer	-	-	34,036	30,021	34,036	30,021
Civic center	-	-	1,045	998	1,045	998
Transfer station	-	-	-	-	-	-
Total expenses	142,050	125,130	56,076	49,894	198,126	175,024
Increase (decrease) in net assets / net position before transfers	8,128	13,669	9,669	11,016	17,797	24,685
Transfers	2,041	1,394	(2,041)	(1,394)	-	-
Increase in net assets / net position	10,169	15,063	7,628	9,622	17,797	24,685
Net assets / net position, July 1	78,182	63,119	122,097	112,475	200,279	175,594
Net assets / net position, June 30	\$ 88,351	\$ 78,182	\$129,725	\$ 122,097	\$ 218,076	\$ 200,279

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 \$(102) million.

Table 3
Governmental Activities - Revenues
For the Year Ended June 30, 2024
(in thousands)

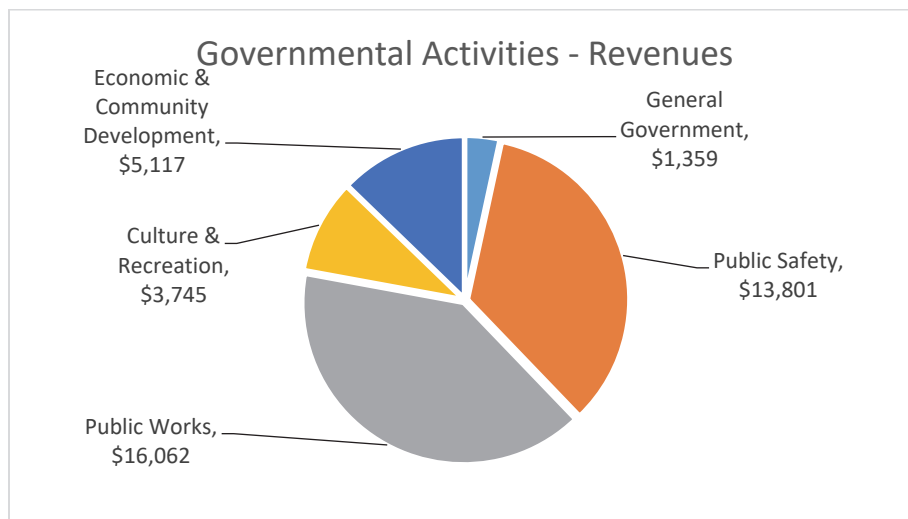
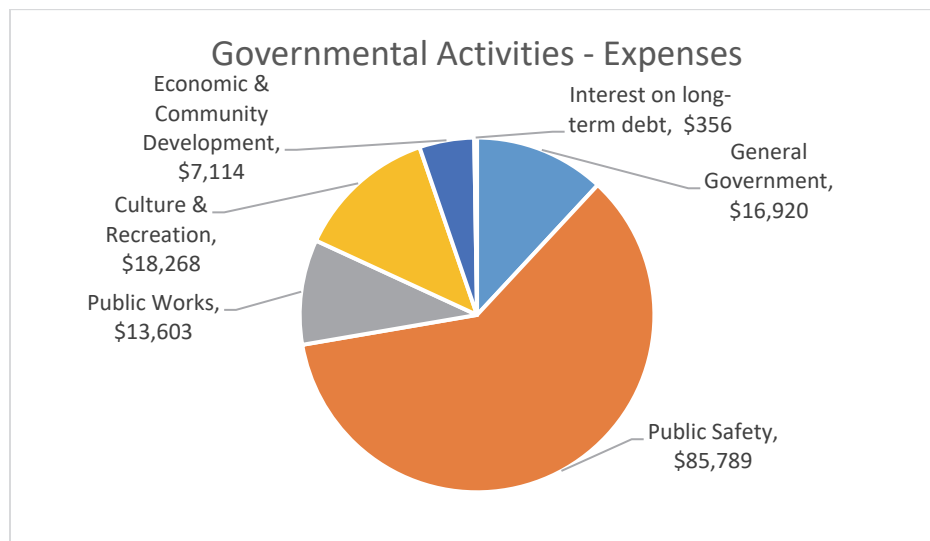


Table 4
Governmental Activities - Expenses
For the Year Ended June 30, 2024
(in thousands)



THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2024, 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 \$10.2 million to \$88.4 million in FY 2024 compared to \$78.2 million in FY 2023.

General Fund revenues for FY 2024 increased by \$5.9 million to \$124.7 million from \$118.8 million in FY 2023 due to several factors. To begin, the City recognized \$5.6 million in one-time American Rescue Plan Act funds during FY 2024 and saw an increase in its net investment income. Additionally, property tax revenues increased by about 7%, with property taxes going from \$48.9 million in FY 2023 to \$52.1 million in FY 2024. Sales tax revenues increased slightly from \$25.8 million in FY 2023 to \$26.5 million in FY 2024. Meanwhile, charges for services increases almost 18% going from \$6.5 million in FY 2023 to \$7.7 million in FY 2024 due to return of fire inspections and recreation programs after the pandemic. At the same time, decreases in some General Fund revenues offset the bigger increases. General Fund expenditures increased by \$6.7 million to \$117.5 million in FY 2024 reflecting additional increases in salaries and benefits in accordance with adopted memoranda of understanding. Although the General Fund showed an increase in expenditures, the expenditures were \$4.8 million lower than the budget of \$122.3 million. This is primarily due to salary savings within the Police Department and other General Fund departments where the City has seen a high number of vacant positions.

In FY 2024, the Gas Tax Special Revenue Fund total fund balance decreased slightly to \$8.6 million as revenues closely matched expenses. 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 expenditures as laid out in the multi-year capital improvement plan. However, the fund balance in the Measures A and W Fund did increase from \$11.4 million in FY 2023 to \$12.7 million in FY 2024 as both funds brought in healthy revenues this fiscal year.

The Capital Projects Fund total fund balance increased \$7.8 million in FY 2024 to \$36.8 million compared to \$29 million in FY 2023. This fund is designated for specific capital projects that will benefit the community. Capital Projects Fund revenues increased \$0.5 million in FY 2024 to \$4.9 million due to an increase in net investment income. A transfer of \$8 million to the Capital Projects Fund was done from the general fund utilizing one-time general fund surpluses to help fund future capital projects. Capital Projects Fund expenditures also increased in FY 2024 to \$6.5 million due to an increased in project spending.

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 2024 increased \$1.4 million to \$29.8 million compared to \$28.4 million in FY 2023 due to an increase in revenues related to another 9.5% water rate increase. Operating expenses increased \$1.7 million in FY 2024 to \$20.9 million because of increases in salaries and benefits in accordance with adopted memoranda of understanding.

Sanitation District operating revenues increased \$0.6 million to \$25.8 million in FY 2024 because sanitary sewer rates increased by 9% although the increase was offset by reduced water usage. Operating expenses increased by \$3.2 million to \$33.8 million in FY 2024 because of increases in salaries and benefits in accordance with adopted memoranda of understanding.

The Civic Center Fund became a major fund in FY 2022 due to the implementation of GASB 87 and the addition of leases receivables for building leases within the Fund. The Civic Center Fund remained a major fund in FY 2024 with an ending net position of \$5.5 million, a small increase from its \$5.4 million net position in FY 2023.

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 continuing economic uncertainties, the City again completed a one-year budget process for FY 2024. Revenues were better than the budget in FY 2024 as some, like property tax and utility user fees tax, came in higher than expected. Expenditures were below final budgeted amounts by \$4.8 million, mostly because of staffing vacancies in the Police Department and other General Fund funded departments.

Table 5
General Fund
Statements of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2024

Revenues:	Final Budget	Actual	Variance Positive/(Negative)
Property tax	\$ 46,496,301	\$ 52,139,564	\$ 5,643,263
Sales and use tax - general	26,841,600	26,455,971	(385,629)
Utility users tax	5,577,431	7,095,237	1,517,806
Franchise fees	5,268,569	5,166,543	(102,026)
Other Taxes	8,034,094	8,721,612	687,518
Licenses & Permits	2,319,135	2,587,982	268,847
Fines, forfeitures and penalties	4,644,022	2,408,106	(2,235,916)
Rents and Interest	2,241,859	3,442,315	1,200,456
Federal Program Grant	10,505,846	5,635,834	(4,870,012)
Receipt from other Agencies	1,282,460	1,752,355	469,895
Charges for services	7,594,285	7,689,635	95,350
Miscellaneous	505,715	1,625,417	1,119,702
Total revenues	121,311,317	124,720,571	3,409,254
Expenditures:			
Current:			
General government	8,162,664	14,700,155	(6,537,491)
Public safety	81,683,798	74,700,332	6,983,466
Public Works	8,605,621	6,576,604	2,029,017
Culture and Recreation	17,199,280	16,120,989	1,078,291
Economic and Community development	6,602,197	5,373,801	1,228,396
Total expenditures	122,253,560	117,471,881	4,781,679
Excess (deficiency) of revenues over (under) expenditures	(942,243)	7,248,690	8,190,933
Other Financing Sources (Uses):			
Issuance of long-term debt	-	728,611	728,611
Transfers in (Note 6)	3,232,234	3,232,234	-
Transfers (out) (Note 6)	(10,710,781)	(12,518,004)	(1,807,223)
Total other financing sources (uses)	(7,478,547)	(8,557,159)	(1,078,612)
Net change in fund balance	\$ (8,420,790)	\$ (1,308,469)	

CAPITAL ASSETS

At the end of FY 2024 the City had \$175 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	
	2024	2023	2024	2023	2024	2023
Land	\$ 27,856	\$ 27,856	\$ 2,863	\$ 2,863	\$ 30,719	\$ 30,719
Buildings & improvements	18,285	19,902	1,140	1,306	19,424	21,208
Right-to-use building	30	102	-	-	30	102
Park structures & improvements	5,180	4,486	-	-	5,180	4,486
Subscription Assets	4,539	4,236	-	-	4,539	4,236
Streets & infrastructures	24,972	24,189	-	-	24,972	24,189
Sewage facilities	-	-	15,024	16,151	15,024	16,151
Wells & pump stations	-	-	3,810	3,996	3,810	3,996
Water reservoirs	-	-	6,373	6,532	6,373	6,532
Water Mains	157	160	8,007	8,778	8,163	8,938
Sanitation subsurface lines	-	-	9,631	10,452	9,631	10,452
Equipment	11,796	9,734	4,253	4,400	16,050	14,134
Furniture & fixtures	12	15	31	35	43	50
Construction in progress	14,650	11,468	16,391	11,753	31,040	23,221
Total net capital assets	\$ 107,476	\$ 102,148	\$ 67,523	\$ 66,266	\$ 174,999	\$ 168,414

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		Interest	Original Principal	2024	2023
<u>Description</u>					
<u>Pension Obligation Bonds</u>		2.65% to	36,235	-	4,325
Issued	June 1, 2004	5.896%			
Maturity	June 1, 2024				
<u>Equipment Lease Purchase</u>		2.67%	1,483	881	1,087
<u>Community First Bank</u>					
Issued	December 18, 2020				
Maturity	December 18, 2027				
<u>Equipment Lease Purchase</u>		3.81%	1,830	1,615	1,831
<u>Community First Bank</u>					
Issued	October 11, 2022				
Maturity	October 11, 2030				
Total Governmental Activity Debts				2,496	7,243
Business-type Activities					
<u>State Water Resources Control Board</u>		2.50%	\$ 4,450	-	557
<u>Revolving Fund Loan for Sanitation</u>					
<u>District Recycled Water Project</u>					
Issued	November 18, 2003				
Maturity	December 1, 2024				
<u>Water Revenue Refunding Bonds to</u>		2.00% to	6,890	-	640
<u>Refinance Water Certificates of</u>		3.00%			
<u>Participation</u>					
Issued	September 10, 2012				
Maturity	June 1, 2024				
Total Business-Type Activity Debts				-	1,197
Total City Long-Term Debts				\$ 2,496	\$ 8,440

ECONOMIC FACTORS

During fiscal year (FY) 2023-24, the City continued to see growth in its main revenue sources, property taxes and sales taxes. Although some had predicted a recession might come in FY 2024 given the rising inflation and the increases in interest rates by the Federal Open Market Committee, the City did not experience any recessionary impacts. In fact, revenues seemed to return to more traditional growth rates as experienced by the City before the pandemic.

At the same time, though, expenditures continued to rise for the City as inflation and other supply and demand factors affected the cost of labor as well as services and supplies. The City had budgeted at a deficit for FY 2024, but ended the year almost breaking even since revenues were better than budgeted and expenses were significantly down due to staff vacancies. The City also continued to use its portion of the American Rescue Plan Act funds to help partially offset the budgeted deficit in FY 2024.

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.



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

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

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

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

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

CITY OF DALY CITY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2G)	\$195,864,131	\$69,972,356	\$265,836,487
Restricted cash (Note 2G)	4,767,252		4,767,252
Accounts receivable, net	14,749,097	7,296,477	22,045,574
Inventories (Note 2H)	268,112	2,062,439	2,330,551
Prepays (Note 2H)	1,869,972	41,872	1,911,844
Internal balances (Note 6)	(1,735,270)	1,735,270	
Notes receivable (Note 13)	1,263,087		1,263,087
Loan receivable from Successor Agency (Note 15C)	9,621,859		9,621,859
Leases receivable (Note 7)	8,575,324	8,379,917	16,955,241
Property held for development (Note 2C)	3,366,888		3,366,888
Capital assets (Note 4):			
Nondepreciable capital assets	42,506,139	19,253,238	61,759,377
Depreciable capital assets, net	64,970,069	48,269,307	113,239,376
Total Assets	346,086,660	157,010,876	503,097,536
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 8D)	59,370,869	4,322,350	63,693,219
Related to OPEB (Note 9E)	5,335,269	829,381	6,164,650
Total Deferred Outflows of Resources	64,706,138	5,151,731	69,857,869
LIABILITIES			
Accounts payable	12,265,799	3,124,973	15,390,772
Accrued payroll	1,441,180	207,251	1,648,431
Deposits payable	6,904,791	28,600	6,933,391
Unearned revenue	8,478,029		8,478,029
Interest payable	40,636		40,636
Compensated absences (Note 2K):			
Due within one year	6,121,560	953,028	7,074,588
Due in more than one year	12,369,648	1,628,139	13,997,787
Accrued claims payable (Note 11):			
Due within one year	2,928,869		2,928,869
Due in more than one year	7,855,131		7,855,131
Net OPEB liability, due in more than one year (Note 9C)	28,247,302	4,391,112	32,638,414
Net pension liability, due in more than one year (Note 8C)	214,271,247	13,823,031	228,094,278
Lease payable (Note 7)			
Due within one year	34,463		34,463
Subscription liabilities (Note 14):			
Due within one year	1,077,797		1,077,797
Due in more than one year	3,525,953		3,525,953
Long-term debt (Note 5):			
Due within one year	456,190		456,190
Due in more than one year	2,039,353		2,039,353
Total Liabilities	308,057,948	24,156,134	332,214,082
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 8D)	37,492	6,702	44,194
Related to OPEB (Note 9E)	6,121,946	951,671	7,073,617
Related to leases (Note 7)	8,223,628	7,323,703	15,547,331
Total Deferred Inflows of Resources	14,383,066	8,282,076	22,665,142
NET POSITION (Note 12)			
Net investment in capital assets	100,342,452	67,522,545	167,864,997
Restricted for:			
Streets and roads	21,247,628		21,247,628
Infrastructure	12,945,510		12,945,510
Qualified capital outlay		605,397	605,397
Affordable housing	9,708,513		9,708,513
Other	2,696,566		2,696,566
Total Restricted Net Position	46,598,217	605,397	47,203,614
Unrestricted	(58,588,885)	61,596,455	3,007,570
Total Net Position	\$88,351,784	\$129,724,397	\$218,076,181

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$16,919,779	\$596,937	\$599,920	\$161,954	(\$15,560,968)		(\$15,560,968)
Public safety	85,788,744	5,940,432	7,860,882		(71,987,430)		(71,987,430)
Public works	13,602,903	3,547,885	6,398,248	6,115,526	2,458,756		2,458,756
Culture and recreation	18,268,662	2,806,681	938,391		(14,523,590)		(14,523,590)
Economic and community development	7,114,150	3,438,024	1,678,725		(1,997,401)		(1,997,401)
Interest on long-term debt	355,805				(355,805)		(355,805)
Total Governmental Activities	142,050,043	16,329,959	17,476,166	6,277,480	(101,966,438)		(101,966,438)
Business-type Activities:							
Water Utility	20,994,878	29,346,716	456,481			\$8,808,319	8,808,319
Civic Center	1,045,147	1,293,382				248,235	248,235
Transfer Station							
Sanitation District	34,036,049	25,667,679	461,116			(7,907,254)	(7,907,254)
Total Business-type Activities	56,076,074	56,307,777	917,597			1,149,300	1,149,300
Total	\$198,126,117	\$72,637,736	\$18,393,763	\$6,277,480	(101,966,438)	1,149,300	(100,817,138)
General revenues:							
Taxes:							
Property tax					52,139,564	2,725,057	54,864,621
Sales tax					26,455,971		26,455,971
Utility users tax					7,095,237		7,095,237
Franchise fees					5,166,543		5,166,543
Other taxes					8,721,612		8,721,612
Investment earnings					9,467,690	4,997,084	14,464,774
Gain from sale of capital assets						2,248	2,248
Miscellaneous					1,048,185	795,073	1,843,258
Transfers (Note 6)					2,041,050	(2,041,050)	
Total general revenues and transfers					112,135,852	6,478,412	118,614,264
Change in Net Position					10,169,414	7,627,712	17,797,126
Net Position-Beginning					78,182,370	122,096,685	200,279,055
Net Position-Ending					\$88,351,784	\$129,724,397	\$218,076,181

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, 2024

	General	Gas Tax	Grants	Measures A and W	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments (Note 2G)	\$70,567,432	\$11,532,905	\$446,833	\$12,639,215	\$39,548,266	\$7,087,808	\$141,822,459
Restricted cash and investments (Note 2G)	4,767,252						4,767,252
Accounts receivable, net	12,269,727	927,104	447,977	199,136	37,986	401,704	14,283,634
Due from other funds (Note 6)	152,110						152,110
Prepays (Note 2H)	37,550		81,066				118,616
Inventories (Note 2H)	18,888	21,196					40,084
Notes receivable (Note 13)			440,744			822,343	1,263,087
Loan receivable from Successor Agency (Note 15C)	9,621,859						9,621,859
Leases receivable (Note 7)	8,575,324						8,575,324
Property held for development (Note 2C)						3,366,888	3,366,888
Total Assets	\$106,010,142	\$12,481,205	\$1,416,620	\$12,838,351	\$39,586,252	\$11,678,743	\$184,011,313
LIABILITIES							
Accounts payable	\$9,054,763	\$635,208	\$318,928	\$147,960	\$1,142,609	\$204,013	\$11,503,481
Accrued payroll	1,315,106	33,682	4,103			7,129	1,360,020
Due to other funds (Note 6)						152,110	152,110
Deposits payable	6,900,790					4,001	6,904,791
Unearned revenue	3,590,382	3,255,078			1,632,569		8,478,029
Total Liabilities	20,861,041	3,923,968	323,031	147,960	2,775,178	367,253	28,398,431
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - accounts receivable			77,403				77,403
Unavailable revenue - loans			440,744			822,343	1,263,087
Related to leases (Note 7)	8,223,628						8,223,628
Total Deferred Inflows of Resources	8,223,628		518,147			822,343	9,564,118
FUND BALANCES							
Fund Balance (Note 12)							
Nonspendable	10,038,350	21,196	81,066				10,140,612
Restricted	5,767,252	8,536,041	494,376	12,690,391	12,945,510	10,489,147	50,922,717
Assigned	611,754				23,865,564		24,477,318
Unassigned	60,508,117						60,508,117
Total Fund Balances	76,925,473	8,557,237	575,442	12,690,391	36,811,074	10,489,147	146,048,764
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$106,010,142	\$12,481,205	\$1,416,620	\$12,838,351	\$39,586,252	\$11,678,743	\$184,011,313

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, 2024

Total fund balances reported on the Governmental Funds Balance Sheet	\$146,048,764
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	95,301,235
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ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

Cash and investments	54,041,672
Accounts receivable	465,463
Prepays	1,751,356
Deferred outflows	439,458
Inventories	228,028
Internal balances	(1,735,270)
Capital assets	12,174,973
Accounts payable	(762,318)
Accrued payroll	(81,160)
Interest payable	(40,636)
Accrued claims payable	(10,784,000)
Compensated absences	(1,656,972)
Net OPEB liability	(2,326,633)
Deferred inflows	(504,243)
Subscription liabilities - due within one year	(482,845)
Subscription liabilities - due in more than one year	(1,072,681)
Long-term debt - due within one year	(456,190)
Long-term debt - due in more than one year	(2,039,353)

ACCRUAL OF NONCURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	1,340,490
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DEFERRED INFLOWS AND OUTFLOWS

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

Deferred outflows	64,266,680
Deferred inflows	(5,655,195)

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:

Leases payable	(34,463)
Subscription liabilities	(3,048,224)
Net OPEB liability	(25,920,669)
Net pension liability	(214,271,247)
Compensated absences	(16,834,236)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$88,351,784</u></u>
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See accompanying notes to financial statements

CITY OF DALY CITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General	Gas Tax	Grants	Measures A and W	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property tax	\$52,139,564						\$52,139,564
Gas tax		\$5,521,712					5,521,712
Sales tax	26,455,971			\$3,766,051			30,222,022
Utility users tax	7,095,237						7,095,237
Franchise fees	5,166,543						5,166,543
Other taxes	8,721,612						8,721,612
Licenses and permits	2,587,982						2,587,982
Fines and forfeitures	2,408,106						2,408,106
Rents and interest	3,442,315	615,317	\$17,485	998,923	\$2,464,710	\$230,901	7,769,651
Federal programs and grants	5,635,834	357,898	90,999		98,907	1,147,886	7,331,524
Receipts from other agencies	1,752,355	1,282,918	2,843,219		572,366		6,450,858
Charges and fees	7,689,635	1,099,043			1,628,048	121,501	10,538,227
Miscellaneous	1,625,417	35,376			161,954	250,508	2,073,255
Total Revenues	124,720,571	8,912,264	2,951,703	4,764,974	4,925,985	1,750,796	148,026,293
EXPENDITURES							
Current:							
General government	14,081,449		56,609	5,000			14,143,058
Public safety	74,700,332		2,708,011			10,930	77,419,273
Public works	6,576,604	5,393,120				23,170	11,992,894
Culture and recreation	16,120,989		203,110				16,324,099
Economic and community development	5,373,801		72,663			1,491,375	6,937,839
Capital projects		8,924,385	300,514		6,513,071		15,737,970
Debt service:							
Principal	610,137		229,861				839,998
Interest	8,569		3,389				11,958
Total Expenditures	117,471,881	14,317,505	3,574,157	5,000	6,513,071	1,525,475	143,407,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,248,690	(5,405,241)	(622,454)	4,759,974	(1,587,086)	225,321	4,619,204
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt (Note 14)	728,611		738,009				1,466,620
Transfers in (Note 6)	3,232,234	5,741,345	6,009		9,595,491	259,282	18,834,361
Transfers (out) (Note 6)	(12,518,004)	(465,535)		(3,464,082)	(180,648)	(62,056)	(16,690,325)
Total Other Financing Sources (Uses)	(8,557,159)	5,275,810	744,018	(3,464,082)	9,414,843	197,226	3,610,656
NET CHANGES IN FUND BALANCES	(1,308,469)	(129,431)	121,564	1,295,892	7,827,757	422,547	8,229,860
BEGINNING FUND BALANCES	78,233,942	8,686,668	453,878	11,394,499	28,983,317	10,066,600	137,818,904
ENDING FUND BALANCES	\$76,925,473	\$8,557,237	\$575,442	\$12,690,391	\$36,811,074	\$10,489,147	\$146,048,764

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, 2024

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	\$8,229,860
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay expenditures (less prepaid asset of \$81,066) are therefore added back to fund balance.

8,667,480

Depreciation expense is deducted from fund balance

(Depreciation expense is net of internal service fund depreciation of \$1,942,874 which has already been allocated to serviced funds).

(4,897,688)

Remeasurement of subscription asset is added to fund balance

293,075

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 lease principal is added back to fund balance

78,888

Repayment of subscription liability principal is added back to fund balance

761,110

Proceeds from new SBITAs are deducted from fund balance

(1,466,620)

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

(843,515)

Compensated absences

(501,267)

OPEB expense

2,257,256

Pension expense

(14,905,406)

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

12,496,241

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$10,169,414

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property tax	\$46,096,301	\$46,496,301	\$52,139,564	\$5,643,263
Sales tax	26,234,600	26,841,600	26,455,971	(385,629)
Utility users tax	5,577,431	5,577,431	7,095,237	1,517,806
Franchise fees	5,268,569	5,268,569	5,166,543	(102,026)
Other taxes	7,706,751	8,034,094	8,721,612	687,518
Licenses and permits	2,437,684	2,319,135	2,587,982	268,847
Fines and forfeitures	4,644,022	4,644,022	2,408,106	(2,235,916)
Rents and interest	2,251,859	2,241,859	3,442,315	1,200,456
Federal programs and grants	3,000,000	10,505,846	5,635,834	(4,870,012)
Receipts from other agencies	642,779	1,282,460	1,752,355	469,895
Charges and fees	7,144,503	7,594,285	7,689,635	95,350
Miscellaneous	386,011	505,715	1,625,417	1,119,702
Total Revenues	111,390,510	121,311,317	124,720,571	3,409,254
EXPENDITURES				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	335,534	335,534	305,796	29,738
Services and supplies	74,630	74,630	50,088	24,542
Other charges	44,163	44,163	32,152	12,011
Total Legislative	454,327	454,327	388,036	66,291
Legal:				
Salaries and benefits	1,241,957	1,241,957	1,249,933	(7,976)
Services and supplies	778,368	780,741	285,947	494,794
Other charges	13,083	13,083	6,308	6,775
Total Legal	2,033,408	2,035,781	1,542,188	493,593
Administrative:				
Salaries and benefits	1,460,541	1,460,541	8,708,693	(7,248,152)
Services and supplies	3,204,509	3,275,265	2,840,543	434,722
Other charges	969,111	936,750	601,989	334,761
Total Administrative	5,634,161	5,672,556	12,151,225	(6,478,669)
Total General Government	8,121,896	8,162,664	14,081,449	(5,918,785)
Public Safety				
Police:				
Salaries and benefits	41,034,720	41,034,720	33,323,543	7,711,177
Services and supplies	7,849,081	8,069,697	7,397,346	672,351
Capital outlay	274,510	437,795	894,938	(457,143)
Other charges	781,537	780,537	767,428	13,109
Total Police	49,939,848	50,322,749	42,383,255	7,939,494
Fire:				
Salaries and benefits	27,199,561	27,199,564	28,193,864	(994,300)
Services and supplies	3,696,828	3,696,827	3,626,433	70,394
Capital outlay	362,362	362,362	232,005	130,357
Other charges	73,183	102,296	264,775	(162,479)
Total Fire	31,331,934	31,361,049	32,317,077	(956,028)
Total Public Safety	81,271,782	81,683,798	74,700,332	6,983,466

(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, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Public Works				
Salaries and benefits	5,772,844	5,772,844	4,191,592	1,581,252
Services and supplies	2,454,041	2,797,484	2,263,077	534,407
Capital outlay		6,000	8,664	(2,664)
Other charges	35,293	29,293	113,271	(83,978)
Total Public Works	8,262,178	8,605,621	6,576,604	2,029,017
Culture and Recreation				
Salaries and benefits	10,063,241	10,477,502	9,546,765	930,737
Services and supplies	6,105,314	6,699,189	6,429,896	269,293
Capital outlay	55,000	19,149	4,849	14,300
Other charges	3,440	3,440	139,479	(136,039)
Total Culture and Recreation	16,226,995	17,199,280	16,120,989	1,078,291
Economic and Community Development				
Salaries and benefits	4,374,286	4,374,286	3,726,558	647,728
Services and supplies	1,262,016	2,095,952	1,538,751	557,201
Other charges	58,348	131,959	108,492	23,467
Total Economic and Community Development	5,694,650	6,602,197	5,373,801	1,228,396
Debt service:				
Principal			610,137	(610,137)
Interest			8,569	(8,569)
			618,706	(618,706)
Total Expenditures	119,577,501	122,253,560	117,471,881	4,781,679
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,186,991)	(942,243)	7,248,690	8,190,933
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt			728,611	728,611
Transfers in	2,972,293	3,232,234	3,232,234	
Transfers out	(3,198,616)	(10,710,781)	(12,518,004)	(1,807,223)
Total Other Financing Sources (Uses)	(226,323)	(7,478,547)	(8,557,159)	(1,078,612)
NET CHANGE IN FUND BALANCE	(\$8,413,314)	(\$8,420,790)	(1,308,469)	\$7,112,321
BEGINNING FUND BALANCE			78,233,942	
ENDING FUND BALANCE			\$76,925,473	

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Gas tax	\$5,585,677	\$5,585,677	\$5,521,712	(\$63,965)
Rents and interest	70,000	70,000	615,317	545,317
Federal programs and grants	3,200,000	3,721,648	357,898	(3,363,750)
Receipts from other agencies	300,000	7,904,473	1,282,918	(6,621,555)
Charges and services	1,070,484	1,070,484	1,099,043	28,559
Miscellaneous	11,000	11,000	35,376	24,376
Total Revenues	10,237,161	18,363,282	8,912,264	(9,451,018)
EXPENDITURES				
Public works	5,501,684	5,574,434	5,393,120	181,314
Capital projects	9,526,476	37,655,207	8,924,385	28,730,822
Total Expenditures	15,028,160	43,229,641	14,317,505	28,912,136
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,790,999)	(24,866,359)	(5,405,241)	19,461,118
OTHER FINANCING SOURCES (USES)				
Transfers in	5,270,508	18,044,778	5,741,345	(12,303,433)
Transfers out	(304,958)	(304,958)	(465,535)	(160,577)
Total Other Financing Sources (Uses)	4,965,550	17,739,820	5,275,810	(12,464,010)
NET CHANGE IN FUND BALANCE	\$174,551	(\$7,126,539)	(129,431)	\$6,997,108
BEGINNING FUND BALANCE			8,686,668	
ENDING FUND BALANCE			\$8,557,237	

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, 2024

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Gas tax		\$270,827		(\$270,827)
Rents and interest	\$2,000	2,000	\$17,485	15,485
Federal programs and grants		1,642,994	90,999	(1,551,995)
Receipts from other agencies	158,889	10,466,801	2,843,219	(7,623,582)
Miscellaneous revenue		44,069		(44,069)
Total Revenues	160,889	12,426,691	2,951,703	(9,474,988)
EXPENDITURES				
General Government				
Administrative:				
Services and supplies		390,485	56,609	333,876
Total General Government		390,485	56,609	333,876
Public Safety				
Salaries and benefits	182,602	1,652,656	172,249	1,480,407
Services and supplies		2,415,880	630,485	1,785,395
Capital outlay		374,120	950,026	(575,906)
Other charges		4,181,799	955,251	3,226,548
Total Public Safety	182,602	8,624,455	2,708,011	5,916,444
Public Works				
Capital Outlay		796,267	300,514	495,753
Total Public Works		796,267	300,514	495,753
Culture and Recreation				
Services and supplies		203,483	203,110	373
Total Culture and Recreation		203,483	203,110	373
Economic and Community Development				
Salaries and benefits		85,742	71,823	13,919
Services and supplies		108,139	840	107,299
Other charges		2,820,925		2,820,925
Total Economic and Community Development		3,014,806	72,663	2,942,143
Debt service:				
Principal			229,861	(229,861)
Interest			3,389	(3,389)
			233,250	(233,250)
Total Expenditures	182,602	13,029,496	3,574,157	9,455,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,713)	(602,805)	(622,454)	(19,649)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt			738,009	738,009
Transfers in	64,463	89,463	6,009	(83,454)
NET CHANGE IN FUND BALANCE	\$42,750	(\$513,342)	121,564	\$634,906
BEGINNING FUND BALANCE			453,878	
ENDING FUND BALANCE			\$575,442	

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, 2024

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$3,876,823	\$3,876,823	\$3,766,051	(\$110,772)
Rents and interest	40,000	40,000	998,923	958,923
Total Revenues	3,916,823	3,916,823	4,764,974	848,151
EXPENDITURES				
General Government				
Administrative:				
Services and supplies	5,200	5,200	5,000	200
Total Expenditures	5,200	5,200	5,000	200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,911,623	3,911,623	4,759,974	848,351
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(3,021,000)	(14,345,505)	(3,464,082)	10,881,423
NET CHANGE IN FUND BALANCE	\$890,623	(\$10,433,882)	1,295,892	\$11,729,774
BEGINNING FUND BALANCE			11,394,499	
ENDING FUND BALANCE			\$12,690,391	

See accompanying notes to financial statements

CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	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 2G)	\$32,384,413	\$34,146,040	\$1,902,315	\$1,539,588	\$69,972,356
Accounts receivable, net (Note 2I)	6,080,597	1,191,815	24,065		7,296,477
Inventories (Note 2H)	405,825	1,656,614			2,062,439
Prepays	601	41,271			41,872
Total Current Assets	38,871,436	37,035,740	1,926,380	1,539,588	79,373,144
Noncurrent Assets:					
Leases receivable (Note 7)			8,379,917		8,379,917
Capital Assets (Note 4):					
Land	839,856	233,547	1,695,762	93,384	2,862,549
Buildings	272,379	893,519	5,568,728	1,184,278	7,918,904
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	21,568,821	26,871,004			48,439,825
Equipment	7,527,606	10,281,888	936,705	20,912	18,767,111
Furniture and fixtures	37,154	114,174			151,328
Subscription assets					
Construction in progress	2,726,084	13,664,605			16,390,689
Total Capital Assets	54,762,608	111,471,778	8,201,195	1,298,574	175,734,155
Less accumulated depreciation	(31,236,578)	(70,099,235)	(5,670,607)	(1,205,190)	(108,211,610)
Net Capital Assets	23,526,030	41,372,543	2,530,588	93,384	67,522,545
Total Noncurrent Assets	23,526,030	41,372,543	10,910,505	93,384	75,902,462
Total Assets	62,397,466	78,408,283	12,836,885	1,632,972	155,275,606
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 8D)	1,220,230	3,102,120			4,322,350
Related to OPEB (Note 9)	259,955	569,426			829,381
Total Deferred Outflows	1,480,185	3,671,546			5,151,731
LIABILITIES					
Current Liabilities:					
Accounts payable	1,167,224	1,936,772	20,977		3,124,973
Accrued payroll	56,654	150,597			207,251
Deposits payable	28,600				28,600
Interest payable					
Accrued claims payable (Note 11)					
Compensated absences (Note 2K)	289,167	663,861			953,028
Long-term debt (Note 5)					
Total Current Liabilities	1,541,645	2,751,230	20,977		4,313,852
Noncurrent Liabilities:					
Compensated absences (Note 2K)	238,480	1,389,659			1,628,139
Accrued claims payable (Note 11)					
Net OPEB liability (Note 9)	1,376,319	3,014,793			4,391,112
Net Pension Liability (Note 8C)	3,902,340	9,920,691			13,823,031
Long-term debt (Note 5)					
Total Noncurrent Liabilities	5,517,139	14,325,143			19,842,282
Total Liabilities	7,058,784	17,076,373	20,977		24,156,134
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 8D)	1,892	4,810			6,702
Related to OPEB (Note 9)	298,285	653,386			951,671
Related to leases (Note 7)			7,323,703		7,323,703
Total Deferred Inflows	300,177	658,196	7,323,703		8,282,076
NET POSITION (Note 12)					
Net investment in capital assets	23,526,030	41,372,543	2,530,588	93,384	67,522,545
Restricted for:					
Qualified capital outlay		605,397			605,397
Unrestricted	32,992,660	22,367,320	2,961,617	1,539,588	59,861,185
Total Net Position	\$56,518,690	\$64,345,260	\$5,492,205	\$1,632,972	127,989,127

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, 2024

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Utility	Sanitation District	Civic Center	Nonmajor - Transfer Station	Totals
OPERATING REVENUES					
Water sales	\$29,346,716	\$80,469			\$29,427,185
Sewer service charges		25,374,760			25,374,760
Connection charges		212,450			212,450
Rental income			\$1,293,382		1,293,382
Charges to City departments					
Lease revenues					\$32,056,638
Other revenues	492,495	99,044	88,954	\$114,580	795,073
Total Operating Revenues	29,839,211	25,766,723	1,382,336	114,580	57,102,850
OPERATING EXPENSES					
Salaries and benefits	4,761,168	12,791,801			17,552,969
Services and supplies	2,535,460	13,196,570	623,834		16,355,864
Water purchases	8,490,359				8,490,359
Utilities	1,253,533	2,267,018	230,518		3,751,069
Insurance	439,581	1,116,721	31,750		1,588,052
Claims and settlements					3,906,938
Depreciation (Note 4)	1,355,628	2,295,520	190,306		3,841,454
Other charges	2,033,167	2,171,383			4,204,550
Total Operating Expenses	20,868,896	33,839,013	1,076,408		55,784,317
Operating Income (Loss)	8,970,315	(8,072,290)	305,928	114,580	1,318,533
NONOPERATING REVENUES (EXPENSES)					
Property taxes		2,725,057			2,725,057
Intergovernmental	456,481	461,116			917,597
Gain on sale of inventory		2,248			2,248
Loss on sale of capital assets					237,041
Interest income	2,258,094	2,582,011	156,979		4,997,084
Interest expense	(11,733)	(6,955)			(18,688)
Total Nonoperating Revenues (Expenses)	2,702,842	5,763,477	156,979		8,623,298
Income (Loss) Before Transfers	11,673,157	(2,308,813)	462,907	114,580	9,941,831
Transfers in (Note 6)	171,504	3,353,309			3,524,813
Transfers (out) (Note 6)	(3,893,958)	(1,189,780)	(361,816)	(120,309)	(5,565,863)
Net transfers	(3,722,454)	2,163,529	(361,816)	(120,309)	(2,041,050)
CHANGE IN NET POSITION	7,950,703	(145,284)	101,091	(5,729)	7,900,781
BEGINNING NET POSITION	48,567,987	64,490,544	5,391,114	1,638,701	120,088,346
ENDING NET POSITION	\$56,518,690	\$64,345,260	\$5,492,205	\$1,632,972	127,989,127
Net change in net position					7,900,781
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.					(273,069)
Change in net position of business-type activities					\$7,627,712

See accompanying notes to financial statements

CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Utility	Sanitation District	Civic Center	Nonmajor - Transfer Station	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$29,736,448	\$26,222,171	\$1,105,624	\$114,580	\$57,178,823
Payments to suppliers	(14,481,923)	(18,591,771)	(870,907)		(33,944,601)
Payments to employees	(4,673,185)	(12,250,044)			(16,923,229)
Claims paid					(3,195,938)
Cash Flows from Operating Activities	10,581,340	(4,619,644)	234,717	114,580	6,310,993
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property tax		2,725,057			2,725,057
Intergovernmental	456,481	461,116			917,597
Principal paid on noncapital debt					(4,325,000)
Interest paid on noncapital debt					(255,002)
Transfers in	171,504	3,353,309			3,524,813
Transfers out	(3,893,958)	(1,189,780)	(361,816)	(120,309)	(5,565,863)
Cash Flows from (used for) Noncapital Financing Activities	(3,265,973)	5,349,702	(361,816)	(120,309)	1,601,604
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets		2,248			2,248
Acquisition of capital assets	(2,441,782)	(2,656,265)			(5,098,047)
Principal paid on subscription liabilities					(294,163)
Interest paid on subscription liabilities					(6,816)
Principal paid on capital debt	(640,000)	(556,791)			(1,196,791)
Interest paid on capital debt	(12,800)	(15,075)			(27,875)
Cash Flows from (used for) Capital and Related Financing Activities	(3,094,582)	(3,225,883)			(6,320,465)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income (expense)	2,258,094	2,582,011	156,979		4,997,084
Net Cash Flows	6,478,879	86,186	29,880	(5,729)	6,589,216
Cash and investments at beginning of period	25,905,534	34,059,854	1,872,435	1,545,317	63,383,140
Cash and investments at end of period	\$32,384,413	\$34,146,040	\$1,902,315	\$1,539,588	\$69,972,356
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$8,970,315	(\$8,072,290)	\$305,928	\$114,580	\$1,318,533
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,355,628	2,295,520	190,306		3,841,454
Change in assets and liabilities:					
Accounts receivable, net	(99,163)	455,448	19,225		375,510
Inventories	(12,475)	(68,518)			(80,993)
Prepays	(601)	(40,721)			(41,322)
Accounts payable	283,253	269,160	15,195		567,608
Accrued payroll	383	19,333			19,716
Deposits payable	(3,600)				(3,600)
Accrued claims payable					711,000
Compensated absences	(50,827)	3,062			(47,765)
Leases-related activity			(295,937)		(295,937)
Due to OPEB system	61,732	(433,863)			(372,131)
Due to retirement system	76,695	953,225			1,029,920
Cash Flows from Operating Activities	\$10,581,340	(\$4,619,644)	\$234,717	\$114,580	\$6,310,993
NONCASH TRANSACTIONS					
Retirement of capital assets					(\$25,456)
Remeasurement of subscription asset					(91,019)
Remeasurement of subscription liability					\$91,019

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, 2024

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds	
		Custodial Funds	External Investment Pool Fund
ASSETS			
Cash and investments (Note 2G)	\$232,262	\$2,191,000	\$1,366,529
Receivables		2,054,881	
Total Assets	232,262	4,245,881	1,366,529
LIABILITIES			
Accounts payable		3,585,981	
Deposits payable	4,050		
Loans payable to City (Note 15C)	9,621,859		
Total Liabilities	9,625,909	3,585,981	
NET POSITION			
Restricted for:			
Other agencies and organizations	(9,393,647)	659,900	
Pool participant			1,366,529
Total Net Position	(\$9,393,647)	\$659,900	\$1,366,529

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Custodial Funds	External Investment Pool Fund
ADDITIONS			
Taxes	\$1,285,294		
Receipts from other agencies		\$50,000	
Rents and interest	18,375		\$78,556
Other receipts	215		5,513,204
Total additions	1,303,884	50,000	5,591,760
DEDUCTIONS			
Services and supplies	9,710		
Culture and recreation		1,832	
Other payments			5,205,582
Total deductions	9,710	1,832	5,205,582
CHANGE IN NET POSITION	1,294,174	48,168	386,178
NET POSITION			
Net Position (Deficit) - Beginning	(10,687,821)	611,732	980,351
Net Position (Deficit) - Ending	(\$9,393,647)	\$659,900	\$1,366,529

See accompanying notes to financial statements



CITY OF DALY CITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1.

REPORTING ENTITY

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 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, 2024.

NOTE 2.

DESCRIPTION OF FUNDS AND SUMMARY OF ACCOUNTING POLICIES

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 1).

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 and right to use subscription 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.

Expenditures in Excess of Appropriations – The General Fund incurred expenditures in excess as follows during the fiscal year ending June 30, 2024:

	<u>Expenditures Exceeded Budget</u>
General Fund	
General Government	\$5,918,785
Public Safety - Fire	956,028
Transfers out	1,807,223
Debt service	618,706

Sufficient resources were available within the fund to finance these expenditures.

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	\$265,836,487
Restricted cash and investments	<u>4,767,252</u>
Cash and investments of the City	270,603,739
Cash and investments in Fiduciary Funds (separate statement):	
Private-purpose Trust Fund	232,262
Custodial Funds	2,191,000
Custodial Funds - External investment pool	<u>1,366,529</u>
Total cash and investments	<u><u>\$274,393,530</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
Municipal Securities/Registered Treasury Noted or Bonds	5 years	A	30%	5%
U.S. Treasuries	5 years	N/A	No Limit	No Limit
Federal Agencies	5 years	N/A	20%	30%
Banker's Acceptances	180 days	A-1/A	40%	5%
Commercial Paper	270 days	A-1/A	25%	5%
Negotiable Certificates of Deposit	5 years	A-1/A	30%	5%
Non-Negotiable Certificates of Deposit	5 years	N/A	20%	No Limit
Placement Service Deposits	5 years	N/A	30%	No Limit
Collateralized Bank Deposits	Upon Demand	N/A	No Limit	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	\$75,000,000 per account	\$75,000,000 per account
Local Government Investment Pools (LGIP)	Upon Demand	N/A	No Limit	No Limit
Corporate Medium Term Notes	5 years	A	30%	5%
Asset-Backed, Mortgage Backed, Mortgage Pass-Through Securities, & Collateralized Mortgage Obligations	5 years*	AA	20%	5%
Mutual Funds	Upon Demand	Highest Ranking by two NRSROs	10%	No Limit
Money-Market Mutual Funds	Upon Demand	Highest Ranking by two NRSROs	20%	No Limit
Supranationals	5 Years	AA	30%	10%

*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 year

Public Agencies Post-Employment Trust

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

Investments Authorized by Debt Agreements

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

The following table identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

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

Investment Type	Less than One Year	One to Five Years	More than Five Years	Total
U.S. Government Agency Securities	\$5,203,982	\$19,069,662	\$302,078	\$24,575,722
California Local Agency Investment Fund	25,583,879			25,583,879
California Asset Management Program	40,359,246			40,359,246
San Mateo County Investment Pool	145,299,484			145,299,484
Negotiable Certificates of Deposit	6,868,124	17,274,754		24,142,878
PARS Moderately Conservative Index PLUS Fund	4,767,252			4,767,252
Total Investments	<u>\$228,081,967</u>	<u>\$36,344,416</u>	<u>\$302,078</u>	<u>264,728,461</u>
Cash in Bank and On Hand				<u>9,665,069</u>
Total Cash and Investments				<u>\$274,393,530</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2024, these investments have an average maturity of 217 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, 2024, these investments matured in an average of 1.64 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, 2024 are provided by Standard and Poor's except as noted.

Investment Type	AA+/AA/A-1	Total Investments
U.S. Government Agency Securities	\$17,419,507	\$17,419,507
San Mateo County Investment Pool	145,299,484	145,299,484
Total	<u>\$162,718,991</u>	162,718,991
<i>Not rated:</i>		
U.S. Government Agency Securities		7,156,215
California Local Agency Investment Fund		25,583,879
California Asset Management Program		40,359,246
Negotiable Certificates of Deposit		24,142,878
PARS Moderately Conservative Index PLUS Fund		<u>4,767,252</u>
Total Investments		<u>\$264,728,461</u>

Custodial Credit Risk

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

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

Fair Value Hierarchy

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

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

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

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2024:

Investment Type	Level 2	Total
Investments by Fair Value Level:		
U.S. Government Agency Securities	\$24,575,722	\$24,575,722
Negotiable Certificates of Deposit	24,142,878	24,142,878
Subtotal	<u>\$48,718,600</u>	<u>48,718,600</u>
Investments Measured at Amortized Cost:		
PARS Moderately Conservative Index PLUS Fund		4,767,252
Investments Not Subject to the Fair Value Hierarchy:		
California Local Agency Investment Fund		25,583,879
California Asset Management Program		40,359,246
San Mateo County Investment Pool		<u>145,299,484</u>
Total Investments		<u>\$264,728,461</u>

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

H. INVENTORY AND PREPAIDS

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

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

I. WATER UTILITY ACCOUNTS RECEIVABLE

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

J. ADVANCES TO OTHER FUNDS AND AGENCIES

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

K. ACCUMULATED UNPAID VACATION, COMPENSATORY AND SICK LEAVE

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

Full-time City employees receive one working day of sick leave for each month of employment. Employees who terminate for reasons other than death, retirement or abolishment of position lose all accumulated sick leave. Upon death, retirement after the age of 50 and 5 years of service or abolishment of position the City is obligated to pay 50% of unused sick leave, up to 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, 2023	\$17,844,140	\$2,628,932	\$20,473,072
Additions	8,268,886	1,331,578	9,600,464
Payments	(7,621,818)	(1,379,343)	(9,001,161)
Balance June 30, 2024	<u>\$18,491,208</u>	<u>\$2,581,167</u>	<u>\$21,072,375</u>
Due within one year	<u>\$6,121,560</u>	<u>\$953,028</u>	<u>\$7,074,588</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.

NOTE 3.

COMMITMENTS AND CONTINGENCIES

A. *CONSTRUCTION CONTRACTS*

At June 30, 2024, the City had made commitments of approximately \$21.8 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, 2024 were \$611,754 in the General Fund, \$994,129 in the Gas Tax Special Revenue Fund, \$293,510 in the Grants Special Revenue Fund, \$4,669,947 in the Capital Projects Fund, and \$1,880,473 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 and intangible right to use subscription assets the measurement of which is discussed in Note 14 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
Right-to-use Subscription Assets	3 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.

A. CAPITAL ASSET ADDITIONS AND RETIREMENTS

Capital assets at June 30 comprise:

	Balance June 30, 2023	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2024
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$27,856,486				\$27,856,486
Construction in progress	11,467,650	\$6,913,321		(\$3,731,318)	14,649,653
Total capital assets not being depreciated	39,324,136	6,913,321		(3,731,318)	42,506,139
Capital assets being depreciated:					
Buildings & improvements	60,244,828				60,244,828
Right-to-use building	244,821				244,821
Streets & infrastructure	92,758,349			2,617,406	95,375,755
Park structures & improvements	9,677,364			1,113,912	10,791,276
Vehicles & equipment	31,925,437	3,399,901	(\$3,865,883)		31,459,455
Furniture & fixtures	458,590				458,590
Subscription assets	5,033,070	1,588,220	(91,019)		6,530,271
Total capital assets being depreciated	200,342,459	4,988,121	(3,956,902)	3,731,318	205,104,996
Less accumulated depreciation for:					
Buildings & improvements	40,342,426	1,617,799			41,960,225
Right-to-use building	143,310	71,655			214,965
Streets & infrastructure	68,409,872	1,837,498			70,247,370
Park structures & improvements	5,190,956	420,402			5,611,358
Vehicles & equipment	22,191,653	1,695,933	(4,224,521)		19,663,065
Furniture & fixtures	443,813	2,828			446,641
Subscription assets	796,856	1,194,447			1,991,303
Total accumulated depreciation	137,518,886	6,840,562	(4,224,521)		140,134,927
Net depreciable assets	62,823,573	(1,852,441)	267,619	3,731,318	64,970,069
Governmental activity capital assets, net	\$102,147,709	\$5,060,880	\$267,619		\$107,476,208

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$2,862,549			\$2,862,549
Construction in progress	11,752,926	\$4,637,763		16,390,689
Total capital assets not being depreciated	14,615,475	4,637,763		19,253,238
Capital assets being depreciated:				
Buildings & improvements	7,918,904			7,918,904
Sewage facilities	59,413,041			59,413,041
Mains & subsurface lines	48,439,825			48,439,825
Water reservoirs	12,715,925			12,715,925
Wells & pump stations	9,074,783			9,074,783
Equipment	18,306,827	460,284		18,767,111
Furniture & fixtures	151,328			151,328
Total capital assets being depreciated	156,020,633	460,284		156,480,917
Less accumulated depreciation for:				
Buildings & improvements	6,612,807	166,401		6,779,208
Sewage facilities	43,262,191	1,126,680		44,388,871
Mains & subsurface lines	29,209,877	1,591,820		30,801,697
Water reservoirs	6,183,730	159,293		6,343,023
Wells & pump stations	5,078,892	185,664		5,264,556
Equipment	13,906,645	607,063		14,513,708
Furniture & fixtures	116,014	4,533		120,547
Total accumulated depreciation	104,370,156	3,841,454		108,211,610
Net depreciable assets	51,650,477	(3,381,170)		48,269,307
Business-type activity capital assets, net	\$66,265,952	\$1,256,593		\$67,522,545

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	\$161,111
Public safety	1,113,295
Public works	2,085,955
Culture and recreation	1,537,327
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	1,942,874
Total Governmental Activities	\$6,840,562
Business-Type Activities	
Water Utility	\$1,355,628
Sanitation District	2,295,520
Civic Center	190,306
Total Business-Type Activities	\$3,841,454

NOTE 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2024, are as follows:

	Original Issue Amount	Balance June 30, 2023	Retirements	Balance June 30, 2024	Current Portion
<i>Governmental Activities Debt</i>					
2004 Series A-1 Pension Obligation Bonds					
2.650%-5.896%, due FY 2024	\$36,235,000	\$4,325,000	\$4,325,000		
Community First National Bank Lease-Fire Pumps					
2.670%, due FY 2028	1,483,056	1,086,855	206,069	\$880,786	\$211,571
Community First National Bank Lease-Fire Engines					
3.81%, due FY 2030	1,830,457	1,830,457	215,700	1,614,757	244,619
Total Governmental Activities		7,242,312	4,746,769	2,495,543	456,190
<i>Business-Type Activities Debt</i>					
State Water Resources Control Board Loan					
2.5%, due FY 2025 (Direct Borrowing)	4,450,128	556,791	556,791		
2012 Water Revenue Refunding Bond					
2.0%-3.0%, due FY 2024	6,890,000	640,000	640,000		
Total Business-Type Activities		1,196,791	1,196,791		
Total City Long-Term Debt		\$8,439,103	\$5,943,560	\$2,495,543	\$456,190

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. The final payment on the note was made during the year ended June 30, 2024. For fiscal year 2024, principal and interest paid were \$4,580,002.

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 pumps. 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 2028. The lease bears an interest rate of 2.670%. For fiscal year 2024, principal and interest paid were \$235,088.

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. 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 January 15, 2024, with annual payments of \$306,115 through 2030. The lease bears an interest rate of 3.81%.

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. The final payment on the note was made during the year ended June 30, 2024. For fiscal year 2024, the final principal and interest paid was \$571,865.

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. The final payment on the note was made during the year ended June 30, 2024. For fiscal year 2024, the final principal and interest paid was \$652,801.

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

Year ending June 30	Fire Apparatus Pumpers Lease		Fire Engines Lease		Governmental Activities	
	Principal	Interest	Principal	Interest	Total	
					Principal	Interest
2025	\$211,571	\$23,517	\$244,619	\$61,496	\$456,190	\$85,013
2026	217,220	17,868	253,935	52,180	471,155	70,048
2027	223,020	12,068	263,606	42,509	486,626	54,577
2028	228,975	6,114	273,645	32,470	502,620	38,584
2029 - 2030			578,952	33,279	578,952	33,279
	<u>\$880,786</u>	<u>\$59,567</u>	<u>\$1,614,757</u>	<u>\$221,934</u>	<u>\$2,495,543</u>	<u>\$281,501</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, 2024, that amount was \$608,439. As of June 30, 2024, 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, 2024, the balance of this issuers' outstanding debt was as follows:

Franciscan Moblie Home Park Acquisition Project:

Senior Revenue Refunding Bonds, Series 2007A and	
Subordinate Revenue Refunding Bonds, Series 2007B	\$41,115,000
Third Tier Revenue Refunding Bonds, Series 2007C	6,865,000
Fourth Tier Revenue Bonds, Series 2002D	541,000

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, 2024, Community Block Grant Special Revenue Fund owed the General Fund \$152,110.

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2024 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Transfer Amount</u>
General Fund	Gas Tax Special Revenue Fund	\$2,187,284
	Grants Special Revenue Fund	5,809
	Capital Projects Fund	9,026,736
	Non Major Governmental Funds	257,059
	Internal Service Fund - Central Services	27,634
	Internal Service Fund - Information Services	13,482
	Internal Service Fund - Pension UAL Fund	1,000,000
Gas Tax Special Revenue Fund	General Fund	304,959
	Capital Projects Fund	160,576
Measures A and W Special Revenue Fund	Gas Tax Special Revenue Fund	3,463,882
	Grants Special Revenue Fund	200
Capital Projects Fund	Gas Tax Special Revenue Fund	78,874
	Water Utility Enterprise Fund	51,195
	Internal Service Fund - Information Services	50,579
Non Major Governmental Funds	Capital Projects Fund	62,056
Water Utility Enterprise Fund	General Fund	540,649
	Sanitation District Enterprise Fund	3,353,309
Sanitation District Enterprise Fund	General Fund	1,178,475
	Gas Tax Special Revenue Fund	11,305
Civic Center Enterprise Fund	General Fund	15,693
	Capital Projects Fund	346,123
Non Major Enterprise Fund	Water Utility Enterprise Fund	120,309
Internal Service Fund - Motor Vehicles	General Fund	484,402
	Non Major Governmental Funds	2,223
Internal Service Fund - Central Services	General Fund	15,023
Internal Service Fund - PBX	General Fund	6,979
Internal Service Fund - Building Maintenance	General Fund	376,069
Internal Service Fund - Information Services	General Fund	200,499
	Internal Service Fund - PBX	3,000
Internal Service Fund - Self-Insurance	General Fund	109,486
		<u>\$23,453,869</u>

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.

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 noncancellable 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 noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

B. LEASES RECEIVABLE

The balances related to leases receivable and deferred inflows of resources as of June 30, 2024 were:

	Lease Receivable	Deferred Inflows of Resources
General Fund		
Communication sites	\$8,575,324	\$8,223,628
Civic Center Enterprise Fund		
Facilities leases	8,379,917	7,323,703
Total	<u>\$16,955,241</u>	<u>\$15,547,331</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, 2024, the lease obligation had been fulfilled and the City recognized \$39,837 in lease revenue and \$163 in interest revenue during the current fiscal year related to this lease.

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, 2024, the City had ten leases, with original lease terms ranging from five to fifty-five years, including the optional extension periods, and as of June 30, 2024, the leases had 1 to 48 years remaining. The City recognized \$416,355 in lease revenue and \$172,366 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, 2024, the City had four leases, with original lease terms ranging from three to twelve years and as of June 30, 2024, the leases had 1 to 13.5 years remaining. The City recognized \$842,261 in lease revenue and \$427,120 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, 2024, are as follows:

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Current Portion
Governmental Activities				
Lease Payable				
MKD Cedar Hill	\$113,351	(\$78,888)	\$34,463	\$34,463

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 fiscal year 2023, but the lease term was extended two years during fiscal year 2023 and the lease liability increased by \$146,267. As of June 30, 2024, the value of the lease liability was \$34,463. The City is required to make monthly principal and interest payments of \$6,978. The lease bears the City’s incremental borrowing rate of 4.92%. At June 30, 2024 the value of the right-to-use asset was \$244,821 and the accumulated amortization balance was \$214,965.

The future principal and interest lease payments as of June 30, 2024, were as follows:

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Current Portion
Governmental Activities				
Lease Payable				
MKD Cedar Hill	\$113,351	(\$78,888)	\$34,463	\$34,463

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, 2024, 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%	8.00%
Required employer contribution rates	12.54% *	12.54% *
Required Unfunded Accrued Liability Contribution	\$6,399,255	

*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	18.64%	18.64%
Required Unfunded Accrued Liability Contribution	\$9,217,388	

*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, 2024 were \$6,399,255 and \$9,217,388, 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, 2022 and measurement date of June 30, 2023:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	559	355
Inactive employees entitled to but not yet receiving benefits	412	101
Active employees	293	164
Total	1,264	620

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, 2024 were \$10,044,439 for the Miscellaneous Plan and \$13,971,850 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, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023 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, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)
	The lesser of contract COLA or 2.30% until Purchasing Protection Allowance floor on purchasing power applies,
Post Retirement Benefit Increase	2.30% 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 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real return (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

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

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

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, 2022 (Measurement Date)	\$371,961,919	\$288,776,693	\$83,185,226
Changes in the year:			
Service cost	5,746,715		5,746,715
Interest on the total pension liability	25,648,026		25,648,026
Changes of Benefit Terms	342,121		342,121
Differences between actual and expected experience	7,085,412		7,085,412
Contributions - employer		10,858,504	(10,858,504)
Contributions - employees		2,436,595	(2,436,595)
Net investment income		17,779,219	(17,779,219)
Benefit payments, including refunds of employee contributions	(21,104,564)	(21,104,564)	
Administrative Expense		(212,353)	212,353
Net changes	17,717,710	9,757,401	7,960,309
Balance at June 30, 2023 (Measurement Date)	\$389,679,629	\$298,534,094	\$91,145,535

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2022 (Measurement Date)	\$402,117,166	\$272,257,503	\$129,859,663
Changes in the year:			
Service cost	7,095,262		7,095,262
Interest on the total pension liability	27,591,409		27,591,409
Changes of Benefit Terms	189,498		189,498
Differences between actual and expected experience	5,496,999		5,496,999
Contributions - employer		13,581,977	(13,581,977)
Contributions - employees		3,130,330	(3,130,330)
Net investment income		16,771,986	(16,771,986)
Benefit payments, including refunds of employee contributions	(22,951,582)	(22,951,582)	
Administrative Expense		(200,205)	200,205
Net changes	17,421,586	10,332,506	7,089,080
Balance at June 30, 2023 (Measurement Date)	\$419,538,752	\$282,590,009	\$136,948,743
TOTAL - BOTH PLANS	\$809,218,381	\$581,124,103	\$228,094,278

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	5.90%	5.90%	
Net Pension Liability	\$141,239,746	\$190,027,174	\$331,266,920
Current Discount Rate	6.90%	6.90%	
Net Pension Liability	\$91,145,535	\$136,948,743	\$228,094,278
1% Increase	7.90%	7.90%	
Net Pension Liability	\$49,646,626	\$92,965,344	\$142,611,970

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, 2024 the City recognized pension expense of \$17,413,254 for the Miscellaneous Plan and \$22,478,361 for the Safety Plan, for total pension expense of \$39,891,615. At June 30, 2024, 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	\$9,984,439	
Differences between actual and expected experience	4,133,157	(\$44,194)
Changes in assumptions	699,579	
Net differences between projected and actual earnings on plan investments	13,683,294	
Total	\$28,500,469	(\$44,194)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$13,971,850	
Differences between actual and expected experience	4,688,187	
Changes in assumptions	3,590,354	
Net differences between projected and actual earnings on plan investments	12,942,359	
Total	\$35,192,750	
Total Miscellaneous and Safety Plans	\$63,693,219	(\$44,194)

The amount of \$23,956,289 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, 2025. 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
2025	\$6,037,633	\$7,533,494	\$13,571,127
2026	2,508,691	3,552,831	6,061,522
2027	9,554,998	9,778,144	19,333,142
2028	370,514	356,431	726,945

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.

For employees hired prior to February 1, 2023, 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.

For employees hired on or after February 1, 2023, the City contributes the PEHMCA minimum, which was \$157 in 2024.

As of the June 30, 2023 measurement date, approximately 508 retirees were eligible and were receiving retiree health care benefits from the City and approximately 40 inactive employees entitled to but not yet receiving benefit payments. There were approximately 448 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, 2024, the City contributed \$4,451,839 to the Plan, which was comprised of benefit premiums of \$2,490,415, prefunding contributions of \$1,000,000, administrative expenses of \$28,424 and implied subsidy benefit payments of \$933,000.

A. FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined as part of a June 30, 2023 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, 6.25% investment rate of return, 2.75% projected annual salary increase, and a medical trend of 8.50% (Non-Medicare), 7.50% (Medicare-Non-Kaiser) and 6.25% (Medicare-Kaiser) in 2025 decreasing to an ultimate rate of 3.45% 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, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
TIPS	5%	-0.08%
Commodities	3%	1.22%
REITs	20%	4.06%
Assumed Long-Term Rate of Inflation	100%	2.50%
Expected Long-Term Net Rate of Return		6.25%

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

Changes of Assumptions – For the measurement date of June 30, 2023, the discount rate increased from 5.75% to 6.25%. In addition, the City updated Medical trend percentages from 6.50% to 8.50% for Non-Medicare, 3.45% to 7.50% for Medicare (Non-Kaiser), and 3.45% to 6.25% for Medicare (Kaiser).

C. CHANGES IN NET OPEB LIABILITY

The changes in the net OPEB liability follows:

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2023	\$57,596,278	\$18,242,167	\$39,354,111
Changes Recognized for the Measurement Period:			
Service Cost	1,408,527		1,408,527
Interest on the total OPEB liability	3,294,815		3,294,815
Changes in benefit terms			0
Differences between expected and actual experience	(3,914,772)		(3,914,772)
Changes of assumptions	(2,156,493)		(2,156,493)
Contributions from the employer		4,407,335	(4,407,335)
Net investment income		945,683	(945,683)
Administrative expenses		(5,244)	5,244
Benefit payments	(3,407,335)	(3,407,335)	0
Net changes	(4,775,258)	1,940,439	(6,715,697)
Balance at June 30, 2024 (June 30, 2023 Measurement Date)	\$52,821,020	\$20,182,606	\$32,638,414

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 \$902,000.

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

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

Net OPEB Liability/(Asset)		
	Current	
Discount Rate -1% (5.25%)	Discount Rate (6.25%)	Discount Rate +1% (7.25%)
\$38,414,426	\$32,638,414	\$27,734,707

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

Net OPEB Liability/(Asset)		
Current		
	Healthcare Cost	
1% Decrease	Trend Rates	1% Increase
<u>\$30,456,377</u>	<u>\$32,638,414</u>	<u>\$35,428,010</u>

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$1,508,049. At June 30, 2024, 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	\$4,451,839	
Difference between expected and actual experience		(\$4,044,545)
Changes in assumptions	264,160	(3,029,072)
Net differences between projected and actual earnings on plan investments	1,448,651	
Total	<u>\$6,164,650</u>	<u>(\$7,073,617)</u>

\$4,451,839 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, 2025. 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
2025	(\$1,592,403)
2026	(1,157,069)
2027	(653,706)
2028	(1,212,033)
2029	(745,595)

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 in November 2020 that required a monthly deferred compensation contribution of \$1,000 for the City Manager. Effective January 2023, the City's required monthly deferred compensation contribution was reduced to \$500. In August 2022, the City Council approved a one-time payment of vacation accruals in the amount of \$17,250 toward the City Manager's deferred compensation account. In addition, the City adopted a Resolution in November 2023 that required a monthly deferred compensation contribution of \$500 for the City Attorney. The City does not make any other contributions to the Plan. The City's required contributions for the year ended June 30, 2024 totaled \$10,000.

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 \$500,000 of general and automobile liability claims and maintains a \$50,000 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. The City also has a law enforcement liability policy with a deductible of \$350,000 and coverage of up to \$5 million per occurrence. 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, 2024, the City contributed \$747,545 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning balance of claims payable	\$10,073,000	\$10,487,000
Increase in estimated claims liability	3,906,938	2,336,204
Claims paid	<u>(3,195,938)</u>	<u>(2,750,204)</u>
Ending balance of claims payable	<u>\$10,784,000</u>	<u>\$10,073,000</u>
Current Portion	<u>\$2,928,869</u>	<u>\$2,622,041</u>

The undiscounted claims totaled \$11,883,000 at June 30, 2024.

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, 2024, 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	\$18,888	\$21,196					\$40,084
Petty cash	8,357						8,357
Prepays	37,550		\$81,066				118,616
Leases receivable	351,696						351,696
Loan receivable from Successor Agency	9,621,859						9,621,859
Total Nonspendable	10,038,350	21,196	81,066				10,140,612
Restricted for:							
Pension benefits	4,767,252						4,767,252
Gas Tax Projects		8,536,041					8,536,041
Capital Projects	1,000,000			\$12,690,391	\$12,945,510		26,635,901
Affordable Housing						\$5,395,775	5,395,775
Low and Moderate Income Housing Assets						4,312,738	4,312,738
Linda Vista Benefit Assessment						654,506	654,506
Traffic Safety						126,128	126,128
Grants			494,376				494,376
Total Restricted	5,767,252	8,536,041	494,376	12,690,391	12,945,510	10,489,147	50,922,717
Assigned to:							
Capital Projects					23,865,564		23,865,564
Other Contracts	611,754						611,754
Total Assigned	611,754				23,865,564		24,477,318
Unassigned:							
Contingency Fund	1,000,000						1,000,000
Operating Reserve	20,100,000						20,100,000
Unassigned	39,408,117						39,408,117
Total Unassigned	60,508,117						60,508,117
Total Fund Balances	\$76,925,473	\$8,557,237	\$575,442	\$12,690,391	\$36,811,074	\$10,489,147	\$146,048,764

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, 2024 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 \$20.1 million at June 30, 2024 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 2024 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.

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 2024, the City made loans to three participants under this program and the CDBG and Cal HOME loan program activity is as follows:

Beginning Balance	\$1,390,489
Loan repayments	(99,135)
Loans forgiven	<u>(28,267)</u>
Ending Balance	<u><u>\$1,263,087</u></u>

NOTE 14.
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. *POLICIES*

A subscription-based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes subscription assets with an initial, individual value of \$25,000 or more.

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

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported on the statement of net position.

B. SUBSCRIPTION LIABILITIES

A summary of the City's SBITA transaction activities for the fiscal year ended June 30, 2024, are as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Governmental Activities					
Subscription Liabilities					
Axon Enterprises	\$2,342,714	\$321,020	\$423,171	\$2,240,563	\$357,660
Tyler Technologies	466,000		165,246	300,754	74,569
Microsoft Enterprise Enrollment	1,109,824		219,936	889,888	220,946
Superion	364,884			364,884	187,330
Flock Safety		1,145,600	337,939	807,661	237,292
Total Subscription Liabilities	<u>\$4,283,422</u>	<u>\$1,466,620</u>	<u>\$1,146,292</u>	<u>\$4,603,750</u>	<u>\$1,077,797</u>

In May 2021, the City entered into a five-year SBITA for the use of body-worn camera-related cloud services. The agreement automatically renews for an additional five years, but the vendor may increase the cost of services by up to 3% per year during the renewal period. An initial subscription liability was recorded in the amount of \$2,613,259 as of July 1, 2022. During fiscal year 2024, the City entered into an additional 3 year agreement with 3 other services for car camera systems, camera drones and additional body-worn camera services for an additional SBITA liability of \$321,020. As of June 30, 2024, the balance of the subscription liability was \$2,240,563. The software has a useful life of three to nine years. The City is required to make annual principal and interest payments of \$13,400 to \$327,547 on the subscriptions. The value of the right-to-use assets as of the end of the current fiscal year was \$2,934,278 and had accumulated amortization of \$697,548.

In August 2020, and amended in November 2021, the City entered into a five-year SBITA for the use of community development and cashing software. Due to a delay in the implementation, the amendment revised the commencement date of the agreement to November 1, 2021. The agreement automatically renews for one year, at the vendor's current service rate. An initial subscription liability was recorded in the amount of \$557,927 as of July 1, 2022. During fiscal year 2024, the City modified the agreement for the software and therefore, retired the subscription asset and liability by \$91,018, and the accumulated amortization on the right-to-use asset by \$17,065. As of June 30, 2024, the balance of the subscription liability was \$300,754. The City is required to make annual principal and interest payments of \$75,948. The software has a six-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$466,909 and accumulated amortization was \$175,091.

In December 2022, the City entered into a three-year SBITA for the use of Microsoft Enterprise cloud services. The agreement can be renewed for an additional three year term. An initial subscription liability was recorded in the amount of \$1,328,754 during fiscal year 2023. As of June 30, 2024, the balance of the subscription liability was \$889,888. The City is required to make annual principal and interest payments of \$225,032. The software has a six-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$1,328,754 and had accumulated amortization of \$442,918.

In May 2020, the City entered into a one-year SBITA for the use of finance enterprise software. The agreement automatically renews for successive one year terms. An initial subscription liability was recorded in the amount of \$533,130 as of July 1, 2022. As of June 30, 2024, the balance of the subscription liability was \$364,884. The City is required to make annual principal and interest payments of \$170,694 to \$188,190. During fiscal year 2024, the vendor for the software modified the City's payment schedule and the City was not required to make the payment of \$170,694. The software has a three-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$533,130 and had accumulated amortization of \$355,420.

In December 2023, the City entered into a three-year SBITA for the use of cameras and software. The agreement can be renewed for an additional two year term. An initial subscription liability was recorded in the amount of \$1,145,600 during fiscal year 2024. As of June 30, 2024, the balance of the subscription liability was \$807,661. The City is required to make annual principal and interest payments ranging from \$109,950 to \$233,250 on the subscription. The software has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$1,145,600 and had accumulated amortization of \$279,793.

The future principal and interest subscription liability payments as of June 30, 2024, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2025	\$1,077,797	\$20,657	\$1,098,454
2026	1,112,107	15,625	1,127,732
2027	727,918	11,251	739,169
2028	740,412	7,825	748,237
2029	304,403	4,341	308,744
Thereafter	641,113	4,441	645,554
Totals	<u>\$4,603,750</u>	<u>\$64,140</u>	<u>\$4,667,890</u>

NOTE 15.

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, 2024 are discussed in Note 1G above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2024.

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, 2024 is \$9,621,859.

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, 2024
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	2021-2022	2022-2023
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	\$5,243,267	\$5,746,715
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	24,450,276	25,648,026
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	(265,160)	7,085,412
Changes in assumptions		(4,888,600)		17,607,198	(9,036,830)				4,197,477	
Changes in benefits										342,121
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)	(18,923,625)	(21,104,564)
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	14,702,235	17,717,710
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	357,259,684	371,961,919
Total pension liability - ending (a)	<u>\$275,683,597</u>	<u>\$277,947,638</u>	<u>\$283,565,724</u>	<u>\$312,273,231</u>	<u>\$315,919,093</u>	<u>\$332,540,524</u>	<u>\$344,188,975</u>	<u>\$357,259,684</u>	<u>\$371,961,919</u>	<u>\$389,679,629</u>
Plan fiduciary net position										
Contributions - employer	\$3,860,928	\$3,732,343	\$4,446,777	\$5,539,675	\$6,152,860	\$7,068,468	\$8,214,918	\$8,924,993	\$9,832,902	\$10,858,504
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	2,255,948	2,436,595
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	(24,109,678)	17,779,219
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)	(18,923,625)	(21,104,564)
Other miscellaneous income (expense)					(708,784)	585				
Administrative Expense		(255,289)	(138,235)	(326,924)	(373,237)	(179,872)	(368,964)	(267,582)	(199,291)	(212,353)
Net 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	(31,143,744)	9,757,401
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	319,920,437	288,776,693
Plan fiduciary net position - ending (b)	<u>\$228,445,077</u>	<u>\$226,820,602</u>	<u>\$221,428,349</u>	<u>\$239,519,536</u>	<u>\$252,054,998</u>	<u>\$261,721,857</u>	<u>\$267,865,833</u>	<u>\$319,920,437</u>	<u>\$288,776,693</u>	<u>\$298,534,094</u>
Net pension liability - ending (a)-(b)	<u>\$47,238,520</u>	<u>\$51,127,036</u>	<u>\$62,137,375</u>	<u>\$72,753,695</u>	<u>\$63,864,095</u>	<u>\$70,818,667</u>	<u>\$76,323,142</u>	<u>\$37,339,247</u>	<u>\$83,185,226</u>	<u>\$91,145,535</u>
Plan fiduciary net position as a percentage of the total pension liability	82.86%	81.61%	78.09%	76.70%	79.78%	78.70%	77.83%	89.55%	77.64%	76.61%
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	\$27,629,117	\$28,935,160
Net pension liability as percentage of covered payroll	193.25%	225.64%	272.25%	308.68%	281.48%	293.31%	307.54%	149.52%	301.08%	315.00%

Notes to Schedule:

Benefit changes. The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability is deemed to be material by the plan actuary.

Changes in assumptions. There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

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, 2024
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	2021-2022	2022-2023
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	\$6,709,103	\$7,095,262
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	26,435,472	27,591,409
Differences between expected and actual experience		(455,068)	(1,021,524)	293,934	(978,042)	7,441,738	3,245,246	3,789,911	1,705,342	5,496,999
Changes in assumptions		(4,770,631)		17,425,044	(632,875)				9,574,276	
Changes in benefits										189,498
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)	(21,591,268)	(22,951,582)
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	22,832,925	17,421,586
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	379,284,241	402,117,166
Total pension liability - ending (a)	<u>\$275,975,394</u>	<u>\$282,118,539</u>	<u>\$292,136,007</u>	<u>\$321,572,305</u>	<u>\$330,621,022</u>	<u>\$349,529,705</u>	<u>\$363,985,149</u>	<u>\$379,284,241</u>	<u>\$402,117,166</u>	<u>\$419,538,752</u>
Plan fiduciary net position										
Contributions - employer	\$4,225,009	\$4,630,110	\$5,309,673	\$6,087,507	\$6,986,096	\$8,259,177	\$9,741,720	\$10,622,105	\$12,262,596	\$13,581,977
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	3,050,038	3,130,330
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	(22,624,777)	16,771,986
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)	(21,591,268)	(22,951,582)
Administrative Expense		(249,064)	(134,719)	(316,566)	(358,363)	(171,174)	(349,203)	(251,859)	(187,722)	(200,205)
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	(29,091,133)	10,332,506
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	301,348,636	272,257,503
Plan fiduciary net position - ending (b)	<u>\$223,582,794</u>	<u>\$221,050,438</u>	<u>\$214,412,882</u>	<u>\$229,973,896</u>	<u>\$239,866,987</u>	<u>\$247,704,819</u>	<u>\$252,126,108</u>	<u>\$301,348,636</u>	<u>\$272,257,503</u>	<u>\$282,590,009</u>
Net pension liability - ending (a)-(b)	<u>\$52,392,600</u>	<u>\$61,068,101</u>	<u>\$77,723,125</u>	<u>\$91,598,409</u>	<u>\$90,754,035</u>	<u>\$101,824,886</u>	<u>\$111,859,041</u>	<u>\$77,935,605</u>	<u>\$129,859,663</u>	<u>\$136,948,743</u>
Plan fiduciary net position as a percentage of the total pension liability	81.02%	78.35%	73.39%	71.52%	72.55%	70.87%	69.27%	79.45%	67.71%	67.36%
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	\$26,760,075	\$26,939,202
Net pension liability as percentage of covered payroll	266.59%	312.09%	392.86%	461.93%	443.20%	475.58%	508.40%	328.54%	485.27%	508.36%

Notes to Schedule:

Benefit changes. The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes in assumptions. There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

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, 2024

Last 10 Years

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	MISCELLANEOUS									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	\$10,858,503	\$9,984,439
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)	(10,858,503)	(9,984,439)
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	\$28,935,160	\$30,675,866
Contributions as a percentage of covered payroll	20.47%	29.67%	23.51%	27.09%	29.26%	33.19%	35.65%	33.96%	37.53%	32.55%
Notes to Schedule										
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

As of fiscal year ending June 30, 2024

Last 10 Years

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	SAFETY									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	\$13,351,978	\$13,971,850
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)	(13,351,978)	(13,971,850)
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	\$26,939,202	\$28,111,477
Contributions as a percentage of covered payroll	21.59%	26.84%	30.71%	34.11%	38.59%	44.28%	44.77%	45.83%	49.56%	49.70%
Notes to Schedule										
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

City of Daly City, Agent Multiple-Employer Defined Benefit OPEB Plan
As of fiscal year ending June 30, 2024
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Measurement Date Ended June 30	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$1,470,697	\$1,514,818	\$1,560,263	\$1,455,663	\$1,480,458	\$1,443,352	\$1,408,527
Interest	3,449,729	3,567,790	3,690,181	3,500,744	3,541,517	3,174,237	3,294,815
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(4,588,272)	-	(1,048,749)	-	(3,914,772)
Changes of assumptions	-	-	(281,571)	(865,013)	581,149	(1,564,568)	(2,156,493)
Benefit payments	(2,980,461)	(3,170,657)	(3,168,930)	(3,445,074)	(3,482,594)	(3,453,620)	(3,407,335)
Net change in total OPEB liability	1,939,965	1,911,951	(2,788,329)	646,320	1,071,781	(400,599)	(4,775,258)
Total OPEB liability - beginning	55,215,189	57,155,154	59,067,105	56,278,776	56,925,096	57,996,877	57,596,278
Total OPEB liability - ending (a)	\$57,155,154	\$59,067,105	\$56,278,776	\$56,925,096	\$57,996,877	\$57,596,278	\$52,821,020
Plan fiduciary net position							
Contributions - employer	\$5,980,461	\$4,170,657	\$3,168,930	\$5,445,074	\$5,482,594	\$4,453,620	\$4,407,335
Contributions - employee	-	-	-	-	-	-	-
Net investment income	557,870	604,302	799,047	653,960	2,914,658	(2,477,143)	945,683
Administrative expense	(4,247)	(18,096)	(2,447)	(6,040)	(5,425)	(4,993)	(5,244)
Benefit payments	(2,980,461)	(3,170,657)	(3,168,930)	(3,445,074)	(3,482,594)	(3,453,620)	(3,407,335)
Net change in plan fiduciary net position	3,553,623	1,586,206	796,600	2,647,920	4,909,233	(1,482,136)	1,940,439
Plan fiduciary net position - beginning	6,230,721	9,784,344	11,370,550	12,167,150	14,815,070	19,724,303	18,242,167
Plan fiduciary net position - ending (b)	\$9,784,344	\$11,370,550	\$12,167,150	\$14,815,070	\$19,724,303	\$18,242,167	\$20,182,606
Net OPEB liability - ending (a)-(b)	\$47,370,810	\$47,696,555	\$44,111,626	\$42,110,026	\$38,272,574	\$39,354,111	\$32,638,414
Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	19.25%	21.62%	26.03%	34.01%	31.67%	38.21%
Covered-employee payroll	\$50,082,473	\$49,471,054	\$50,975,693	\$51,740,099	\$54,458,885	\$63,519,016	\$63,958,980
Net OPEB liability as a percentage of covered-employee payroll	94.59%	96.41%	86.53%	81.39%	70.28%	61.96%	51.03%

* 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, 2024

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$4,564,000	\$4,441,000	\$5,021,000	\$4,873,000	\$5,264,000	\$5,109,000	\$4,185,306
Contractually required contributions (a)							
Contributions in relation to the contractually required or actuarially determined contributions	(4,451,839)	(4,407,335)	(4,453,620)	(5,482,594)	(5,445,074)	(3,168,930)	(4,185,306)
Contribution deficiency (excess)	\$112,161	\$33,665	\$567,380	(\$609,594)	(\$181,074)	\$1,940,070	\$0
Covered-employee payroll	\$67,354,959	\$63,958,980	\$63,519,016	\$54,458,885	\$51,740,099	\$50,975,693	\$49,471,054
Contributions as a percentage of covered-employee payroll	6.61%	6.89%	7.01%	10.07%	10.52%	6.22%	6.22%

* 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, 2024

	General	Special Deposits	Traffic Enforcement	Total General Fund
ASSETS				
Cash and investments	\$56,646,533	\$13,232,518	\$688,381	\$70,567,432
Restricted cash and investments	4,767,252			4,767,252
Accounts receivable, net	12,044,716	224,296	715	12,269,727
Due from other funds	152,110			152,110
Prepays	37,550			37,550
Inventories	18,888			18,888
Loan receivable from Successor Agency	9,621,859			9,621,859
Leases receivable	8,575,324			8,575,324
Total Assets	<u>\$91,864,232</u>	<u>\$13,456,814</u>	<u>\$689,096</u>	<u>\$106,010,142</u>
LIABILITIES				
Accounts payable	\$2,967,245	\$6,087,518		\$9,054,763
Accrued payroll	1,315,106			1,315,106
Deposits payable		6,900,790		6,900,790
Unearned revenue	3,590,382			3,590,382
Total Liabilities	<u>7,872,733</u>	<u>12,988,308</u>		<u>20,861,041</u>
DEFERRED INFLOWS OF RESOURCES				
Related to leases	<u>8,223,628</u>			<u>8,223,628</u>
FUND BALANCES				
Fund Balance				
Nonspendable	10,038,350			10,038,350
Restricted	5,767,252			5,767,252
Assigned	611,754			611,754
Unassigned	59,350,515	468,506	\$689,096	60,508,117
Total Fund Balances	<u>75,767,871</u>	<u>468,506</u>	<u>689,096</u>	<u>76,925,473</u>
Total Liabilities, and Fund Balances	<u>\$91,864,232</u>	<u>\$13,456,814</u>	<u>\$689,096</u>	<u>\$106,010,142</u>

CITY OF DALY CITY
GENERAL FUND
COMBINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	General	Special Deposits	Traffic Enforcements	Total General Funds
REVENUES				
Property tax	\$52,139,564			\$52,139,564
Sales tax	26,455,971			26,455,971
Utility users tax	7,095,237			7,095,237
Franchise fees	5,166,543			5,166,543
Other taxes	8,721,612			8,721,612
Licenses and permits	2,587,982			2,587,982
Fines and forfeitures	2,403,017		\$5,089	2,408,106
Rents and interest	3,442,315			3,442,315
Federal programs and grants	5,635,834			5,635,834
Receipts from other agencies	1,752,355			1,752,355
Charges and fees	7,672,264	\$17,371		7,689,635
Miscellaneous	1,618,086	7,331		1,625,417
Total Revenues	124,690,780	24,702	5,089	124,720,571
EXPENDITURES				
Current:				
General government	14,075,690	5,759		14,081,449
Public safety	74,700,332			74,700,332
Public works	6,576,604			6,576,604
Culture and recreation	16,120,805	184		16,120,989
Economic and community development	5,373,801			5,373,801
Debt service:				
Principal	610,137			610,137
Interest	8,569			8,569
Total Expenditures	117,465,938	5,943		117,471,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,224,842	18,759	5,089	7,248,690
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt (Note 14)	728,611			728,611
Transfers in	3,232,234			3,232,234
Transfers (out)	(12,518,004)			(12,518,004)
Total Other Financing Sources (Uses)	(8,557,159)			(8,557,159)
NET CHANGES IN FUND BALANCES	(1,332,317)	18,759	5,089	(1,308,469)
BEGINNING FUND BALANCES	77,100,188	449,747	684,007	78,233,942
ENDING FUND BALANCES	\$75,767,871	\$468,506	\$689,096	\$76,925,473



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, 2024

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Rents and interest	\$75,000	\$2,464,710	\$2,389,710
Federal programs and grants	539,837	98,907	(440,930)
Receipts from other agencies	6,611,685	572,366	(6,039,319)
Charges and fees	2,288,197	1,628,048	(660,149)
Miscellaneous	500,000	161,954	(338,046)
Total Revenues	10,014,719	4,925,985	(5,088,734)
EXPENDITURES			
Capital projects	38,393,211	6,513,071	31,880,140
Total Expenditures	38,393,211	6,513,071	31,880,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,378,492)	(1,587,086)	26,791,406
OTHER FINANCING SOURCES (USES)			
Transfers in	8,495,310	9,595,491	1,100,181
Transfers (out)	(4,040,215)	(180,648)	3,859,567
Total Other Financing Sources (Uses)	4,455,095	9,414,843	4,959,748
NET CHANGE IN FUND BALANCES	(\$23,923,397)	7,827,757	\$31,751,154
BEGINNING FUND BALANCE		28,983,317	
ENDING FUND BALANCE		\$36,811,074	

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:

- Affordable Housing – to account for the activities of the Daly City Housing Development Finance 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.
- Low and Moderate Income Housing Assets – to account for the activities of the Housing Successor Agency to the Daly City Redevelopment Agency.

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	SPECIAL REVENUE FUNDS					Total Nonmajor Governmental Funds
	Affordable Housing	Community Block Grant	Linda Vista Benefit Assessment	Traffic Safety	Low and Moderate Income Housing Assets	
ASSETS						
Cash and investments	\$5,332,953		\$654,506	\$125,768	\$974,581	\$7,087,808
Accounts receivable, net	66,823	\$334,521		360		401,704
Notes receivable		822,343				822,343
Property held for development					3,366,888	3,366,888
Total Assets	<u>\$5,399,776</u>	<u>\$1,156,864</u>	<u>\$654,506</u>	<u>\$126,128</u>	<u>\$4,341,469</u>	<u>\$11,678,743</u>
LIABILITIES						
Accounts payable		\$177,342			\$26,671	\$204,013
Accrued payroll		5,069			2,060	7,129
Due to other funds		152,110				152,110
Deposits payable	\$4,001					4,001
Total Liabilities	<u>4,001</u>	<u>334,521</u>			<u>28,731</u>	<u>367,253</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans		822,343				822,343
FUND BALANCES						
Restricted	<u>5,395,775</u>		<u>\$654,506</u>	<u>\$126,128</u>	<u>4,312,738</u>	<u>10,489,147</u>
Total Fund Balances	<u>5,395,775</u>		<u>654,506</u>	<u>126,128</u>	<u>4,312,738</u>	<u>10,489,147</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$5,399,776</u>	<u>\$1,156,864</u>	<u>\$654,506</u>	<u>\$126,128</u>	<u>\$4,341,469</u>	<u>\$11,678,743</u>

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUNDS					Total Nonmajor Governmental Funds
	Affordable Housing	Community Block Grant	Linda Vista Benefit Assessment	Traffic Safety	Low and Moderate Income Housing Assets	
REVENUES						
Rents and interest	\$125,390		\$47,293		\$58,218	\$230,901
Federal programs and grants	486,230	\$661,656				1,147,886
Charges and fees	54,923		44,378	\$22,200		121,501
Miscellaneous	72,141	168,255			10,112	250,508
Total Revenues	738,684	829,911	91,671	22,200	68,330	1,750,796
EXPENDITURES						
Public safety				10,930		10,930
Public works			23,170			23,170
Economic and community development	521,321	767,855			202,199	1,491,375
Total Expenditures	521,321	767,855	23,170	10,930	202,199	1,525,475
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	217,363	62,056	68,501	11,270	(133,869)	225,321
OTHER FINANCING SOURCES (USES)						
Transfers in				2,223	257,059	259,282
Transfers out		(62,056)				(62,056)
Total Other Financing Sources (Uses)		(62,056)		2,223	257,059	197,226
NET CHANGE IN FUND BALANCES	217,363		68,501	13,493	123,190	422,547
BEGINNING FUND BALANCES	5,178,412		586,005	112,635	4,189,548	10,066,600
ENDING FUND BALANCES	\$5,395,775		\$654,506	\$126,128	\$4,312,738	\$10,489,147

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, 2024

	AFFORDABLE HOUSING			COMMUNITY BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Rents and interest	\$74,000	\$125,390	\$51,390			
Federal programs and grants	1,241,983	486,230	(755,753)	\$1,762,456	\$661,656	(\$1,100,800)
Charges and fees		54,923	54,923			
Miscellaneous	1,000	72,141	71,141	48,000	168,255	120,255
Total Revenues	1,316,983	738,684	(578,299)	1,810,456	829,911	(980,545)
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		1,398	(1,398)	392,686	380,459	12,227
Services and supplies	105,960	33,693	72,267	509,362	320,644	188,718
Other charges	5,409,341	486,230	4,923,111	513,097	64,192	448,905
Capital outlay				6,080	2,560	3,520
Total Economic and Community Development	5,515,301	521,321	4,993,980	1,421,225	767,855	653,370
Total Expenditures	5,515,301	521,321	4,993,980	1,421,225	767,855	653,370
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,198,318)	217,363	4,415,681	389,231	62,056	(327,175)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(389,230)	(62,056)	327,174
Total Other Financing Sources (Uses)				(389,230)	(62,056)	327,174
NET CHANGE IN FUND BALANCES	(\$4,198,318)	217,363	\$4,415,681	\$1		(\$1)
BEGINNING FUND BALANCES		5,178,412				
ENDING FUND BALANCES		\$5,395,775				

LINDA VISTA BENEFIT ASSESSMENT			TRAFFIC SAFETY			LOW AND MODERATE INCOME HOUSING ASSETS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$3,000	\$47,293	\$44,293				\$5,000	\$58,218	\$53,218
44,380	44,378	(2)	\$16,632	\$22,200	\$5,568		10,112	10,112
47,380	91,671	44,291	16,632	22,200	5,568	5,000	68,330	63,330
			25,742	2,807	22,935			
			1,146	1,382	(236)			
			6,655	6,741	(86)			
			33,543	10,930	22,613			
22,866	22,669	197						
4,000		4,000						
500	501	(1)						
27,366	23,170	4,196						
						170,978	159,723	11,255
						131,951	42,476	89,475
						302,929	202,199	100,730
27,366	23,170	4,196	33,543	10,930	22,613	302,929	202,199	100,730
20,014	68,501	48,487	(16,911)	11,270	28,181	(297,929)	(133,869)	164,060
				2,223	2,223	257,011	257,059	48
				2,223	2,223	257,011	257,059	48
\$20,014	68,501	\$48,487	(\$16,911)	13,493	\$30,404	(\$40,918)	123,190	\$164,108
	586,005			112,635			4,189,548	
	\$654,506			\$126,128			\$4,312,738	



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.
- Pension UAL - to account for funding set-aside towards the City's pension unfunded actuarial liability.

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	\$6,555,807	\$381,872	\$452,022	\$4,238,079
Accounts receivable, net	85,959			100
Inventories	188,513			39,515
Prepays	1,830,457			1,484
Total Current Assets	8,660,736	381,872	452,022	4,279,178
Capital Assets:				
Land				
Buildings	35,817			
Equipment	22,689,891		967,235	132,467
Furniture and fixtures				16,490
Subscription assets				
Construction in progress				
Total Capital Assets	22,725,708		967,235	148,957
Less Accumulated Depreciation	(12,640,274)		(938,684)	(97,009)
Net Capital Assets	10,085,434		28,551	51,948
Total Assets	18,746,170	381,872	480,573	4,331,126
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	99,031	30,947		241,387
LIABILITIES				
Current Liabilities:				
Accounts payable	143,349	30,924	534	88,436
Accrued payroll	15,629	846		36,331
Interest payable	40,636			
Accrued claims payable				
Leases payable	456,190			
Subscription liability				
Total Current Liabilities	655,804	31,770	534	124,767
Long-Term Liabilities:				
Compensated absences	650,377			486,176
Accrued claims payable				
Net OPEB Liability	524,312	163,847		1,278,010
Leases payable	2,039,353			
Subscription liability				
Total Long-Term Liabilities	3,214,042	163,847		1,764,186
Total Liabilities	3,869,846	195,617	534	1,888,953
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	113,632	35,510		276,979
NET POSITION				
Net investment in capital assets	7,589,891		28,551	51,948
Restricted for debt service				
Unrestricted	7,271,832	181,692	451,488	2,354,633
Total Net Position (Deficit)	\$14,861,723	\$181,692	\$480,039	\$2,406,581

Information Services	Self- Insurance	PERS Contributions	Pension UAL	Total
\$6,286,066	\$23,011,573 66,048	\$10,031,718 313,356	\$3,084,535	\$54,041,672 465,463 228,028 1,832,422
481				
6,286,066	23,078,102	10,345,074	3,084,535	56,567,585
	378,343			378,343 35,817 25,762,246 63,104 2,328,793 179,992
1,972,653 46,614 2,328,793 179,992				
4,528,052	378,343			28,748,295
(2,897,355)				(16,573,322)
1,630,697	378,343			12,174,973
7,916,763	23,456,445	10,345,074	3,084,535	68,742,558
68,093				439,458
186,669 22,452	61,339 5,902	251,067		762,318 81,160 40,636 2,928,869 456,190 482,845
482,845	2,928,869			
691,966	2,996,110	251,067		4,752,018
284,061 360,464	236,358 7,855,131			1,656,972 7,855,131 2,326,633 2,039,353 1,072,681
1,072,681				
1,717,206	8,091,489			14,950,770
2,409,172	11,087,599	251,067		19,702,788
78,122				504,243
75,171	378,343			8,123,904
5,422,391	11,990,503	10,094,007	3,084,535	40,851,081
\$5,497,562	\$12,368,846	\$10,094,007	\$3,084,535	\$48,974,985

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Motor Vehicles	Central Services	PBX	Building Maintenance
OPERATING REVENUES				
Charges to City departments	\$7,142,863	\$241,151	\$313,641	\$6,175,930
Lease revenue				6,750
Other revenues	387,647			17,574
Total Operating Revenues	7,530,510	241,151	313,641	6,200,254
OPERATING EXPENSES				
Salaries and benefits	1,701,350	90,762		3,391,333
Services and supplies	1,984,523	160,783	156,408	1,413,017
Utilities	26,604	374	163,020	329,037
Insurance	901,417	341		10,840
Claims and settlements				
Depreciation	1,341,406		31,146	7,073
Other charges	77,977	3,870		1,020
Total Operating Expenses	6,033,277	256,130	350,574	5,152,320
Operating Income (Loss)	1,497,233	(14,979)	(36,933)	1,047,934
NONOPERATING REVENUES (EXPENSES)				
Interest income	588,093	29,187	31,008	305,033
Gain on sale of capital assets	237,041			
Loss on sale of capital assets	(30,599)			
Interest expense	(103,279)			
Total Nonoperating Revenues (Expenses)	691,256	29,187	31,008	305,033
Income (Loss) Before Transfers	2,188,489	14,208	(5,925)	1,352,967
Transfers in		27,634	3,000	
Transfers out	(486,625)	(15,023)	(6,979)	(376,069)
Net Transfers	(486,625)	12,611	(3,979)	(376,069)
Change in Net Position	1,701,864	26,819	(9,904)	976,898
BEGINNING NET POSITION (DEFICITS)	13,159,859	154,873	489,943	1,429,683
ENDING NET POSITION (DEFICITS)	\$14,861,723	\$181,692	\$480,039	\$2,406,581

Information Services	Self- Insurance	PERS Contributions	Pension UAL	Total
\$3,461,796	\$9,554,569	\$5,166,688		\$32,056,638
289,307	405,798			6,750
				1,100,326
3,751,103	9,960,367	5,166,688		33,163,714
1,757,347	440,570			7,381,362
329,229	401,551	2,500		4,448,011
88,402	1,030			608,467
430	3,908,447			4,821,475
	3,906,938			3,906,938
563,249				1,942,874
217,440	51,636			351,943
2,956,097	8,710,172	2,500		23,461,070
795,006	1,250,195	5,164,188		9,702,644
442,491	1,492,919	195,270	\$84,535	3,168,536
(407,617)				237,041
(6,816)		(233,752)		(438,216)
				(343,847)
28,058	1,492,919	(38,482)	84,535	2,623,514
823,064	2,743,114	5,125,706	84,535	12,326,158
64,061			1,000,000	1,094,695
(203,499)	(109,486)			(1,197,681)
(139,438)	(109,486)		1,000,000	(102,986)
683,626	2,633,628	5,125,706	1,084,535	12,223,172
4,813,936	9,735,218	4,968,301	2,000,000	36,751,813
\$5,497,562	\$12,368,846	\$10,094,007	\$3,084,535	\$48,974,985

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$7,476,208	\$241,151	\$313,641	\$6,200,154
Payments to suppliers	(3,063,736)	(140,071)	(324,106)	(1,712,447)
Payments to employees	(1,528,524)	(111,807)		(3,649,566)
Claims paid				
Cash Flows from (used for) Operating Activities	<u>2,883,948</u>	<u>(10,727)</u>	<u>(10,465)</u>	<u>838,141</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Interfund receipts		27,634	3,000	
Interfund payments	<u>(486,625)</u>	<u>(15,023)</u>	<u>(6,979)</u>	<u>(376,069)</u>
Cash Flows from (used for) Noncapital Financing Activities	<u>(486,625)</u>	<u>12,611</u>	<u>(3,979)</u>	<u>(376,069)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(3,152,892)			
Proceeds from sale of capital assets	237,041			
Principal paid on subscription liabilities				
Interest paid on subscription liabilities				
Principal paid on capital debt	(421,769)			
Interest paid on capital debt	<u>(119,435)</u>			
Cash Flows from (used for) Capital and Related Financing Activities	<u>(3,457,055)</u>			
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income (expense)	<u>588,093</u>	<u>29,187</u>	<u>31,008</u>	<u>305,033</u>
Net Cash Flows	(471,639)	31,071	16,564	767,105
Cash and investments at beginning of period	<u>7,027,446</u>	<u>350,801</u>	<u>435,458</u>	<u>3,470,974</u>
Cash and investments at end of period	<u><u>\$6,555,807</u></u>	<u><u>\$381,872</u></u>	<u><u>\$452,022</u></u>	<u><u>\$4,238,079</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$1,497,233	(\$14,979)	(\$36,933)	\$1,047,934
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,341,406		31,146	7,073
Change in assets and liabilities:				
Receivables, net	(54,302)			(100)
Inventories	(53,554)			20,311
Prepays				(1,484)
Accounts payable	(19,661)	25,297	(4,678)	22,640
Accrued claims payable				
Accrued payroll	1,944	(1,551)		(3,155)
Compensated absences	270,846			(140,601)
OPEB related items	<u>(99,964)</u>	<u>(19,494)</u>		<u>(114,477)</u>
Cash Flows from (used for) Operating Activities	<u><u>\$2,883,948</u></u>	<u><u>(\$10,727)</u></u>	<u><u>(\$10,465)</u></u>	<u><u>\$838,141</u></u>
NONCASH TRANSACTIONS				
Retirement/Adjustment of capital assets	<u><u>(\$30,599)</u></u>			
Remeasurement of subscription asset				
Remeasurement of subscription liability				

Information Services	Self- Insurance	PERS Contributions	Pension UAL	Total
\$3,751,253	\$9,970,007	\$4,853,332		\$32,805,746
(1,000,732)	(4,414,444)	(6,158)		(10,661,694)
(1,760,535)	(499,761)			(7,550,193)
	(3,195,938)			(3,195,938)
989,986	1,859,864	4,847,174		11,397,921
		(4,325,000)		(4,325,000)
		(255,002)		(255,002)
64,061			\$1,000,000	1,094,695
(203,499)	(109,486)			(1,197,681)
(139,438)	(109,486)	(4,580,002)	1,000,000	(4,682,988)
				(3,152,892)
				237,041
(294,163)				(294,163)
(6,816)				(6,816)
				(421,769)
				(119,435)
(300,979)				(3,758,034)
442,491	1,492,919	195,270	84,535	3,168,536
992,060	3,243,297	462,442	1,084,535	6,125,435
5,294,006	19,768,276	9,569,276	2,000,000	47,916,237
\$6,286,066	\$23,011,573	\$10,031,718	\$3,084,535	\$54,041,672
\$795,006	\$1,250,195	\$5,164,188		\$9,702,644
563,249				1,942,874
150	9,640	(313,356)		(357,968)
	(481)			(33,243)
(365,231)	(51,299)	(3,658)		(1,965)
	711,000			(396,590)
2,295	238			711,000
37,405	(21,849)			(229)
(42,888)	(37,580)			145,801
\$989,986	\$1,859,864	\$4,847,174		(314,403)
				\$11,397,921
\$5,143				(\$25,456)
(91,019)				(91,019)
\$91,019				\$91,019



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
JUNE 30, 2024

	Billing Services	Supporters of Senior Center	Total
ASSETS			
Current Assets:			
Cash and investments	\$1,528,821	\$662,179	\$2,191,000
Accounts receivable, net	2,054,881		2,054,881
Total Assets	3,583,702	662,179	4,245,881
LIABILITIES			
Current Liabilities:			
Accounts payable	3,583,702	2,279	3,585,981
Total Liabilities	3,583,702	2,279	3,585,981
NET POSITION			
Restricted for other organizations		659,900	659,900
Total Net Position		\$659,900	\$659,900

CITY OF DALY CITY
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Billing Services</u>	<u>Supporters of Senior Center</u>	<u>Total</u>
ADDITIONS			
Receipts from other agencies	<u> </u>	<u>\$50,000</u>	<u>\$50,000</u>
Total Additions	<u> </u>	<u>50,000</u>	<u>50,000</u>
DEDUCTIONS			
Culture and recreation	<u> </u>	<u>1,832</u>	<u>1,832</u>
Total Deductions	<u> </u>	<u>1,832</u>	<u>1,832</u>
Change in Net Position		48,168	48,168
BEGINNING NET POSITION	<u> </u>	<u>611,732</u>	<u>611,732</u>
ENDING NET POSITION	<u> </u>	<u>\$659,900</u>	<u>\$659,900</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)
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Operating Information

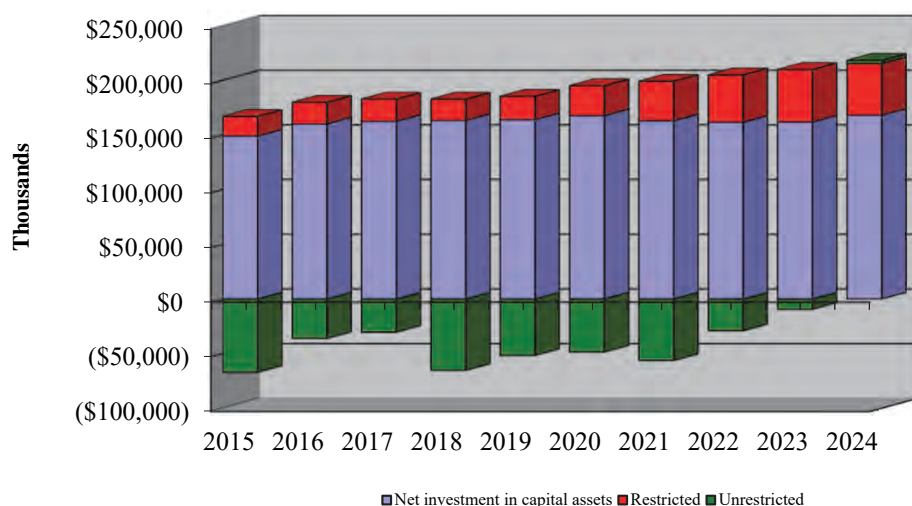
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$82,583,587	\$94,823,140	\$97,821,524	\$97,958,640	\$97,757,236
Restricted	17,933,727	19,744,996	20,315,097	19,491,867	21,237,769
Unrestricted	(88,028,802)	(64,966,915)	(62,902,410)	(92,551,797)	(76,426,827)
Total governmental activities net position	\$12,488,512	\$49,601,221	\$55,234,211	\$24,898,710	\$42,568,178
Business-type activities					
Net investment in capital asset	\$66,278,166	\$65,118,626	\$64,499,223	\$65,137,866	\$66,160,150
Restricted	11,231	11,250	11,250	11,281	11,387
Unrestricted	20,914,381	28,846,650	32,508,857	27,207,951	24,735,488
Total business-type activities net position	\$87,203,778	\$93,976,526	\$97,019,330	\$92,357,098	\$90,907,025
Primary government					
Net investment in capital assets	\$148,861,753	\$159,941,766	\$162,320,747	\$163,096,506	\$163,917,386
Restricted	17,944,958	19,756,246	20,326,347	19,503,148	21,249,156
Unrestricted	(67,114,421)	(36,120,265)	(30,393,553)	(65,343,846)	(51,691,339)
Total primary government net position	\$99,692,290	\$143,577,747	\$152,253,541	\$117,255,808	\$133,475,203
	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	\$100,413,948	\$96,788,966	\$96,249,039	\$96,664,081	\$100,342,452
Restricted	27,367,081	36,133,323	41,351,763	45,536,946	46,598,217
Unrestricted	(76,136,850)	(87,745,203)	(74,481,450)	(64,018,657)	(58,588,885)
Total governmental activities net position	\$51,644,179	\$45,177,086	\$63,119,352	\$78,182,370	\$88,351,784
Business-type activities					
Net investment in capital assets	\$67,108,189	\$66,028,084	\$65,244,523	\$65,069,161	\$67,522,545
Restricted	11,325	11,324	1,886,963	2,442,739	605,397
Unrestricted	27,617,595	31,433,874	45,343,377	54,584,785	61,596,455
Total business-type activities net position	\$94,737,109	\$97,473,282	\$112,474,863	\$122,096,685	\$129,724,397
Primary government					
Net investment in capital assets	\$167,522,137	\$162,817,050	\$161,493,562	\$161,733,242	\$167,864,997
Restricted	27,378,406	36,144,647	43,238,726	47,979,685	47,203,614
Unrestricted	(48,519,255)	(56,311,329)	(29,138,073)	(9,433,872)	3,007,570
Total primary government net position	\$146,381,288	\$142,650,368	\$175,594,215	\$200,279,055	\$218,076,181

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

	For the Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$9,669,627	\$10,685,635	\$7,972,197	\$11,936,041
Public safety	43,774,625	45,867,228	63,616,023	55,603,978
Public works	7,579,522	8,196,165	7,573,579	10,963,753
Streets and infrastructure	3,466,347	4,014,914	3,335,132	2,198,287
Culture and recreation	11,621,738	12,263,494	10,221,420	12,412,166
Economic and community development	4,718,470	4,099,948	3,083,160	5,194,603
Nondepartmental				
Interest on long term debt	172,642	40,000		1,373,040
Total governmental activities expenses	81,002,971	85,167,384	95,801,511	99,681,868
Business-type activities:				
Water	14,451,497	16,082,814	14,954,595	17,406,932
Civic center	853,913	892,003	800,786	961,868
Transfer station	178,290	37,579	206,918	266,241
Sanitation district	18,629,686	14,325,333	16,357,133	22,460,549
Total business-type activities expenses	34,113,386	31,337,729	32,319,432	41,095,590
Total primary government expenses	\$115,116,357	\$116,505,113	\$128,120,943	\$140,777,458
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$5,054,225	\$4,074,661	\$3,850,838	\$4,459,835
Public safety	5,403,840	6,490,600	6,833,086	7,140,073
Public works	1,528,698	2,524,779	994,308	1,304,594
Streets and infrastructure	1,283,105	1,528,812	1,432,015	1,705,245
Culture and recreation	2,989,174	3,162,473	2,906,739	3,115,467
Economic and community development	4,961,729	6,162,433	4,645,536	4,582,767
Operating grants and contributions	8,467,395	6,311,937	6,293,562	6,774,088
Capital grants and contributions	3,355,718	2,492,055	1,824,697	1,233,529
Total governmental activities program revenues	33,043,884	32,747,750	28,780,781	30,315,598
Business-type activities:				
Charges for services:				
Water	18,731,931	16,645,244	17,186,882	18,879,659
Civic center	976,374	695,906	676,391	589,569
Transfer station	375,000	281,250		
Sanitation district	18,416,575	19,695,887	19,284,396	21,507,323
Operating grants and contributions				
Total business-type activities program revenues	38,499,880	37,318,287	37,147,669	40,976,551
Total primary government program revenues	\$71,543,764	\$70,066,037	\$65,928,450	\$71,292,149
Net (Expense)/Revenue				
Governmental activities	(\$47,959,087)	(\$52,419,634)	(\$67,020,730)	(\$69,366,270)
Business-type activities	4,386,494	5,980,558	4,828,237	(119,039)
Total primary government net expense	(\$43,572,593)	(\$46,439,076)	(\$62,192,493)	(\$69,485,309)

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

For the Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$12,476,872	\$12,998,948	\$13,339,758	\$14,340,037	\$14,303,115	\$16,919,779
56,118,396	65,368,018	67,486,476	58,797,739	70,765,037	85,788,744
12,218,279	14,216,669	17,734,741	16,152,556	15,855,694	13,602,903
1,955,081 (a)	(a)				
12,446,541	12,597,628	10,761,931	14,579,848	16,742,550	18,268,662
4,107,836	4,649,920	5,193,416	7,500,998	6,884,119	7,114,150
1,230,480	1,160,227	820,486	729,892	578,865	355,805
100,553,485	110,991,410	115,336,808	112,101,070	125,129,380	142,050,043
15,811,469	17,107,407	16,761,016	15,284,885	18,874,866	20,994,878
792,490	832,870	863,506	935,680	997,790	1,045,147
234,590	28,709	(213)			
23,578,769	26,304,502	28,264,570	20,832,712	30,021,570	34,036,049
40,417,318	44,273,488	45,888,879	37,053,277	49,894,226	56,076,074
\$140,970,803	\$155,264,898	\$161,225,687	\$149,154,347	\$175,023,606	\$198,126,117
\$664,292	\$743,003	\$422,110	\$724,161	\$625,126	\$596,937
5,780,948	6,619,952	5,371,364	5,430,260	5,273,795	5,940,432
1,355,782	4,062,420	4,113,341	4,118,081	3,559,037	3,547,885
1,244,532 (a)	(a)				
2,859,075	2,105,126	502,031	1,495,986	2,127,987	2,806,681
3,900,404	4,704,318	4,054,903	4,171,831	3,287,643	3,438,024
11,518,920	17,017,844	18,280,149	18,038,910	16,099,060	17,476,166
5,520,111	4,597,424	2,472,075	7,696,982	6,952,706	6,277,480
32,844,064	39,850,087	35,215,973	41,676,211	37,925,354	40,083,605
20,671,704	23,385,773	23,672,903	25,984,982	27,892,142	29,346,716
801,304	844,360	881,616	1,341,880	1,318,174	1,293,382
22,712,582	22,679,620	23,364,666	23,623,875	25,132,013	25,667,679
			2,119,416	2,062,587	917,597
44,185,590	46,909,753	47,919,185	53,070,153	56,404,916	57,225,374
\$77,029,654	\$86,759,840	\$83,135,158	\$94,746,364	\$94,330,270	\$97,308,979
(\$67,709,421)	(\$71,141,323)	(\$80,120,835)	(\$70,424,859)	(\$87,204,026)	(\$101,966,438)
3,768,272	2,636,265	2,030,306	16,016,876	6,510,690	1,149,300
(\$63,941,149)	(\$68,505,058)	(\$78,090,529)	(\$54,407,983)	(\$80,693,336)	(\$100,817,138)

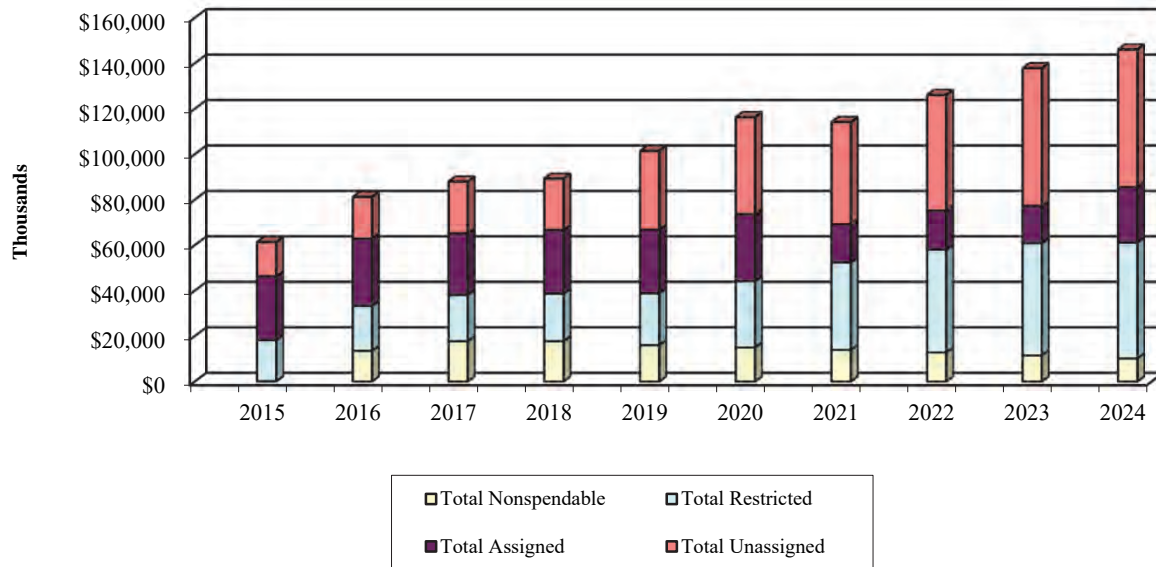
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CITY OF DALY CITY
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,			
	2015	2016	2017	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$29,327,703	\$29,591,108	\$31,417,252	\$33,069,899
Sales taxes	12,379,135	13,688,644	13,805,186	15,232,989
Utility users tax	6,399,410	6,099,207	6,299,448	5,977,178
Franchise fees	3,675,411	3,828,424	3,878,461	4,022,440
Other taxes	5,322,471	5,761,695	6,017,318	6,408,495
Motor vehicle in-lieu	44,416			
Investment earnings	467,009	828,112	700,994	1,058,264
Other revenues	1,061,054	1,110,702	1,379,422	1,614,584
Transfers	2,983,597	2,060,161	4,616,272	2,188,873
Gain/(Loss) on sale of property	(3,003,763)	41,913		217,111
Extraordinary or Special item		26,522,377		
Total government activities	58,656,443	89,532,343	68,114,353	69,789,833
Business-type activities:				
Property taxes	1,713,895	1,754,195	1,859,194	1,957,737
Investment earnings	265,045	385,674	196,380	268,803
Other revenues	2,350,952	712,482	775,265	914,539
Gain/(Loss) on sale of property				
Transfers	(2,983,597)	(2,060,161)	(4,616,272)	(2,188,873)
Extraordinary item or special item			4,579,613	
Total business-type activities	1,346,295	792,190	2,794,180	952,206
Total primary government	\$60,002,738	\$90,324,533	\$70,908,533	\$70,742,039
Change in Net Position				
Governmental activities	\$10,697,356	\$37,112,709	\$1,093,623	\$423,563
Business-type activities	5,732,789	6,772,748	7,622,417	833,167
Total primary government	\$16,430,145	\$43,885,457	\$8,716,040	\$1,256,730

For the Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$36,699,766	\$37,261,483	\$33,949,879	\$45,611,135	\$48,895,101	\$52,139,564
17,699,000	16,371,691	18,566,645	24,157,170	25,774,755	26,455,971
5,906,694	5,769,697	5,912,945	6,008,575	6,934,379	7,095,237
4,178,006	4,536,241	4,255,982	4,909,174	5,016,118	5,166,543
6,854,372	7,278,295	7,300,774	7,587,013	8,268,611	8,721,612
3,113,786	4,581,480	(109,320)	(4,574,540)	3,529,876	9,467,690
1,685,805	1,360,090	1,150,745	2,059,402	2,454,244	1,048,185
1,524,773	3,058,347	2,282,058	2,574,893	1,393,960	2,041,050
11,639		344,034	34,303		
77,673,841	80,217,324	73,653,742	88,367,125	102,267,044	112,135,852
2,172,460	2,254,033	2,335,681	2,415,701	2,620,296	2,725,057
1,096,328	1,518,068	7,164	(1,374,982)	1,067,422	4,997,084
742,688	478,919	643,228	517,376	815,175	795,073
	1,146	1,852	1,503	2,199	2,248
(1,524,773)	(3,058,347)	(2,282,058)	(2,574,893)	(1,393,960)	(2,041,050)
2,486,703	1,193,819	705,867	(1,015,295)	3,111,132	6,478,412
\$80,160,544	\$81,411,143	\$74,359,609	\$87,351,830	\$105,378,176	\$118,614,264
\$9,964,420	\$9,076,001	(\$6,467,093)	\$17,942,266	\$15,063,018	\$10,169,414
6,254,975	3,830,084	2,736,173	15,001,581	9,621,822	7,627,712
\$16,219,395	\$12,906,085	(\$3,730,920)	\$32,943,847	\$24,684,840	\$17,797,126

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



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

(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,				
2020	2021	2022	2023	2024
\$14,955,064	\$13,875,487	\$12,728,449	\$11,451,441	\$10,038,350
3,382,363	3,746,447	5,332,892	5,477,007	5,767,252
12,663,807	375,051	1,055,425	754,432	611,754
42,666,860	44,913,148	50,928,350	60,551,062	60,508,117
<u>\$73,668,094</u>	<u>\$62,910,133</u>	<u>\$70,045,116</u>	<u>\$78,233,942</u>	<u>\$76,925,473</u> (a)
\$34,625	\$25,184	\$24,801	\$28,151	\$102,262
25,695,472	34,689,298	39,903,527	43,891,822	45,155,465
16,870,159	16,491,889	16,069,890	15,664,989	23,865,564
	(114)			
<u>\$42,600,256</u>	<u>\$51,206,257</u>	<u>\$55,998,218</u>	<u>\$59,584,962</u>	<u>\$69,123,291</u> (a)
\$14,989,689	\$13,900,671	\$12,753,250	\$11,479,592	\$10,140,612
29,077,835	38,435,745	45,236,419	49,368,829	50,922,717
29,533,966	16,866,940	17,125,315	16,419,421	24,477,318
42,666,860	44,913,034	50,928,350	60,551,062	60,508,117
<u>\$116,268,350</u>	<u>\$114,116,390</u>	<u>\$126,043,334</u>	<u>\$137,818,904</u>	<u>\$146,048,764</u>

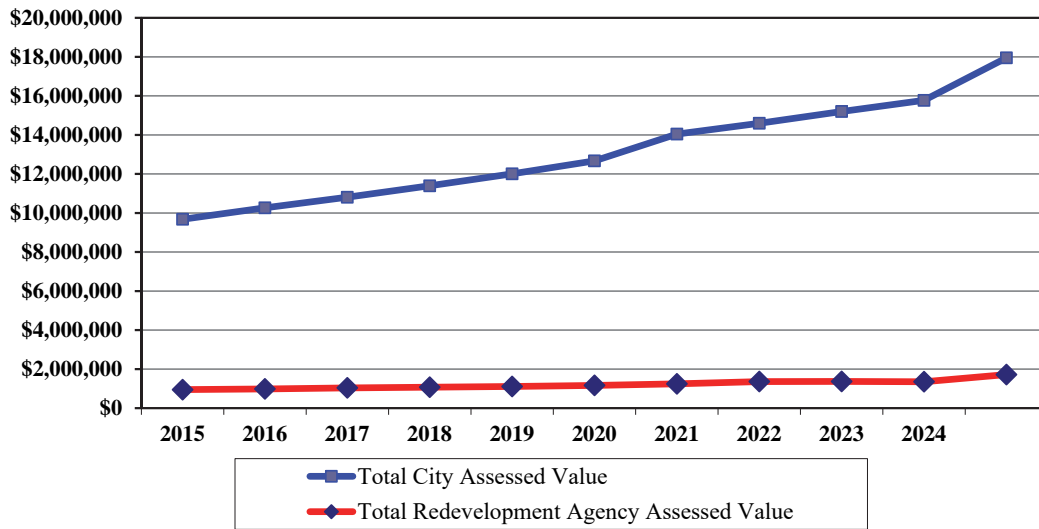
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Revenues				
Taxes	\$60,767,789	\$61,030,589	\$63,536,267	\$66,939,056
Licenses, permits and fees	2,679,745	2,889,367	3,023,889	2,727,875
Fines and forfeitures	2,740,510	3,442,372	3,850,382	3,678,828
Use of money and property	1,499,885	1,841,802	1,636,285	2,040,295
Intergovernmental revenues	6,092,246	4,218,152	5,526,235	5,378,283
Charges for services	12,763,912	14,632,874	9,771,337	9,992,458
Other	5,307,064	5,527,147	4,989,727	6,785,029
Total Revenues	<u>91,851,151</u>	<u>93,582,303</u>	<u>92,334,122</u>	<u>97,541,824</u>
Expenditures				
Current:				
General government	9,495,891	10,777,041	10,067,504	10,259,919
Public safety	44,972,711	49,047,952	50,681,833	51,147,772
Public works	7,053,586	7,589,698	8,480,954	8,895,892
Culture and recreation	10,085,356	10,569,151	10,802,067	10,637,826
Community development	4,917,443	4,306,935	4,340,191	5,115,492
Capital projects	4,359,239	5,726,698	10,019,069	6,927,154
Debt service:				
Principal repayment	244,000	260,000	279,000	298,000
Interest and fiscal charges	235,066	28,730	41,216	38,672
Total Expenditures	<u>81,363,292</u>	<u>88,306,205</u>	<u>94,711,834</u>	<u>93,320,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,487,859</u>	<u>5,276,098</u>	<u>(2,377,712)</u>	<u>4,221,097</u>
Other Financing Sources (Uses)				
Sale of property	(3,003,763)	1,600	262,490	179,922
Amount paid to State	(3,750,000)			
Issuance of long-term debt				
Transfers in	6,306,265	5,561,713	6,633,748	4,030,049
Transfers out	<u>(4,750,215)</u>	<u>(4,776,760)</u>	<u>(2,346,255)</u>	<u>(7,096,892)</u>
Total other financing sources (uses)	<u>(5,197,713)</u>	<u>786,553</u>	<u>4,549,983</u>	<u>(2,886,921)</u>
Extraordinary items				
Assets transferred to/liabilities assumed by Successor Agency			4,579,613	
Net Change in fund balances	<u>\$5,290,146</u>	<u>\$6,062,651</u>	<u>\$6,751,884</u>	<u>\$1,334,176</u>
Debt service as a percentage of noncapital expenditures	0.6%	0.3%	0.3%	0.4%

For the Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
\$75,573,768	\$75,484,516	\$74,390,755	\$96,655,679	\$103,763,854	\$108,866,690
2,970,667	3,013,080	2,981,237	3,015,932	2,672,412	2,587,982
3,379,319	3,700,904	3,040,526	2,329,138	2,628,742	2,408,106
3,831,438	5,007,732	564,446	(2,672,633)	4,100,403	7,769,651
8,922,550	14,405,495	13,652,973	14,248,317	11,555,716	13,782,382
11,417,260	12,764,998	9,035,012	9,958,944	9,446,298	10,538,227
2,293,810	1,936,781	2,824,687	4,853,670	3,426,969	2,073,255
108,388,812	116,313,506	106,489,636	128,389,047	137,594,394	148,026,293
9,076,400	10,354,151	12,823,394	13,442,306	14,274,854	14,143,058
54,547,977	56,894,801	63,791,207	68,828,825	70,593,526	77,419,273
9,173,452	9,588,658	9,426,845	9,984,304	10,962,873	11,992,894
11,624,964	11,946,087	10,196,627	13,350,626	15,300,173	16,324,099
4,531,036	4,841,980	5,476,383	7,476,122	6,777,669	6,937,839
7,201,911	10,683,817	9,639,122	6,155,124	8,573,451	15,737,970
319,000	341,000	365,000	458,851	751,164	839,998
35,165	29,838	23,020	18,134	31,991	11,958
96,509,905	104,680,332	111,741,598	119,714,292	127,265,701	143,407,089
11,878,907	11,633,174	(5,251,962)	8,674,755	10,328,693	4,619,204
11,639		379,095			1,466,620
6,278,010	8,486,521	13,712,986	17,645,383	7,740,180	18,834,361
(6,014,171)	(5,243,786)	(10,992,079)	(14,393,194)	(6,293,303)	(16,690,325)
275,478	3,242,735	3,100,002	3,252,189	1,446,877	3,610,656
\$12,154,385	\$14,875,909	(\$2,151,960)	\$11,926,944	\$11,775,570	\$8,229,860
0.4%	0.4%	0.4%	0.4%	0.6%	0.6%

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



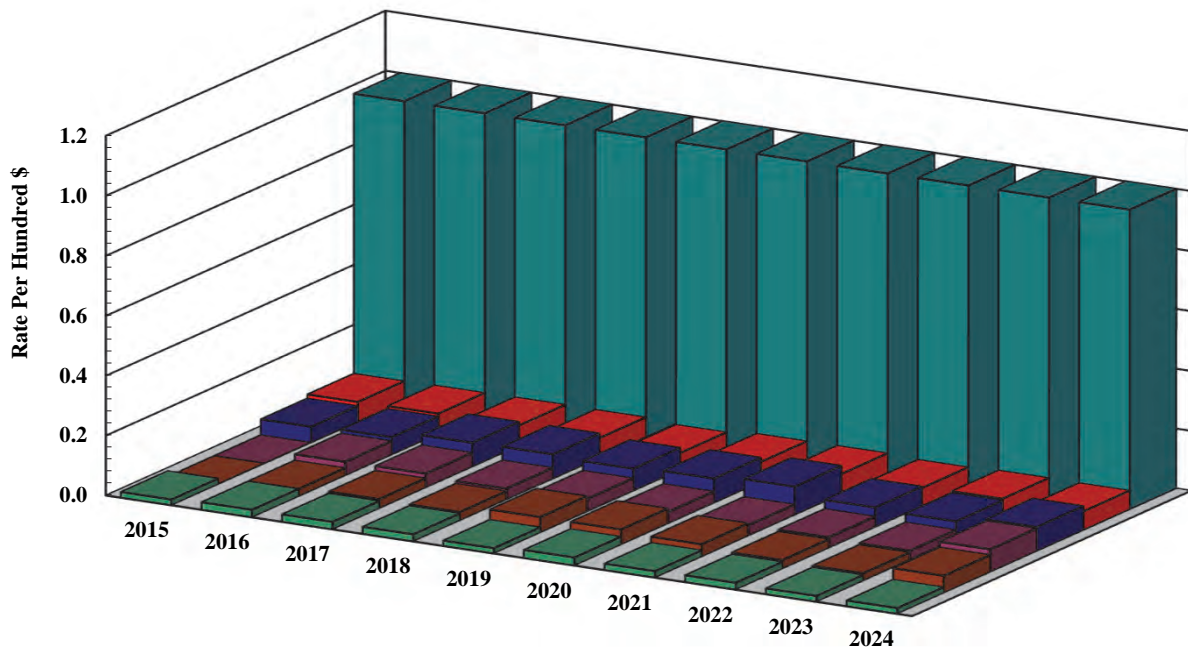
Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
2015	\$9,426,340	\$239,970	\$99,548	\$9,765,858	\$980,736	\$53,445	\$6,373	\$1,040,554	1.00%
2016	9,962,576	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%
2023	15,108,819	234,239	92,707	15,435,765	1,517,826	57,274	6,079	1,581,179	1.00%
2024	15,879,373	253,738	91,917	16,225,028	1,657,347	60,206	6,139	1,723,692	1.00%

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

(2) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount by an annual calculation to all the taxing entities within a tax rate area.

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

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



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

Fiscal Year	Basic County Wide Levy	Jefferson Elementary School District	Jefferson High School District	San Mateo Junior College	South San Francisco Unified School District	Pacifica Elementary School	Total
2015	1.0000	0.0662	0.0530	0.0190			1.1382
2016	1.0000	0.0674	0.0583	0.0250	0.0457	0.0250	1.2214
2017	1.0000	0.0680	0.0800	0.0247	0.0467	0.0311	1.2505
2018	1.0000	0.0663	0.0816	0.0235	0.0366	0.0281	1.2361
2019	1.0000	0.0563	0.0739	0.0175	0.0422	0.0517	1.2416
2020	1.0000	0.0667	0.0811	0.0267	0.0381	0.0505	1.2631
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
2023	1.0000	0.0647	0.0589	0.0193	0.0306	0.0250	1.1985
2024	1.0000	0.0627	0.0802	0.0190	0.0756	0.0570	1.2945

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 MuniServices, LLC

CITY OF DALY CITY
Principal Property Tax Payers
Ten Year History

Taxpayer	2023-24			2014-15		
	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	\$510,542,613	1	3.15%	\$183,596,349	1	1.90%
Westlake Assoc Lessee	288,391,891	2	1.78%	124,351,219	3	1.29%
BP3-SF7 2001 JS Owner LLC	204,452,712	3	1.26%			
Kimco Westlake Lp	181,533,402	4	1.12%	153,372,592	2	1.59%
SMC Coastsides Properties LLC	171,145,800	5	1.05%			
Skyline Heights Llc	98,999,762	6	0.61%			
SP Peninsula Del Rey LLC	72,412,532	7	0.45%			
Public Property Fin Corp CA Lessee	61,650,763	8	0.38%			
EQR Hillside LP	48,182,958	9	0.30%	40,547,473	8	0.42%
Westlake Skyline Plaza LLC	46,517,131	10	0.29%			
DB Real Estate Pacific Plaza P	-			86,443,667	4	0.89%
Century Theaters Inc Lessee	-			60,156,485	5	0.62%
Wasl Daly City Investors V	-			55,000,000	6	0.57%
Seton Medical Center	-			42,327,067	7	0.44%
Serramonte Corp Center LLC	-			40,007,330	9	0.41%
Daly Skyline Assoc LLC				39,641,478	10	0.41%
Subtotal	<u>\$1,683,829,564</u>		<u>10.38%</u>	<u>\$825,443,660</u>		<u>8.54%</u>

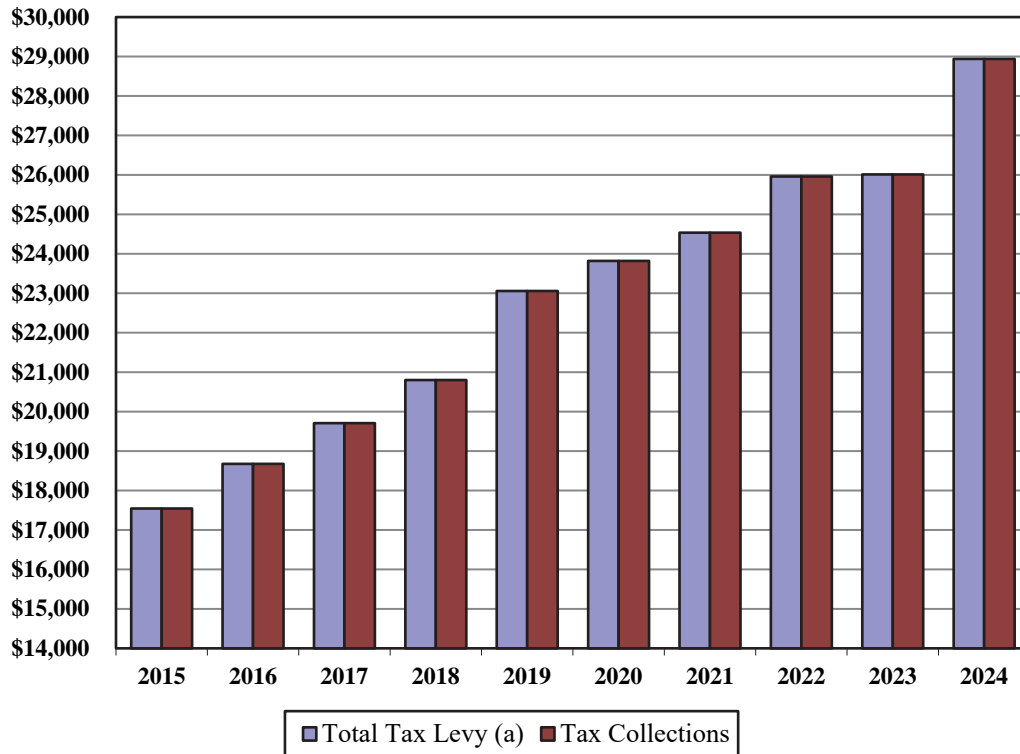
Total Assessed Valuation:

Fiscal Year 2023-2024 \$16,225,028,321

Fiscal Year 2014-15 \$9,666,310,302

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)



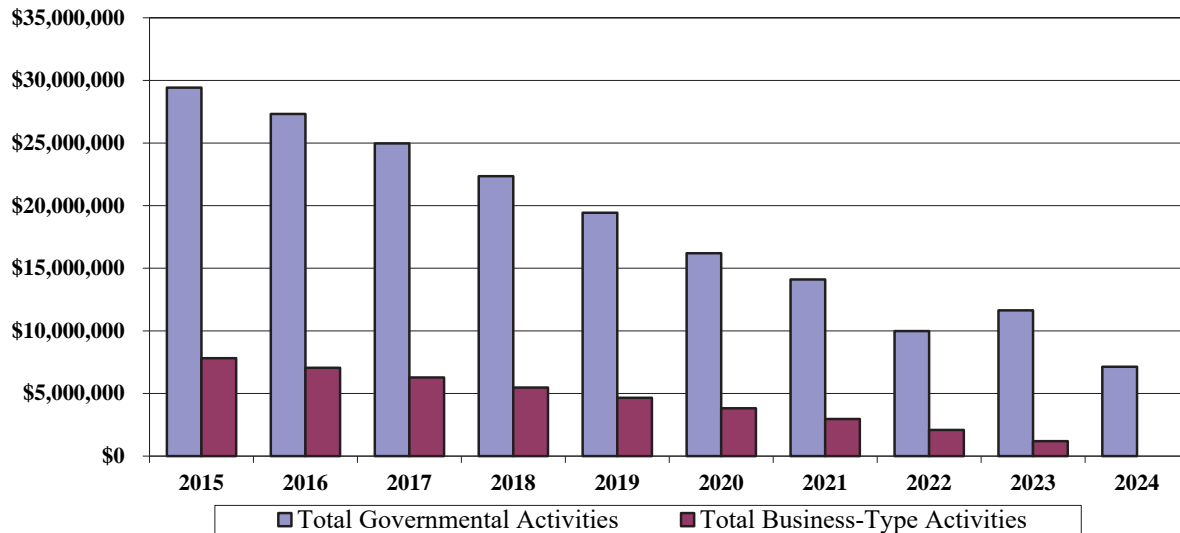
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2015	\$17,543	\$17,543	100.00%		\$17,543	100.00%
2016	18,675	18,675	100.00%		18,675	100.00%
2017	19,707	19,707	100.00%		19,707	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%
2023	26,011	26,011	100.00%		26,011	100.00%
2024	28,940	28,940	100.00%		28,940	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 delinquent charges collected.

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



Governmental Activities

Fiscal Year	Leases Payable (a)	Subscription Liability(b)	HUD Section 108 Loan	PERS Pension Obligation Bonds	Total
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	1,317,269		418,000	8,250,000	9,985,269
2023	3,030,663	\$4,283,422		4,325,000	11,639,085
2024	2,530,006	4,603,750			7,133,756

Business-Type Activities

Fiscal Year	Water Revenue Bond	State Water Resources Board Loan	Total	Total Primary Government	Percentage of Personal Income (c)	Per Capita (c)
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	16,191,101	0.46%	149.09
2023	640,000	556,791	1,196,791	12,835,876	0.31%	122.40
2024				7,133,756	0.15%	70.31

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

(a) FY 2022 & FY 2023 restated to meet GASB 87 requirements.

(b) FY 2023 restated to meet GASB 96 requirements

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

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

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

Fiscal Year Ended June 30	Pension Obligation Bonds	Less: Amounts Restricted in Pers Contribution Internal Service Fund	Total Net Debt	Percentage of Personal Income (a)	Per Capita (a)
2015	\$26,755,000	\$29	\$26,754,971	0.88%	\$252.86
2016	24,915,000	44	24,914,956	0.65%	229.55
2017	22,845,000	1,983	22,843,017	0.66%	212.03
2018	20,520,000	23,990	20,496,010	0.51%	190.02
2019	17,920,000	76,072	17,843,928	0.45%	163.52
2020	15,025,000	109,625	14,915,375	0.40%	136.66
2021	11,810,000	549	11,809,451	0.34%	108.74
2022	8,250,000	1,447	8,248,553	0.20%	78.66
2023	4,325,000	118,160	4,206,840	0.10%	40.12
2024	-	-	-	-	-

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, 2024

2023-2024 Assessed Valuation \$16,225,028,321

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/24	% Applicable (1)	City's Share of Debt 06/30/24
San Mateo Community College District	\$682,237,216	5.272%	\$35,967,546
South San Francisco Unified School District	303,407,351	6.573%	19,942,965
Jefferson Union High School District	338,312,020	48.653%	164,598,947
Bayshore School District	8,900,000	83.884%	7,465,676
Brisbane School District	29,056,439	12.815%	3,723,583
Jefferson School District	137,920,000	86.895%	119,845,584
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>351,544,301</u></u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
San Mateo County General Fund Obligations	\$565,146,645	5.272%	29,794,531
San Mateo County Board of Education Certificates of Participation	5,735,000	5.272%	302,349
San Mateo County Flood Control District Certificates of Participation	13,065,000	25.864%	3,379,132
South San Francisco Unified School District Certificates of Participation	2,560,000	6.573%	168,269
Jefferson Union H.S.D. Certificates of Participation	46,845,000	48.653%	22,791,498
Jefferson Union H.S.D. General Fund Obligations			
City of Daly City Pension Obligation Bonds			
San Mateo County Mosquito and Vector Control District	3,404,654	5.272%	179,493
City of Daly City Lease Payables	2,530,006		2,530,006
City of Daly City Subscription Liabilities	4,603,750		4,603,750
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u><u>63,749,028</u></u>

TOTAL DIRECT DEBT
TOTAL OVERLAPPING DEBT 408,159,573

COMBINED TOTAL DEBT **\$408,159,573** (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 lease obligations.

<u>Ratios to 2023-2024 Assessed Valuation</u>	
Total Overlapping Tax and Assessment Debt	2.17%
Total Direct Debt	0.00%
Combined Total Debt	2.52%

Source: California Municipal Statistics, Inc.

CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2024

ASSESSED VALUATION:

Total property assessed value, net of exempt real property	\$16,225,028,321
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$608,438,562
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (b)	0
Less: Revenue Bonds and Certificate of Participation not subject to limit	0

Amount of debt subject to limit	0
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LEGAL BONDED DEBT MARGIN	\$608,438,562
--------------------------	---------------

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)				
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%
2023	578,841	0	578,841	0.00%
2024	608,439	0	608,439	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, 2023		AS OF JUNE 30, 2024	
<u>Category</u>	<u>Number of Connections</u>	<u>Category</u>	<u>Number of Connections</u>
Residential	20,114	Residential	20,113
Multi-Family	1,893	Multi-Family	1,894
Commercial	831	Commercial	828
City/Government	194	City/Government	196
Traveling Meter	26	Traveling Meter	23
Total Connections	<u>23,058</u>	Total Connections	<u>23,054</u>

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

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

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

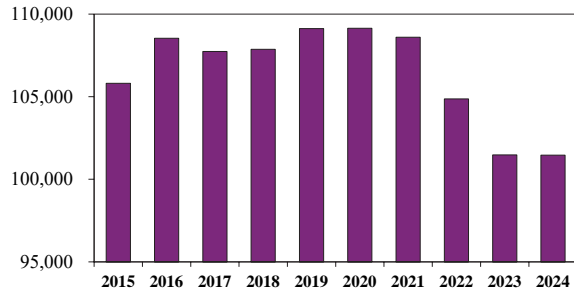
(2) Includes all Water Utility Operating Expenses

Source: City of Daly City Annual Financial Statements

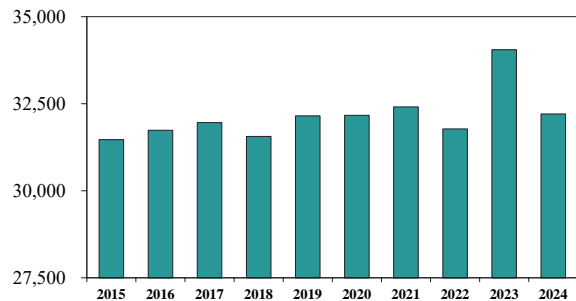
**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

	2020	2021	2022	2023	2024
Gross Revenues (1)	\$24,118,100	\$24,002,397	\$26,160,774	\$29,409,352	\$32,725,290
Operating Expenses (including depreciation) (2)	17,032,815	16,733,316	15,137,383	18,531,034	20,228,897
Depreciation	(1,247,958)	(1,184,182)	(1,226,189)	(1,347,688)	(1,355,629)
Operating Transfers Out	2,994,662	2,604,001	2,678,853	3,627,155	3,893,958
Total Operating Expenses	18,779,519	18,153,135	16,590,047	20,810,501	22,767,226
Net Revenue Available for Debt	\$5,338,581	\$5,849,262	\$9,570,727	\$8,598,851	\$9,958,064
Total Debt Service Requirement	\$645,325	\$649,600	\$651,575	\$649,258	\$651,733
Coverage	8.27	9.00	14.69	13.24	15.28

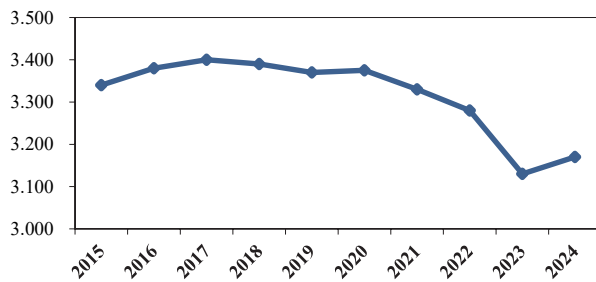
CITY OF DALY CITY DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



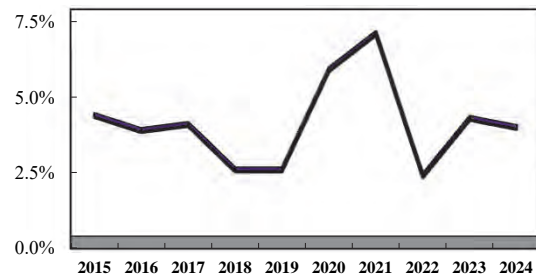
■ Daly City Population



■ 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
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%
2023	101,471	34,049	3.130	4.1%	41,276	4,188,317	737,644	13.76%
2024	101,458	32,206	3.170	3.8%	46,581	4,726,015	741,565	13.68%

Sources:

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

CITY OF DALY CITY
Principal Employers
Ten Year History

Employer	2023-2024			2014-2015		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Seton Medical Center	1,099	1	5.7%	1,326	1	9.6%
City of Daly City	620	2	3.2%	560	3	4.1%
Jefferson Elementary School District	588	3	3.1%	706	2	5.1%
Jefferson Union High School District	571	4	3.0%	500	4	3.6%
Kaiser Permanente (3 Locations)	344	5	1.8%			
GHC of Sunnyvale LLC	312	6	1.6%			
Target Stores - Serramonte	310	7	1.6%	287	8	2.1%
In-N-Out Burger (2 locations)	250	8	1.3%			
St. Francis Convalescent Pavilion	244	9	1.3%	350	7	2.5%
Home Depot	192	10	1.0%			
Genesys Telecommunications Laboratory				500	5	3.6%
Cow Palace				400	6	2.9%
Pacific Gas & Electric				278	9	2.0%
Macy's				265	10	1.9%
Subtotal	<u>4,530</u>		<u>23.6%</u>	<u>5,172</u>		<u>37.5%</u>
Total Daly City Employment	<u>19,177</u> (2)			<u>13,795</u> (3)		

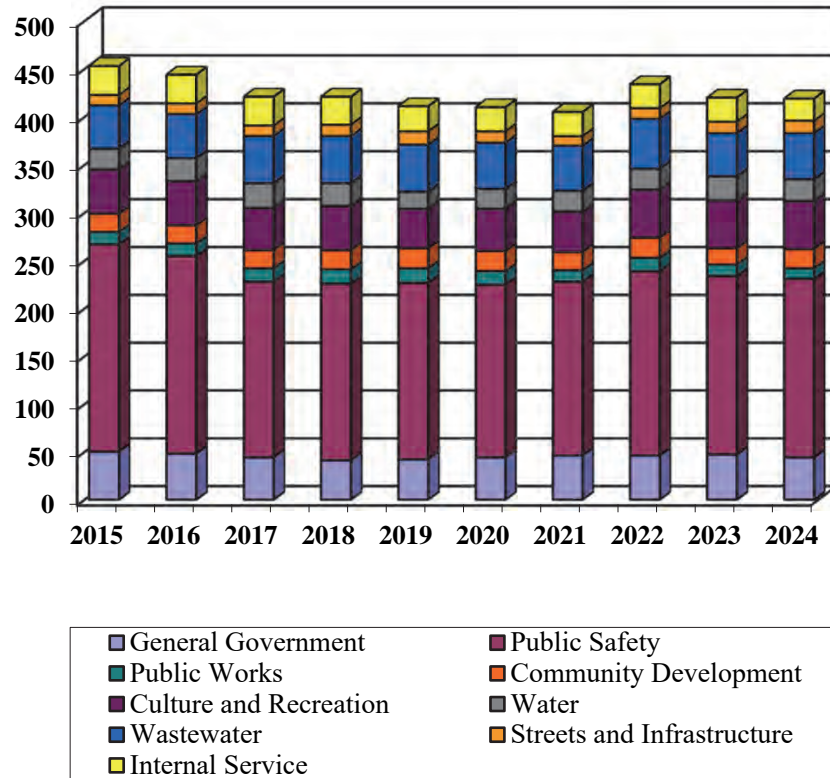
Note: (1) Includes both full-time and part-time employees

(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



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function										
General Government	50	48	44	41	42	44	46	46	47	44
Public Safety	217	207	184	185	185	181	182	193	187	187
Public Works	13	13	14	15	15	14	12	14	12	11
Community Development	19	19	19	20	21	21	19	21	17	20
Culture and Recreation	46	46	44	46	41	44	42	50	50	50
Water	22	24	26	24	18	21	22	22	25	23
Wastewater	45	46	49	49	49	48	47	52	45	48
Streets and Infrastructure	11	11	11	12	14	12	10	11	12	13
Internal Service	30	30	30	29	26	25	25	25	25	23
Total	453	444	421	421	411	410	405	434	420	419

Source: City of Daly City



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

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

Source: City of Daly City

Note: n/a denotes information not available.

*CA DOJ Summary Reporting changed to the FBI Standard Incident-Based Reporting

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

	Fiscal Year June 30,				
	2020	2021	2022	2023	2024
<u>Function/Program</u>					
Public safety (calendar year data)					
Fire					
Fire calls for service	7,426	8,281	8,429	9,525	9,599
Fire inspections conducted	1,712	1,647	3,642	2,153	3,582
Police					
Police calls for service	76,880	58,791	51,216	61,245	59,800
Law violations					
Part I crimes*	2,110	2,338	2,325	0	0
Part II crimes*	3,306	3,641	1,987	0	0
Group A Offenses*	0	0	0	4,982	4,337
Group B Offenses*	0	0	0	916	871
Physical arrests (adults)	2,459	1,616	1,458	2,313	2,343
Physical arrests (juvenile)	141	47	43	94	91
Traffic violations	6,026	2,448	2,573	3,790	3,479
Parking violations	87,238	85,576	69,136	78,435	74,500
Public works					
Street repairs - asphalt patching (sq. ft.)	320,000	36,543	42,500	103,128	84,653
Street slurry seal (linear ft.)	85,008	77,616	0	68,857	1,590
Street resurfacing (linear ft.)	5,195	8,124	0	0	18,797
Traffic signal responses	126	131	126	42	83
Street light responses	188	256	327	351	211
Street signs replaced	476	350	325	78	254
Streets swept (miles)	25,320	21,100	25,200	25,150	24,251
Line striping and curb painting (linear ft.)	51,985	52,592	290	154,636	13,195
Sidewalks inspected (miles)	1	1	1	1	1
Culture and recreation					
Recreation					
Recreation class participants	9,378	2,060	12,607	16,107	15,349
Youth recreation program participants	2,948	790	1,934	4,053	4,795
Volunteer support hours	32,784	786	8,420	26,752	28,656
Senior meals served	34,356	33,810	54,440	46,336	52,233
Number of health fair events	0	0	0	1	1
Health fair events attendance	0	0	0	300	350
Facility rentals (non City events)	674	44	326	569	600
Library					
Volumes in collection - all formats	489,720	466,267	638,843	508,045	528,710
Total volumes borrowed	299,586	202,477	335,007	354,089	354,089
# of uses of electronic resources	43,887	60,345	76,446	90,098	114,770
Youth services program attendance	6,578	3,080	7,479	13,998	11,671
Water service connections	23,140	23,131	23,341	23,055	23,059
Water main breaks	75	103	93	83	90
Average daily consumption (thousands of gallons)	6,150	5,665	5,510	5,405	5,680
Wastewater					
Storm drain inlets	2,181	2,181	2,181	2,181	2,181
Sewer service connections	23,350	23,368	23,476	24,315	24,294
Sewer main blockages	3	5	4	3	2
Average daily treatment (thousands of gallons)	5,800	5,007	5,250	5,315	5,345

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

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

Source: City of Daly City

Note:

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

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

	Fiscal Year June 30,				
	2020	2021	2022	2023	2024
Function/Program					
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	31	32	33	32	32
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,402	3,678	3,678	3,681	3,678
Traffic signals (# of intersections)	41	42	42	42	42
Miles of storm drains	70	70	70	70	70
Culture and recreation					
Parks and recreation					
City parks	18	18	18	18	18
City parks acreage	200	200	200	200	200
Park trees	3,865	3,862	3,869	3,874	3,886
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	3,196	4,043	3,476	4,032	3,907
Community centers and clubhouses	11	11	11	12	12
Senior centers	1	1	1	1	1
Gymnasiums	4	4	4	4	4
Tennis courts	10	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	180	180	180	180	180
Miles of combined sewers	17	17	17	17	17
Treatment capacity (thousands of gallons)					
Dry weather	7,500	7,500	7,500	7,500	8,000
Wet weather	19,000	19,000	19,000	19,000	10,300

