

Annual Comprehensive Financial Report



City of Pacifica, California

For the Fiscal Year Ended June 30, 2021



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CITY OF PACIFICA

CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal year ended June 30, 2021

Prepared by
Finance Department

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INTRODUCTORY SECTION

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CITY OF PACIFICA, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021

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Scenic Pacifica
Incorporated November
22, 1957

CITY OF PACIFICA

540 Crespi Drive • Pacifica, California 94044-2506
www.cityofpacifica.org

MAYOR
Sue Beckmeyer

MAYOR PRO TEM
Mary Bier

COUNCIL
Mike O'Neill
Sue Vaterlaus
Tygarjas Bigstycck

December 13, 2021

Honorable Mayor, Members of the City Council, and Citizens of the City of Pacifica, California:

We are pleased to submit the City of Pacifica's Annual Comprehensive Financial Report (ACFR)¹ for the fiscal year ended June 30, 2021. The purpose of this report is to provide the City Council, City Staff, residents of Pacifica, and other interested parties with accurate, complete, and fair data and helpful information concerning the City's operations and financial position.

The report is prepared in compliance with California Government sections 25250 and 25253 and following the Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board and standards prescribed by the Government Finance Officers Association of the United States and Canada (GFOA) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City for the fiscal year ended June 30, 2021. This report conforms to GASB Statement 34 financial reporting standards, including dual-perspective financials showing both an entity-wide view of all governmental and business-type activities and a detailed focus on the financial position and operating results of the City's major funds.

We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs. State law requires every general-purpose government to publish a complete set of audited financial statements. Professional standards encourage this report to be published within sufficient time to allow the government to remedy any deficiencies while minimizing negative impacts. This report is issued to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in the ACFR based upon a comprehensive framework of internal control that it has established for this purpose.

Stewardship and Internal Control

This report consists of management's representations concerning the finances of the City of Pacifica and promotes accountability. Consequently, responsibility for both the accuracy of the data and the fairness of this presentation, including all disclosures, rests with the City management.

¹ On October 19, 2021 the Governmental Accounting Standards Board issued a pronouncement (Statement No. 98) that changed the name of the Comprehensive Annual Financial Report (CAFR) to Annual Comprehensive Financial Report (ACFR). The name change was prompted by concerns that the prior acronym sounds like a profoundly offensive term. No other changes were made to the report's structure or content.

To provide a reasonable basis for making these representations, management has established a comprehensive framework of internal control designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with GAAP to:

- Safeguard City assets from loss or unauthorized use or disposal.
- Provide reliable financial records for preparing internal and external financial reports and for maintaining accountability over City Assets.
- Ensure compliance with applicable Federal and State laws and regulations related to programs for which the City receives assistance.

As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than an absolute assurance that the financial statements are free of any material misstatements.

Management believes that the City's internal controls reasonably safeguard assets, assure that financial transactions are properly recorded and reported, and ensure compliance with applicable Federal and State laws and regulations. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to represent fairly the financial position and results of operation of the City's various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The purpose of the audit is to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. The City's independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The City's independent auditor, Maze & Associates, a firm of licensed, certified public accountants, has issued an unmodified ("clean") opinion on the City of Pacifica's financial statements for the fiscal year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

In addition to meeting the requirements set forth by State law, the audit is also designed to meet the requirements of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the auditor to report on the City's internal controls and compliance with certain legal requirements with special emphasis on the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

The CAFR report is presented in three sections:

- The Introduction section includes this letter of transmittal, the City's organizational chart, and certificates of achievement.
- The Financial Section includes the report of the independent auditors; Management's Discussion and Analysis (MD&A); the basic financial statements, including government-wide financial statements; and the accompanying notes. Required supplementary information other than the MD&A is also included in the financial section.
- The Statistical section includes selected financial and demographic information presented on a multi-year basis.

The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure. The notes include the summary of significant accounting policies for the City and other necessary disclosure of important matters relating to the City's financial position. The notes are an integral part of the financial statements and should be read in conjunction with them.

GAAP and the Governmental Accounting Standards Board require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

City of Pacifica Profile

The City of Pacifica is a full-service city located on the Pacific Coast in San Mateo County, south of San Francisco. Situated within the Bay Area Peninsula, it is framed by the ridges of the Coast Range on the east, the Montara Mountains on the south, and the Pacific Ocean on the west. The City of Pacifica encompasses roughly 12.6 square miles (of which approximately one-half is publicly owned and protected open space) and serves a population of approximately 39,000. A combination of residential, office, and commercial retail businesses, and natural open space, comprise the makeup of the City. The City of Pacifica, while located in the midst of a major metropolitan region, is a unique family-oriented coastal community that prides itself on fostering a "small town" feel. The City's geographic setting, its proximity to San Francisco and the San Francisco International Airport, along with its natural open space and coastal beauty, make it a desirable place to live and work.

The City of Pacifica is a General Law City incorporated in 1957 and operates under the Council-Manager form of government. Legislative authority is vested in a five-member City Council elected by district for four-year overlapping terms. The Mayor is selected each year by a majority vote of the other Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing advisory commissions/committees, and hiring both the City Manager and City Attorney, who are retained on a contract basis. The City Manager, in turn, appoints the heads of the various departments.

The City provides a range of services to its residents, including but not limited to public safety (police and fire), streets, wastewater and stormwater infrastructure, garbage and recycling, parks, beaches, and recreation, social services, planning and zoning, and leadership through general administrative services. Water, gas, and electric utilities are provided directly through other agencies not under City operations.

The City performed certain infrastructure construction and economic development activities through a separate Redevelopment Agency until its dissolution on February 1, 2012. The City accepted the role of Successor Agency to the Redevelopment Agency per Council action on January 23, 2012.

Budget Process

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, special revenue funds, enterprise funds, debt service funds, and internal service funds are included in the annual appropriated budget. The Capital Improvement Projects budget reflects existing projects that do not lapse at year-end but are carried forward until completion of the project.

The City's budget process goals are to identify necessary and/or desirable service-level options, which are all combined to reach a balanced and sustainable budget. Each City department is provided with a base budget with certain inflationary increases and is given an opportunity to request additional funding if needed. The City Manager, Chief Financial Sustainability Officer, and Financial Services Manager meet with each department individually to discuss and finalize the proposed budget recommendations. The City Manager then presents the proposed budget to the Council for review prior to the end of May every year. The Council holds a public hearing on the proposed budget and is required to adopt a final budget by no later than the end of June, the close of the City's fiscal year.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level by tracking expenditures and budget authority. Unexpended budget appropriations lapse at the end of the fiscal year with the exception of capital improvement projects. The City Manager is responsible for the preparation of the budget, and along with the Chief Financial Sustainability Officer, is responsible for monitoring the budget for legal compliance.

The annual budget serves as the foundation for the City of Pacifica's financial planning and control. The budget is prepared by fund, and by department (e.g., Police, Fire, Planning, Parks, Beaches and Recreation, Public Works, Administration). City Manager may transfer resources within a department as he sees fit. Transfers of appropriations between funds need special approval from the Council. City Council may amend the budget by resolution during the fiscal year. The Fiscal Year ("FY") 2020-21 Mid-Year Budget Adjustments were adopted by Council via Resolution No. 09-2021 on February 28, 2021. Budgets are adopted on a basis consistent with GAAP. Budget-to-actual comparisons are presented in the supplementary section of the accompanying financial statements for each governmental fund for which an appropriated annual budget has been adopted.

Economic Factors and Financial Outlook

State Budget and Economic Outlook

The City's local economy is a reflection of the regional and state economic outlook. Leading into F.Y. 2020-21, the region continued experiencing an unprecedented event with the emergence of the worldwide pandemic of the Coronavirus in March 2020 (named "COVID-19" by the World Health Organization) that impacted every sector of the state's economy and almost 1 in 5 Californians who were employed in February 2020 were out of work by May 2020.

In August 2020, the Bureau of Economic Analysis reported that the real gross domestic product ("GDP") decreased at an annual rate of 31.7 percent in the second quarter of 2020, reflecting the response to COVID-19, "stay-at-home" orders, and government pandemic assistance payments distributed to households and businesses. GDP swings are typically reported at an annual rate — as if they were to continue for a full year — which can be misleading in a volatile period like this. After the economic effects of the COVID-19 pandemic began to stabilize, the real U.S. GDP bounced back by 33.8% in the third quarter of the calendar year 2020, when the world started to recover from COVID-19 and showed a healthy increase of 2.1% in the third quarter of the calendar year 2021. This led to rapid shifts in activities, as businesses and schools continued remote work and consumers and businesses canceled, restricted, or redirected their spending. The U.S. retail and hospitality sectors may take the longest to recover from the impact of COVID-19. However, the U.S. Census Bureau's estimates of nationwide retail sales showed a cumulative twelve-month growth in sales of 16% from June 2020 to June 2021. Although this increase is primarily due to online sales, this is still an encouraging sign that the economy is on the way to a gradual recovery.

Local Economy

In March 2020, the City declared a state of emergency regarding Novel (new) Coronavirus ("COVID -19") while the virus spread worldwide, affecting most of the world, every U.S state, and all Bay Area counties.

COVID-19 is a serious public health concern that also created serious economic impacts on our communities. According to the Bureau of Labor Statistics, San Mateo County's pre-pandemic unemployment rate of 2.1% as of February 2020 has increased to 11.8% by April 2020 since the pandemic hit the region and then dropped to 5% by June 30, 2021. These rates are significantly lower than the State of California's unemployment rates of 4.3%, 16%, and 7.6% for the same periods and the national rates of 3.5%, 14.8%, and 5.9% respectively.

Job growth continues to be slow, and economically sensitive revenue sources such as transient occupancy tax and on-the-ground retail sales tax have declined but are offset by some increase in online sales, as mentioned earlier. In addition, the City's largest revenue source, property tax, has also been impacted, but not to the extent we anticipated, due to its lagging characteristics; however, future revenues will be monitored closely.

The National Association of Realtors released a report that shows an average sales price for existing homes nationwide was \$363,300 in June 2021. This number reflects an increase of 23% from the average price of \$295,300 in June 2020. According to Real Estate Report for San Mateo County, the median home price of a single-family home in Pacifica is \$1,361,500 as of June 2021, as compared to \$1,200,000 a year ago, reflecting an increase of 13.5% and also representing a very low inventory with only 85 homes sold and more than three out of four sold above list price.

Revenues for the City were hit hard by the pandemic throughout the fiscal year with the decline in tourism and its impact on reduced transient occupancy tax (TOT), parking, and local sales tax revenues. Hotel occupancy plummeted in March 2020 and averaged below 60% throughout the year. TOT was down 23.4% compared to FY2019-20 revenues, which were already affected by the pandemic in the last quarter. Residential development in the City has reached near build-out conditions, but commercial development potential exists on sites that remain undeveloped or underdeveloped. There is also residential and commercial redevelopment potential on in-fill and/or underutilized sites. The City and the Pacifica Economic Development Committee are active in encouraging resident and visitor-serving business startups.

Fund Balance and Long-Term Financial Planning

The long-term financial plan of the City includes cost containment strategies and a comprehensive cost recovery program, both designed to ensure the long-term financial health of the City. The City of Pacifica has continued to be fiscally conservative in financial investments, as well as with the development of a Long-Term Financial Plan. The current Long-Term Financial Plan was presented to the City Council in April 2021. The City remains vigilant in its efforts to continue to provide essential City services while maintaining sufficient levels of fiscal control and accountability.

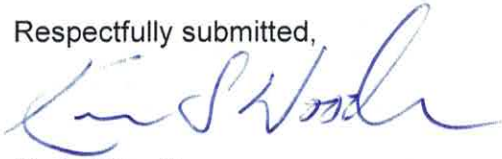
The City's total Fund Balance in the General Fund is \$16.5 million. The Fund Balance is comprised of three components; a Non-spendable portion of \$3.9 million; a Restricted for Pensions portion of \$0.2 million; an Assigned for Budget Shortfall and other Contingencies portion of \$4.4 million; leaving an Unassigned portion (available for spending at the City's policy discretion) of \$8.0 million. The Unassigned portion of the General Fund total 23.5% of total general fund expenditures and is in addition to the minimum policy guideline of 10 percent of total general fund expenditures set by the Council for budgetary shortfall policy and planning purposes.

Acknowledgments

Our goal is to publish financial information that is helpful to policy leaders. Preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the City of Pacifica Finance Division. Every member of each department has our sincere appreciation for the contributions made in furthering the fiscal year-end audit and for their continuing effort to improve the quality of this report. We would like to take an opportunity to acknowledge the extraordinary efforts and hard work of Sheila Tioyao and Mario Xuereb for their assistance with the year-end closure and preparation for the audit, as well as commitment to continue improving the City's financial management and reporting, especially given unprecedented challenges related to COVID pandemic.

throughout the year. Finally, we would like to express our appreciation to the City Council for their attention and unfailing support of maintaining the highest standards of professionalism in managing the City's finances in a responsible and conservative manner in the best interests of the Citizens of Pacifica with the emphasis on transparency, ethics, and fiscal responsibility.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kevin Woodhouse".

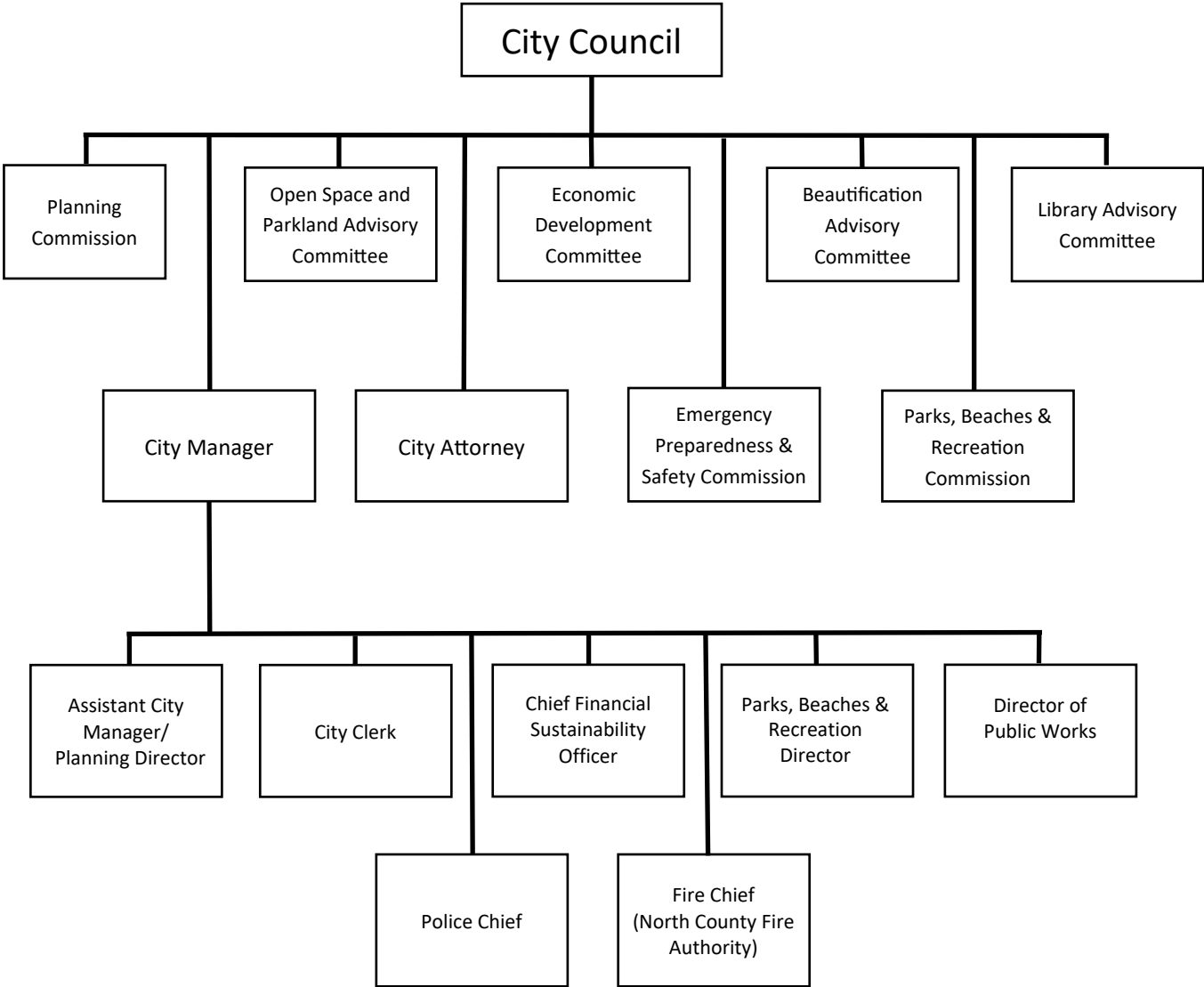
Kevin Woodhouse
City Manager

A handwritten signature in blue ink, appearing to read "Yulia Carter".

Yulia Carter
Chief Financial Sustainability Officer



Citizens of Pacifica



CITY OF PACIFICA, CALIFORNIA

SUE BECKMEYER
Mayor

MARY BIER
Mayor Pro Tem

TYGARJAS BIGSTYCK
MIKE O'NEILL
SUE VATERLAUS
Members of City Council

KEVIN WOODHOUSE
City Manager

MICHELLE MARCHETTA KENYON
City Attorney

OTHER ADMINISTRATIVE OFFICERS

TINA WEHRMEISTER	Assistant City Manager/Planning Director
YULIA CARTER	Chief Financial Sustainability Officer
RON MYERS	Fire Chief
DAN STEIDLE	Police Chief
MICHAEL PEREZ	Director of Parks, Beaches & Recreation
LISA PETERSEN	Director of Public Works/City Engineer
SARAH COFFEY	City Clerk

OFFICIAL COMMISSIONS AND COMMITTEES

BEAUTIFICATION ADVISORY COMMITTEE

ECONOMIC DEVELOPMENT COMMITTEE

EMERGENCY PREPAREDNESS & SAFETY COMMISSION

LIBRARY ADVISORY COMMITTEE

OPEN SPACE AND PARKLAND ADVISORY COMMITTEE

PARKS, BEACHES AND RECREATION COMMISSION

PLANNING COMMISSION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Pacifica, California

Report on Financial Statements

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacifica, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management early adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – The Annual Comprehensive Financial Report which changes the name of the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report.

Emphasis of Matter

During the fiscal year 2021, the City performed a reconciliation of accounts receivables, and as a result, the beginning fund balances for General Fund, the NPDES Stormwater special revenue funds and the beginning net position Sewer Utility enterprise fund were reduced by \$585,746, \$6,215 and \$16,823 respectively. Beginning net positions at July 1, 2021 for the Governmental Activities and Business Activities were reduced by \$591,961 and \$16,823 respectively. See Note 11c.

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

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Maze & Associates

Pleasant Hill, California
December 1, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Pacifica Management's Discussion and Analysis, Continued For the year ended June 30, 2021

The City of Pacifica (City) management staff offers readers of the City's financial statements this narrative overview and analysis of City financial activities for the fiscal year ended June 30, 2021. It has been designed in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal and financial statements.

FINANCIAL HIGHLIGHTS:

- **STATEMENT OF NET POSITION** The total assets and deferred outflows of the City of Pacifica exceeded its total liabilities and deferred inflows at the close of the most recent fiscal year by \$73.4 (total net position).
- The City's total net position of \$73.4 million as of June 30, 2021, remains unchanged from June 30, 2020. Of this amount, \$45.8 million was in Governmental Activities, and \$27.6 million was in Business-type Activities. The City's net investment in capital assets of \$103.7 is not available for future appropriation (see table 1 for additional information). The negative unrestricted net position of \$47.5 million is the result of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions recognizing the City's net pension liability since the fiscal year 2014-15.
 - Total City revenues decreased by \$3.3 million to \$59.5 million due to the outbreak of the COVID-19 pandemic negatively affecting the City's revenue base. The \$3.0 million decreases was derived from Governmental Activities, and the \$0.3 million decreases were derived from Business-type Activities (see table 2 for additional information).
 - Total City expenses were \$58.9 million; \$45.3 million for the Governmental Activities and \$13.6 million for the Business-type Activities. This is a decrease of \$2.3 million compared to the prior year. Governmental Activities increased by \$3.3 million, offset by a decrease in Business-type Activities of \$5.7 million.
 - The City's net pension liability increased \$6 million to \$61.7 million due to the amortization of deferred outflows of resources and contributions made to the City's Miscellaneous and Safety Plans. See Note 7 of the Notes to Financial Statements for details.
 - The City's governmental funds reported combined fund balances of \$36.8 million, an increase of \$0.6 million compared to the prior year. The Enterprise Funds' net position increased by \$3.5 million to \$27.6 million, and the Internal Service Funds' net position decreased by \$0.8 million to \$4.7 million.
 - During FY2020-21, the City performed a backlog reconciliation of aged accounts receivable to the general ledger that the auditors mentioned in the prior years' findings. Since the City's aging accounting system receivable module does not interact with the general ledger directly, this project included manual review and reconciliation of AR records over the last decade. This work resulted in a restatement of beginning fund balances for the General Fund, the NPDES Stormwater special revenue fund, and the Sewer Utility enterprise fund, reducing the beginning net position in these funds by \$0.6 million, \$17,000 and \$6,200 accordingly.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

- **GENERAL FUND BALANCE SHEET** The General Fund's assets exceeded its liabilities resulting in an ending fund balance of \$16.5 million, which remained unchanged from the prior year.
 - Of the ending fund balance, \$3.9 million is non-spendable, \$0.2 million restricted, and \$4.4 million has been assigned and intended to be used for specific purposes
 - The unassigned portion of the fund balance of \$8.0 million is available and may be used to meet the government's ongoing obligations to citizens and creditors

- **PROPRIETARY FUNDS STATEMENT OF NET POSITION** The total assets of the Business-type activities – Enterprise Funds (Sewer and Beach Parking Funds) of the City exceeded its total liabilities at the close of the most recent fiscal year by \$27.6 million (total Proprietary Funds net position), an increase of \$3.5 million primarily due to deferral in executing the Sewer-related Capital Improvement Projects.

- **THE NET POSITION OF GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS** was \$4.7 million, a decrease of \$0.7 million from a balance of \$5.4 million over the prior fiscal year. Total operating expenses exceeded total operating revenues due to increases in insurance premiums and personnel services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to introduce the City's three basic financial statements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains supplemental information to help the reader develop a complete understanding of the City's financial activities.

- **Government-Wide Financial Statements** – These statements include the *Statement of Net Position* and *Statement of Activities*. These statements provide a broad overview of the City's finances, presented in a manner similar to private-sector companies.

The *Statement of Net Position* presents complete information on the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Changes in the net position that occur over time may serve as an indicator of the City's financial position.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported using the "accrual basis of accounting." Changes are reported when the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues related to uncollected taxes or earned but unused vacation leave.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities consist of general government, public safety, public works, parks, beaches and recreation, and community development. The business-type activities of the City include sewer utility and beach parking.



City of Pacifica Management's Discussion and Analysis, Continued For the year ended June 30, 2021

The government-wide financial statements can be found on pages 25-27.

- **Fund Financial Statements** – A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal and accounting requirements. The City's funds can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental activities and governmental funds.

The City has four major governmental funds: General, Disaster Accounting, General Capital Improvement, and Debt Service Fund. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. Financial information for the remaining governmental funds is combined into a single, aggregated presentation called Other Governmental Funds. Individual fund data for each of these non-major governmental funds is provided by combining statements located elsewhere in the report.

The governmental fund financial statements can be found on pages 28-34 of this report.

Proprietary funds are used to account for services and activities for which a fee is charged to customers in exchange for City provided goods or services. Proprietary funds use the "economic resources" measurement focus, which concentrates on how transactions and events have affected the fund's total economic resources. The City maintains two different types of proprietary funds.

Business-Type Activities or Enterprise Funds: These are funds that are used to report business-type activities in the governmental-wide financial statements. The City has two enterprise funds: Sewer and Beach Parking.

Internal Service Funds: These funds are used to allocate costs internally among the City's functions. The City uses internal service funds to account for the maintenance and replacement of its fleet and rolling stock, general liability, worker's compensation, and dental. These funds are included in the governmental activities of the government-wide financial statements because their activities support governmental programs. The internal service funds are then combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal services funds is provided in the form of combining statements.



City of Pacifica Management's Discussion and Analysis, Continued For the year ended June 30, 2021

The proprietary fund financial statements can be found on pages 35-39 of this report.

Fiduciary funds are used to account for financial resources held for the benefit of parties outside the City government. The City holds these funds in a custodial capacity or as an agent for individuals, private organizations, or other governmental units. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's governmental activities.

The Successor Agency to the City of Pacifica Redevelopment Agency Trust Fund was created as a result of the California Supreme Court decision on December 29, 2011, upholding ABx1 26, which eliminated all redevelopment agencies in California and created a process for winding down their operations. Trust funds report an "income statement" referred to as a Statement of Changes in Fiduciary Net Position.

The fiduciary fund financial statement can be found on pages 40-41 of this report.

- **Notes to the Financial Statements** – The notes provide additional detail essential to a complete understanding of the information provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 43 of this report.
- **Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information providing a budgetary comparison statement. Required supplementary information can be found on page 92-102 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of the City's financial position. The City's total net position remains unchanged at \$73.4 million as of June 30, 2021. Assets and deferred outflows of resources as of the end of June 30, 2021, were \$218.8 million, reflecting a 3.1% increase from the prior year. The increases were from cash and investments, capital assets, and deferred outflow of resources. Liabilities and deferred inflows increased by \$6.4 million to \$145.3 million. The increase is due to the City's net OPEB liability and net pension liability (an increase of \$1.8 million and \$6.5 million, respectively).

As of June 30, 2021, the City reported positive balances in all categories of net position for the government as a whole except for unrestricted net position. The negative unrestricted net position was predominately the result of the implementation of GASB Statements No. 68, 71, and 75. Please refer to the notes to basic financial statements for more information about the impact of the implementation of these statements.

The City's restricted net assets of \$17.3 million represent resources that are subject to external restrictions on how the funds may be used, such as constructing specified capital projects, debt service, or other community programs.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

The largest portion of the City's net position is its net investment in capital assets totaling \$103.7 million. Capital assets are the aggregate value of land, buildings, and improvements that are used to provide services and are reported net of any related debt used to acquire those assets that are still outstanding. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay these debts must be provided from other sources since the capital assets cannot be used to liquidate these liabilities.

The remaining balance in unrestricted net position of negative \$47.5 million primarily due to the City's recognition of net OPEB liability of \$8.4 million and pension liability of \$61.7 million, as required by GASB 75 and 68. The City's net OPEB liability increased by \$1.8 million or 28% from the prior year due to the late start on prefunding this liability with the Public Agency Retirement Services (PARS).

During the 2014-15 fiscal year, the City implemented the Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27. With the new reporting change, the City has allocated its proportionate share of the California Public Employees' Retirement System's (CalPERS) net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense, which resulted in adjustments to pension expenses and reporting the City's long-term net pension liability of \$61.7 on the FY 2020-21 Statement of Net Position. GASB No. 68 is intended to improve accounting and financial reporting by state and local governments that provide pension benefits. The Net Pension Liability increased by \$6 million from \$55.2 million recorded last year primarily due to amortization of deferred outflows of resources and contributions made to the City's Miscellaneous and Safety Plans. See Note 7 of the Notes to Financial Statements for details. This is an 11% increase from the prior year, which resulted in an unrestricted net position of negative \$47.5 million. It is also important to note that these long-term obligations are based on actuarial estimates and do not represent a liability due and payable immediately.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 1
Comparative Statement of Net Position (In Millions) at June 30, 2021

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Cash and investments	\$ 33.5	\$ 32.2	\$ 3.9	\$ 3.3	\$ 37.4	\$ 35.5
Other assets	9.0	9.4	5.4	8.2	14.4	17.6
Capital assets	87.5	85.7	64.2	60.3	151.7	146.0
Total assets	130.0	127.3	73.5	71.8	203.5	199.1
Deferred Outflows of Resources	14.3	12.4	1.0	0.8	15.3	13.2
Current liabilities	5.8	4.3	3.3	3.1	9.1	7.4
Non-current liabilities	88.8	83.2	43.4	45.1	132.2	128.3
Total liabilities	94.6	87.5	46.7	48.2	141.3	135.7
Deferred Inflows of Resources	3.8	2.9	0.2	0.3	4.0	3.2
Net Position						
Net investment in capital assets	87.5	85.7	16.2	13.0	103.7	98.7
Restricted	17.3	16.1			17.3	16.1
Unrestricted	(58.9)	(52.5)	11.4	11.0	(47.5)	(41.5)
Total net position	\$ 45.8	\$ 49.3	\$ 27.6	\$ 24.0	\$ 73.4	\$ 73.4

Governmental activities decreased the City's net position by \$3.5 million with a total net position of \$45.8 million at the end of the fiscal year. The City's reconciliation of accounts receivable reduced the beginning net position for the governmental activities by \$0.6 million. Over the last few years, the auditors made comments in the Memorandum of the Internal Control regarding the accumulated backlog of unreconciled aged accounts in the Accounts Receivable (AR) module. This year, the Finance staff commenced this major special project. Since the City's aged accounting system receivable module does not interact with the general ledger directly, staff manually reviewed account receivable billings over the last decade to complete reconciliation of the AR module to the general ledger. This major effort resulted in a restatement of the beginning fund balance by approximately \$0.6 million. Staff is currently in the process of drafting an internal policy statement that adds annual reconciliation of AR to GL to the year-end checklist and identifies guidelines and procedures for writing-off aging receivables. The current year's decrease in net position was also attributable to total governmental expenses exceeding total revenues as a result of the Covid-19 pandemic affecting the City's revenue base.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 2
Statement of Activities for fiscal year ended June 30, 2021
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for service	\$ 5.3	\$ 5.7	\$ 16.6	\$ 17.1	\$ 21.9	\$ 22.8
Operating contributions & grants	3.5	2.9			3.5	2.9
Capital grants	2.3	5.7			2.3	5.7
Total program revenues	11.1	14.3	16.6	17.1	27.7	31.4
General revenues						
Taxes:						
Property	15.1	13.0			15.1	13.0
Sales and use	2.9	2.6			2.9	2.6
Franchise	1.7	1.6			1.7	1.6
Other taxes	9.0	8.6			9.0	8.6
Motor Vehicle In Lieu	2.6	4.3			2.6	4.3
Investment Earnings	-	0.3	0.3	0.4	0.3	0.7
Miscellaneous	0.2	0.6			0.2	0.6
Transfers	(0.3)	0.1	0.3	(0.1)	-	0.0
Total general revenues and transfers	31.3	31.1	0.6	0.3	31.8	31.4
Total revenues	42.4	45.4	17.1	17.4	59.5	62.8
Expenses						
Governmental Activities						
Public safety	21.1	18.6			21.1	18.6
Public works	7.7	7.0			7.7	7.0
Community development	3.0	3.0			3.0	3.0
Parks, beaches and recreation	5.4	5.6			5.4	5.6
General government	7.1	6.3			7.1	6.3
Interest on long-term debt	1.0	1.4			1.0	1.4
Business-Type Activities						
Sewer			12.9	18.8	12.9	18.8
Beach Parking			0.7	0.5	0.7	0.5
Total expenses	45.3	42.0	13.6	19.3	58.9	61.2
Change in net position	(2.9)	3.4	3.5	(1.9)	0.6	1.6
Transfer of capital assets	-	-	-	-	-	-
Net position - beginning, as restated (Note 11C)	\$ 48.7	\$ 45.9	\$ 24.0	\$ 25.9	\$ 72.8	\$ 71.8
Net position - ending	\$ 45.8	\$ 49.3	\$ 27.6	\$ 24.0	\$ 73.4	\$ 73.4

Governmental Activities

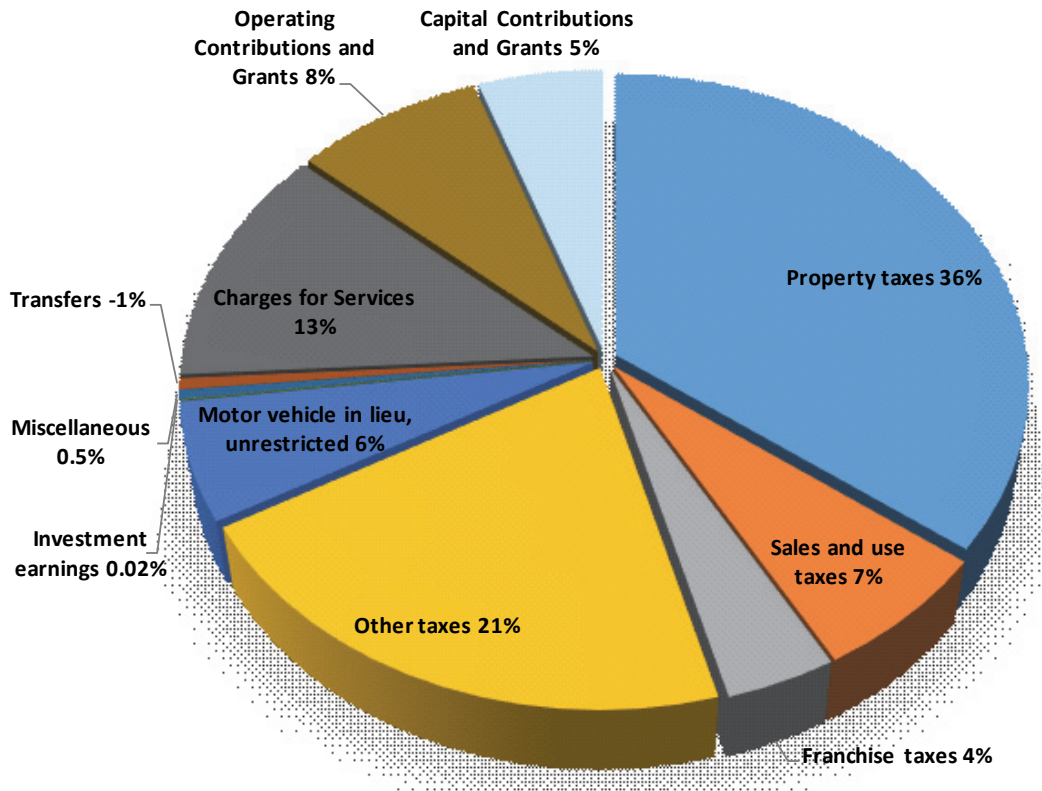
By far, the largest portion of the City of Pacifica's net position from Governmental activities reflects its investment in capital assets (e.g., land, buildings, machine, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.



City of Pacifica Management's Discussion and Analysis, Continued For the year ended June 30, 2021

The chart below summarizes general City revenues available for funding all City programs and major expenditure program categories, as well as program revenues used to fund specific expenditure programs. For fiscal year 2020-21, program revenues decreased by \$3.2 million or 22.0% to \$11.1 million. General revenues and transfers from all sources relating to governmental activities increased by \$0.2 million or 0.5% to \$31.3 million. The decrease in general revenues was the result of the VLF shortfall, which is based on property taxes and State school district reports.

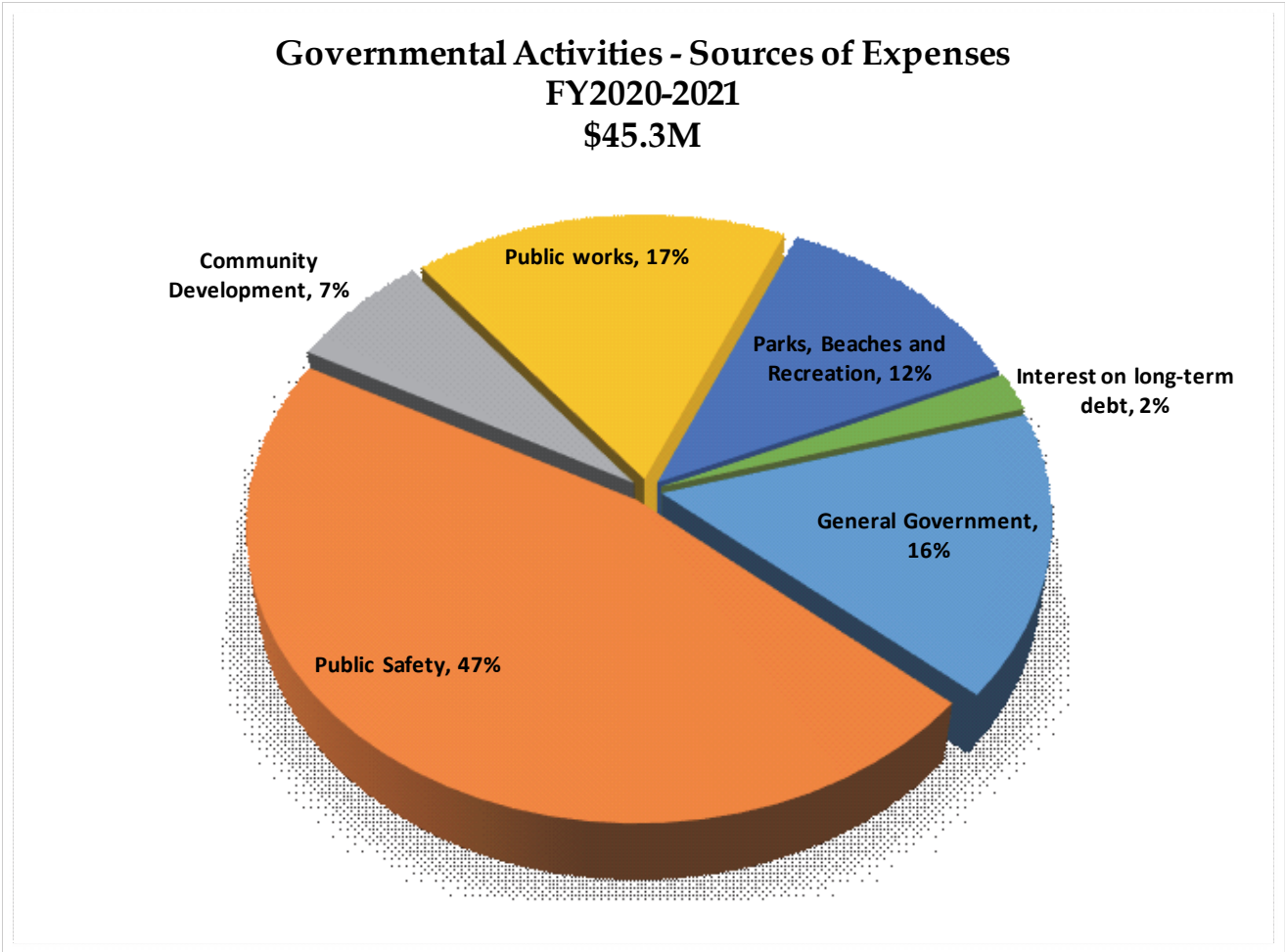
Governmental Activities - Sources of Revenues FY 2020-2021 \$42.4M





City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Expenses from governmental activities increased by \$3.4 million or 8.0% to \$45.3 million for the fiscal year. Expenses increased by \$2.5 million in public safety, mostly due to salaries and benefits. Expenses in General Government and Public Works also increased slightly.





City of Pacifica
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The majority of these governmental activities are financed from City taxes. However, funds collected in program revenues for these various activities served to offset the departmental spending associated with some services. Governmental expenses, which totaled \$45.3 million, were offset in part by program revenues for governmental activities of \$11.1 million. These program revenues included \$5.3 million in charges for services, \$3.5 million in operating grants and contributions, and \$2.3 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for parks, beaches, and recreational events. Operating grants and contributions include amounts that can only go toward operations-related expenses, while capital grants and contributions are required to go toward capital investments.

Table 3
Governmental Activities
Program Revenues and Net Revenue (Expense) From Services for fiscal year ended June 30, 2021
(In Millions)

	Program Revenues		Operating Expenses		Net Revenue (Expense)	
	2021	2020	2021	2020	2021	2020
General government	\$ 0.4	\$ 0.8	\$ 7.1	\$ 6.3	\$ (6.7)	\$ (5.5)
Public Safety	1.9	1.2	21.1	18.7	(19.2)	(17.5)
Community development	3.2	2.1	3.0	3.0	0.2	(0.9)
Public works	3.5	6.7	7.7	7.0	(4.2)	(0.3)
Parks, beaches, and recreation	2.1	3.5	5.4	5.6	(3.3)	(2.1)
Interest on long-term debt	-	-	1.0	1.4	(1.0)	(1.4)
	\$ 11.1	\$ 14.3	\$ 45.3	\$ 41.9	\$ (34.2)	\$ (27.6)

The \$17.3 million of the City's restricted net position from Governmental activities represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position from Governmental activities is (\$58.9 million) compared to the prior year balance of (\$52.5 million) is primarily due to the implementation of GASB 68 and 75 pronouncements related to pension and OPEB as discussed in Notes 6 and 7 of this document. It should be recognized that the negative unrestricted net position likely did not result from the short-term actions of the City. The implementation of GASB Statement No. 68 moved the unfunded pension obligations from the required supplementary information to the face of the financial statements in the entity's annual financial report. It is important to note that the total unfunded pension obligation is an estimated cumulative future liability and does not represent a liability due and payable immediately. Nor does it represent a legal debt obligation.

Business-type Activities

The net position of the City's business-type activities increased by \$3.6 million from a beginning net position of \$24.0 million. In the fiscal year 2020-21, enterprise operations produced total operating revenues of \$16.6 million, a \$0.5 million decrease from the prior year. The decrease in revenue was mostly from the sewer utility. Although there was a 7% increase in the rate, the significant decrease in water consumption for shopping centers and restaurants during the COVID-19 shutdown offset the rate increase.



City of Pacifica Management's Discussion and Analysis, Continued For the year ended June 30, 2021

Business-type expenses totaled 13.6 million at the end of the fiscal year. Operating expenses for these activities decreased by \$5.7 million or 29.5% from the prior year. The decrease was attributable to a prior year's adjustment to depreciation expense.

Unlike the government activities, program revenues cover total expenses in the business-type activities, with no contribution from City taxes. The City is able to adjust sewer and parking rates to cover expenditures and future liabilities.

FINANCIAL ANALYSIS OF CITY FUNDS

Governmental funds

The Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Fund financial statements provide information on the short-term inflow, outflows, and balances of resources available for spending over the fiscal period. The goals of the funds are to have sufficient resources available to finance City services. In particular, the unassigned fund balance may serve as a measure of City funds that are available for spending in the short term. The General Fund, General Capital Improvement Fund, Disaster Accounting Fund, and the Debt Service Fund are the 'major funds' and are reported separately in the basic Financial Statements.

General Fund

The General Fund is the City's main operating fund. General Fund revenues totaled \$35.7 million in the fiscal year 2020-21, a \$1.1 million or 3.2% increase from the prior year. Expenditures totaled \$34.0 million, a \$0.9 million or 2.7% increase from the prior year. Revenues less operating expenditures before transfers were \$1.7 million. The General Fund received transfers in of \$0.7 million from the Street Construction Fund and Gas Tax Fund as reimbursement for salaries and benefits related expenditures. Detailed notes on the transfers can be found in the Interfund Transactions section - Note 9 in the Notes to the Basic Financial Statements.

The General Fund balance as of June 30, 2021, was \$16.5 million, which did not change from the prior year's fund balance. The City Council assigned \$4.4 million as reserves for specific purposes as described in Note 11 of the Notes to the Basic Financial Statements. A total of \$8.0 million of the General Fund balance is unassigned.

Disaster Accounting Fund

The Disaster Accounting Fund accounts for both revenues and expenditures associated with catastrophic events occurring in the City.

The Disaster Accounting Fund had revenues of \$2.2 million, which is a decrease of \$0.5 million from the prior year. The majority of the revenues were from grant reimbursements and excess ERAF funds. Total expenditures in the Disaster Accounting fund increased by \$0.4 million due to the seawall emergency repairs and Milagra Creek outfall repairs.



City of Pacifica
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2021

General Capital Improvement Fund

The General Capital Improvement Fund accounts for funds used for capital improvements and significant maintenance projects. The City capitalizes equipment with a cost basis of at least \$5,000, and that has an estimated useful life in excess of one year. Structures, improvements, and infrastructure are also capitalized. All capital assets are valued at historical cost. For more information on capital assets, please refer to Note 4 on the Notes to the Basic Financial Statement.

The General Capital Improvement Fund had revenues of \$0.1 million, which is a decrease of \$1.9 million. The decrease was due to a \$1.5 million grant for the Beach Boulevard Promenade Project that was received last fiscal year. A total of \$1.2 million was transferred in from other funds to support ongoing construction costs and to support previously appropriated projects.

General Capital Improvement Fund expenditures totaled \$1.3 million, which is an increase of \$0.6 million from the prior year. The entire fund balance of \$3.3 million is assigned for the ongoing construction of capital projects.

Debt Service Fund

The Debt Service Fund is used to account for resources used to repay general long-term debt and to record the payment of principal and interest as well as other expenditures related to debt administration. Principal payments on outstanding debt reduced general government debt by \$0.5 million. Debt service expenditures represent principal payments, interest charges, and administrative costs of debt, such as fiscal agent fees on existing government debt. A more detailed description of the City’s outstanding debt and long-term obligations associated with each issue can be found in Note 5 in the Notes to the Basic Financial Statements.

Table 4
Total Governmental Funds
(In Millions)

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Net change in Fund Balance
General Fund	\$ 16.5	\$ 16.5	\$ -
Disaster Accounting Fund	4.5	3.0	1.5
General Capital Improvement Fund	3.3	3.6	(0.3)
Debt Service Fund	0.2	0.2	-
Other Governmental Funds	12.3	13.0	(0.6)
Total Governmental Funds	\$ 36.8	\$ 36.2	\$ 0.6

Proprietary Funds

The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements. The City’s enterprise funds include Sewer and Beach parking, while the internal service funds include Self Funded Dental, Self Insurance Worker’s Comp, Self Insurance Liability, Motor Pool Operations, and Motor Pool Replacement funds.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Sewer Utility Enterprise Fund

The Sewer Utility Enterprise Fund accounts for the operation and maintenance of the City's wastewater system, including the operating costs of the wastewater collection system and water recycling plant. The Sewer Utility Fund continues to be stable as in prior years. There was an increase of \$3.4 million in the fund's overall net position compared to the prior year. A large portion of the net position (59.3%) is related to the City's investment in capital assets.

The fund's net revenue decreased by \$0.8 million from the prior year, mostly the result of insurance proceeds for the Anza Pump Station repair that were received last fiscal year. Total operating expenses of the Sewer Utility Fund decreased by \$5.8 million, largely due to a correction in depreciation expense from prior years.

Beach Parking Enterprise Fund

The Beach Parking Enterprise Fund accounts for the operations and maintenance of the City's parking facilities. The fund's overall net position had a very modest increase of \$107,000. Revenue in the Beach Parking Fund increased by \$337,000, resulting from the opening of beaches after the lifting of COVID-19 shelter-in-place orders. Operating expenses also increased by \$247,000, largely in part to personnel services, administration, and supplies and materials. The future plan is to invest in newer equipment in the coming years.

Internal Service Funds

The Internal Service Funds represent funds set aside to cover employee dental expenses and insurance deductibles for liability and worker's compensation. In addition, funds are also set aside to support the day-to-day operation and maintenance of city vehicles and equipment and to pay for the purchase or replacement of these vehicles and equipment. The internal service funds as a whole experienced a decrease in net position of \$0.7 million from the prior year resulting from increased insurance premiums.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Table 5
Change in Fund Net Position - Proprietary Funds for the year ended June 30, 2021
(In Millions)

	Total Enterprise Funds		Total Internal Service Funds	
	2021	2020	2021	2020
Operating revenues	\$ 16.6	\$ 17.1	\$ 2.2	\$ 2.5
Operating expenses	12.0	17.6	3.1	3.6
Operating income (loss)	4.6	(0.5)	(0.9)	(1.1)
Non-operating revenues (expenses)	(1.3)	(1.3)	0.0	0.0
Net income (loss) before contributions and operating transfers	3.3	(1.8)	(0.9)	(1.1)
Transfers in (out)	0.3	(0.1)	0.1	(0.0)
Change in net position	\$ 3.6	\$ (1.9)	\$ (0.8)	\$ (1.1)

GENERAL FUND BUDGETARY HIGHLIGHTS

Detailed information on budget variances can be found on page 32 in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget to Actual. The adopted fiscal year 2020-21 General Fund budget assumed minimal growth in revenue. Thus ongoing expenditures were also contained within the forecasted revenue in order to maintain a structurally balanced budget.

Total General Fund revenues were \$35.7 million, which is \$1.4 million or 4.2% over the final amended budget. Total expenditures were \$34.0 million, which is \$1.4 million or 4.0% under budget.

The most significant differences between estimated and actual results were as follows:

- Property tax was over budget by \$1.2 million or 8.8%, as single-family residences are selling for more than the median price driven by fewer properties being offered for sale coupled with the low-interest rates for home loans.
- Other taxes which includes transient occupancy, business license, utility users, and cannabis taxes were over budget by \$0.6 million or 12.0%. Transient occupancy tax was 16.8% over budget as a result of lifted restrictions on travel. Utility tax payments were also over budget by 16.3% due to the continuation of work from home by most households.
- Licenses and permits were over budget by \$0.4 million or 48.5%, mostly due to an increase in building and electrical permits.
- Intergovernmental revenues were under budget by \$1.0 million or 16.9%, mostly due to Vehicle License Fees shortfall as these revenues came in significantly lower than the projections from the County. Grant funding for seniors and childcare also came in lower than budget as the programs did not operate the full year due to COVID-19.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

- Expenditures in community development were under budget by \$1.4 million or 36.1%. Several major development projects and policy initiatives were budgeted, but they moved forward more slowly than anticipated or were not submitted or undertaken at all.
- Expenditures in public works were under budget by \$0.5 million or 12.1% in the areas of street and traffic maintenance, building maintenance and improvements, and parks and playfields. The variance is mostly attributed to salaries and benefits saving due to unfilled vacant positions.

CAPITAL ASSETS AND LONG TERM DEBT ADMINISTRATION

Capital Assets

As reported in the Statement of Net Position, capital assets for the governmental and business-type activities totaled \$151.7 million on June 30, 2021, net of depreciation, increasing by \$5.7 million from the prior fiscal year. The investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. The City records its capital assets at historical cost or estimated historical cost if actual historical cost is not available. The City depreciates all its capital assets on a straight-line basis over their estimated useful lives. Additional information on capital assets may be found in Note 4 in the Notes to the Basic Financial Statements.

The \$3.9 million increase in the business-type activities is mostly due to the additional construction in progress for the restoration of Balboa Way after the effect of the Equalization Basin Pipeline project.

Table 6
Capital Assets at June 30, 2021
(In Millions)

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Governmental activities						
Land	\$ 40.5	\$ 40.5	\$ 4.0	\$ 4.0	\$ 44.5	\$ 44.5
Construction in progress	9.1	7.9	3.5	0.2	12.6	8.1
Building and improvements	16.3	16.2	77.6	77.6	93.9	93.8
Machinery and equipment	3.5	3.2	3.9	3.3	7.4	6.5
Collection Systems			44.9	44.0	44.9	44.0
Vehicles	8.4	8.5			8.4	8.5
Infrastructure	46.3	43.8			46.3	43.8
Less accumulated depreciation	(36.5)	(34.4)	(69.7)	(68.8)	(106.2)	(103.2)
Totals	\$ 87.5	\$ 85.7	\$ 64.2	\$ 60.3	\$ 151.7	\$ 146.0



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

Long Term Debt

On June 30, 2021, the City had long-term debt obligations of \$65.2 million. Governmental Activities had debt outstanding in the amount of approximately \$24.8 million, and the business-type activities had approximately \$40.4 million. The total reduction of \$3.4 million from the prior year was due to regular debt service payments. In 2019, the City received an upgraded bond rating to AA+ from Standard and Poors. Additional information on long-term debt activity may be found in Note 5 of the Notes to the Basic Financial Statements.

Table 7
Outstanding Debt at June 30, 2021
(In Millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
2010 Pension Obligation Bond	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019 Pension Obligation Refunding Bond	8.6	8.6	1.1	1.1	9.7	9.7
2016 Certificate of Participation	16.0	16.6			16.0	16.6
Capital Lease Payable	0.2	0.3			0.2	0.3
2014 Wastewater Revenue Refunding Bond			7.4	7.5	7.4	7.5
2017 Wastewater Revenue Bond			25.5	25.7	25.5	25.7
Notes Payable	-	-	6.4	8.8	6.4	8.8
Total Debt Outstanding	\$ 24.8	\$ 25.6	\$ 40.4	\$ 43.0	\$ 65.2	\$ 68.6
Total Bonded Debt Outstanding	\$ 24.8	\$ 25.6	\$ 40.4	\$ 43.0	\$ 65.2	\$ 68.6

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The preparation of the FY 2020-21 budget came at a challenging time in our country and the world, as we confronted the Coronavirus pandemic, which caused a public health crisis, the economic shutdown of society, and dramatic impacts on local government budgets and operations. However, hope for recovery came into sight as vaccinations against COVID-19 became available. With the world well on the path of re-opening and federal and state funding assistance stimulating the economic recovery, we look toward to the fiscal year 2021-22 with a renewed and optimistic perspective.

On June 28, 2021, the City Council adopted a structurally balanced FY 2021-22 Budget that was subsequently amended on September 27, 2021, to incorporate the fiscal impact resulting from the completion of labor negotiations and implementation of the new labor agreements with all employee groups.



City of Pacifica Management's Discussion and Analysis, Continued For the year ended June 30, 2021

Revenue Projections: Property tax revenues are projected to increase by 2.7% over last year's mid-year adjusted tax revenue amounts as property sales have remained strong despite the pandemic. A modest 3.6% increase in sales tax is projected for FY 2021-22. Pacifica's mix of sales tax types combined with an increase in online sales has kept this revenue category modestly resilient during the pandemic. Hotels and Short-term rentals suffered during the pandemic but are projected to bounce back during FY 2021-22. Although the projected increase is 33%, this amount is 1.5% lower than the last full year pre-COVID-19. Other taxes, such as utility users tax, franchise tax, and business license tax, are projected to be flat compared to FY 2020-21 mid-year adjusted budget and, notably, 6.4% lower than FY2018-19, the last full year pre-COVID-19. One central concern in this category is the Vehicle License Fee shortfall of approximately \$1.8 million the state owes the City, the backfill for which can lag up to two years.

For FY 2021-22, the proposed budget is utilizing approximately \$4.2 million in one-time American Rescue Plan Act (ARPA) funds to help replenish the revenue losses, balance the budget, and avoid service reductions. Combined ongoing and one-time revenues for the General Fund are projected to increase a nominal 0.6% more than last year's mid-year adjusted revenues. Staff is working on the long-term financial planning and will be assessing potential future revenue enhancement options for City Council consideration to ensure the financial sustainability of the City.

Expenditures: The total General Fund expenditures are budgeted at \$42.4 million, which includes \$1 million of the ARPA-funded programs and initiatives planned for the upcoming year, as well as a one-time contribution of \$3 million from the General Fund balance towards the Civic Center CIP project. The expenditures budget utilizes \$5.1 million in one-time General Fund assigned reserves to restore the reserve levels in compliance with the City's Reserve Policy and \$1.5 million in Excess ERAF to help fund the Civic Center project.

Sewer Rate Adjustments: The most recent rate study for the sewer utility was completed in 2017. Soon after, the City Council approved an ordinance that enacted a five-year rate structure with a maximum annual rate increase for the City's wastewater program service charges from fiscal year 2017-18 through 2021-22. The revenues generated by the rate structure are the main source of revenue for the wastewater program and address its future capital and financial needs. The fiscal year 2020-21 rate increase was 7%. Staff is in the process of conducting a new rate study to be reviewed by the City Council in FY 2021-22 that may result in additional changes in sewer rates over the next few years.

Staff will continue monitoring the City's economic conditions and continue to work with the City Council and community to address any current and potential challenges that may lay ahead. To this end, staff will build or revise the budget assumptions based on any new information as it becomes available. This work may include identifying operational opportunities, assessing appropriate fee structure, pursuing acceptable economic development opportunities, and advising on alternative revenue options available to the City and the community to boost economic recovery and ensure the continuing high quality of life for the residents and visitors of Pacifica.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2021

REQUEST FOR INFORMATION

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

City of Pacifica
Finance Department
Attn: Yulia Carter, Chief Financial Sustainability Officer
540 Crespi Drive, Pacifica, California 94044.

An electronic version of this financial report is available at the City's website at <http://www.cityofpacifica.org>.

CITY OF PACIFICA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$33,480,302	\$3,899,494	\$37,379,796
Cash and investments with fiscal agents (Note 3)	540,992	4,028,961	4,569,953
Restricted cash and investments (Note 3)	3,000,576		3,000,576
Taxes receivable	523,346		523,346
Accounts receivable, net of allowance	2,135,072	300,487	2,435,559
Interest receivable	6,247		6,247
Prepaid items	99,984		99,984
Inventories	18,889	6,597	25,486
Receivable from successor agency (Note 10)	3,694,796		3,694,796
Capital assets, not being depreciated (Note 4)	49,525,883	7,544,407	57,070,290
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	37,985,085	56,627,650	94,612,735
Internal balances (Note 9)	(1,049,938)	1,049,938	
Total Assets	<u>129,961,234</u>	<u>73,457,534</u>	<u>203,418,768</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding of debt	526,488	228,908	755,396
Related to OPEB (Note 6)	1,681,018	31,401	1,712,419
Related to pension (Note 7)	12,098,428	719,521	12,817,949
Total Deferred Outflows of Resources	<u>14,305,934</u>	<u>979,830</u>	<u>15,285,764</u>
LIABILITIES			
Accounts payable	1,486,108	592,458	2,078,566
Interest payable	338,558	80,795	419,353
Refundable deposits	1,170,307		1,170,307
Unearned revenue	6,500		6,500
Claims payable due within one year (Note 8)	305,345		305,345
Compensated absences (Note 1M):			
Due within one year	924,453	169,139	1,093,592
Due in more than one year	697,395	115,908	813,303
Long term debt (Note 5):			
Due within one year	1,596,632	2,361,678	3,958,310
Due in more than one year	23,230,625	38,048,918	61,279,543
Net OPEB Liabilities, due in more than one year (Note 6)	6,913,885	1,517,682	8,431,567
Net pension liabilities, due in more than one year (Note 7)	57,954,264	3,788,519	61,742,783
Total Liabilities	<u>94,624,072</u>	<u>46,675,097</u>	<u>141,299,169</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB (Note 6)	632,890	112,275	745,165
Related to pension (Note 7)	3,173,176	94,801	3,267,977
Total Deferred Inflows of Resources	<u>3,806,066</u>	<u>207,076</u>	<u>4,013,142</u>
NET POSITION (Note 11)			
Net investment in capital assets	71,472,901	25,086,051	96,558,952
Restricted for:			
PARS Pension Trust	200,755		200,755
Construction of capital assets	2,248,269		2,248,269
Streets, highways, and other related purposes	4,275,394		4,275,394
Parks, beaches and recreation	5,267,488		5,267,488
Stormwater operations	502,710		502,710
Public safety	4,750,325		4,750,325
Unrestricted	(42,880,812)	2,469,140	(40,411,672)
Total Net Position	<u>\$45,837,030</u>	<u>\$27,555,191</u>	<u>\$73,392,221</u>

See accompanying notes to financial statements

**CITY OF PACIFICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental Activities:				
General government	\$7,118,502	\$86,009	\$299,252	
Public safety	21,096,292	844,530	1,067,777	\$5,189
Community development	2,972,473	2,673,577	528,817	
Public works	7,713,891	892,456	298,148	2,299,999
Parks, beaches and recreation	5,441,842	831,914	1,297,537	
Interest on long-term debt	961,257			
Total Governmental Activities	<u>45,304,257</u>	<u>5,328,486</u>	<u>3,491,531</u>	<u>2,305,188</u>
Business-type Activities:				
Sewer	12,884,968	15,760,525		
Beach Parking	715,783	822,510		
Total Business-type Activities	<u>13,600,751</u>	<u>16,583,035</u>		
Total	<u><u>\$58,905,008</u></u>	<u><u>\$21,911,521</u></u>	<u><u>\$3,491,531</u></u>	<u><u>\$2,305,188</u></u>

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Franchise taxes

Other taxes

Motor vehicle in lieu, unrestricted

Investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfer

Change in Net Position

Net Position at beginning of year, as restated (Note 11c)

Net Position at end of year

See accompanying notes to financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
(\$6,733,241)		(\$6,733,241)
(19,178,796)		(19,178,796)
229,921		229,921
(4,223,288)		(4,223,288)
(3,312,391)		(3,312,391)
(961,257)		(961,257)
<u>(34,179,052)</u>		<u>(34,179,052)</u>
	\$2,875,557	2,875,557
	106,727	106,727
	<u>2,982,284</u>	<u>2,982,284</u>
<u>(34,179,052)</u>	<u>2,982,284</u>	<u>(31,196,768)</u>
15,087,028		15,087,028
2,848,681		2,848,681
1,706,107		1,706,107
9,026,832		9,026,832
2,643,981		2,643,981
9,364	296,784	306,148
204,939		204,939
(250,000)	250,000	
<u>31,276,932</u>	<u>546,784</u>	<u>31,823,716</u>
(2,902,120)	3,529,068	626,948
<u>48,739,150</u>	<u>24,026,123</u>	<u>72,765,273</u>
<u>\$45,837,030</u>	<u>\$27,555,191</u>	<u>\$73,392,221</u>

**CITY OF PACIFICA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	<u>General</u>	<u>Disaster Accounting Special Revenue Fund</u>	<u>General Capital Improvement Capital Projects Fund</u>	<u>Debt Service Fund</u>
Assets				
Cash and investments (Note 3)	\$13,404,854	\$4,510,828	\$5,215,152	(\$104,671)
Cash and investments with fiscal agents (Note 3)	200,755		13,415	326,822
Restricted cash and investments (Note 3)				
Receivables:				
Taxes	523,346			
Accounts	1,666,393	57,225		
Interest	6,246		1	
Due from other funds	156,073			
Prepaid items	94,734			5,250
Inventories	174			
Receivable from RDA successor agency (Note 10)	3,694,796			
Advance to other funds (Note 9)	75,000			
	<u>\$19,822,371</u>	<u>\$4,568,053</u>	<u>\$5,228,568</u>	<u>\$227,401</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$1,094,253	\$54,124	\$78,475	
Due to other funds				
Refundable deposits	1,170,307			
Unearned revenue	6,500			
Advance from other funds (Note 9)	1,049,938		1,849,619	
	<u>3,320,998</u>	<u>54,124</u>	<u>1,928,094</u>	
Fund balances (Note 11):				
Non-spendable	3,864,704			
Restricted	200,755	4,513,929	3,300,474	\$227,401
Assigned	4,441,015			
Unassigned	7,994,899			
	<u>16,501,373</u>	<u>4,513,929</u>	<u>3,300,474</u>	<u>227,401</u>
Total Fund Balances	<u>16,501,373</u>	<u>4,513,929</u>	<u>3,300,474</u>	<u>227,401</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$19,822,371</u>	<u>\$4,568,053</u>	<u>\$5,228,568</u>	<u>\$227,401</u>

See accompanying notes to financial statements

Other Governmental Funds	Total
\$7,527,218	\$30,553,381
	540,992
3,000,576	3,000,576
	523,346
395,686	2,119,304
	6,247
	156,073
	99,984
	174
	3,694,796
1,849,619	1,924,619
\$12,773,099	\$42,619,492

\$239,170	\$1,466,022
156,073	156,073
	1,170,307
	6,500
75,000	2,974,557
470,243	5,773,459

	3,864,704
12,491,511	20,734,070
	4,441,015
(188,655)	7,806,244
12,302,856	36,846,033
\$12,773,099	\$42,619,492

CITY OF PACIFICA
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2021

Fund Balance - Governmental Funds **\$36,846,033**

Amounts reported for Governmental Activities in the Statement of Net Position is different from those reported in the governmental funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the governmental funds. 85,275,582

Deferred charge on refunding, net of accumulated amortization has not been reported in the governmental funds. This was capitalized and amortized over the life of the new debt or old debt whichever is shorter in the Statement of Net Position. 526,488

The items below are not financial resources / (not due and payable) in the current period and, therefore are not reported in the governmental funds.

Compensated Absences	(1,595,766)
Long term debt	(24,680,484)
Interest payable	(338,210)
Net OPEB liabilities	(6,913,885)
Net Pension Liabilities	(57,954,264)
Deferred inflows related to pension and OPEB	(3,806,066)
Deferred outflows related to pension and OPEB	13,779,446

Internal service funds are used by management to charge costs of certain activities, such as insurance and central garage, to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Statement of Net Position. 4,698,156

Net Position of Governmental Activities **\$45,837,030**

See accompanying notes to financial statements

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**CITY OF PACIFICA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Disaster Accounting Special Revenue Fund</u>	<u>General Capital Improvement Capital Projects Fund</u>	<u>Debt Service Fund</u>
REVENUES				
Taxes	\$25,107,242	\$1,906,612		
Licenses and permits	1,156,946		\$40,331	
Fines and forfeitures	174,048			
Use of money and property	72,884	11,202	13,771	\$1
Intergovernmental	4,736,969			
Charges for current services	3,267,554			
Recreation programs	373,390			
Other	823,842	319,187		261,137
	<u>35,712,875</u>	<u>2,237,001</u>	<u>54,102</u>	<u>261,138</u>
Total Revenues				
EXPENDITURES				
Current:				
General government	6,093,805			
Public safety	17,098,183			
Community development	2,409,540		100	
Public works	3,812,296	67,385		
Parks, beaches, and recreation	4,390,877			
Capital outlay	195,640	623,264	1,330,347	
Debt service:				
Principal				610,785
Interest and fiscal charges				941,066
	<u>34,000,341</u>	<u>690,649</u>	<u>1,330,447</u>	<u>1,551,851</u>
Total Expenditures				
Excess (Deficit) of Revenues over Expenditures	<u>1,712,534</u>	<u>1,546,352</u>	<u>(1,276,345)</u>	<u>(1,290,713)</u>
Other Financing Sources (Uses):				
Transfers in (Note 9)	733,007		1,154,270	1,284,818
Transfers out (Note 9)	(1,861,270)		(142,967)	
	<u>(1,128,263)</u>		<u>1,011,303</u>	<u>1,284,818</u>
Total Other Financing Sources (Uses)				
Net Changes in Fund Balances	584,271	1,546,352	(265,042)	(5,895)
Fund Balances -Beginning, as restated (Note 11c)	<u>15,917,102</u>	<u>2,967,577</u>	<u>3,565,516</u>	<u>233,296</u>
Fund Balances- Ending	<u><u>\$16,501,373</u></u>	<u><u>\$4,513,929</u></u>	<u><u>\$3,300,474</u></u>	<u><u>\$227,401</u></u>

See accompanying notes to financial statements

Other Governmental Funds	Total
\$3,212,958	\$30,226,812
	1,197,277
	174,048
5,579	103,437
364,876	5,101,845
320,092	3,587,646
	373,390
475,663	1,879,829
<u>4,379,168</u>	<u>42,644,284</u>
203	6,094,008
67,441	17,165,624
22,102	2,431,742
2,960,825	6,840,506
42,478	4,433,355
385,531	2,534,782
	610,785
	941,066
<u>3,478,580</u>	<u>41,051,868</u>
<u>900,588</u>	<u>1,592,416</u>
650,000	3,822,095
<u>(2,207,585)</u>	<u>(4,211,822)</u>
<u>(1,557,585)</u>	<u>(389,727)</u>
(656,997)	1,202,689
<u>12,959,853</u>	<u>35,643,344</u>
<u>\$12,302,856</u>	<u>\$36,846,033</u>

CITY OF PACIFICA
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current asset 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 balance **\$1,202,689**

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

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

Capital outlay expenditures are therefore added back to fund balances	4,326,896
Depreciation expense	(2,165,000)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increase 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.

Proceeds from issuance of long-term debt	
Repayment of debt principal	610,785
Interest expense	119,272
Amortization of loss on refunding	(139,463)

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

Compensated absences (net change)	(2,460)
Net pension liabilities (net change)	(6,200,645)
Net OPEB liabilities	74,577

The internal services funds are used by management to charge costs of certain activities such as insurance and central garage, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.

(728,771)

Changes in net position of governmental activities

(\$2,902,120)

See accompanying notes to financial statements

**CITY OF PACIFICA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Sewer Utility	Non-major Enterprise Fund Beach Parking	Total Enterprise Funds	Internal Service Funds
Assets:				
Current Assets:				
Cash and investments (Note 3)	\$3,607,800	\$291,694	\$3,899,494	\$2,926,921
Cash and investments with fiscal agents (Note 3)	4,028,961		4,028,961	
Accounts receivable	291,925	8,562	300,487	15,768
Inventory	6,597		6,597	18,715
Total Current Assets	<u>7,935,283</u>	<u>300,256</u>	<u>8,235,539</u>	<u>2,961,404</u>
Noncurrent Assets:				
Advance to other funds (Note 9)	1,049,938		1,049,938	
Capital assets, not being depreciated (Note 4)	7,544,407		7,544,407	258,774
Capital assets, being depreciated, net of accumulated depreciation (Note 4)	56,571,361	56,289	56,627,650	1,976,612
Total Noncurrent assets	<u>65,165,706</u>	<u>56,289</u>	<u>65,221,995</u>	<u>2,235,386</u>
Total Assets	<u>73,100,989</u>	<u>356,545</u>	<u>73,457,534</u>	<u>5,196,790</u>
Deferred Outflows of Resources				
Deferred charge on refunding (Note 5)	228,908		228,908	
Related to OPEB (Note 6)	31,401		31,401	
Related to pension (Note 7)	719,521		719,521	
Total Deferred Outflows of Resources	<u>979,830</u>		<u>979,830</u>	
Liabilities:				
Current Liabilities:				
Accounts payable	589,426	3,032	592,458	20,086
Interest payable	80,795		80,795	348
Claims payable due in one year (Note 8)				305,345
Compensated absences due in one year (Note 1M)	156,844	12,295	169,139	26,082
Long term debt due in one year (Note 5)	2,361,678		2,361,678	12,578
Total Current Liabilities	<u>3,188,743</u>	<u>15,327</u>	<u>3,204,070</u>	<u>364,439</u>
Noncurrent Liabilities:				
Compensated absences, due in more than one year (Note 1M)	108,993	6,915	115,908	
Long term debt due in more than one year (Note 5)	38,048,918		38,048,918	134,195
Net OPEB Liabilities due in more than one year (Note 6)	1,517,682		1,517,682	
Net pension liabilities due in more than one year (Note 7)	3,788,519		3,788,519	
Total Non-Current Liabilities	<u>43,464,112</u>	<u>6,915</u>	<u>43,471,027</u>	<u>134,195</u>
Total Liabilities	<u>46,652,855</u>	<u>22,242</u>	<u>46,675,097</u>	<u>498,634</u>
Deferred Inflows of Resources:				
Related to OPEB (Note 6)	112,275		112,275	
Related to pension (Note 7)	94,801		94,801	
Total Deferred inflows of Resources	<u>207,076</u>		<u>207,076</u>	
Net Position:				
Net investment in capital assets	25,029,762	56,289	25,086,051	2,235,386
Unrestricted	2,191,126	278,014	2,469,140	2,462,770
Total Net Position	<u>\$27,220,888</u>	<u>\$334,303</u>	<u>\$27,555,191</u>	<u>\$4,698,156</u>

See accompanying notes to financial statements

**CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities			Governmental
	Major Enterprise Fund Sewer Utility	Non-major Enterprise Fund Beach Parking	Total Enterprise Funds	Internal Service Funds
Operating Revenues:				
Charges for services	\$15,634,878	\$822,510	\$16,457,388	\$1,201,454
Other operating income	125,647		125,647	1,039,507
Total Operating Revenues	15,760,525	822,510	16,583,035	2,240,961
Operating Expenses:				
Personnel services	5,111,686	602,485	5,714,171	442,758
Administration	1,044,006	53,455	1,097,461	2,640
Supplies and materials	1,132,196	34,293	1,166,489	180,442
Insurance	839,389		839,389	1,295,401
Outside contractors	122,170		122,170	8,624
Maintenance	345,474	15,700	361,174	104,498
Utilities	1,781,973		1,781,973	
Insurance claims				429,800
Depreciation (Note 4)	922,810	9,850	932,660	682,700
Total Operating Expenses	11,299,704	715,783	12,015,487	3,146,863
Operating Income (Loss)	4,460,821	106,727	4,567,548	(905,902)
Non-operating revenues (Expenses):				
Investment earnings	296,784		296,784	7,802
Gain on sale of capital assets				29,551
Interest and fiscal charges	(1,567,346)		(1,567,346)	51
Amortization	(17,918)		(17,918)	
Total Non-Operating Revenues (Expenses)	(1,288,480)		(1,288,480)	37,404
Income (Loss) Before Transfers	3,172,341	106,727	3,279,068	(868,498)
Transfers:				
Transfers in (Note 9)	2,187,528		2,187,528	139,727
Transfers out (Note 9)	(1,937,528)		(1,937,528)	
Changes in Net Position	3,422,341	106,727	3,529,068	(728,771)
Net Position, Beginning of Year, as restated (Note 11)	23,798,547	227,576	24,026,123	5,426,927
Net Position, End of Year	\$27,220,888	\$334,303	\$27,555,191	\$4,698,156

See accompanying notes to financial statements

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**CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Sewer Utility	Non-major Enterprise Fund Beach Parking	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Receipts from customers	\$16,255,530	\$813,948	\$17,069,478	\$2,227,605
Payments to suppliers	(5,179,470)	(101,840)	(5,281,310)	(1,599,580)
Payments for claims				(340,863)
Payments to and on behalf of employees	(4,359,746)	(600,401)	(4,960,147)	(447,927)
Net Cash Provided (Used) by Operating Activities	6,716,314	111,707	6,828,021	(160,765)
Cash Flows from Noncapital and Related Financing Activities:				
Intergovernmental revenues				
Interfund payment	650,000		650,000	
Interfund receipts				139,727
Net Cash Provided (Used) by Noncapital and Related Financing Activities	650,000		650,000	139,727
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(4,823,436)	(13,717)	(4,837,153)	(342,129)
Proceeds from sale of capital assets				29,551
Principal payments on bonds and notes	(2,633,197)		(2,633,197)	
Interest paid	(1,569,752)		(1,569,752)	51
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,026,385)	(13,717)	(9,040,102)	(312,527)
Cash Flows from Investing Activities:				
Interest received	279,961		279,961	7,802
Net Cash Provided by Investing Activities	279,961		279,961	7,802
Net Increase (Decrease) in Cash and Cash Equivalents	(1,380,110)	97,990	(1,282,120)	(325,763)
Cash and Cash Equivalents at the Beginning of the Fiscal year	9,016,871	193,704	9,210,575	3,252,684
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$7,636,761</u>	<u>\$291,694</u>	<u>\$7,928,455</u>	<u>\$2,926,921</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:				
Cash and investments	\$3,607,800	\$291,694	\$3,899,494	\$2,926,921
Cash and investments with fiscal agents	4,028,961		4,028,961	
Total Cash and Cash Equivalents	<u>\$7,636,761</u>	<u>\$291,694</u>	<u>\$7,928,455</u>	<u>\$2,926,921</u>

(Continued)

See accompanying notes to financial statements

**CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Sewer Utility	Non-major Enterprise Fund Beach Parking	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (loss)	\$4,460,821	\$106,727	\$4,567,548	(\$905,902)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	922,810	9,850	932,660	682,700
(Increase) Decrease in Operating Assets:				
Accounts Receivable	115,412	(8,562)	106,850	(14,245)
Prepaid Items	368,802		368,802	
Inventories	10,791		10,791	889
Increase (Decrease) in Operating Liabilities:				
Accounts payable	85,738	1,608	87,346	(7,924)
Accrued liabilities				(51)
Claims payable				88,937
Net Pension/OPEB Liability,				
Deferred Inflows and Deferred Outflows	775,451		775,451	
Compensated Absences	(23,511)	2,084	(21,427)	(5,169)
Net Cash Provided (Used) by Operating Activities	\$6,716,314	\$111,707	\$6,828,021	(\$160,765)
Noncash Transactions				
Amortization of bond premium	(\$17,918)			

See accompanying notes to financial statements

**CITY OF PACIFICA
STATEMENT OF FIDUCIARY NET POSITION
SUCCESSOR AGENCY
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2021**

Assets:

Cash and investments (Note 3)	\$722,283
Cash and investments with fiscal agents (Note 3)	<u>228,958</u>
Total Assets	<u>951,241</u>

Liabilities:

Accounts payable	
Interest payable	29,106
Loan payable to the City - due in more than one year (Note 10)	3,694,796
Long-term debt:	
Due within one year (Note 13)	70,000
Due in more than one year (Note 13)	<u>945,000</u>
Total Liabilities	<u>4,738,902</u>

Net Position:

Restricted for debt service	50,000
Unrestricted	<u>(3,837,661)</u>
Total Net Position (Deficit)	<u><u>(\$3,787,661)</u></u>

See accompanying notes to financial statements

**CITY OF PACIFICA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SUCCESSOR AGENCY
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2021**

Additions:	
Investment revenue	\$1,696
Taxes and assessments	259,335
	<u>261,031</u>
Total Additions	
	261,031
Deductions:	
Interest expense	18,647
Community development expense	300
	<u>18,947</u>
Total Deductions	
	18,947
Change in Net Position	
	242,084
Net Position (Deficit) at Beginning of Year	(4,029,745)
	<u>(4,029,745)</u>
Net Position (Deficit) at End of Year	
	(\$3,787,661)
	<u>(\$3,787,661)</u>

See accompanying notes to financial statements

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**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies:

The basic financial statements of the City of Pacifica (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Boards (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

A. Reporting Entity

The City of Pacifica was incorporated November 22, 1957 under the general laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City operates under a Council-Manager form of government. There are five Council Members who serve overlapping terms of four years, and the Council, in turn, elects one of the Council Members to serve as Mayor for one year. This legislative body selects a City Manager to administer the affairs of the City. The City provides the following services: public safety (police, fire, and civil defense), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements include the financial activities of the City.

The City of Pacifica Financing Authority is a separate government entity whose purpose is to assist with the financing certain public capital facilities for the City through the issuance of bonds or other forms of debt. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The Authority is a blended component unit of the City and does not issue separate financial statements.

The City participates in the ABAG Plan Corporation, a public entity risk pool, whose financial activities are not included in the basic financial statements as it is administered by a board, separate from and independent of the City (See Note 8).

There are no other entities which meet the Governmental Accounting Standards Board Statement No. 14 as amended by GASB Statements No. 39 and No. 61, criteria for blended or discrete disclosure within these financial statements.

B. 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 (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies (Continued):

B. Basis of Presentation (Continued)

The City's government-wide financial statements include a Statement of Net Position, and a Statement of Activities. These statements present summaries of governmental activities and business-type activities for the City, accompanied by a total column. These financial 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. Governmental activities are financed generally through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities (Sewer Utility Enterprise Fund) are financed generally through user fees.

C. Government-wide and Fund Financial Statements

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. 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 three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Interfund services provided and used are not eliminated in the process of consolidation on the Statement of Activities.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board No.34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments ("GASB No. 34") in regard to interfund activities, payables and receivables.

D. Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements.

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

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds. The internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies (Continued):

D. Financial Statements (Continued)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary funds represent private-purpose trust funds, which the City serves as a trustee for the Successor Agency. Trust funds are accounted for on an economic resources measurement focus and full accrual basis of accounting. The City has one RDA Successor Agency private-purpose trust fund.

E. Major Funds

GASB 34 defines major funds and requires that the City’s major governmental funds be identified and presented separately in the Fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. Major funds are defined as funds which have either assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of the grand total of all fund types, excluding fiduciary. The general fund is always a major fund. The major funds of the City are:

- **General Fund** – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, community development, and parks, beaches, and recreation, which are not required to be accounted for in another fund.
- **Disaster Accounting Special Revenue Fund** – This fund is used to account for all revenues received and expenditures incurred due to natural and man-made disasters.
- **General Capital Improvement Capital Projects Fund** – This fund is used to account for revenues derived from fees and apportionments from General Fund to be used for the acquisition, construction, and improvement of major capital facilities of the City.
- **Debt Service Fund** – This fund is used to account for the accumulated and the disbursement of account for expenditures and financing of various long-term debt liabilities.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued):

E. Major Funds (Continued)

The City reports the following major enterprise fund:

- **The Sewer Utility Enterprise Fund** – This fund accounts for the operation and maintenance of the City’s wastewater collection system including operating costs of the wastewater collection system and water recycling plant.

Additionally, the City reports the following fund types:

- **The Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The City has two internal service funds, the Motor Pool Fund and the Self Insurance Fund. The Motor Pool Fund accounts for the City’s central garage, and the Self Insurance Fund accounts for the employee dental, workers’ compensation, general liability, property, and automobile liability insurance.
- **The RDA Successor Agency Private-Purpose Trust Fund** accounts for the former Redevelopment Agency activities.

F. Basis of Accounting

The Government-wide, Proprietary funds, and Fiduciary funds financial statements are required by GASB 34 to be reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and deferred outflows, liabilities and deferred inflows, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred regardless of when the related cash flows take place.

The Governmental funds financial statements are reported using the current financial resources measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – Summary of Significant Accounting Policies (Continued):

F. Basis of Accounting (Continued)

The City considers all revenues reported in the governmental funds to be available if the revenue are collected within ninety days after fiscal year end. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain 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.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considered cash and cash equivalents (investments with maturities of three months or less at the time of purchase) as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling the cash of all funds, including the City's Enterprise and Internal Service Funds.

H. Investments

Investments are reported at fair value, except for investments that are not transferable and have terms that are not affected by change in market rates are reported at cost.

Changes in fair value that occur during a fiscal year are recognized as revenues from use of money reported for that fiscal year. Revenues from use of money include interest earnings, change in fair value, gains or losses realized upon the liquidation, maturity, or sale of investment and rental income. Changes in the fair value of investments during this fiscal year were calculated and booked.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued):

I. Receivables and Payables

All accounts, grants, tax, and note receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

J. Inventories and Prepaid Items

General fund inventories are recorded as expenditures when consumed, rather than when purchased. These inventories are stated at cost, using the first-in, first-out (FIFO) method. Inventories in the proprietary funds are stated at the lower of cost or market, and consist of expendable materials and supplies.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventories and prepaid items, as reported in the fund financial statements, are offset by nonspendable fund balance for noncurrent assets in governmental funds, to indicate that they do not constitute resources available for appropriation.

K. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost on the government-wide Statement of Net Position and the proprietary fund financial statements. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair value on the date donated. Depreciation of capital assets is charged as an expense each year, and the total amount of accumulated depreciation taken over the years, is reported on the respective statements as a reduction in the book value of capital assets.

L. Encumbrances

The City uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities, but as restricted, or unassigned fund balance.

M. Compensated Absences

City employees accrue vacation, sick, holiday, and compensatory time off benefits. An employee may accumulate vacation time equal to an amount as stipulated in their contracts. No cash compensation is payable for accrued vacation until the employee terminates employment. Sick leave is compensated in cash only upon an employee's retirement. Maximum limit per employee is \$3,000 or one quarter of employee's sick leave credit, whichever is lower. Two employee groups have elected to participate in a retirement health savings program and have directed vacation and limited sick leave cash out to separation of this program. It is the City's policy to allow employees to accumulate compensatory time within set limits instead of drawing overtime. This accumulation may subsequently be exchanged into cash or time taken.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued):

M. Compensated Absences (Continued)

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured (such as vacation time, estimated to be paid upon retirement by the end of the fiscal year with expendable available financial resources). Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

Changes in compensated absences for the year ended June 30, 2021, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$1,624,557	\$306,474	\$1,931,031
Additions	700,009	160,833	860,842
Payments	(702,718)	(182,260)	(884,978)
Ending Balance	<u>\$1,621,848</u>	<u>\$285,047</u>	<u>\$1,906,895</u>
Current Portion	<u>\$924,453</u>	<u>\$169,139</u>	<u>\$1,093,592</u>
Non-current Portion	<u>\$697,395</u>	<u>\$115,908</u>	<u>\$813,303</u>

N. Property Tax Revenues

California Constitution Article XIII A limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The County of San Mateo collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to adjustments for voter-approved debt. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan," whereby the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues (including tax increment revenues) to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued):

N. Property Tax Revenues (Continued)

The County assesses properties, bills for, collects, and distributes property taxes per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	January 1	January 1
Lien/Levy dates	July 1	July 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 personal property other than real estate, land, and buildings. These taxes are secured by liens on property being taxed.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

P. 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.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (Continued):

Q. Expenditures in Excess of Appropriations

The following funds incurred departmental expenditures in excess of appropriations:

Fund/Department	Excess of Expenditures Over Appropriations
Major Funds:	
General Fund:	
<i>General Government</i>	\$144,537
<i>Public Safety</i>	215,319
<i>Parks, Beaches and Recreation</i>	276,514
Disaster Accounting Special Revenue Fund	290,649
Debt Services Fund	2,595
House In-Liew Special Revenue Fund	7,249
Park, Beaches and Recreation Special Revenue Fund	42,478

NOTE 2 – Stewardship, Compliance, and Accountability:

A. Budgetary information

The City operates under the general law of the State of California, and annually adopts a budget to be effective July 1 for the ensuing fiscal year. The City Manager submits a Preliminary Budget to the City Council on or about May 15 each year. This Preliminary Budget is the fiscal plan for the ensuing twelve months starting July 1, and includes proposals for expenditures for operations and capital improvement, and the resources to meet them. City Council conducts public hearings at Council Chambers before adopting the budget. The Council approves total appropriations at the department level in the General Fund, and at the fund level in other funds. The Budget is adopted by City resolution prior to June 30.

The appropriated budget is prepared by fund, function, and department. The City Manager is authorized to transfer budget appropriations within departments in conformance with the adopted policies set by the City Council. All other transfers must be approved by the City Council. Any revisions that alter the total expenditures of any department must be approved by the City Council. Expenditures are budgeted at, and may not legally exceed, the department level for the General Fund and the fund level for Special Revenue, Debt Service, Capital Projects and Internal Service Funds. Budgeted amounts shown are as originally adopted, or as amended by the City Council during the fiscal year. During the fiscal year, several supplementary appropriations were necessary.

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 – Stewardship, Compliance, and Accountability (Continued):

A. Budgetary information, (Continued)

Budgets for General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP). Except for Capital Project Funds, appropriations lapse at fiscal year-end and are re-budgeted for the coming year. The following capital projects funds are not budgeted annually: Aircraft Noise Project Fund, Excess ERAF Fund and Pacific Library Fund. The Parking In-lieu Special Revenue Fund is only budgeted when the need for expenditure arises.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at fiscal year-end are recorded as restricted, committed, or assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

B. Deficit Fund Balances/Net Position

As of June 30, 2021, the following funds had a deficit net position/fund balance:

Gax Tax Special Revenue Fund (\$188,655)

The deficits in the governmental funds are due to the City paying expenditures in advance of receiving revenues. The majority of these deficits are going to be repaid once reimbursements are received from the grantor, and if there are any outstanding deficits after the repayments, the General Fund would cover these deficits when the fund is closed out.

NOTE 3 – Cash and Investments:

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$37,379,796
Cash and investments with fiscal agents	4,569,953
Restricted cash and investments	3,000,576
Statement of fiduciary net position:	
Cash and investments	722,283
Cash and investments with fiscal agents	228,958
Total cash and investments	\$45,901,566

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 – Cash and Investments (Continued):

A. Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address 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 Percentage/ Investment of Portfolio	Maximum Investment in One Issuer
Commercial Paper	270 days	A	25%	None
Bankers Acceptances	180 days	A	40%	None
U.S. Treasury Obligations	5 years	None	50%	None
U.S. Government Agency Issues	5 years	None	50%	None
Certificates of Deposit	5 years	None	30%	None
State of California Local Agency Investment Funds (State Pool)	N/A	None	\$75,000,000	\$75,000,000
Banks and Savings and Loan Time Deposits	N/A	A-1+	30%	None
Repurchase Agreements	1 year	None	15%	None
Mutual Funds	5 years	AAAm	15%	None

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by trustees is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Municipal Bonds	None	AAA
Commercial Paper	270 days	A-1
U.S. Treasury Obligations	None	None
U.S. Agency Securities	None	None
Time Deposits (Unsecured)	30 days	A-1
Money Market Funds	None	AAAm
Investment Contracts	None	AA-
Local Agency Investment Fund	None	None
Certificates of Deposit	1 year	A-1+
Bankers Acceptances	1 year	A-1+
Pre-refunding Municipal Bonds	None	AAA
State and Municipal Bonds	None	Two Highest Categories

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 – Cash and Investments (Continued):

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

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

Investment Type	Remaining Maturity (in Months)	
	12 Months Or Less	Totals
California Local Agency Investment Fund	\$7,668,831	\$7,668,831
Held by Trustees:		
Money Market Fund	4,782,433	4,782,433
Total Investments	\$12,451,264	12,451,264
Cash in Banks		33,446,857
Petty Cash		3,445
Total Cash		33,450,302
Total Cash and Investments		\$45,901,566

Money market mutual funds are available for withdrawal on demand at June 30, 2021, and have an average maturity of less than 45 days.

The City does not hold any specific investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

D. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Investment in the California Local Agency Investment Fund and money market mutual funds are classified as exempt in the fair value hierarchy, as it is valued at amortized cost, which is exempt from being classified under GASB 72.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 – Cash and Investments (Continued):

E. Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Rating as of Fiscal Year End		Total
	AAAm	Not Rated	
California Local Agency Investment Fund Held by Trustees:		\$7,668,831	\$7,668,831
Money Market Fund	\$4,782,433		4,782,433
Total Investments	\$4,782,433	\$7,668,831	12,451,264
Cash in Banks			33,446,857
Petty Cash			3,445
Total Cash			33,450,302
Total Cash and Investments			\$45,901,566

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. The City has no investments in any one issuer (other than money market funds and an external investment pool) that represent 5% or more of total City investments.

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., 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 California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, all of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 – Cash and Investments (Continued):

H. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2021, these investments have an average maturity of 291 days.

I. Investment held in Trust for Pension Benefits

The City established an irrevocable Section 115 Pension Trust with Public Agency Retirement Services (PARS) in the fiscal year 2021. As of June 30, 2021, the trust had a balance of \$200,755. PARS' policy for allocation of invested assets is established as:

Asset	Target
Global Equity	20-40%
Fixed Income	50-80%
Cash	0-20%

At June 30, 2021, PARS held no investments in any one organization that represented 5% or more of fiduciary net position.

NOTE 4 – Capital Assets:

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. GASB Statement No.34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the 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 the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value of \$5,000 or more are capitalized.

The City has assigned the following useful lives to capital assets: Buildings and improvements (25-30 years); Police Vehicles (4 years); Other Vehicles (5-25 years); Machinery and Equipment (5-15 years); Collection System (20 years); and Infrastructure (15-30 years).

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 – Capital Assets (Continued):

The following is a summary of capital assets for governmental activities as of June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$40,445,580				\$40,445,580
Construction in progress	7,879,785	\$1,822,137		(\$621,620)	9,080,303
Total capital assets not being depreciated	<u>48,325,365</u>	<u>1,822,137</u>		<u>(621,620)</u>	<u>49,525,883</u>
Capital assets being depreciated:					
Buildings & improvements	16,213,942	94,750			16,308,692
Vehicles	8,454,601	281,629	(\$378,354)		8,357,876
Machinery and equipment	3,232,790	266,997		41,238	3,541,025
Infrastructure	43,829,867	1,896,633	(38,704)	580,382	46,268,178
Total capital assets being depreciated	<u>71,731,200</u>	<u>2,540,009</u>	<u>(417,058)</u>	<u>621,620</u>	<u>74,475,771</u>
Less accumulated depreciation for:					
Buildings & improvements	(10,760,817)	(451,680)			(11,212,497)
Vehicles	(6,294,427)	(657,551)	378,354		(6,573,624)
Machinery & equipment	(2,897,749)	(196,190)			(3,093,939)
Infrastructure	(14,413,929)	(1,542,279)	345,582		(15,610,626)
Total accumulated depreciation	<u>(34,366,922)</u>	<u>(2,847,700)</u>	<u>723,936</u>		<u>(36,490,686)</u>
Depreciable capital assets, net	<u>37,364,278</u>	<u>(307,691)</u>	<u>306,878</u>	<u>621,620</u>	<u>37,985,085</u>
Total capital assets, net	<u>\$85,689,643</u>	<u>\$1,514,446</u>	<u>\$306,878</u>		<u>\$87,510,968</u>

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$118,303
Public safety	381,542
Public works	1,627,796
Parks, beaches, and recreation	37,359
Internal Service Fund	682,700
Total Governmental Activities	<u><u>\$2,847,700</u></u>

CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 – Capital Assets (Continued):

The following is a summary of capital assets for business-type activities as of June 30, 2021:

	Balance June 30, 2020	Additions	Adjustments	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$4,014,412			\$4,014,412
Construction in progress	208,515	\$3,321,480		3,529,995
Total capital assets not being depreciated	<u>4,222,927</u>	<u>3,321,480</u>		<u>7,544,407</u>
Depreciable capital assets:				
Buildings & improvements	77,581,869			77,581,869
Collection system	43,958,795	898,249		44,857,044
Machinery and equipment	3,264,214	617,424		3,881,638
Total capital assets being depreciated	<u>124,804,878</u>	<u>1,515,673</u>		<u>126,320,551</u>
Less accumulated depreciation for:				
Buildings & improvements	(58,103,327)	(1,907,532)	\$3,034,951 (A)	(56,975,908)
Collection system	(8,851,054)	(1,772,591)		(10,623,645)
Machinery & equipment	(1,805,860)	(287,488)		(2,093,348)
Total accumulated depreciation	<u>(68,760,241)</u>	<u>(3,967,611)</u>	<u>3,034,951</u>	<u>(69,692,901)</u>
Depreciable capital assets, net	<u>56,044,637</u>	<u>(2,451,938)</u>	<u>3,034,951</u>	<u>56,627,650</u>
Total capital assets, net	<u>\$60,267,564</u>	<u>\$869,542</u>	<u>\$3,034,951</u>	<u>\$64,172,057</u>

(A) The adjustment was to correct an over-depreciation in the fiscal year 2020

NOTE 5 – Long-Term Debt:

The City generally incurs debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions related to both governmental and business-type activities are summarized below and discussed in detail subsequently.

Governmental Activities:

	Balance July 1, 2020	Retirements	Balance June 30, 2021	Due within One Year
Certificates of Participation:				
2016 COP	\$14,680,000	(\$480,000)	\$14,200,000	\$725,000
Premium	1,952,946	(114,879)	1,838,067	
Sub-total COP	<u>16,632,946</u>	<u>(594,879)</u>	<u>16,038,067</u>	<u>725,000</u>
Capital Lease Payable (Direct borrowing):				
Energy retrofit lease	336,934	(130,785)	206,149	136,069
Pension Obligation Bonds:				
2019 Pension obligation refunding bond (88.622%)	8,583,041		8,583,041	735,563
Total Governmental Activities	<u>\$25,552,921</u>	<u>(\$725,664)</u>	<u>\$24,827,257</u>	<u>\$1,596,632</u>

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

Business-type Activities:

	<u>Balance July 1, 2020</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Due within One Year</u>
Revenue bonds:				
2014 Wastewater Revenue Refunding	\$6,740,000		\$6,740,000	
Net Premium	751,277	(\$118,623)	632,654	
2017 Wastewater Revenue Bonds	22,100,000		22,100,000	
Net Premium	3,589,831	(156,898)	3,432,933	
Sub-total Revenue bonds:	<u>33,181,108</u>	<u>(275,521)</u>	<u>32,905,587</u>	
Pension Obligation bonds:				
2019 Pension obligation bond (11.378%)	<u>1,101,959</u>	<u>(6,277)</u>	<u>1,095,682</u>	
Notes payable (Direct Borrowing):				
State of California Water Resources Board	4,131,837	(2,065,919)	2,065,918	\$2,065,918
Loan and Installment Agreement	<u>4,628,889</u>	<u>(285,481)</u>	<u>4,343,408</u>	<u>295,759</u>
Total notes payable	<u>8,760,726</u>	<u>(2,351,400)</u>	<u>6,409,326</u>	<u>2,361,677</u>
Total Business-Type Activities:	<u><u>\$43,043,793</u></u>	<u><u>(\$2,633,198)</u></u>	<u><u>\$40,410,595</u></u>	<u><u>\$2,361,677</u></u>

A. Governmental Activities Debt

2016 Certificates of Participation: On October 5, 2016, the City of Pacifica issued Certificates of Participation (COP) in the amount of \$14,680,000 (par value) payable annually beginning January 1, 2021 and with interest rates ranging from 3.000% to 5.000%, payable each July 1 and January 1, beginning January 1, 2017. The COP matures on January 1, 2037. The purpose of the COP is to (i) prepay and defease certain outstanding certificates of participation which were executed and delivered in 2008 for the purpose of financing and refinancing various municipal improvements of the City, and (ii) pay certain costs of executing and delivering the Certificates

Accounting gains or losses resulting from advance refunding of long-term debt is deferred and amortized over the shorter of the life of the new debt or refunded debt. The deferred charge on refunding balance at June 30, 2021 was \$454,528 for the 2016 COP.

The Bonds are general obligations of the City, payable solely by the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. No such events occurred during the fiscal year ending June 30, 2021.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

A. Governmental Activities Debt (Continued)

Annual debt service requirements, to maturity, for the 2016 Certificates of Participation are as follows:

<u>Fiscal year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$725,000	\$637,850	\$1,362,850
2023	705,000	601,600	1,306,600
2024	760,000	566,350	1,326,350
2025	760,000	528,350	1,288,350
2026 - 2030	4,245,000	2,038,500	6,283,500
2031 - 2035	4,915,000	942,050	5,857,050
2036 - 2037	2,090,000	93,900	2,183,900
Total	<u>\$14,200,000</u>	<u>\$5,408,600</u>	<u>\$19,608,600</u>

Energy Retrofit Lease (Direct Borrowing): On November 1, 2012, the City entered into a lease/purchase agreement with Holman Capital Corporation for energy efficiency measures at various City owned buildings. The effective interest rate on the lease is 4.0% and lease payments are payable semiannually on November 15 and May 15, commencing May 15, 2013. The lease ends on November 15, 2022.

Annual debt service requirements, to maturity, for the Energy Retrofit Lease are as follows:

<u>Fiscal year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$136,069	\$6,899	\$142,968
2023	70,080	1,402	71,482
Total	<u>\$206,149</u>	<u>\$8,301</u>	<u>\$214,450</u>

2010 Taxable Pension Obligation Bonds: During May 2010, the City of Pacifica issued \$20,510,000 of Pension Obligation Bonds bearing interest between 1.425% and 6.899% and payable semiannually on June 1 and December 1 each year, commencing December 1, 2010. The bonds mature on June 1, 2030. These bonds were used to advance pay miscellaneous and safety employee pension obligations. Approximately 88.622% of the bond proceeds were allocated to governmental activities (including 1.71% to the Motor Pool internal service fund).

The 2010 bonds were fully defeased by the 2019 Taxable Pension Obligation Refunding Bonds in June 2020 and the liability has been removed from the statement of Net Position.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

A. Governmental Activities Debt (Continued)

2019 Taxable Pension Obligation Refunding Bonds: During September 2019, the City of Pacifica issued \$9,685,000 of Pension Obligation Refunding Bonds bearing interest between 2.243% and 3.060% and payable semiannually on June 1 and December 1 each year, commencing June 1, 2020. The bonds mature on June 1, 2030. These bonds are being issued to refund in full the 2010 taxable pension obligation bonds currently outstanding the principle amount of \$8,995,000 and pay costs of issuance of the bonds. Approximately 88.622% of the bond proceeds were allocated to governmental activities (including 1.71% to the Motor Pool internal service fund).

The Bonds are general obligations of the City, payable solely by the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. No such events occurred during the fiscal year ending June 30, 2021.

Annual debt service requirements, to maturity, for the 2021 Pension Obligation Refunding Bonds (governmental portion) are as follows:

Fiscal year ended	Principal	Interest	Total
2022	\$735,563	\$231,426	\$966,989
2023	788,736	214,927	1,003,663
2024	841,909	197,038	1,038,947
2025	899,513	177,102	1,076,615
2026	957,118	154,047	1,111,165
2027 - 2030	4,360,202	327,838	4,688,040
Total	<u>\$8,583,041</u>	<u>\$1,302,378</u>	<u>\$9,885,419</u>

B. Business Type Activities Debt

Loan and Installment Agreement (Direct Borrowing): On August 27, 2012, the City of Pacifica entered into a loan and installment agreement with the City of Pacifica Financing Authority in the amount of \$6,402,594 payable annually beginning July 1, 2013 at an interest rate of 3.6%, payable each July 1 and January 1, beginning January 1, 2013. The agreement matures on July 1, 2032. The purpose of this agreement is to (i) fund an escrow to cause the mandatory tender of the outstanding 2001B Wastewater Revenue Bonds (ii) provide funds relating to the Equalization Basin Project, the Collection System Capacity Improvement Projects, and the Collection System Repair, Rehabilitation, and Replacement Projects, (iii) fund certain costs relating to the defeasance of the 2001B Wastewater Revenue Bonds, (iv) fund or provide for satisfaction of the Reserve Fund Requirement, and (vi) pay the costs incurred in connection with the execution of the Loan and Installment Sale.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

B. Business Type Activities Debt (Continued)

Accounting gains or losses resulting from advance refunding of long-term debt is deferred and amortized over the shorter of the life of the new debt or refunded debt. The deferred charge on refunding balance at June 30, 2021 was \$186,299 for the Loan and Installment Sale.

The defeased 2001B Wastewater Revenue Bonds have been paid off. Annual debt service requirements, to maturity, for the Loan and Installment Agreement are as follows:

Fiscal year ended	Principal	Interest	Total
2022	\$295,759	\$151,039	\$446,798
2023	306,407	140,200	446,607
2024	317,437	128,970	446,407
2025	328,865	117,337	446,202
2026 - 2030	1,830,713	396,988	2,227,701
2031 - 2034	1,264,227	69,343	1,333,570
Total	<u>\$4,343,408</u>	<u>\$1,003,877</u>	<u>\$5,347,285</u>

2019 Taxable Pension Obligation Refunding Bonds: During September 2019, the City of Pacifica issued \$9,685,000 of Pension Obligation Refunding Bonds bearing interest between 2.243% and 3.060% and payable semiannually on June 1 and December 1 each year, commencing June 1, 2020. The bonds mature on June 1, 2030. These bonds are being issued to refund in full the 2010 taxable pension obligation bonds currently outstanding the principle amount of \$8,995,000 and pay costs of issuance of the bonds. Approximately 11.378% of the bond proceeds were allocated to business-type activities.

The Bonds are general obligations of the City, payable solely by the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. No such events occurred during the fiscal year ending June 30, 2021.

Annual debt service requirements, to maturity, for the 2021 Pension Obligation Refunding Bonds (business portion) are as follows:

Fiscal year ended	Principal	Interest	Total
2022	\$94,437	\$29,712	\$124,149
2023	101,264	27,594	128,858
2024	108,091	25,297	133,388
2025	115,487	22,738	138,225
2026	122,882	19,778	142,660
2027 - 2030	553,521	42,091	595,612
Total	<u>\$1,095,682</u>	<u>\$167,210</u>	<u>\$1,262,892</u>

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

B. Business Type Activities Debt (Continued)

State of California Water Resource Control Board Loan (Direct Borrowing): On February 20, 1997, the State of California Water Resource Control Board entered into an agreement to loan to the City \$41,304,818 for the construction of a new wastewater treatment facility.

No interest is charged on the loan. Principal payments are due each July 31, with the final payment due July 31, 2021.

Annual debt service requirements, to maturity, for the State of California Water Resource Control Board Loan are as follows:

<u>Fiscal year ended</u>	<u>Principal</u>	<u>Total</u>
2022	<u>\$2,065,918</u>	<u>\$2,065,918</u>
Total	<u><u>\$2,065,918</u></u>	<u><u>\$2,065,918</u></u>

2014 Wastewater Revenue Refunding Bonds: In November 2014, the City issued \$6,470,000 in 2014 Wastewater Revenue Refunding Bonds (2014 bonds) with interest rates ranging from 5% to 5.25%. The proceeds were used to advance refund the 2004 Wastewater Revenue Refunding Bonds.

Net proceeds of \$9.3 million (including a \$1.4 million premium and other city funds) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2004 Wastewater Revenue Refunding Bonds are considered defeased and the liability for those bonds has been removed. The reacquisition price totaled to the net carrying amount of the refunded bonds.

Interests on the 2014 bonds are payable semiannually on April 1 and October 1 each year, commenced April 1, 2015. Principal payments which are due each October 1 will commence on October 1, 2022, with the last payment due on October 1, 2026. The bonds are paid from and secured by the net revenues of the wastewater collection system of the City.

Accounting gains or losses resulting from advance refunding of long-term debt is deferred and amortized over the shorter of the life of the new debt or refunded debt. The deferred charge on refunding balance at June 30, 2021 was \$42,609 for the Refunding Bonds.

The Bonds are general obligations of the City, payable solely by the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. No such events occurred during the fiscal year ending June 30, 2021.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

B. Business Type Activities Debt (Continued)

Annual debt service requirements, to maturity, for the 2014 Wastewater Revenue Refunding Bonds are as follows:

<u>Fiscal year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022		\$337,000	\$337,000
2023	\$1,520,000	299,000	1,819,000
2024	1,595,000	221,125	1,816,125
2025	1,675,000	139,375	1,814,375
2026 - 2030	1,950,000	58,500	2,008,500
Total	<u>\$6,740,000</u>	<u>\$1,055,000</u>	<u>\$7,795,000</u>

2017 Wastewater Revenue Bonds: In June 2017, the City issued \$22,100,000 in 2017 Wastewater Revenue Refunding Bonds (2017 bonds) at an interest rate of 5%. The proceeds were used to fund the acquisition, construction, and installation of certain improvements to the Wastewater system.

Net proceeds of \$26.2 million (including a \$4 million premium and other city funds) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

Interests on the 2017 bonds are payable semiannually on April 1 and October 1 each year, commenced October 1, 2017. Principal payments which are due each October 1 will commence on October 1, 2022, with the last payment due on October 1, 2042. The bonds are paid from and secured by the net revenues of the wastewater collection system of the City.

The Bonds are general obligations of the City, payable solely by the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. No such events occurred during the fiscal year ending June 30, 2021.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 – Long-Term Debt (Continued):

B. Business Type Activities Debt (Continued)

Annual debt service requirements, to maturity, for the 2017 Wastewater Revenue Refunding Bonds are as follows:

<u>Fiscal year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022		\$1,061,600	\$1,061,600
2023	\$625,000	1,045,975	1,670,975
2024	655,000	1,013,975	1,668,975
2025	690,000	980,350	1,670,350
2026 - 2030	4,010,000	4,334,250	8,344,250
2031 - 2035	5,110,000	3,238,850	8,348,850
2036 - 2040	6,355,000	1,990,125	8,345,125
2041 - 2043	4,655,000	356,875	5,011,875
Total	<u>\$22,100,000</u>	<u>\$14,022,000</u>	<u>\$36,122,000</u>

NOTE 6 – Other Post-Employment Benefits (OPEB):

A. Plan Description

The City participates in the CalPERS medical program, an agent multiple-employer defined benefit retiree healthcare plan. Employees in the following bargaining groups who retire from the City and receive a CalPERS pension are eligible to receive City contributions towards the costs of their (OPEB) coverage:

- Department Directors
- Battalion Chiefs
- Firefighters
- Management Unit
- Police Officers
- Police Supervisors
- Police Management
- Wastewater Treatment Plant
- Miscellaneous Employees

In general, employees in the above groups may choose to receive their medical benefits from Union Trust Plans (except Public Safety – Firefighters and Police) or enroll in any of the CalPERS medical plans. For the retirees who do not participate in the CalPERS medical programs, the City does not make a contribution toward the cost of postemployment healthcare benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statements No. 75.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 – Other Post-Employment Benefits (OPEB) Continued:

B. Funding Policy

Under its arrangement with the CalPERS medical program, the City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. Retirees must contribute any premium amounts in excess of the City contribution.

Retired Department Directors, retired Management Unit employees, unrepresented managers, and confidential employees receive an additional \$100 monthly benefit.

The City’s policy is to contribute an amount sufficient to pay the current year’s minimum employer contribution only.

Employees Covered

Membership in the plan consisted of the following at June 30, 2021:

Active employees	166
Inactive employees receiving benefit payments	61
Inactive employees entitled to but not yet receiving benefit payments	96
Total	323

C. Total OPEB Liability

Actuarial Methods and Assumptions: The City’s total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation that was rolled forward to determine the total OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumption	June 30, 2020 Measurement Date
Actuarial Valuation Date	June 30, 2020
Contribution Policy	No pre-funding
Discount Rate	*2.21% at June 30, 2020 *3.50% at June 30, 2019
General Inflation	2.75% per annum
Aggregate Payroll Increase	3.00% per annum
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study Post-retirement mortality projected fully generational with Scale MP-2018
Mortality Improvement	

Discount Rate: The discount rate used to measure the total OPEB liability was 3.50%.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 – Other Post-Employment Benefits (OPEB) Continued:

D. Changes in Total OPEB Liability

The changes in the total OPEB Liability follows:

	Total OPEB Liability
Balance as of June 30, 2020: (Measurement date 6/30/19)	\$6,561,387
Changes Recognized for the Measurement Period:	
Service cost	368,174
Interest	239,312
Benefit changes	
Differences between expected and actual experience	254,368
Changes of assumptions	1,192,492
Contributions from the employer	-
Benefit payments	(184,166)
Net changes	1,870,180
Balance as of June 30, 2021: (Measurement date 6/30/20)	\$8,431,567

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total 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:

Total OPEB Liability/(Asset)		
Discount Rate -1% (2.50 %)	Current Discount Rate (3.50%)	Discount Rate +1% (4.50%)
\$9,977,312	\$8,431,567	\$7,219,298

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

Total OPEB Liability/(Asset)		
1% Decrease (5.25% Pre-Med/ 5.45% Post-Med decreasing to 3.75% in 2021)	Current Healthcare Cost Trend Rates (6.25% Pre-Med/ 6.45% Post-Med decreasing to 4.75% in 2021)	1% Increase (7.25% Pre-Med/ 7.45% Post-Med decreasing to 5.75% in 2021)
\$7,164,449	\$8,431,567	\$10,085,806

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 – Other Post-Employment Benefits (OPEB) Continued:

F. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB Expense of \$340,318. As of the fiscal year ended June 30, 2021, 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	\$226,740 *	
Differences between actual and expected experience	218,542	\$291,071
Changes of assumptions	1,267,137	454,094
Total	\$1,712,419	\$745,165

* Include \$132,883 cash benefit payments, \$1,348 administrative costs and \$51,283 implied subsidy benefit payments.

The contributions made after the measurement date of the net OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year rather than in the current fiscal year. Therefore, \$226,740 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Annual Amortization
2022	\$13,420
2023	13,420
2024	82,723
2025	166,872
2026	239,917
Thereafter	224,162
Total	\$740,514

NOTE 7 – Pension Plans:

A. General Information about the Pension Plans

The City has pension plans with the California Public Employees Retirement System (CalPERS) and the California Public Employees Retirement System (PARS). Information about the pension plans follows.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

A. General Information about the Pension Plans (Continued)

California Public Employees Retirement System (CalPERS)

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s defined benefit pension plans as follows:

- Miscellaneous (agent multiple-employer plan)
- Safety Police (cost-sharing multiple-employer plan)
- PEPRA Safety Police (cost-sharing multiple-employer plan)
- Safety Fire (cost-sharing multiple-employer plan)
- PEPRA Safety Fire (cost-sharing multiple-employer plan)

These plans are 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.

At June 30, 2021, the City reported the following amounts related to the pension plans:

	Miscellaneous Plan Agent-Multiple	Safety Plan Cost-Sharing	PARS REP	Total
Net pension liabilities	\$22,285,345	\$38,010,670	\$1,446,768	\$61,742,783
Deferred outflows of resources	4,232,478	8,585,471		12,817,949
Deferred inflows of resources		3,051,593	216,384	3,267,977
Pension expenses	4,272,989	8,459,532	110,665	12,843,186
Employer Contributions	2,515,162	3,724,131	97,888	6,337,181

B. Miscellaneous Plan

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.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

B. Miscellaneous Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous</u>
Benefit formula	2.5% @ 55 2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	2-2.5%
Required employee contribution rates	7.740%
Required employer contribution rates	28.500%

The Following employees were covered by the benefit terms for the Plan as of the most recent actuarial valuation date of June 30, 2019 and measurement date of June 30, 2020

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	285
Inactive employees entitled to but not yet receiving benefits	110
Active employees	113
Total	<u>508</u>

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan 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.

Net Pension Liability – The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

B. Miscellaneous Plan (Continued)

Changes in the Net Pension Liability – The changes in the Net Pension Liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 Measurement Date	\$103,932,067	\$85,177,451	\$18,754,616
Changes in the year:			
Service cost	1,869,810		1,869,810
Interest on the total pension liability	7,404,044		7,404,044
Changes of Benefit Terms			
Changes of assumptions			
Difference between expected and actual experience	1,330,180		1,330,180
Net plan to plan resource movement			
Contributions - employer		2,217,115	(2,217,115)
Contributions - employees		769,486	(769,486)
Net investment income		4,206,783	(4,206,783)
Benefit payments, including refunds of employee contributions	(5,288,206)	(5,288,206)	
Administrative expense		(120,079)	120,079
Other miscellaneous income/(expense)			
Net changes	<u>5,315,828</u>	<u>1,785,099</u>	<u>3,530,729</u>
Balance at June 30, 2020 Measurement Date	<u>\$109,247,895</u>	<u>\$86,962,550</u>	<u>\$22,285,345</u>

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

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$36,261,816
Current Discount Rate	7.15%
Net Pension Liability	\$22,285,345
1% Increase	8.15%
Net Pension Liability	\$10,714,109

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

B. Miscellaneous Plan (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions –

For the year ended June 30, 2021, the City recognized pension expense of \$4,272,989. At June 30, 2021, the City reported deferred outflows of resources related to pensions for the Plan from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$2,515,162	
Differences between actual and expected experience	1,004,541	
Changes in assumptions		
Net differences between projected and actual earnings on plan investments	712,775	
Total	\$4,232,478	

The contributions made after the measurement date of the net pension liability but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year rather than in the current fiscal year. Therefore, \$2,515,162 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	\$451,363
2023	462,412
2024	445,404
2025	358,137
	\$1,717,316

Contributions, Actuarial assumptions and information regarding the discount rate are discussed in Note 7E below.

C. Safety Plan

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.15% used for the June 30, 2020 measurement date is without reduction of pension plan administrative expense.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

C. Safety Plan (Continued)

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, 2021, are summarized as follows:

	Safety-Police	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	8.990%	13.000%
Required employer contribution rates	23.674%	13.130%

	Safety-Fire	
	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	50
Monthly benefits, as a % of eligible compensation	2.4-3%	2-2.7%
Required employee contribution rates	8.990%	13.000%
Required employer contribution rates	21.790%	13.044%

Contributions, actuarial assumptions and information regarding the discount rate are discussed in Note 7E below.

As of June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Safety Plan as \$38,010,670.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

C. Safety Plan (Continued)

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

	Safety
1% Decrease	6.15%
Net Pension Liability	\$55,869,311
Current Discount Rate	7.15%
Net Pension Liability	\$38,010,670
1% Increase	8.15%
Net Pension Liability	\$23,355,964

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows or resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2019 was as follows:

Proportion - June 30, 2019	0.557%
Proportion - June 30, 2020	0.571%
Change - Increase (Decrease)	0.014%

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

C. Safety Plan (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$8,459,532. At June 30, 2021, the City reported deferred outflows of resources related to pensions for the Plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,724,131	
Differences between actual and expected experience	2,947,535	
Changes in assumptions		(\$126,614)
Net differences between projected and actual earnings on plan investments	826,132	
Differences between actual contributions and proportionate share of contributions		(2,924,979)
Change in proportion	1,087,673	
Total	\$8,585,471	(\$3,051,593)

The contributions made after the measurement date of the net pension liability but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year rather than in the current fiscal year. Therefore, \$3,724,131 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	\$135,584
2023	722,083
2024	538,141
2025	413,939
	\$1,809,747

D. PARS Plan

Plan Description – The City’s Agent Multiple-Employer PARS Retirement Enhancement Plan (REP) was implemented July 1, 2003 and closed to new participants hired after January 1, 2012. Eligibility to participate in REP is for the following positions: City Attorney, Administrative Services Director, non-safety Department Director or non-safety management employee of the City on or after July 1, 2003. Participants receiving the benefits are non-safety Management Group Employees. This plan is separate from CalPERS and is established as a 401(a) Defined Benefit Plan. The REP is administered by PARS.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

D. PARS Plan (Continued)

The REP provides a benefit equal to 0.5% of final average compensation for City management service earned after plan inception (July 1, 2003). In addition, any City employee in a covered management position as of the date of plan inception will receive up to an additional 10 years of service for any City service (management or non-management) prior to July 1, 2003.

Eligibility for an immediate benefit is defined as reaching age 55, completing five years of full-time City management service, and retiring concurrently from both the City and CalPERS after leaving City employment.

Employees Covered – At June 30, 2021, the following employees covered by the benefit terms of the plan.

	REP
Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	0
Active employees	7
Total	25

Changes in the Net Pension Liability – The net pension liability of the REP is measured as of June 30, 2020, using an annual actuarial valuation as of June 30:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020 Measurement Date	\$3,983,112	\$2,256,246	\$1,726,866
Changes in the year:			
Service cost	36,921		36,921
Interest on the total pension liability	263,809		263,809
Contribution - employer		97,888	(97,888)
Net investment income		492,499	(492,499)
Effect of plan changes			
Effect of economic/demographic gains or losses			
Effect of assumptions changes or inputs			
Administrative expenses		(9,559)	9,559
Benefit payments, including refunds of employee contributions	(227,211)	(227,211)	
Net changes	73,519	353,617	(280,098)
Balance at June 30, 2021 Measurement Date	\$4,056,631	\$2,609,863	\$1,446,768

CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

NOTE 7 – Pension Plans (Continued):

D. PARS Plan (Continued)

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

	REP
1% Decrease	5.75%
Net Pension Liability	\$1,892,206
Current Discount Rate	6.75%
Net Pension Liability	\$1,446,768
1% Increase	7.75%
Net Pension Liability	\$1,071,053

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions –

For the year ended June 30, 2021, the City recognized pension expense of \$110,665. At June 30, 2021, the City reported deferred outflows of resources related to pensions for the Plan from the following sources:

	REP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments		(\$216,384)
Total		(\$216,384)

The REP Measurement Date is the same as the fiscal year end date, therefore, the fiscal year 2021 contribution of \$9,788 was recognized as part of the pension expense during the year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$46,739)
2023	(49,025)
2024	(51,659)
2025	(68,961)
	(\$216,384)

Contributions, Actuarial assumptions and information regarding the discount rate are discussed in Note 7E below.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

E. Information Common to the Miscellaneous, Safety and PARS Plans

Beginning in fiscal year 2016, CalPERS collects employer contributions for the cost-sharing 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 and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability in the Miscellaneous and Safety Plans were \$1,314,671 and \$2,340,945 respectively.

Contributions – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and the 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 period of projected benefit payments to determine the total pension liability for each Plan.

PARS Retirement Enhancement Plan (REP) - The City makes all contributions necessary to fund the benefits available under the REP. Employees are not permitted to make any contributions.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

E. Information Common to the Miscellaneous, Safety and PARS Plans (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>CalPERS</u>	<u>PARS REP</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2021
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB 68	
Actuarial Assumptions:		
Discount Rate	7.15%	6.75%
Inflation	2.50%	2.50%
Payroll Growth	2.88%	2.75%
Projected Salary Increase	Varied by Entry Age and Service	Consistent with the rates used to value the Miscellaneous Agency CalPERS Pension Plans (Entry Age 30).
Investment Rate of Return	7.25% (1)	6.75%
Mortality	Derived using CalPERS' Membership Data for all Funds (2)	Pre-retirement: Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans after June 30, 2017. Post-retirement: Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans after June 30, 2017.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter	Retirement rates of 30% per year starting at age 50 with required years of service. 100% retirement is assumed as age 70.

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

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

California Public Employees Retirement System Plans (CalPERS)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

E. Information Common to the Miscellaneous, Safety and PARS Plans (Continued)

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

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

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

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

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

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 – Pension Plans (Continued):

E. Information Common to the Miscellaneous, Safety and PARS Plans (Continued)

Pension Liability - In December 2016, CalPERS’ Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2019. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

PARS Retirement Enhancement Plan (REP)

The REP’s range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation as follows:

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Cash	0.82%	-0.32%
Core Fixed Income	45.39%	1.37%
Broad US Equities	40.45%	5.33%
Developed Foreign Equities	6.82%	6.27%
Emerging Market Equities	4.71%	8.64%
US REITs	1.81%	5.75%
Total	100%	

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position with CalPERS and PARS are available in the separately issued CalPERS financial report with CalPERS and City of Pacifica, respectively.

NOTE 8 – Risk Management:

A. Workers’ Compensation

The City is a member of the Municipal Pooling Authority of Northern California, which pools risks under the terms of a joint-powers agreement with 31 other cities and governmental agencies. The City has no workers’ compensation deductible for claims and the Authority covers claims up to \$500,000. The Authority purchases excess insurance from \$500,000 to the statutory limit. The City paid premiums of \$1,291,161 during fiscal year end June 30, 2021 for workers’ compensation and excess workers’ compensation coverage.

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 8 – Risk Management (Continued):

A. *Workers' Compensation (Continued)*

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements can be obtained from Municipal Pooling Authority, 1911 San Miguel Drive #100, Walnut Creek, CA 94596.

B. *General Liability*

On July 1, 1986, the City became a member of the Association of Bay Area Governments (ABAG) Pooled Liability Assurance Network (PLAN). PLAN is a not-for-profit organization established to provide certain levels of liability insurance coverage, claims and risk management services, and legal defense to thirty- one San Francisco Bay Area cities. PLAN is governed by a Board of Directors comprised of officials appointed by each participating member and is administered by the Association of Bay Area Governments (ABAG). Complete financial statements for ABAG PLAN may be obtained from their offices at the following address: ABAG PLAN Corporation, Finance Department, 375 Beale Street, Ste 700, San Francisco, CA 94105-2066.

The City paid premiums of \$1,095,379 during fiscal year end June 30, 2021 for general liability and property coverage in excess of the City's self-insured retention. Members may receive rebates when declared by ABAG or, in the event excess liability claims against ABAG exceed available resources, may be required to make additional contributions.

The City is self-insured for the first \$50,000 of general and property liability for each occurrence, and the excess (up to \$10,000,000 for each occurrence and annual aggregate) is covered through the City's participation in the ABAG PLAN.

C. *Dental*

On July 1, 1988, the City established a program of self-insurance with respect to Employee's Dental Insurance, in accordance with the provisions of a Memorandum of Understanding between the City and all full-time employees. This program is administered by Preferred Benefit Insurance Administrators and provides claims review and processing. The maximum benefit per employee per plan year varies between \$1,500 and \$2,000; the maximum benefit per dependent per plan year is also between \$1,500 and \$2,000.

The City maintains an internal service fund to account for these insurance programs. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 8 – Risk Management (Continued):

C. Dental (Continued)

Changes in the total reported liability resulted from the following:

	Fiscal Year ended in June 30,	
	2020	2021
July 1 Liability	\$156,418	\$216,408
Claims & change in estimate	650,860	429,800
Payments for claims	(590,870)	(340,863)
June 30 Liability	\$216,408	\$305,345

NOTE 9 – Interfund Transactions:

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

A. Transfers

Transfers report the nonreciprocal contribution of resources from one fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditures on behalf of another fund. Less often a transfer may be made to open or close a fund. The principal purpose of the City’s interfund transfers as shown below was for operational support to other funds.

B. Internal Balances

Internal balances are presented in the entity-wide financial statements only. They represent the net interfund receivables and payables after the elimination of all such balances within governmental and business-type activities.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 9 – Interfund Transactions (Continued):

B. Internal Balances (Continued)

The following is a summary of transfers for the fiscal year ended June 30, 2021:

Funds	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$733,007	\$1,861,270
Disaster Accounting Fund		
General Capital Improvement Fund	1,154,270	142,967
Debt Service Fund	1,284,818	
Major Enterprise Funds:		
Sewer Utility Fund	2,187,528	2,237,528
Nonmajor Governmental Funds:		
Gas Tax Fund		1,034,697
NPDES Stormwater Special Revenue Fund		92,000
Parks and Playfields Capital Projects Fund		45,000
Street Construction Special Revenue Fund	650,000	685,888
Davies Trust Special Revenue Fund		
Frontierland Remediation Capital Projects Fund		50,000
Nonmajor Enterprise Funds:		
Beach Parking Fund		
Internal Service Funds:		
Self Insurance Fund	139,727	
Total	\$6,149,350	\$6,149,350

C. Advances

At June 30, 2021, the funds below had made advances that are not expected to be repaid within the next year. These long-term interfund advances are expected to be repaid out of future fees.

Advances from Sewer Utility Enterprise Fund to General Fund \$1,049,938 as of June 30, 2021

- Per the repayment plan approved by the Pacifica City Council on June 23, 2014, and revised on June 24, 2019, repayment of this advance began in 2017-18 and conclude in 2023-24.

Advances from General Fund to NPDES Special Revenue Fund \$75,000 as of June 30, 2021

- A repayment plan will be addressed in the 2021-22 fiscal year.

Advances from Street Construction Special Revenue Fund to General Capital Improvement Capital Projects Fund \$1,849,619 as of June 30, 2021

- A repayment plan will be addressed in the 2021-22 fiscal year.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 10 – Loan Receivable from Successor Agency Private-purpose Trust Fund:

Prior to the dissolution of the former redevelopment agency, the General Fund had loaned money to the former Redevelopment Agency Rockaway Beach Fund to carry out redevelopment activities. As a result of the dissolution, the loan receivable is now recorded as a loan receivable from the Successor Agency Private-purpose Trust Fund. Interest accrues on the original advance at the current Local Agency Investment Fund (LAIF) rate and effective September 22, 2015, calculated at a simple interest rate of 3%. At June 30, 2021, outstanding loans totaled \$3,694,796 (\$1,900,000 in principal and \$1,794,796 in accrued interest).

NOTE 11 – Net Position and Fund Balances:

A. Net Position

GASB Statement No. 63 adds the concept of net position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net position is divided into three captions under GASB Statement No. 34 and 63. These captions apply only to net position as determined at the government-wide level, 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 capital projects, revolving loan programs, and other various grant programs.

Unrestricted describes the portion of net position which is not restricted as to use.

When both restricted and unrestricted net position is available, restricted resources are depleted first before the unrestricted resources are used.

B. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 11 – Net Position and Fund Balances (Continued):

B. Fund Balances (Continued)

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance (City Manager).

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 11 – Net Position and Fund Balances (Continued):

B. Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2021 are as follows:

	General Fund	Disaster Accounting Fund	General Capital Improvement Fund	Debt Service Fund	Non-Major Governmental Fund	Total Governmental Funds
Nonspendable:						
Prepaid items	\$94,734					\$94,734
Inventory	174					174
Loan receivable	3,694,796					3,694,796
Advances	75,000					75,000
Subtotal	<u>3,864,704</u>					<u>3,864,704</u>
Restricted for:						
PARS Pension Trust	200,755					200,755
Supplemental law enforcement					\$236,396	236,396
Trust Activities					3,121,571	3,121,571
Catastrophic events		\$4,513,929				4,513,929
Streets and roads					5,074,593	5,074,593
Housing					243,223	243,223
Parking					116,142	116,142
Debt services				\$227,401		227,401
Stormwater operations					327,664	327,664
Capital projects			\$3,300,474		3,371,922	6,672,396
Subtotal	<u>200,755</u>	<u>4,513,929</u>	<u>3,300,474</u>	<u>227,401</u>	<u>12,491,511</u>	<u>20,734,070</u>
Assigned for:						
Fund Balance Reserve	3,285,147					3,285,147
Facility Main & Replace Reserve	10,000					10,000
Compensated Absences Reserve	200,000					200,000
Child Care Reserve	945,868					945,868
Subtotal	<u>4,441,015</u>					<u>4,441,015</u>
Unassigned	<u>7,994,899</u>				<u>(188,655)</u>	<u>7,806,244</u>
Total	<u>\$16,501,373</u>	<u>\$4,513,929</u>	<u>\$3,300,474</u>	<u>\$227,401</u>	<u>\$12,302,856</u>	<u>\$36,846,033</u>

C. Restatement of beginning fund balances and net position

During the fiscal year 2021, the City performed a reconciliation of accounts receivables, and as a result, the beginning fund balances for General Fund, the NPDES Stormwater special revenue funds and the beginning net position Sewer Utility enterprise fund were reduced by \$585,746, \$6,215 and \$16,823 respectively. Beginning net positions at July 1, 2021 for the Governmental Activities and Business Activities were reduced by \$591,961 and \$16,823 respectively.

NOTE 12 – Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 13 – Successor Agency to Former Redevelopment Agency Activities:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Pacifica that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. On January 23, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 01-2012.

Long Range Property Management Plan – On December 10, 2015, the Successor Agency received confirmation from the California Department of Finance that it had reviewed and approved the Successor Agency’s Long Range Property Management Plan (LRPMP).

Loan Payable to the City – Please see Note 10.

Long-term Debt – Long-term debt of the Successor Agency as of June 30, 2021, consisted of the following:

	Balance July 01, 2020	Additions	Retirements	Balance June 30, 2021	Due in One Year
Loan payable to City	\$3,676,329	\$18,467		\$3,694,796	
2004 Tax allocation bonds	1,080,000		(\$65,000)	1,015,000	\$70,000
Total	<u>\$4,756,329</u>	<u>\$18,467</u>	<u>(\$65,000)</u>	<u>\$4,709,796</u>	<u>\$70,000</u>

2004 Tax Allocation Bonds: In August 2004, the former Redevelopment Agency (Agency) issued \$1,725,000 in Rockaway Beach Redevelopment Project 2004 Tax Allocation Bonds at interest rates ranging from 2.9% to 5.75%. The net proceeds of the bonds were issued to refinance redevelopment activities by repaying a portion of the loan made by the City to the Agency and to establish a reserve fund. Interest on the bonds will be payable semiannually on January 1 and July 1 each year, commencing January 1, 2005. The bonds mature on July 1, 2031. The bonds are payable exclusively from pledged tax revenues to be derived from the project area and from the amounts on deposits in certain funds and accounts, including the reserve account and the revenue account.

The Bonds are general obligations of the Agency payable by the Agency. The bond covenants contain events of default that require the revenue of the Agency to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Agency to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Agency; or if any court or competent jurisdiction shall assume custody or control of the Agency. No such events occurred during the fiscal year ending June 30, 2021.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 13 – Successor Agency to Former Redevelopment Agency Activities (Continued):

Annual debt service requirements, to maturity, for the 2004 Tax Allocation Bonds are as follows:

<u>Fiscal year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$70,000	\$56,217	\$126,217
2023	75,000	52,084	127,084
2024	75,000	47,809	122,809
2025	80,000	43,392	123,392
2026	85,000	38,669	123,669
2027 - 2031	510,000	111,551	621,551
2032	120,000	13,656	133,656
Total	<u>\$1,015,000</u>	<u>\$363,378</u>	<u>\$1,378,378</u>

Note 14 – Subsequent Events

A. *Bargaining Unit*

The action filed against the City by the Pacifica Fire Fighters Association to determine the enforceability of Measure F has been decided in favor of the City. The Association is appealing the decision. The case is still pending as of June 30, 2021. The City offered both COLA and Equity adjustments to the Fire bargaining group in the most recent MOU contracts that went into effect July 1, 2021.

B. *Reduction of CalPERS Discount Rate*

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return was under the original expected return of 21.7%, which will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021**

Note 14 – Subsequent Events

B. Reduction of CalPERS Discount Rate (Continued)

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

C. Civic Center Campus Improvement Project Lease Financing

On April 26, 2021, the Pacifica City Council provided input on the Civic Center Renovation conceptual design and approved the funding strategy. The Civic Center Project is estimated to cost about \$10 million. The basic funding strategy entails \$6 million in various one-time sources of funding while financing the remaining \$4 million. On November 22, 2021, the City adopted a Resolution of the Board of Directors of the City of Pacifica Financing Authority approving lease financing in the aggregate amount of \$4 million to finance a portion of the construction of the Civic Center Campus Improvement Project. Sterling National Bank was chosen from seven financial institutions who responded to the request for proposal. The loan is a 15-year loan at 1.97% and the bank will commit to provide the City with an additional \$1 million within a 24-month period if the City chooses to increase the borrowing amount.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

Schedule of Changes in Net Pension Liability and Related Ratios

	Miscellaneous						
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Total Pension Liability							
Service Cost	\$1,445,205	\$1,427,162	\$1,495,380	\$1,631,204	\$1,716,353	\$1,756,360	\$1,869,810
Interest	5,862,583	6,123,624	6,346,516	6,501,283	6,687,032	7,042,527	7,404,044
Differences between expected and actual experience		(328,078)	(755,420)	(1,136,322)	(407,869)	1,371,619	1,330,180
Changes in assumptions		(1,478,509)		5,308,829	(739,131)		
Changes in benefits							
Benefit payments, including refunds of employee contributions	(3,440,758)	(3,784,383)	(4,047,332)	(4,185,238)	(4,675,098)	(4,971,021)	(5,288,206)
Net change in total pension liability	3,867,030	1,959,816	3,039,144	8,119,756	2,581,287	5,199,485	5,315,828
Total pension liability - beginning	79,165,549	83,032,579	84,992,395	88,031,539	96,151,295	98,732,582	103,932,067
Total pension liability - ending (a)	<u>\$83,032,579</u>	<u>\$84,992,395</u>	<u>\$88,031,539</u>	<u>\$96,151,295</u>	<u>\$98,732,582</u>	<u>\$103,932,067</u>	<u>\$109,247,895</u>
Plan fiduciary net position							
Contributions - employer	\$993,077	\$1,081,227	\$1,256,738	\$1,459,527	\$1,571,937	\$1,896,427	\$2,217,115
Contributions - employee	622,734	622,660	685,119	711,067	749,462	733,521	769,486
Net investment income	11,283,773	1,641,405	382,638	7,967,324	6,524,986	5,347,965	4,206,783
Administrative expense		(83,654)	(45,303)	(107,140)	(122,188)	(58,680)	(120,079)
Benefit payments, including refunds of employee contributions	(3,440,758)	(3,784,383)	(4,047,332)	(4,185,238)	(4,675,098)	(4,971,021)	(5,288,206)
Net Plan to Plan Resource Movement					(191)		
Other Miscellaneous Income/(Expense)					(232,037)	191	
Net change in plan fiduciary net position	9,458,826	(522,745)	(1,768,140)	5,845,540	3,816,871	2,948,403	1,785,099
Plan fiduciary net position - beginning	65,398,696	74,857,522	74,334,777	72,566,637	78,412,177	82,229,048	85,177,451
Plan fiduciary net position - ending (b)	<u>\$74,857,522</u>	<u>\$74,334,777</u>	<u>\$72,566,637</u>	<u>\$78,412,177</u>	<u>\$82,229,048</u>	<u>\$85,177,451</u>	<u>\$86,962,550</u>
Net pension liability - ending (a)-(b)	<u>\$8,175,057</u>	<u>\$10,657,618</u>	<u>\$15,464,902</u>	<u>\$17,739,118</u>	<u>\$16,503,534</u>	<u>\$18,754,616</u>	<u>\$22,285,345</u>
Plan fiduciary net position as a percentage of the total pension liability	90.15%	87.46%	82.43%	81.55%	83.28%	81.95%	79.60%
Covered payroll	\$7,982,929	\$8,049,221	\$8,463,442	\$9,007,097	\$9,138,180	\$9,754,931	\$11,058,613
Net pension liability as percentage of covered payroll	102.41%	132.41%	182.73%	196.95%	180.60%	192.26%	201.52%

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions - In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, 2018, 2019, and 2020, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*
Schedule of Contributions

Fiscal Year Ended June 30	Miscellaneous				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$1,081,226	\$1,256,739	\$1,454,468	\$1,571,900	\$1,896,427
Contributions in relation to the actuarially determined contributions	(1,081,226)	(1,256,739)	(1,454,468)	(1,571,900)	(1,896,427)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$8,049,221	\$8,463,442	\$9,007,097	\$9,138,180	\$9,754,931
payroll	13.43%	14.85%	16.15%	17.20%	19.44%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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Fiscal Year Ended June 30

	2020	2021
Actuarially determined contribution	\$2,217,115	\$2,515,162
Contributions in relation to the actuarially determined contributions	(2,217,115)	(2,515,162)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$11,058,613	\$10,084,809
payroll	20.05%	24.94%

Notes to Schedule

Valuation date:	6/30/2018	6/30/2019
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Market Value of Assets
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, and 2.50% for 2021.
Salary increases	Varies by entry age and service
Payroll Growth	2.75%
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7.00% for 2021, net of pension plan investment expense and administrative expenses, includes inflation
Retirement age	The probabilities of retirement are based on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, and 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

Safety Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

Measurement Date	Safety Plan				
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan's proportion of the Net Pension Liability (Asset)	0.50100%	0.55658%	0.00000%	0.52919%	0.54700%
Plan's proportion share of the Net Pension Liability (Asset)	\$18,808,357	\$20,914,148	\$27,461,120	\$31,620,401	\$32,079,854
Plan's Covered Payroll	\$6,019,600	\$5,843,663	\$5,928,087	\$6,058,030	\$5,988,447
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	312.45%	357.89%	463.24%	521.96%	521.96%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%
Measurement Date	6/30/2019	6/30/2020			
Plan's proportion of the Net Pension Liability (Asset)	0.55658%	0.57053%			
Plan's proportion share of the Net Pension Liability (Asset)	\$34,744,594	\$38,010,670			
Plan's Covered Payroll	\$6,575,368	\$4,398,589			
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	535.70%	528.41%			
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.10%			

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

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	Safety Plan				
	2015	2016	2017	2018	2019
Actuarially determined contributions	\$1,437,730	\$1,364,845	\$2,158,037	\$2,398,015	\$2,830,926
Contributions in relation to the actuarially determined contributions	<u>(1,437,730)</u>	<u>(1,364,845)</u>	<u>(2,158,037)</u>	<u>(2,398,015)</u>	<u>(2,830,926)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$5,843,663</u>	<u>\$5,928,087</u>	<u>\$6,058,030</u>	<u>\$5,988,447</u>	<u>\$6,575,368</u>
Contributions as a percentage of covered payroll	24.60%	23.02%	35.62%	40.04%	43.05%
Fiscal Year Ended June 30	2020	2021			
Actuarially determined contributions	\$2,002,059	\$3,724,131			
Contributions in relation to the actuarially determined contributions	<u>(2,002,059)</u>	<u>(3,724,131)</u>			
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>			
Covered payroll	<u>\$4,398,589</u>	<u>\$7,147,760</u>			
Contributions as a percentage of covered payroll	45.52%	52.10%			

* Fiscal year 2015 was the first year of implementation.

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

PARS REP Single Employer Defined Benefit Pension Plan
Last 10 Years*

Schedule of Changes in Net Pension Liability and Related Ratios

	PARS						
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Total Pension Liability							
Service Cost	\$97,626	\$55,073	\$56,725	\$47,461	\$48,885	\$35,933	\$36,921
Interest	218,058	228,048	238,515	244,298	247,550	253,625	263,809
Differences between expected and actual experience						12,653	
Effect of economic/demographic gains or losses		(136,732)		(78,177)		57,961	
Effect of assumptions changes or inputs		143,356	196,706			8,541	
Benefit payments, including refunds of employee contributions	(126,197)	(144,782)	(149,371)	(157,202)	(176,795)	(210,707)	(227,211)
Net change in total pension liability	189,487	144,963	342,575	56,380	119,640	158,006	73,519
Total pension liability - beginning	2,972,061	3,161,548	3,306,511	3,649,086	3,705,466	3,825,106	3,983,112
Total pension liability - ending (a)	\$3,161,548	\$3,306,511	\$3,649,086	\$3,705,466	\$3,825,106	\$3,983,112	\$4,056,631
Plan fiduciary net position							
Contributions - employer	\$159,573	\$127,848	\$123,391	\$121,576	\$98,849	\$96,419	\$97,888
Net investment income	44,261	7,840	172,456	133,898	136,800	65,576	492,499
Investment expense	(8,227)						
Benefit payments, including refunds of employee contributions	(126,197)	(144,782)	(149,371)	(157,202)	(176,795)	(210,707)	(227,211)
Administrative expenses	(8,448)	(9,150)	(8,664)	(9,009)	(9,066)	(9,143)	(9,559)
Net change in plan fiduciary net position	60,962	(18,244)	137,812	89,263	49,788	(57,855)	353,617
Plan fiduciary net position - beginning	1,994,520	2,055,482	2,037,238	2,175,050	2,264,313	2,314,101	2,256,246
Plan fiduciary net position - ending (b)	\$2,055,482	\$2,037,238	\$2,175,050	\$2,264,313	\$2,314,101	\$2,256,246	\$2,609,863
Net pension liability - ending (a)-(b)	\$1,106,066	\$1,269,273	\$1,474,036	\$1,441,153	\$1,511,005	\$1,726,866	\$1,446,768
Plan fiduciary net position as a percentage of the total pension liability	65.02%	61.61%	59.61%	61.11%	60.50%	56.65%	64.34%
Covered payroll	\$1,485,442	\$1,530,005	\$1,303,994	\$1,351,614	\$988,068	\$1,015,240	\$630,037
Net pension liability as percentage of covered payroll	74.46%	82.96%	113.04%	106.62%	152.93%	170.09%	229.63%

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions - There were no changes in assumptions.

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

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

**PARS Retirement Enhance Plan (REP) Defined Benefit Pension Single Employer Plan
Last 10 Years*
Schedule of Contributions**

Fiscal Year Ended June 30	PARS				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$220,169	\$127,848	\$127,848	\$121,576	\$98,849
Contributions in relation to the actuarially determined contributions	(220,169)	(127,848)	(127,848)	(121,576)	(98,849)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$1,485,442	\$1,530,005	\$1,303,994	\$1,351,614	\$988,068
Net Pension Liability as a percentage of covered payroll	14.82%	8.36%	9.80%	8.99%	10.00%

Notes to Schedule

Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2017
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Fiscal Year Ended June 30	2020	2021
Actuarially determined contribution	\$96,419	\$97,888
actuarially determined contributions	(96,419)	(97,888)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$1,015,240	\$630,037
of covered payroll	9.50%	15.54%

Notes to Schedule

Valuation date:	6/30/2018	6/30/2018
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar of payroll, closed
Remaining amortization period	15 years as of June 30, 2017
Asset valuation method	None
Inflation	2.50%
Salary increases	Consistent with the rates used to value the Miscellaneous Agency CalPERS Pension Plans (Entry Age 30)
Investment rate of return	6.75%
Retirement	Retirement rates of 30% per year starting at age 55 with required years of service.
Mortality	Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

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

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Single Employer Other Post-Employment Benefits Plan (OPEB)
Last 10 fiscal years***

Measurement Date	6/30/19	6/30/20	6/30/21
Total OPEB Liability (1)			
Service Cost	\$303,274	\$328,277	\$368,174
Interest	233,437	234,697	239,312
Changes of benefit terms			
Differences between expected and actual experience	(527,075)		254,368
Changes of assumptions	(320,279)	345,836	1,192,492
Benefit payments	(173,450)	(167,371)	(184,166)
Net change in total OPEB liability	<u>(484,093)</u>	<u>741,439</u>	<u>1,870,180</u>
Total OPEB liability - beginning	<u>6,304,041</u>	<u>5,819,948</u>	<u>6,561,387</u>
Total OPEB liability - ending (a)	<u><u>\$5,819,948</u></u>	<u><u>\$6,561,387</u></u>	<u><u>\$8,431,567</u></u>
Covered payroll	\$18,617,151	\$16,078,058	\$16,614,061
Total OPEB liability as a percentage of covered-employee payroll	31.3%	40.8%	50.7%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

**CITY OF PACIFICA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes:				
Property	\$13,819,090	\$14,606,168	\$15,824,628	\$1,218,460
Sales	1,766,350	1,648,939	1,706,107	57,168
Franchise	2,262,993	2,765,161	2,848,681	83,520
Other	3,638,235	4,142,102	4,727,826	585,724
Licenses and permits	737,174	778,997	1,156,946	377,949
Fines and forfeitures	163,487	267,000	174,048	(92,952)
Use of money and property	226,840	171,840	72,884	(98,956)
Intergovernmental	6,013,528	5,701,612	4,736,969	(964,643)
Charges for current services	3,251,684	3,233,259	3,267,554	34,295
Recreation programs	588,000	239,997	373,390	133,393
Other	2,024,991	718,840	823,842	105,002
Total revenues	34,492,372	34,273,915	35,712,875	1,438,960
Expenditures:				
Current				
General Government:				
City Council	165,002	165,002	197,334	(32,332)
City Manager	1,473,001	1,473,001	917,908	555,093
Human Resources	712,002	1,057,448	1,004,267	53,181
City Attorney	500,000	500,000	1,087,864	(587,864)
Finance	1,774,815	1,774,815	1,761,151	13,664
Non-departmental	979,002	979,002	1,125,281	(146,279)
Total General Government	5,603,822	5,949,268	6,093,805	(144,537)
Public Safety:				
Police	10,176,008	10,345,449	10,114,604	230,845
Fire	6,260,415	6,537,415	6,983,579	(446,164)
Total Public Safety	16,436,423	16,882,864	17,098,183	(215,319)
Community development:				
Planning	3,771,000	3,771,000	2,409,540	1,361,460
Code enforcement				
Total Community Development	3,771,000	3,771,000	2,409,540	1,361,460
Public Works:				
Engineering Services	1,046,382	1,091,382	1,058,996	32,386
Street and traffic maintenance	1,489,419	1,502,419	1,194,208	308,211
Building maintenance and improvement	523,154	608,154	507,707	100,447
Fishing pier/rest stop maintenance	221,015	221,015	251,407	(30,392)
City parks and playfields	914,331	914,331	799,978	114,353
Total Public Works	4,194,301	4,337,301	3,812,296	525,005

(Continued)

**CITY OF PACIFICA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Parks, Beaches, and Recreation:				
Parks, beaches, and recreation	\$315,805	\$283,151	\$276,653	\$6,498
Community center programs	225,242	202,092	196,274	5,818
Cultural arts	3,286	3,286	773	2,513
Elementary age recreation	107,265	98,375	106,188	(7,813)
Teens and j-teens recreation	87,246	45,546	45,802	(256)
Adult sports	450	100	67	33
Senior	210,124	191,466	189,018	2,448
Instructional class	96,573	50,163	41,981	8,182
Recreation swimming	370,414	233,003	219,229	13,774
Swim Team	155,213	120,103	122,231	(2,128)
Special community recreation	98,921	69,201	64,005	5,196
Special projects	3,411,753	2,817,877	3,128,656	(310,779)
Total Parks, Beaches and Recreation	<u>5,082,292</u>	<u>4,114,363</u>	<u>4,390,877</u>	<u>(276,514)</u>
Capital Outlay	<u>363,185</u>	<u>365,848</u>	<u>195,640</u>	<u>170,208</u>
Total Expenditures	<u>35,451,023</u>	<u>35,420,644</u>	<u>34,000,341</u>	<u>1,420,303</u>
Excess (Deficit) of Revenues over Expenditures	<u>(958,651)</u>	<u>(1,146,729)</u>	<u>1,712,534</u>	<u>2,859,263</u>
Other Financing Sources (Uses)				
Transfers in	733,007	733,007	733,007	
Transfers (out)	<u>(1,062,000)</u>	<u>(1,861,270)</u>	<u>(1,861,270)</u>	
Total Other Financing Sources (Uses)	<u>(328,993)</u>	<u>(1,128,263)</u>	<u>(1,128,263)</u>	
Net Change in Fund Balance	<u>(\$1,287,644)</u>	<u>(\$2,274,992)</u>	<u>584,271</u>	<u>\$2,859,263</u>
Fund Balance at Beginning of Year			<u>15,917,102</u>	
Fund Balance at End of Year			<u>\$16,501,373</u>	

**CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 DISASTER ACCOUNTING SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes		\$1,906,612	\$1,906,612
Use of money and property		11,202	11,202
Other		319,187	319,187
Total revenues		2,237,001	2,237,001
Expenditures:			
Current			
Public Safety		67,385	(67,385)
Capital outlay	\$400,000	623,264	(223,264)
Total expenditures	400,000	690,649	(290,649)
Net change in fund balance	(\$400,000)	1,546,352	\$2,527,650
Fund balance (deficit) at beginning of year		2,967,577	
Fund balance (deficit) at end of year		\$4,513,929	

**CITY OF PACIFICA, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2021**

1. BUDGETARY BASIS OF ACCOUNTING

The City prepares a budget for each fiscal year on or before June 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the City Council.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The legal level of control is the department. The City Council may amend the budget by resolution during the fiscal year.

Formal budgetary integration is employed as a management control device during the fiscal year for the General fund and Special Revenue and Capital Project Funds. The General Fund budget and Special Revenue and Capital Project Fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP) and are consistent with the basis used for financial reporting. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any reconciliation.

SUPPLEMENTARY INFORMATION

**CITY OF PACIFICA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$7,000	\$1	(\$6,999)
Other	261,138	261,137	(1)
Total Revenues	<u>268,138</u>	<u>261,138</u>	<u>(7,000)</u>
Expenditures:			
Debt Service:			
Principal	610,785	610,785	
Interest and fiscal charges	938,471	941,066	(2,595)
Total expenditures	<u>1,549,256</u>	<u>1,551,851</u>	<u>(2,595)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,281,118)</u>	<u>(1,290,713)</u>	<u>(9,595)</u>
Other Financing Sources (Uses)			
Transfers in	1,284,818	1,284,818	
Total Other Financing Sources (Uses)	<u>1,284,818</u>	<u>1,284,818</u>	
Net change in fund balance	<u><u>\$3,700</u></u>	<u><u>(5,895)</u></u>	<u><u>(\$9,595)</u></u>
Fund balance at beginning of year		233,296	
Fund balance at end of year		<u><u>\$227,401</u></u>	

**CITY OF PACIFICA
BUDGETARY COMPARISON SCHEDULE
GENERAL CAPITAL IMPROVEMENT
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes			
Licenses and permits	\$25,000	\$40,331	\$15,331
Use of money and property	1,046	13,771	12,725
Total revenues	26,046	54,102	28,056
Expenditures:			
Current:			
Community development		100	(100)
Capital Outlay	1,627,046	1,330,347	296,699
Total expenditures	1,627,046	1,330,447	296,599
Excess (Deficit) of Revenues over Expenditures	(1,601,000)	(1,276,345)	324,655
Other Financing sources (Uses)			
Transfers in	1,154,270	1,154,270	
Transfers out		(142,967)	(142,967)
Total Other Financing Sources (Uses)	1,154,270	1,011,303	(142,967)
Net Change in Fund Balance	(\$446,730)	(265,042)	\$181,688
Fund balance (deficit) at beginning of year		3,565,516	
Fund balance (deficit) at end of year		\$3,300,474	

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CITY OF PACIFICA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

SPECIAL REVENUE FUNDS

Special Revenue Funds are created in accordance with Federal, State, or City regulations which require that monies apportioned from these specific funds be spent only for certain designated purposes. Funds included in this fund category are:

GAS TAX SPECIAL REVENUE FUND - This fund was established to receive and expend the City's allocation of the State Gasoline Taxes. Each City is allocated funds on a population basis in accordance with Section 2103, 2105, 2106, 2107 and 2107.5 of the California Street and Highway Code. Population is determined by the latest Federal Census or survey requested and certified by the Cities and conducted by the State Department of Finance. Expenditures may be made for construction or purchasing of right-of-way on minor streets. Expenditures of money apportioned under Section 2107 may be made for any street purpose. Under Section 2107.5 a flat allocation of \$6,000 per year is granted the City for street engineering.

DAVIES TRUST SPECIAL REVENUE FUND - This fund was established to account for a donation by a private individual which is restricted for specific purposes. The funds are to be used to help acquire, build, remodel, improve, support, and maintain the equipment, buildings, grounds, yard, gardens, and landscaped areas of the various parks, beaches, and recreational area located in Pacifica, to conduct related educational and recreational programs for the benefit of the general public.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND - This fund was created to account for revenues and expenditures associated with money allocated by the legislature to all cities and counties throughout the state to supplement front line law enforcement services.

NPDES STORMWATER FUND - The NPDES (National Pollution Discharge Elimination System) Stormwater Fund was established in fiscal year 1994-95 to account for revenues and expenditures associated with Federal and State mandated stormwater operations.

DISASTER ACCOUNTING FUND - This fund was established to account for all revenues received and expenditures incurred due to natural and man-made disasters.

HOUSING IN-LIEU FUND - This fund was established to account for receipts from fees imposed on developers to provide for improvements.

PARKING IN-LIEU FUND - This fund was established to account for receipts and expenditures from fees imposed on developers to provide for parking facilities improvements.

EXCESS ERAF FUND - This fund was established to account for excess education augmentation revenue that the City receives from the County.

PARKS, BEACHES AND RECREATION FUND - This fund was established to account for various donations specifically designated for Park, Beaches and Recreation activities.

CITY OF PACIFICA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the acquisition, construction, and improvement of major capital facilities of the City. Appropriations are made from the funds annually.

HIGHWAY 1 IMPROVEMENT FUND - This fund is financed by traffic impact mitigation fees as outlined in the Pacifica Municipal Code (Section 8-15.01 to Section 8-15.06).

MANOR DRIVE IMPROVEMENT FUND - This fund was established to account for the Manor Drive/Palmetto Avenue/Oceana Boulevard intersection construction and is financed by traffic impact mitigation fees as outlined in the Pacifica Municipal Code (Section 8-18.01 to Section 8-18.06).

AIRCRAFT NOISE PROJECT FUND - This fund was established to record the financial transactions of an Aircraft Noise Abatement Project funded with Federal and San Francisco Airport grants.

PARKS AND PLAYFIELD FUND - This fund was financed by Parkland Dedication Fees as outlined in the Pacifica Municipal Code (Section 8-19.01 to Section 8-19.03).

PLANNED LOCAL DRAINAGE FUND - Revenues are derived from fees levied on new construction in local districts. Funds can be utilized only for the drainage system in those particular districts.

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**CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Davies Trust	Supplemental Law Enforcement Services	NPDES Stormwater	Housing In-Lieu
Assets:					
Cash and investments		\$120,995	\$249,130	\$259,486	\$243,223
Restricted cash and investments		3,000,576			
Receivable:					
Accounts	\$69,269			153,438	
Advance to other funds					
Total Assets	\$69,269	\$3,121,571	\$249,130	\$412,924	\$243,223
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$101,851		\$12,734	\$10,260	
Due to other funds	156,073				
Advance from other funds				75,000	
Total Liabilities	257,924		12,734	85,260	
Fund Balances:					
Restricted		\$3,121,571	236,396	327,664	\$243,223
Unassigned	(188,655)				
Total Fund Balances (Deficits)	(188,655)	3,121,571	236,396	327,664	243,223
Total Liabilities and Fund Balances	\$69,269	\$3,121,571	\$249,130	\$412,924	\$243,223

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			
Parking In-Lieu	Street Construction	Parks, Beaches and Recreation	Highway 1 Improvement	Manor Drive Improvement	Aircraft Noise Project	Parks and Playfield
\$116,142	\$1,592,247	\$2,147,423	\$610,933	\$952,366	\$411	\$549,117
	172,979 1,849,619					
<u>\$116,142</u>	<u>\$3,614,845</u>	<u>\$2,147,423</u>	<u>\$610,933</u>	<u>\$952,366</u>	<u>\$411</u>	<u>\$549,117</u>
	\$103,162	\$1,506	\$389			\$8
	<u>103,162</u>	<u>1,506</u>	<u>389</u>			<u>8</u>
\$116,142	3,511,683	2,145,917	610,544	\$952,366	\$411	549,109
<u>116,142</u>	<u>3,511,683</u>	<u>2,145,917</u>	<u>610,544</u>	<u>952,366</u>	<u>411</u>	<u>549,109</u>
<u>\$116,142</u>	<u>\$3,614,845</u>	<u>\$2,147,423</u>	<u>\$610,933</u>	<u>\$952,366</u>	<u>\$411</u>	<u>\$549,117</u>

(Continued)

**CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

CAPITAL PROJECTS FUNDS

	Planned Local Drainage	Pacifica Library	Frontierland Remediation	Total
Assets:				
Cash and investments	\$184,306	\$106,784	\$394,655	\$7,527,218
Restricted cash and investments				3,000,576
Receivable:				
Accounts				395,686
Advance to other funds				1,849,619
Total Assets	\$184,306	\$106,784	\$394,655	\$12,773,099
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$9,260			\$239,170
Due to other funds				156,073
Advance from other funds				75,000
Total Liabilities	9,260			470,243
Fund Balances:				
Restricted	175,046	\$106,784	\$394,655	12,491,511
Restricted				(188,655)
Total Fund Balances (Deficits)	175,046	106,784	394,655	12,302,856
Total Liabilities and Fund Balances	\$184,306	\$106,784	\$394,655	\$12,773,099

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**CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	SPECIAL REVENUE FUNDS				
	Gas Tax	Davies Trust	Supplemental Law Enforcement Services	NPDES Stormwater	Housing In-Lieu
Revenues:					
Taxes:					
Other taxes	\$1,552,975			\$182,996	
Charges for services					
Use of money and property	86	\$1,447	\$678	653	\$646
Intergovernmental			156,727		
Other	168			149,534	
Total Revenues	1,553,229	1,447	157,405	333,183	646
Expenditures:					
Current:					
General government		203			
Public Safety			67,441		
Community development					
Public works	579,922			91,941	
Recreation					
Capital outlay	7,990	181,946	166,426		22,249
Total Expenditures	587,912	182,149	233,867	91,941	22,249
Excess (Deficit) of revenues over expenditures	965,317	(180,702)	(76,462)	241,242	(21,603)
Other financing sources (Uses)					
Transfers in					
Transfers (out)	(1,034,697)			(92,000)	
Total Other Financing Sources (Uses)	(1,034,697)			(92,000)	
Net change in fund balances	(69,380)	(180,702)	(76,462)	149,242	(21,603)
Fund Balances at beginning of year, as restated	(119,275)	3,302,273	312,858	178,422	264,826
Fund Balances at end of year	(\$188,655)	\$3,121,571	\$236,396	\$327,664	\$243,223

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			
Parking In-Lieu	Street Construction	Parks, Beaches and Recreation	Highway 1 Improvement	Manor Drive Improvement	Aircraft Noise Project	Parks and Playfields
	\$1,476,987					
\$304	4,244	(\$9,845)	\$148,757 1,553	\$2,493	\$1	\$1,413
	203,163		4,986			
	179,753			6,930		133,028
304	1,864,147	(9,845)	155,296	9,423	1	134,441
						22,102
	2,147,044		24,744			
		42,478	6,432			
	2,147,044	42,478	31,176			22,102
304	(282,897)	(52,323)	124,120	9,423	1	112,339
	650,000					
	(685,888)					(45,000)
	(35,888)					(45,000)
304	(318,785)	(52,323)	124,120	9,423	1	67,339
115,838	3,830,468	2,198,240	486,424	942,943	410	481,770
\$116,142	\$3,511,683	\$2,145,917	\$610,544	\$952,366	\$411	\$549,109

(Continued)

**CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>CAPITAL PROJECTS FUNDS</u>			
	<u>Planned Local Drainage</u>	<u>Pacifica Library</u>	<u>Frontierland Remediation</u>	<u>Total</u>
Revenues:				
Taxes:				
Other taxes				\$3,212,958
Charges for services	\$171,335			320,092
Use of money and property	576	\$281	\$1,049	5,579
Intergovernmental				364,876
Other			6,250	475,663
	<u>171,911</u>	<u>281</u>	<u>7,299</u>	<u>4,379,168</u>
Total Revenues				
Expenditures:				
Current:				
General government				203
Public Safety				67,441
Community development				22,102
Public works	117,174			2,960,825
Recreation				42,478
Capital outlay		488		385,531
	<u>117,174</u>	<u>488</u>		<u>3,478,580</u>
Total Expenditures				
Excess (Deficit) of revenues over expenditures	<u>54,737</u>	<u>(207)</u>	<u>7,299</u>	<u>900,588</u>
Other financing sources (Uses)				
Transfers in				650,000
Transfers (out)	(300,000)		(50,000)	(2,207,585)
	<u>(300,000)</u>		<u>(50,000)</u>	<u>(1,557,585)</u>
Total Other Financing Sources (Uses)				
Net change in fund balances	(245,263)	(207)	(42,701)	(656,997)
Fund Balances at beginning of year, as restated	<u>420,309</u>	<u>106,991</u>	<u>437,356</u>	<u>12,959,853</u>
Fund Balances at end of year	<u>\$175,046</u>	<u>\$106,784</u>	<u>\$394,655</u>	<u>\$12,302,856</u>

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**CITY OF PACIFICA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021**

	SPECIAL REVENUE FUNDS					
	Gas Tax			Davies Trust		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes						
Other taxes	\$1,546,566	\$1,552,975	\$6,409			
Charges for services						
Use of money and property		86	86	\$8,000	\$1,447	(\$6,553)
Intergovernmental						
Other		168	168			
Total Revenues	<u>1,546,566</u>	<u>1,553,229</u>	<u>6,663</u>	<u>8,000</u>	<u>1,447</u>	<u>(6,553)</u>
Expenditures:						
Current:						
General government					203	(203)
Public Safety						
Community development						
Public works	779,288	579,922	199,366			
Recreation						
Capital outlay	30,000	7,990	22,010	991,882	181,946	809,936
Total Expenditures	<u>809,288</u>	<u>587,912</u>	<u>221,376</u>	<u>991,882</u>	<u>182,149</u>	<u>809,733</u>
Excess (Deficit) of Revenues over Expenditures	<u>737,278</u>	<u>965,317</u>	<u>228,039</u>	<u>(983,882)</u>	<u>(180,702)</u>	<u>803,180</u>
Other financing sources (Uses):						
Transfers in						
Transfers (out)	(1,034,697)	(1,034,697)				
Total Other Financing Sources (Uses)	<u>(1,034,697)</u>	<u>(1,034,697)</u>				
Net change in fund balance	<u>(\$297,419)</u>	<u>(69,380)</u>	<u>\$228,039</u>	<u>(\$983,882)</u>	<u>(180,702)</u>	<u>\$803,180</u>
Fund Balances at beginning of year, as restated		(119,275)			3,302,273	
Fund Balance at end of year		<u>(\$188,655)</u>			<u>\$3,121,571</u>	

SPECIAL REVENUE FUNDS

Supplemental Law Enforcement Services			NPDES Stormwater			Housing In-Lieu		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			\$180,500	\$182,996	\$2,496			
\$100,000	\$678 156,727	\$678 56,727		653	653		\$646	\$646
			298,000	149,534	(148,466)			
100,000	157,405	57,405	478,500	333,183	(145,317)		646	646
68,400	67,441	959	476,775	91,941	384,834			
174,959	166,426	8,533				\$15,000	22,249	(7,249)
243,359	233,867	9,492	476,775	91,941	384,834	15,000	22,249	(7,249)
(143,359)	(76,462)	66,897	1,725	241,242	239,517	(15,000)	(21,603)	(6,603)
			(92,000)	(92,000)				
			(92,000)	(92,000)				
(\$143,359)	(76,462)	\$66,897	(\$90,275)	149,242	\$239,517	(\$15,000)	(21,603)	(\$6,603)
	312,858			178,422			264,826	
	\$236,396			\$327,664			\$243,223	

(Continued)

**CITY OF PACIFICA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021**

	SPECIAL REVENUE FUND					
	Street Construction			Parks, Beaches and Recreation		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes						
Other taxes	\$1,472,704	\$1,476,987	\$4,283			
Charges for services						
Use of money and property		4,244	4,244		(\$9,845)	(\$9,845)
Intergovernmental	200,000	203,163	3,163			
Other	330,050	179,753	(150,297)			
Total Revenues	2,002,754	1,864,147	(138,607)		(9,845)	(9,845)
Expenditures:						
Current:						
General government						
Public Safety						
Community development						
Public works	2,314,371	2,147,044	2,314,371			
Recreation					42,478	(42,478)
Capital outlay	5,000		5,000			
Total Expenditures	2,319,371	2,147,044	2,319,371		42,478	(42,478)
Excess (Deficit) of Revenues over Expenditures	(316,617)	(282,897)	33,720		(52,323)	(52,323)
Other financing sources (Uses)						
Transfers in	650,000	650,000				
Transfers (out)	(685,888)	(685,888)				
Total Other Financing Sources (Uses)	(35,888)	(35,888)				
Net change in fund balance	(\$352,505)	(318,785)	\$33,720		(52,323)	(\$52,323)
Fund Balances at beginning of year, as restated		3,830,468			2,198,240	
Fund Balance at End of Year		\$3,511,683			\$2,145,917	

CAPITAL PROJECTS FUND

Highway 1 Improvement			Manor Drive Improvement			Parks and Playfields		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
	\$148,757							
	1,553	\$1,553					\$1,413	\$1,413
\$100,000	4,986	(95,014)		\$2,493	\$2,493			
				6,930	6,930	\$100,000	133,028	33,028
100,000	155,296	(93,461)		9,423	9,423	100,000	134,441	34,441
						200,000	22,102	177,898
33,763	24,744	9,019						
100,500	6,432	94,068	\$520,404		520,404			
134,263	31,176	103,087	520,404		520,404	200,000	22,102	177,898
(34,263)	124,120	158,383	(520,404)	9,423	529,827	(100,000)	112,339	212,339
						(45,000)	(45,000)	
						(45,000)	(45,000)	
(\$34,263)	124,120	\$158,383	(\$520,404)	9,423	\$529,827	(\$145,000)	67,339	\$212,339
	486,424			942,943			481,770	
	\$610,544			\$952,366			\$549,109	

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**CITY OF PACIFICA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021**

	CAPITAL PROJECTS FUND					
	Planned Local Drainage			Frontier Remediation		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues:						
Taxes						
Other taxes						
Charges for services		\$171,335	\$171,335			
Use of money and property	\$2,560	576	(1,984)		\$1,049	\$1,049
Intergovernmental						
Other					6,250	6,250
Total Revenues	2,560	171,911	169,351		7,299	7,299
Expenditures:						
Current:						
General government						
Public Safety						
Community development						
Public works	409,595	117,174	292,421			
Capital outlay						
Total Expenditures	409,595	117,174	292,421			
Excess (Deficit) of Revenues over Expenditures	(407,035)	54,737	461,772		7,299	7,299
Other financing sources (Uses):						
Transfers in						
Transfers (out)	(300,000)	(300,000)		(\$50,000)	(50,000)	
Total Other Financing Sources (Uses)	(300,000)	(300,000)		(50,000)	(50,000)	
Net change in fund balance	(\$707,035)	(245,263)	\$461,772	(\$50,000)	(42,701)	\$7,299
Fund Balances at beginning of year, as restated		420,309			437,356	
Fund Balance at end of year		\$175,046			\$394,655	

CITY OF PACIFICA, CALIFORNIA
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

MOTOR POOL FUND - City of Pacifica operates a central garage, which provides services to various City departments on a cost reimbursement basis. Revenues for the fund are derived from rentals to the departments for usage of the equipment. The fund can be used only for the operation and replacement of the equipment.

SELF INSURANCE FUND - City of Pacifica established Self Insurance Funds to cover Employee Dental Insurance, Workers' Compensation, General Liability, Property, and Automobile Liability Insurance. Expenses are restricted to payments of claims, the premium for umbrella insurance, administration costs, and expenditures relating to the Safety Committee.

**CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021**

	Motor Pool	Self Insurance	Total
Assets			
Current Assets:			
Cash and investments	\$899,826	\$2,027,095	\$2,926,921
Receivable:			
Accounts	3,723	12,045	15,768
Inventories	18,715		18,715
Total Current Assets	922,264	2,039,140	2,961,404
Non-current assets:			
Capital assets, not being depreciated	258,774		258,774
Capital assets, being depreciated, net of accumulated depreciation	1,976,612		1,976,612
Total Noncurrent Assets	2,235,386		2,235,386
Total Assets	3,157,650	2,039,140	5,196,790
Liabilities			
Current Liabilities:			
Accounts payable	19,679	407	20,086
Accrued interest payable	348		348
Claims payable		305,345	305,345
Compensated absences	26,082		26,082
Bonds payable	12,578		12,578
Total Current Liabilities	58,687	305,752	364,439
Noncurrent Liabilities:			
Bonds payable	134,195		134,195
Total Noncurrent Liabilities	134,195		134,195
Total Liabilities	192,882	305,752	498,634
Net Position			
Net investment in capital assets	2,235,386		2,235,386
Unrestricted	729,382	1,733,388	2,462,770
Total Net Position	\$2,964,768	\$1,733,388	\$4,698,156

**CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	Motor Pool	Self Insurance	Total
Operating revenues:			
Charges for services	\$966,634	\$234,820	\$1,201,454
Other operating income	21	1,039,486	1,039,507
Total operating revenues	966,655	1,274,306	2,240,961
Operating expenses:			
Personnel services	442,758		442,758
Administration	2,640		2,640
Supplies and materials	180,442		180,442
Insurance expense		1,295,401	1,295,401
Outside contractors		8,624	8,624
Maintenance	104,498		104,498
Insurance claims		429,800	429,800
Depreciation	682,700		682,700
Total operating expenses	1,413,038	1,733,825	3,146,863
Operating Income (Loss)	(446,383)	(459,519)	(905,902)
Non-operating revenues (expenses):			
Investment earnings	2,394	5,408	7,802
Interest and fiscal charges	51		51
Gain on sale of capital assets	29,551		29,551
Total non-operating revenues (expenses)	31,996	5,408	37,404
Income (Loss) Before Transfers	(414,387)	(454,111)	(868,498)
Transfers:			
Transfers in		139,727	139,727
Change in net position	(414,387)	(314,384)	(728,771)
Net position at beginning of year	3,379,155	2,047,772	5,426,927
Net position at end of year	\$2,964,768	\$1,733,388	\$4,698,156

**CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Motor Pool	Self Insurance	Total
Cash Flows from Operating Activities			
Receipts from customers	\$965,344	\$1,262,261	\$2,227,605
Payments to suppliers and users	(295,887)	(1,303,693)	(1,599,580)
Payments for claims		(340,863)	(340,863)
Payments to employees	(447,927)		(447,927)
Net Cash Provided (Used) by Operating Activities	221,530	(382,295)	(160,765)
Cash Flows from Noncapital and Related Financing Activities			
Transfers in		139,727	139,727
Net Cash Provided by Noncapital and Related Financing Activities		139,727	139,727
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	29,551		29,551
Purchase of capital assets	(342,129)		(342,129)
Interest paid	51		51
Net Cash Used by Capital and Related Financing Activities	(312,527)		(312,527)
Cash Flows from Investing Activities:			
Interest received	2,394	5,408	7,802
Net Cash Provided by Investing Activities	2,394	5,408	7,802
Net Increase (Decrease) in Cash and Cash Equivalents	(88,603)	(237,160)	(325,763)
Cash and Cash Equivalents at the Beginning of Fiscal Year	988,429	2,264,255	3,252,684
Cash and Cash Equivalents at End of Fiscal Year	\$899,826	\$2,027,095	\$2,926,921

(Continued)

**CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Motor Pool	Self Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(\$446,383)	(\$459,519)	(\$905,902)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	682,700		682,700
(Increase) Decrease in Operating Assets:			
Accounts receivable	(2,200)	(12,045)	(14,245)
Inventories	889		889
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(8,256)	332	(7,924)
Accrued liabilities	(51)		(51)
Claims payable		88,937	88,937
Compensated absences	(5,169)		(5,169)
Net Cash Provided (Used) by Operating Activities	<u>\$221,530</u>	<u>(\$382,295)</u>	<u>(\$160,765)</u>

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STATISTICAL SECTION

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CITY OF PACIFICA, CALIFORNIA
STATISTICAL SECTION
FISCAL YEAR ENDED JUNE 30, 2021

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.

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.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the ability to issue additional debt in the future.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

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.

Operating Information

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

Property Tax Information

These schedules contain information to help the reader assess the City's property tax sources and changes.

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 54,455,020	\$ 56,461,478	\$ 56,995,945	\$ 56,431,400
Restricted	8,216,813	7,944,025	9,049,015	11,517,455
Unrestricted	4,681,456	(13,421,330)	(14,105,441)	(46,030,272)
Total governmental activities net position	<u>\$ 67,353,289</u>	<u>\$ 50,984,173</u>	<u>\$ 51,939,519</u>	<u>\$ 21,918,583</u>
Business-type activities				
Net investments in capital assets	\$ 15,462,599	\$ 15,963,759	\$ 17,679,506	\$ 15,266,626
Restricted				
Unrestricted	5,935,174	5,238,849	5,663,853	9,163,991
Total business-type activities net position	<u>\$ 21,397,773</u>	<u>\$ 21,202,608</u>	<u>\$ 23,343,359</u>	<u>\$ 24,430,617</u>
Primary government				
Net investment in capital assets	\$ 69,917,619	\$ 72,425,237	\$ 74,675,451	\$ 71,698,026
Restricted	8,216,813	7,944,025	9,049,015	11,517,455
Unrestricted	10,616,630	(8,182,481)	(8,441,588)	(36,866,281)
Total primary government net position	<u>\$ 88,751,062</u>	<u>\$ 72,186,781</u>	<u>\$ 75,282,878</u>	<u>\$ 46,349,200</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 56,878,228	\$ 56,601,988	\$ 59,589,114	\$ 67,691,252	\$ 85,689,643	\$ 87,510,968
13,808,573	17,256,904	16,314,865	12,119,087	16,166,941	17,244,941
<u>(39,126,535)</u>	<u>(37,204,436)</u>	<u>(40,387,356)</u>	<u>(33,917,809)</u>	<u>(52,525,473)</u>	<u>(58,918,879)</u>
<u>\$ 31,560,266</u>	<u>\$ 36,654,456</u>	<u>\$ 35,516,623</u>	<u>\$ 45,892,530</u>	<u>\$ 49,331,111</u>	<u>\$ 45,837,030</u>
\$ 15,985,969	\$ 15,985,969	\$ 15,985,969	\$ 15,985,969	\$ 13,000,844	\$ 16,217,054
<u>9,672,252</u>	<u>9,812,211</u>	<u>8,612,543</u>	<u>9,935,338</u>	<u>11,042,102</u>	<u>11,338,137</u>
<u>\$ 25,658,221</u>	<u>\$ 25,798,180</u>	<u>\$ 24,598,512</u>	<u>\$ 25,921,307</u>	<u>\$ 24,042,946</u>	<u>\$ 27,555,191</u>
\$ 72,864,197	\$ 72,587,957	\$ 75,575,083	\$ 83,677,221	\$ 98,690,487	\$ 103,728,022
13,808,573	17,256,904	16,314,865	12,119,087	16,166,941	17,244,941
<u>(29,454,283)</u>	<u>(27,392,225)</u>	<u>(31,774,813)</u>	<u>(23,982,471)</u>	<u>(41,483,371)</u>	<u>(47,580,742)</u>
<u>\$ 57,218,487</u>	<u>\$ 62,452,636</u>	<u>\$ 60,115,135</u>	<u>\$ 71,813,837</u>	<u>\$ 73,374,057</u>	<u>\$ 73,392,221</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 4,019,613	\$ 4,294,792	\$ 4,473,909	\$ 4,324,645	\$ 4,604,299
Public safety	13,568,582	13,572,060	13,935,234	13,997,209	15,859,890
Community Development	1,631,678	1,378,014	1,250,419	1,089,881	1,629,555
Public Works	4,688,440	4,088,408	4,138,762	5,757,332	4,714,402
Parks, Beaches & Recreation	4,005,189	3,880,586	3,921,499	3,894,017	4,329,044
Interest on Long-term Debt	2,120,772	2,037,476	1,945,156	2,072,272	1,667,485
Total Governmental Activities Expenses	<u>\$ 30,034,274</u>	<u>\$ 29,251,336</u>	<u>\$ 29,664,979</u>	<u>\$ 31,135,356</u>	<u>\$ 32,804,675</u>
Business-type activities:					
Sewer	\$ 10,124,492	\$ 10,231,084	\$ 10,853,371	\$ 11,897,495	\$ 10,816,732
Beach Parking				515,915	532,102
Total Business-Type Activities Expenses	<u>\$ 10,124,492</u>	<u>\$ 10,231,084</u>	<u>\$ 10,853,371</u>	<u>\$ 11,897,495</u>	<u>\$ 10,816,732</u>
Total Primary Government Expenses	<u>\$ 40,158,766</u>	<u>\$ 39,482,420</u>	<u>\$ 40,518,350</u>	<u>\$ 43,032,851</u>	<u>\$ 43,621,407</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 12,512	\$ 15,902	\$ 18,796	\$ 29,769	\$ 126,156
Public Safety	681,205	836,279	999,209	938,379	1,043,155
Community Development	693,169	688,975	989,356	1,922,976	3,638,027
Public Works	701,012	701,012	791,041	743,700	786,000
Parks, Beaches & Recreation	2,063,812	2,067,301	2,248,642	2,107,720	2,220,263
Operating Grants and Contributions	1,726,522	1,817,278	2,153,345	4,321,012	3,923,126
Capital Grants and Contributions	3,519,266	2,311,468	6,364,781	4,709,960	4,912,145
Total Governmental Activities Program Revenues	<u>\$ 9,397,498</u>	<u>\$ 8,438,215</u>	<u>\$ 13,565,170</u>	<u>\$ 14,773,516</u>	<u>\$ 16,648,872</u>
Business-Type Activities:					
Charges for services:					
Sewer	\$ 11,980,789	\$ 12,500,814	\$ 13,331,596	\$ 13,721,346	\$ 12,959,708
Beach Parking				537,192	533,952
Total Business-Type Activities Program Revenues	<u>11,980,789</u>	<u>12,500,814</u>	<u>13,331,596</u>	<u>13,721,346</u>	<u>12,959,708</u>
Total Primary Government Program Revenues	<u>\$ 21,378,287</u>	<u>\$ 20,939,029</u>	<u>\$ 26,896,766</u>	<u>\$ 28,494,862</u>	<u>\$ 29,608,580</u>
Net Revenues (Expenses)					
Governmental activities	\$ (20,636,776)	\$ (20,813,121)	\$ (16,099,809)	\$ (16,361,840)	\$ (16,155,803)
Business-type activities	1,856,297	2,269,730	2,478,225	1,845,128	2,144,826
Total Net Revenues (Expenses)	<u>\$ (18,780,479)</u>	<u>\$ (18,543,391)</u>	<u>\$ (13,621,584)</u>	<u>\$ (14,516,712)</u>	<u>\$ (14,010,977)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property taxes	\$ 10,434,510	\$ 10,701,810	\$ 11,275,518	\$ 12,200,335	\$ 12,445,509
Sales Taxes	1,519,978	1,588,277	1,686,593	1,754,568	1,983,930
Franchise Tax	1,595,929	1,617,727	1,668,382	1,697,972	1,736,620
Other Taxes	3,005,388	3,152,723	3,329,647	3,529,485	3,710,615
Motor vehicle in lieu - unrestricted	3,039,393	2,923,573	3,164,873	3,320,316	3,543,953
Investment earnings	334,475	164,114	184,700	29,979	(44,457)
Miscellaneous	469,780	357,630	537,867	259,197	1,481,757
Transfers	200,000	410,000	15,715	(150)	939,559
Total Governmental Activities	<u>\$ 20,599,453</u>	<u>\$ 20,915,854</u>	<u>\$ 21,863,295</u>	<u>\$ 22,791,702</u>	<u>\$ 25,797,486</u>
Business-type activities:					
Investment Earnings	\$ 16,479	\$ 21,468	\$ 19,808	\$ 16,123	\$ 22,337
Miscellaneous		42,047			
Transfers	(200,000)	(410,000)		150	(939,559)
Total Business-Type Activities	<u>\$ (183,521)</u>	<u>\$ (346,485)</u>	<u>\$ 19,808</u>	<u>\$ 16,273</u>	<u>\$ (917,222)</u>
Total Primary Government	<u>\$ 20,415,932</u>	<u>\$ 20,569,369</u>	<u>\$ 21,883,103</u>	<u>\$ 22,807,975</u>	<u>\$ 24,880,264</u>
Changes in Net Position before Extraordinary Item:					
Governmental Activities	\$ (37,323)	\$ 102,733	\$ 5,763,486	\$ 6,429,862	\$ 9,641,683
Business-type Activities	1,672,776	1,923,245	2,498,033	1,861,401	1,227,604
Total Primary Government before Extraordinary Item:	<u>\$ 1,635,453</u>	<u>\$ 2,025,978</u>	<u>\$ 8,261,519</u>	<u>\$ 8,291,263</u>	<u>\$ 10,869,287</u>
Extraordinary Item					
Gain on transfer of assets and liabilities to successor agency		\$ 5,557,942	\$ -	\$ -	\$ -
Changes in Net Assets After Extraordinary Item:					
Governmental Activities		\$ 5,520,619	\$ 5,763,486	\$ 6,429,862	\$ 9,641,683
Business-Type Activities		1,672,776	1,923,245	2,498,033	1,861,401
Total Primary Government		<u>7,193,395</u>	<u>\$ 7,686,731</u>	<u>\$ 8,927,895</u>	<u>\$ 11,503,084</u>

Notes:

The City began reporting in the GASB 34 format in 2003

2017	2018	2019	2020	2021
\$ 5,196,272	\$ 7,156,065	\$ 5,709,625	\$ 6,334,939	\$ 7,118,502
14,310,434	17,194,894	18,784,090	18,649,308	21,096,292
1,964,355	2,329,479	2,731,034	2,984,755	2,972,473
5,698,841	7,409,411	2,534,274	6,980,889	7,713,891
4,938,859	4,963,552	5,392,377	5,586,758	5,441,842
2,442,966	1,896,665	706,918	1,364,573	961,257
<u>\$ 34,551,727</u>	<u>\$ 40,950,066</u>	<u>\$ 35,858,318</u>	<u>\$ 41,901,222</u>	<u>\$ 45,304,257</u>
\$ 11,893,663	\$ 12,922,459	\$ 14,927,925	\$ 18,794,726	\$ 12,884,968
502,373	562,426	536,423	468,537	715,783
<u>\$ 12,396,036</u>	<u>\$ 13,484,885</u>	<u>\$ 15,464,348</u>	<u>\$ 19,263,263</u>	<u>\$ 13,600,751</u>
<u>\$ 46,947,763</u>	<u>\$ 54,434,951</u>	<u>\$ 51,322,666</u>	<u>\$ 61,164,485</u>	<u>\$ 58,905,008</u>
\$ 74,899	\$ 109,145	\$ 77,871	\$ 108,746	\$ 86,009
987,163	1,141,995	852,591	788,489	844,530
2,333,796	2,216,407	2,318,892	2,100,634	2,673,577
743,700	743,700	804,110	795,505	892,456
2,231,797	2,486,816	2,588,014	1,902,841	831,914
4,124,499	3,541,903	3,853,971	2,892,136	3,491,531
2,458,959	3,759,417	4,606,092	5,683,998	2,305,188
<u>\$ 12,954,813</u>	<u>\$ 13,999,383</u>	<u>\$ 15,101,541</u>	<u>\$ 14,272,349</u>	<u>\$ 11,125,205</u>
\$ 12,715,024	\$ 13,761,816	\$ 14,802,705	\$ 16,591,415	\$ 15,760,525
493,850	543,919	675,689	485,883	822,510
13,208,874	14,305,735	15,478,394	17,077,298	16,583,035
<u>\$ 26,163,687</u>	<u>\$ 28,305,118</u>	<u>\$ 30,579,935</u>	<u>\$ 31,349,647</u>	<u>\$ 27,708,240</u>
\$ (21,596,914)	\$ (26,950,683)	\$ (20,756,777)	\$ (27,628,873)	\$ (34,179,052)
812,838	820,850	14,046	(2,185,965)	2,982,284
<u>\$ (20,784,076)</u>	<u>\$ (26,129,833)</u>	<u>\$ (20,742,731)</u>	<u>\$ (29,814,838)</u>	<u>\$ (31,196,768)</u>
\$ 12,679,059	\$ 13,780,294	\$ 14,731,311	\$ 13,030,713	\$ 15,087,028
2,374,505	2,350,478	2,611,801	2,570,334	2,848,681
1,748,266	1,722,343	1,661,717	1,647,467	1,706,107
3,749,159	4,904,111	5,340,307	8,572,837	9,026,832
3,731,337	3,973,622	4,199,391	4,253,924	2,643,981
743,630	151,887	254,481	341,064	9,364
846,648	505,076	2,384,463	571,114	204,939
818,500	98,343	272,500	80,000	(250,000)
<u>\$ 26,691,104</u>	<u>\$ 27,486,154</u>	<u>\$ 31,455,971</u>	<u>\$ 31,067,453</u>	<u>\$ 31,276,932</u>
\$ 145,621	\$ 442,917	\$ 415,825	\$ 387,604	\$ 296,784
(818,500)	204,939	(272,500)	(80,000)	250,000
<u>\$ (672,879)</u>	<u>\$ 549,513</u>	<u>\$ 143,325</u>	<u>\$ 307,604</u>	<u>\$ 546,784</u>
<u>\$ 26,018,225</u>	<u>\$ 28,035,667</u>	<u>\$ 31,599,296</u>	<u>\$ 31,375,057</u>	<u>\$ 31,823,716</u>
\$ 5,094,190	\$ 535,471	\$ 10,699,194	\$ 3,438,580	\$ (2,902,120)
139,959	1,370,363	157,371	(1,878,361)	3,529,068
<u>\$ 5,234,149</u>	<u>\$ 1,905,834</u>	<u>\$ 10,856,565</u>	<u>\$ 1,560,219</u>	<u>\$ 626,948</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,094,190	\$ 535,471	\$ 10,699,194	\$ 3,438,580	\$ (2,902,120)
1,227,604	139,959	157,371	(1,878,361)	3,529,068
<u>\$ 6,321,794</u>	<u>\$ 675,430</u>	<u>\$ 10,856,565</u>	<u>\$ 1,560,219</u>	<u>\$ 626,948</u>

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

	Fiscal year June 30,		
	2012	2013	2014
General Fund			
Reserved			
Unreserved			
Non Spendable	\$ 2,519,544	\$ 2,522,197	\$ 2,540,590
Committed	743,683	899,051	907,519
Assigned	130,858	117,873	168,197
Unassigned	227,012	127,980	1,341,251
Total General Fund	<u>\$ 3,621,097</u>	<u>\$ 3,667,101</u>	<u>\$ 4,957,557</u>
Interest receivable			
All Other Governmental Funds			
Reserved			\$ -
Unreserved			-
Unreserved, reported in:			
Special revenue fund			
Capital projects fund			
Debt service funds			
Restricted	\$ 9,042,672	\$ 8,230,761	\$ 10,155,601
Committed	-	-	-
Assigned	-	-	-
Unassigned	(979,737)	(818,354)	(1,656,694)
Total All Other Governmental Funds	<u>\$ 8,062,935</u>	<u>\$ 7,412,407</u>	<u>\$ 8,498,907</u>
Total Governmental Funds	<u>\$ 11,684,032</u>	<u>\$ 11,079,508</u>	<u>\$ 13,456,464</u>

	Fiscal year June 30,						
	2015	2016	2017	2018	2019	2020	2021
General Fund							
Non Spendable	\$ 3,996,158	\$ 3,947,951	\$ 4,021,024	\$ 4,003,847	\$3,911,023	\$ 3,783,486	\$ 3,864,704
Restricted	-	-	-	-	-	-	200,755
Assigned	904,240	904,240	904,240	1,407,541	3,499,121	4,693,187	4,441,015
Unassigned	1,893,507	4,960,039	5,404,857	7,142,843	7,548,938	8,026,175	7,994,899
Total General Fund	<u>\$ 6,793,905</u>	<u>\$ 9,812,230</u>	<u>\$ 10,330,121</u>	<u>\$ 12,554,231</u>	<u>\$ 14,959,082</u>	<u>\$ 16,502,848</u>	<u>\$ 16,501,373</u>
All Other Governmental Funds:							
Restricted	\$ 11,503,439	\$ 13,808,573	\$ 17,256,904	\$ 18,219,942	\$ 11,784,231	\$ 19,732,457	\$ 20,533,315
Committed	-	-	-	-	-	-	-
Assigned	14,016.0000	-	-	-	-	-	-
Unassigned	(1,312,645)	(2,410,718)	(3,518,187)	(6,077,744)	1,943,978	-	(188,655)
Total All Other Governmental Funds	<u>\$ 10,204,810</u>	<u>\$ 11,397,855</u>	<u>\$ 13,738,717</u>	<u>\$ 12,142,198</u>	<u>\$ 13,728,209</u>	<u>\$ 19,732,457</u>	<u>\$ 20,344,660</u>
Total Governmental Funds	<u>\$ 16,998,715</u>	<u>\$ 21,210,085</u>	<u>\$ 24,068,838</u>	<u>\$ 24,696,429</u>	<u>\$ 28,687,291</u>	<u>\$ 36,235,305</u>	<u>\$ 36,846,033</u>

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

	Fiscal Year June 30,			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 16,733	\$ 17,238	\$ 18,138	\$ 21,216
Licenses and permits	409	389	515	683
Fines and forfeitures	174	179	301	153
Use of money and property	220	155	178	459
Intergovernmental revenues	8,029	7,233	10,614	8,567
Charges for Services	1,515	1,679	1,996	2,219
Recreation Programs	786	820	813	897
Other Revenues	1,790	1,531	2,285	4,163
Total Revenues:	<u>29,656</u>	<u>29,224</u>	<u>34,840</u>	<u>38,357</u>
Expenditures				
Current:				
General government	3,428	3,677	3,866	3,899
Public safety	12,544	12,452	12,940	14,199
Community Development	1,491	1,331	1,250	1,318
Public Works	3,583	3,356	3,347	4,259
Parks, Beaches & Recreation	3,644	3,552	3,585	3,988
Non-departmental				
Capital outlay	2,843	2,659	3,529	3,077
Debt service:				
Principal retirement	1,561	1,661	1,791	1,918
Interest and Other Chares	2,250	1,912	1,878	1,777
Bond issuance cost				
Total Expenditures	<u>31,344</u>	<u>30,600</u>	<u>32,186</u>	<u>34,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,688)</u>	<u>(1,376)</u>	<u>2,654</u>	<u>3,922</u>
Other Financing Sources (Uses)				
Transfers in	3,449	3,619	3,766	1,924
Transfers out	(4,504)	(4,017)	(4,146)	(2,304)
Other Sources/Uses:				
Issuance of Debt				
Issuance of Discount				
Refunded to debt escrow agent				
Proceeds of long-term debt		1,169		
Total other financing sources (uses)	<u>(1,055)</u>	<u>771</u>	<u>(380)</u>	<u>(380)</u>
Net change in fund balances	<u>\$ (2,743)</u>	<u>\$ (605)</u>	<u>\$ 2,274</u>	<u>\$ 3,542</u>
Debt service as a percentage of noncapital expenditures	13.3%	12.8%	12.8%	11.5%

Fiscal Year June 30,

2016	2017	2018	2019	2020	2021
\$ 22,294	\$ 22,411	\$ 23,768	\$ 25,847	\$ 27,399	\$ 30,227
827	812	1,036	838	969	1,197
150	161	190	193	182	174
1,663	980	311	386	338	103
7,439	6,605	7,637	6,672	8,312	5,102
2,829	2,722	2,778	2,899	2,358	3,588
898	845	989	904	495	373
3,690	4,283	4,662	8,510	5,411	1,880
<u>39,790</u>	<u>38,819</u>	<u>41,371</u>	<u>46,249</u>	<u>45,464</u>	<u>42,644</u>
4,332	4,538	4,444	5,160	5,628	6,094
14,555	15,452	16,192	16,621	16,352	17,165
1,814	1,907	2,110	2,442	2,579	2,432
3,707	4,597	4,041	4,622	5,917	6,841
4,333	4,419	4,158	4,792	4,886	4,433
3,393	1,952	6,701	5,603	1,585	2,535
2,046	1,667	971	1,017	111	611
1,686	1,957	1,335	1,339	1,272	941
	293			212	
<u>35,866</u>	<u>36,782</u>	<u>39,952</u>	<u>41,596</u>	<u>38,542</u>	<u>41,052</u>
<u>3,924</u>	<u>2,037</u>	<u>1,419</u>	<u>4,653</u>	<u>6,922</u>	<u>1,592</u>
2,614	6,191	2,412	13,059	3,451	3,821
(2,327)	(5,665)	(3,203)	(13,721)	(3,341)	(4,211)
	(16,794)			8,436	
	17,092			(7,920)	
<u>287</u>	<u>824</u>	<u>(791)</u>	<u>(662)</u>	<u>626</u>	<u>(390)</u>
<u>\$ 4,211</u>	<u>\$ 2,861</u>	<u>\$ 628</u>	<u>\$ 3,991</u>	<u>\$ 7,548</u>	<u>\$ 1,202</u>
11.4%	11.1%	6.50%	7.4%	3.9%	4.2%

CITY OF PACIFICA
TAXABLE SALES BY CATEGORY
LAST TEN YEARS (IN \$000's)

<u>Categories</u>	<u>Annual Years</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020*</u>
Food Stores	\$ 21,626	\$ 22,115	\$ 22,826	\$ 23,722	\$ 23,543	\$ 24,727	\$ 27,139	\$ 27,696	\$ 28,115	\$ 30,462
Eating & Drinking Places	30,257	34,147	40,164	45,750	49,770	50,616	53,219	56,013	60,071	45,853
Building Materials	3,438	3,523	3,360	3,795	3,933	3,839	4,173	3,900	4,210	5,955
Auto Dealers & Supplies	4,118	4,433	4,757	4,646	4,482	4,532	4,804	4,778	5,134	4,728
Service Stations	49,578	52,533	54,312	52,412	44,660	38,899	42,139	46,839	44,942	29,641
Other Retail Stores	38,689	38,856	39,992	38,653	39,861	42,987	43,499	44,111	45,830	52,880
All Other Outlets	30,023	33,172	36,608	40,072	40,297	48,841	50,643	55,023	61,978	75,620
Total	\$ 177,729	\$ 188,779	\$ 202,019	\$ 209,050	\$ 206,546	\$ 214,441	\$ 225,616	\$ 238,360	\$ 250,280	\$ 245,139

Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office and the HdL Companies

* Information presented is most current at the time of preparation.

**CITY OF PACIFICA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN YEARS**

<u>Annual Year</u>	<u>State Rate</u>	<u>City Direct Rate</u>	<u>San Mateo County Rate</u>	<u>City/County Public Safety</u>	<u>District Rate</u>	<u>Total</u>
2012	5.25%	0.75%	1.75%	0.50%	0.00%	8.25%
2013	6.00%	0.75%	1.75%	0.50%	0.00%	9.00%
2014	6.00%	0.75%	1.75%	0.50%	0.00%	9.00%
2015	6.00%	0.75%	1.75%	0.50%	0.00%	9.00%
2016	6.00%	0.75%	1.75%	0.50%	0.00%	9.00%
2017	5.75%	0.75%	1.75%	0.50%	0.00%	8.75%
2018	5.75%	0.75%	1.75%	0.50%	0.00%	8.75%
2019	6.00%	0.75%	2.00%	0.50%	0.00%	9.25%
2020	6.00%	0.75%	2.00%	0.50%	0.00%	9.25%
2021	6.00%	0.75%	2.13%	0.50%	0.00%	9.38%

Notes:

Proposition 172 approved by the voters in 1993 provides 1/2 cent sales tax for Public Safety Augmentation.
 San Mateo County Transportation Authority District is provided a 1/2 cent sales tax approved by the voters in 1989.
 San Mateo County Transit District is provided a 1/2 cent sales tax approved by the voters in 1982.
 Voters approved a San Mateo County Transactions and Use Tax of a 1/2 cent effective in 2013.
 Voters approved a San Mateo County Transit District Transactions and Use Tax of a 1/2 cent effective in 2019 for traffic congestion and transportation purposes.
 Voters approved Measure RR which authorized an additional sales tax of 0.125 percent in San Francisco, Santa Clara and San Mateo counties for the next 30 years.

Source: State Board of Equalization & HdL Companies

CITY OF PACIFICA
TAX REVENUES BY SOURCE (GOVERNMENTAL FUNDS)
LAST TEN FISCAL YEARS
(IN \$000's)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses & Permits</u>	<u>Use of Money & Property</u>	<u>Inter-Governmental</u>	<u>Current Service Chgs.</u>	<u>Fines & Forfeitures</u>	<u>Other Revenues</u>	<u>TOTAL</u>
2011-2012	\$ 16,733,367	\$ 409,098	\$ 219,957	\$ 8,028,700	\$ 1,515,050	\$ 173,944	\$ 2,576,009	\$ 29,656,125
2012-2013	17,238,036	389,107	154,513	7,233,370	1,679,210	178,727	2,351,178	29,224,141
2013-2014	18,137,639	514,854	177,610	10,614,499	1,996,318	300,611	3,099,290	34,840,821
2014-2015	21,215,649	683,517	458,823	8,567,028	2,219,356	153,031	5,059,783	38,357,187
2015-2016	22,294,417	827,154	1,663,159	7,439,425	2,828,678	149,573	4,588,311	39,790,717
2016-2017	22,411,007	811,803	980,024	6,604,617	2,722,206	161,023	5,037,010	38,727,690
2017-2018	23,767,659	1,035,782	311,425	7,636,773	2,778,648	190,202	5,650,674	41,371,163
2018-2019	25,847,343	837,785	386,289	6,671,627	2,899,101	193,046	9,414,628	46,249,819
2019-2020	27,398,902	968,574	337,889	8,311,834	2,338,945	181,883	5,906,254	45,444,281
2020-2021	30,226,812	1,197,277	103,437	5,101,845	3,581,214	174,048	2,253,219	42,637,852
% Change 2012-2021	80.64%	192.66%	-52.97%	-36.45%	136.38%	0.06%	-12.53%	43.77%

Notes:
Above amounts include General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Other Governmental Funds..
Above amounts exclude other financing sources.

Source: Annual Financial Statements, City of Pacifica and City's Comprehensive Annual Financial Reports

CITY OF PACIFICA, CALIFORNIA
ASSESSED VALUATION, TAX RATE, AND TAX LEVIES
 (IN \$000's)
LAST TEN FISCAL YEARS

Fiscal Year	LOCALLY ASSESSED					TOTALS							
	Secured		Unsecured			Exemptions/Net Totals							
	Land Value	Personal Property	Land Value	Improvements	Personal Property	Land Value	Improvements	Personal Property	Grand Total	(1) H.O.P.T.R.	Other	Total Exemptions	Net Subject To Tax
2011-2012	2,049,170	2,415	4,917	21,139	31,638	2,054,087	2,425,175	34,053	4,513,315	58,411	56,038	114,449	4,398,866
2012-2013	2,074,034	2,423	4,933	19,077	37,361	2,078,967	2,445,620	39,784	4,564,371	57,436	57,796	115,232	4,449,139
2013-2014	2,174,610	2,615	4,906	19,263	19,445	2,179,516	2,553,789	22,060	4,755,365	56,906	58,966	115,872	4,639,493
2014-2015	2,294,249	2,352	5,041	21,781	22,507	2,299,290	2,669,560	24,859	4,993,709	56,151	61,142	117,293	4,876,416
2015-2016	2,460,040	2,172	4,108	22,270	31,051	2,464,148	2,837,928	33,223	5,335,299	55,523	65,832	121,355	5,213,944
2016-2017	2,622,536	2,132	4,041	18,948	21,509	2,626,577	2,971,880	23,641	5,622,098	54,992	52,206	107,198	5,514,900
2017-2018	2,836,115	2,089	4,385	14,214	21,638	2,840,500	3,115,023	23,727	5,979,250	54,419	56,363	110,772	5,868,478
2018-2019	3,056,112	3,449	4,302	13,229	22,588	3,060,414	3,249,441	26,037	6,335,892	54,076	78,225	132,301	6,203,591
2019-2020	3,274,914	2,674	3,932	12,192	23,895	3,278,846	3,415,870	26,569	6,721,285	53,476	86,187	139,663	6,581,622
2020-2021	3,483,408	2,535	3,316	5,892	21,984	3,486,724	3,551,314	24,519	7,062,557	52,896	87,151	140,047	6,922,510
% Change 2012-2021	69.99%	47.48%	-32.56%	-72.13%	-30.51%	69.75%	46.44%	-28.00%	56.48%	-9.44%	55.52%	22.37%	57.37%

(1) Homeowner's Property Tax Relief

Notes:

* California property tax assessments are "acquisition" based, rather than cyclical based. In California, the property tax system is acquisition based, meaning that a real property is assessed upon acquisition or when newly constructed, and assessed at a ratio of 100% of fair market value as of the event date. After the acquisition or new construction basis is determined, year to year increases in assessed value are limited to no more than 2%. In the event of an economic downturn, real property is assessed at the lower of its acquisition basis, increased by the maximum of 2% per year or the fair market value as of January 2, whichever is lower.

Source: San Mateo Count Assessor 2020/21 Combined Tax Rolls.

**CITY OF PACIFICA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Annual Year	School District						Total Direct & Overlapping Tax Rates	Total Direct Rate
	San Mateo County as Distributor	Pacifica School District	Jefferson		San Mateo			
			High School & Elementary School Districts	High School & High School	Junior College	High School		
2012	1.0000%	0.0422%	0.0829%	0.0199%			0.1933%	
2013	1.0000%	0.0432%	0.0746%	0.0194%			0.1991%	
2014	1.0000%	0.0403%	0.1287%	0.0194%			0.1941%	
2015	1.0000%	0.0392%	0.1192%	0.0190%			0.1934%	
2016	1.0000%	0.0250%	0.1257%	0.0250%			0.1934%	
2017	1.0000%	0.0311%	0.1480%	0.0247%			0.1934%	
2018	1.0000%	0.0281%	0.1479%	0.0235%			0.1935%	
2019	1.0000%	0.0517%	0.1302%	0.0175%			0.1935%	
2020	1.0000%	0.0505%	0.1478%	0.0266%			0.1936%	
2021	1.0000%	0.0415%	0.1609%	0.0213%			0.1936%	

Notes:

Under constitutional Amendment (Proposition 13) passed by voters in the State of California in June 1978, the tax rate (excluding bonded debt) is frozen at 1% of the full market value of property. This tax is collected by the County Tax Collector and distributed on a formula determined by the State Legislature. Local agencies levy the tax rate only for general obligation bonds, or in excess of 1% if two-thirds of the voters in the area authorize such a rate increase. All tax levies include Homeowner's Property Tax Relief and Business Inventory Property Tax Relief.

Source: HdL Companies

CITY OF PACIFICA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(in \$'000's)

	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
FPA WD Lands End LLC	\$ 90,842	1	1.30%	\$ 49,122	1	1.10%
AIMCO Pacifica Park Apartments	57,039	2	0.82%	48,502	2	1.09%
GRI Fairmont LLC	39,250	3	0.56%			
Linda Mar Shopping Center, LLP	38,446	4	0.55%	31,628	3	0.71%
Pacifica Villages LP	32,229	5	0.46%			
CRP/PSE Seaside Pacifica Owner	26,506	6	0.38%			
2400 Skyline Blvd LLC	18,185	7	0.26%			
Bay Apartment Communities, Inc.	16,307	8	0.23%	13,521	8	0.30%
Upsky Lighthouse Hotel LLC	15,322	9	0.22%			
LBN Properties LP	15,092	10	0.22%	12,883	9	0.29%
PK III Fairmont Shopping Center				27,460	4	0.62%
Marymount Summit ,LLC				18,400	5	0.41%
Comcast of California IX Inc.				15,966	6	0.36%
Harry B. Lewis, et al				14,258	7	0.32%
Pacifica Lenders LLC				10,075	10	0.23%
Total	\$ 349,218		5.00%	\$ 241,815		5.43%

Notes:

This schedule serves a dual purpose of providing basic information about our jurisdiction's most significant revenue payers and highlighting the degree to which a government is dependent on a small number of payers.

Source: HdL Companies

**CITY OF PACIFICA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (IN \$000's)**

Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2012	8,753	8,753	100.00%	0	8,753	100.00%
2013	8,848	8,848	100.00%	0	8,848	100.00%
2014	9,088	9,088	100.00%	0	9,088	100.00%
2015	9,516	9,516	100.00%	0	9,516	100.00%
2016	10,090	10,090	100.00%	0	10,090	100.00%
2017	10,728	10,728	100.00%	0	10,728	100.00%
2018	12,097	12,097	100.00%	0	12,097	100.00%
2019	12,782	12,782	100.00%	0	12,782	100.00%
2020	13,442	13,442	100.00%	0	13,442	100.00%
2021	13,993	13,993	100.00%	0	13,993	100.00%
% Change 2011-2020	0.5357	0.5357			0.5357	-

Notes:

This Statement shows the period for which the tax is levied.

Includes Homeowner's Tax Relief (HOPTR).

Under constitutional Amendment (Proposition 13) passed by voters in the State of California in June 1978, the tax rate (excluding bonded debt) is frozen at 1% of the full market value of property. This tax is collected by the County Tax Collector and distributed on a formula determined by the State Legislature. Local agencies levy the tax rate only for general obligation bonds, or in excess of 1% if two-thirds of the voters in the area authorize such a rate increase. All tax levies include Homeowner's Property Tax Relief and Business Inventory Property Tax Relief.

* Information presented is most current at the time of preparation.

Sources: City Financial Reports and Office of the Controller, County of San Mateo

**CITY OF PACIFICA
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities

Fiscal Year Ending	Pension Obligation Bond	Capital Lease Payable	Notes Payable	Certificates of Participation	Total Governmental Activities Debt
2012	\$ 16,161,022	\$ -	\$ 875,378	\$18,325,000	\$ 35,361,400
2013	15,059,702	1,120,756	875,378	16,754,619	33,810,455
2014	13,857,073	1,021,637	875,378	17,295,000	33,049,088
2015	12,712,826	918,514	875,378	16,740,000	31,246,718
2016	11,303,736	811,224	-	16,210,000	28,324,960
2017	9,748,420	699,600	-	16,977,583	27,425,603
2018	8,893,219	583,466	-	16,862,704	26,339,389
2019	7,936,101	462,641	-	16,747,825	25,146,567
2020	8,583,041	336,934	-	16,632,946	25,552,921
2021	8,583,041	208,149	-	16,038,067	24,829,257

Notes:

Details regarding the city's debt can be found in the notes to the financial statements.

The City issued a total of \$13,630,000 of new certificates of participation in 1999, 2000 and 2003.

The City issued \$19,815,000 of new COP's in 2008, refunding the 1999, 2000 and 2003 COP's.

The City issued \$20,500,000 in Pension Obligation Bonds in 2010.

The City issued \$14,680,000 (par value) of new COP's in 2016, refunding the 2008 COP's

The City issued \$9,685,0000 of new Pension Obligation Bonds in 2019, refunding the 2010 POB

Sources: City's Comprehensive Annual Financial Reports 2012-2021.

**CITY OF PACIFICA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Business-Type Activities

Fiscal Year Ending	Sewer Bonds	Notes Payable	Total Business-Type Government	Total Primary Government	Estimated Median Personal Income	Population	Debt Per Capita	Per Capita Personal Income	Debt as a Percentage of Personal Income
2011	\$ 15,269,875	\$ 20,444,965	\$ 35,714,840	\$ 72,610,343	\$ 62,917	37,658	1,928	\$ 39,648	0.05%
2012	15,018,978	18,747,852	33,766,830	69,128,230	n/a	37,658	1,836	39,648	0.06%
2013	11,275,298	23,043,678	34,318,976	68,129,431	n/a	37,948	1,795	41,909	0.06%
2014	11,172,927	21,406,345	32,579,272	65,628,360	n/a	38,292	1,714	42,099	0.06%
2015	9,736,334	20,375,644	30,111,978	61,358,696	n/a	38,315	1,601	43,390	0.07%
2016	9,436,801	18,070,515	27,507,316	55,832,276	n/a	37,806	1,477	45,452	0.08%
2017	35,297,847	15,756,776	51,054,623	78,480,226	n/a	38,124	2,059	45,591	0.06%
2018	34,886,481	13,434,113	48,320,594	74,659,983	n/a	38,418	1,943	46,553	0.06%
2019	34,481,802	11,102,206	45,584,008	70,730,575	n/a	38,674	1,829	48,476	0.07%
2020	34,283,067	8,760,726	43,043,793	68,596,714	n/a	38,331	1,790	51,799	0.08%
2021	34,007,546	6,409,327	40,416,873	65,244,130	n/a	37,890	1,722	54,637	0.08%

Notes:

This schedule displays the Enterprise Fund debt of the Wastewater Treatment Plant. Details regarding the city's debt can be found in the notes to the financial statements.

Sources:

The City's Comprehensive Annual Financial Reports 2012-2021.

**CITY OF PACIFICA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

November 15, 2021

Ms. Sheila Tioyao
City of Pacifica
170 Santa Maria Avenue
Pacifica, CA 94044

CITY OF PACIFICA

2020-21 Assessed Valuation: \$6,986,484,045

	Total Debt <u>6/30/21</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/21</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$761,305,961	2.729%	\$ 20,776,040
Jefferson Union High School District	265,554,630	28.972	76,936,487
Jefferson School District	121,720,000	1.242	1,511,762
Pacifica Elementary School District (Laguna Salada)	23,168,174	99.873	<u>23,138,750</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$122,363,039
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$640,119,345	2.729%	\$17,468,857
San Mateo County Board of Education Certificates of Participation	6,840,000	2.729	186,664
San Mateo County Flood Control and Sea LRR District			
General Fund Obligations	15,425,000	0.618	95,327
Jefferson Union High School District Certificates of Participation	47,490,000	28.972	13,758,803
City of Pacifica Certificates of Participation	16,038,067	100.	16,038,067
City of Pacifica Pension Obligation Bonds	8,583,041	100.	8,583,041
City of Pacifica Energy Retrofit Lease	206,149	100.	<u>206,149</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$56,336,908
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$1,015,000	100. %	\$1,015,000
TOTAL DIRECT DEBT			\$24,827,257
TOTAL OVERLAPPING DEBT			\$154,887,690
COMBINED TOTAL DIRECT AND OVERLAPPING DEBT			\$179,714,947 (2)

(1) 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 and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt1.75%
Total Direct Debt (\$24,827,257).....0.36%
 Combined Total Debt.....2.53%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$42,290,982):

Total Overlapping Tax Increment Debt2.40%

AB: (\$500)

**CITY OF PACIFICA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (IN \$000's)**

FISCAL YEAR ENDING JUNE 30

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuation	\$ 4,457,277	\$ 4,506,576	\$ 4,696,398	\$ 4,932,568	\$ 5,269,468	\$ 5,569,870	\$ 5,934,385	\$ 6,271,558	\$ 6,646,497	\$ 6,986,484
Debt Limit	167,148	168,997	176,115	184,971	197,605	208,870	222,539	235,183	249,244	261,993
Total Net Debt Applicable to Limit	34,486	32,936	33,049	31,247	28,325	27,426	26,339	25,147	25,553	24,829
Legal Debt Margin	\$ 132,662	\$ 136,061	\$ 143,066	\$ 153,724	\$ 169,280	\$ 181,444	\$ 196,200	\$ 210,036	\$ 223,691	\$ 237,164
Total Net Debt applicable to the limit as a percentage of debt limit	20.63%	19.49%	18.77%	16.89%	14.33%	13.13%	11.84%	10.69%	10.25%	9.48%

Notes:

Debt Limit is 3.75% of Assessed Value.

Source: City of Pacifica and San Mateo County Assessor's records

CITY OF PACIFICA
WASTEWATER OBLIGATIONS PLEDGED REVENUE COVERAGE
LAST TEN YEARS (IN \$000's)

Fiscal Year	Enterprise Fund Bonds						Total Parity Debt Service	Total Parity Coverage
	(1) Operating Revenues	(1) Less Operating Expenses	Pledged Net Revenue	(2) Bonded Debt Service	(3) Other Parity Debt Service	(4)		
2012	11,981	6,735	5,246	473	2,414	2,887	1.82	
2013	12,501	6,704	5,797	473	2,405	2,878	2.01	
2014	13,332	7,281	6,051	473	2,549	3,022	2.00	
2015	13,721	7,663	6,058	359	2,514	2,873	2.11	
2016	12,960	7,851	5,109	337	2,514	2,851	1.79	
2017	12,715	8,444	4,271	1,163	2,514	3,677	1.16	
2018	13,762	8,660	5,102	1,399	2,513	3,912	1.30	
2019	14,803	10,233	4,570	1,399	2,513	3,912	1.17	
2020	16,591	10,219	6,372	1,399	2,513	3,912	1.63	
2021	15,761	10,377	5,384	1,399	2,513	3,912	1.38	

Special Assessment Bonds

Fiscal Year	Debt Service (000's)	
	Principal	Interest
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	0

Notes:

- (1) Operating Expenses excludes depreciation, capital expenditures and debt service
- (2) Include the Series 2014 and the Series 2017 Wastewater Revenue Refunding Bonds
- (3) Includes the SRF Loan, CSCDA 2001 Loan and the 2012 Loan. Debt service on the SRF Loan for FY2006 and FY2007 had been prepaid by the 2004 Wastewater Bonds
- (4) The bond indentures and the 2012 Loan Agreement require minimum annual debt service coverage of 1.25x. The 2001 CSCDA loan requires a minimum annual DS coverage of 1.10x.

Source: City Financial Reports

**CITY OF PACIFICA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year Ending	Population	Median Personal Income	Per Capita Personal Income	Unemployment Rate %
2012	37,658	n/a	39,648	9.1
2013	37,948	n/a	41,909	5.8
2014	38,292	n/a	42,099	4.9
2015	38,315	n/a	43,390	3.9
2016	37,806	n/a	45,452	3.1
2017	38,124	n/a	45,591	2.8
2018	38,418	n/a	46,553	2.0
2019	38,674	n/a	48,476	2.3
2020	38,331	n/a	51,799	2.1
2021	37,890	n/a	54,637	7.3

Notes and Data Sources:

The City of Pacifica is not a Standard Metropolitan Statistical Area (SMSA).

Population: California State Department of Finance, Unemployment Data: California Employment Development Department

2000-2009 Income: ESRI - Demographic Estimates are based on the last available census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries

2010 and later - Income - US Census Bureau, most recent American Community Survey

Source: HdL Companies via U.S. Census Bureau, California State Department of Finance and California Employment Development Department

**CITY OF PACIFICA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2021			2012		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
Pacifica School District	383	1	N/A	306	1	N/A
City of Pacifica	244	2	N/A	285	2	N/A
Safeway (3)	262	3	N/A	212	3	N/A
Jefferson High School	514	4	N/A	169	4	N/A
Oceana Market	55	5	N/A			
Ace Hardware	14	6	N/A			
Recology of the Coast	37	7	N/A	49	7	N/A
Rite Aid (2)	34	8	N/A	52	6	
Ross Dress for Less	31	9	N/A	48	8	N/A
North Coast County Water District		10	N/A	22	9	N/A
Lucky (Save Mart Supermarkets)	18			125	5	N/A

Notes:

The City does not track this information. Our business license tax is based on gross receipts. The City of Pacifica is not a Standard Metropolitan Statistical Area (SMSA) so this information is not readily available.

Source: City of Pacifica Research

* Information presented is most current at the time of preparation.

CITY OF PACIFICA
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Administration	6	6	6	6	7	7	7	8	7	6
Finance	6	6	6	6	6.5	7.5	6.5	7.5	8	8
Parks	58	58	53	54	65.5	53	51	56	55	55
Planning & Building	8	8	8	7	7	7	7	7	8	7
Public Works	18	18	20	21	19	22	23	23	22	22
Engineering	5	5	5	5	5	6	6	4	4	4
Police										
Officers	33	33	33	34	29	33	37	33	34	35
Civilians	4	4	5	4	3	4	4	4	4	4
Fire										
Firefighters	23	23	25	25	25	25	23	25	25	26
Civilians	1	1	1	1	1	1	1	1	1	1
Wastewater Division										
	24	24	24	26	24	26	27	27	25	25
Total	186	186	186	189	192	191.5	192.5	195.5	193	193
Authorized Full-Time Positions					159	161	161	166.5	170	172

Notes:

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2080. Total includes both Full time and Part-Time (converted to full-time equivalent) Positions excluding City Council.

Source: City Financial Reports

**CITY OF PACIFICA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDING JUNE 30

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government											
Building Permits Issued	1,036	1,279	1,514	1,501	1,587	1,682	1,921	1,811	1,413	1,447	1,538
Building Inspections Conducted	2,500	2,770	2,710	2,818	3,018	4,093	4,610	4,630	5,143	5,145	3,966
Police											
Physical Arrests	932	803	812	812	923	864	702	816	890	747	693
Parking Violations	2,635	1,829	3,652	3,652	5,085	4,700	5,099	6,257	4,942	4,065	5,169
Traffic Violations	3,074	2,880	2,966	2,966	2,193	1,763	2,090	2,718	3,435	2,243	1,723
Fire											
Emergency Responses	2,782	2,862	1,873	3,117	3,147	3,215	2,977	3,142	3,167	2,882	2,943
Fires Extinguished	87	90	101	96	106	88	77	66	59	43	46
Inspections	954	1,023	1,056	895	951	955	730	783	862	513	308
Other Public Works											
Street Re-surfacing (miles)	1.05	0.00	0.00	0.00	0.90	0.00	0.00	0.51	1.55	0.48	0.50
Potholes Repaired	432	363	379	379	351	1,125	1,200	1,200	500	1,000	500
Parks, Beaches & Recreation											
Community Center Admissions	estimated 96,000	estimated 94,000	estimated 98,000	estimated 91,000	estimated 95,730	estimated 89,654	estimated 98,480	estimated 92,000	estimated 100,563	estimated 126,024	estimated 2,100
Enterprise Fund WWTP											
Residential Sewer Accounts	11,323	11,330	11,340	11,440	11,455	11,480	11,470	11,479	11,913	11,916	11,923
Commercial Sewer Accounts	318	318	318	316	340	345	342	343	350	349	349
Total Accounts	11,641	11,648	11,658	11,756	11,795	11,825	11,812	11,822	12,263	12,265	12,272
New Connections	3	4	7	1	4	10	17	10	7	2	8
Avg Daily Sewage Treatment (Gallons)	3,110,000	2,832,000	2,350,000	2,240,000	2,240,000	2,463,000	3,230,000	2,463,000	2,463,000	2,463,000	2,463,000

Source: Various City Departments

CITY OF PACIFICA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR ENDING JUNE 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9
Highways (miles)	0	0	0	0	0	0	0	0	0	0
Streetslights	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,051
Traffic Signals	5	5	5	5	5	5	5	5	5	5
Parks, Beaches & Recreation										
Acreage	148.13	148.13	148.13	148.13	148.13	148.13	148.13	148.13	148.13	148.13
Playgrounds	14	14	14	14	14	14	14	14	14	14
Baseball Diamonds	5	5	5	5	5	5	5	5	5	5
Soccer/Football Fields	2	2	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary Sewers (miles)	165	165	165	165	165	165	165	165	165	165
Storm Sewers (miles)	90	90	90	90	90	90	90	90	90	90
Treatment Capacity (gallons)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Notes:
No capital asset indicators are available for the general government function.

Source: Various City Departments

**CITY OF PACIFICA
SEWER RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Minimum Annual Charge	Rate per 100 Cubic Feet
2012	510.34	10.63211
2013	567.18	11.81632
2014	567.18	11.81632
2015	583.26	12.15128
2016	600.42	12.50867
2017	626.14	13.04476
2018	676.24	14.08834
2019	730.34	15.21541
2020	788.77	16.43264
2021	843.98	17.58293

Notes:

Sewer rates are based on water usage. The North Coast County Water District invoices customers directly for water usage.

Source: City Records

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