

CITY OF PACIFICA

CALIFORNIA

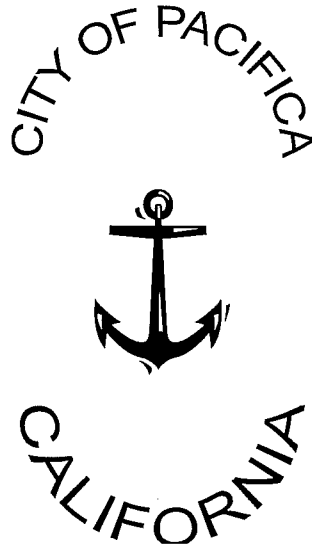
COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2007

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2007



PREPARED BY
THE FINANCE DEPARTMENT

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Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007

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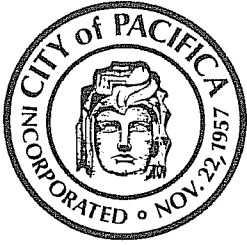
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Scenic Pacifica

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CITY HALL

170 Santa Maria Avenue • Pacifica, California 94044-2506

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January 30, 2008

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Pacifica, California, for the fiscal year ended June 30, 2007 as prepared by the City's Finance Department.

State law requires that the accounts and fiscal affairs of each municipal corporation be examined annually by an independent certified public accountant. We have complied with this requirement, and the auditor's report as provided by Moss, Levy & Hartzheim, along with the basic financial statements of the City, is herein submitted.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the City of Pacifica for its comprehensive annual financial report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

This report consists of management's representations concerning the finances of the City of Pacifica. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects. Further, every attempt has been made to conform to the highest standards of public financial reporting as set forth by the following organizations:



- Governmental Accounting Standards Board (GASB);
- American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing;
- Government Finance Officers Association of the United States and Canada; and
- California Society of Municipal Finance Officers.

The City's independent audit was meant to provide reasonable assurance that its financial statements are free of material misstatement. This audit involved 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 auditor has issued an unqualified opinion of the City's financial statements indicating they are fairly presented in conformity with GAAP.

GAAP 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.

In addition to meeting the requirements set forth by State law, the audit was 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.

CITY OF PACIFICA PROFILE

The City of Pacifica is a full service city located on the Pacific Coast in San Mateo County directly south of San Francisco. Located within the Bay Area Peninsula, it is framed by the ridges of the Coast Range on the east, 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 third is publicly owned open space), is largely built out, 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 at large for four-year overlapping terms. The Mayor is selected each year by a majority vote of the other Council members. The City Council members also serve as the governing board members of the Pacifica Redevelopment Agency, and the City Manager serves as its Executive Director. The Council appoints the City Manager and the City Attorney. Key advisory commissions include Planning and Parks, Beaches and Recreation.

The City provides the following services to its residents: public safety (police and fire), highways and streets, sanitation, parks, beaches, and recreation, social services, planning and zoning, and leadership through general administrative services. The City is part of a countywide paramedic program that became fully operational during Fiscal Year 1998-99. Water, garbage, gas and electric utilities are provided directly through private agencies not under City operations.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy--Pacifica's coastal location on the Bay Area Peninsula with its natural open space and coastal beauty, along with its proximity to the San Francisco International Airport and its visitor-serving resources, continues to be an asset for development in the City. The Bay Area continues to be one of the major growth areas of the country. Due to its diverse economic base and geographically contained commerce, the City of Pacifica has weathered, and continues to weather, the economic uncertainties.

While residential development has reached near build out conditions, several new projects are being constructed. Commercial development potential is high in Pacifica as several commercially zoned sites are in various phases of the permit process; other commercial sites remain undeveloped or underdeveloped. The City and the Pacifica Chamber of Commerce are active in encouraging resident and visitor-serving business startups.

The Pacifica Redevelopment Area in West Rockaway Beach is complete within the Phase I area. All infrastructure improvements have been completed including streetscape, underground utilities, public plaza, landscaping and public art. One of the major sites has been fully developed and is now on line as a revenue producing enterprise.

Phase II of the redevelopment area consists of the Rockaway Quarry. With the completion of the new wastewater treatment plant, and rehabilitated wetlands, the City Council is now turning its attention to the commercial development of the quarry land. The wastewater treatment plant is a state-of-the-art sewage treatment facility providing high quality reusable water at a rate of 4 million gallons per day. The discharge is being used to nourish a new wetlands area and provide irrigation for public benefit.

Cash management—The City adheres to the provisions of the California Government Code section 53601 regarding investment of idle cash. The City Council annually reviews the investment policy and any changes thereto. The City of Pacifica's Investment Policy has received official certification by the Association of Public Treasurers, United States & Canada (APT US & C). The City maximizes its yield on short-term/low risk investments by pooling the cash of all funds. The Investment Policy allows any cash temporarily idle during the year to be invested in U.S. Government Agency securities and the State Local Agency Investment Fund. The portfolio yield at June 30, 2006 fiscal year end was approximately 5.25%.

In addition, 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, debt service fund, and internal service funds are included in the annual appropriated budget. The Capital Projects budget reflects existing projects that do not lapse at year-end, but are carried forward until completion of the project.

The City Council conducts public hearings before adopting the budget, thus giving the public an opportunity to be heard. 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 the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of department balances are not released until additional appropriations are made available.

Open encumbrances are reported as reservations of fund balance at June 30, 2007. These encumbrances are re-approved by the Council and added to the budget for the upcoming fiscal year. 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 Director of Administrative Services, is responsible for monitoring the budget for legal compliance.

Risk management--The city is exposed to numerous risks of loss related to tort claims, theft, damage and destruction of City assets and property, errors and omissions, injuries to employees and the public and natural disasters. A combination of self-insurance and commercial coverage is used by the City to manage its risk. During FY 2006-2007, the City maintained a risk management program for Workers' Compensation, employment, general liability and property damage. As part of the comprehensive plan, resources have been accumulated in the self-insurance (Internal Service) fund to meet potential losses. In addition, a safety committee of City employees meets and reviews all accidents and recommends preventive measures to minimize future accident-related losses. Further details on the types and amounts of coverage are addressed in Notes 8 and 9 of the notes to the financial statements.

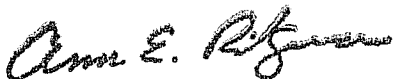
Pension benefits--The City provides for retirement benefits to its employees through participation in the California Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan. Each year, an independent actuary is engaged by PERS to calculate the amount of annual contribution the City must make to ensure the plan will meet its obligations to pay retired employees on a timely basis. As a matter of policy, the City fully funds its annual required contribution as determined by the actuary. Due to a combination of enhanced retirement benefits and significant investment losses by PERS early in the decade, the City will be absorbing a significant ongoing annual unfunded liability contribution for the foreseeable future. Additional detail and trend information is explained in Note 7 of the notes to the financial statements.

ACKNOWLEDGEMENTS

Preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the City of Pacifica Finance Department, including: Sandra McClellan, Assistant Finance Director; Ed Vandehey, Information Technology Manager; Gillian Cadgene, Administrative Assistant; Carol Luebben, Account Technician III, Vivian Penaredondo, Account Technician III, Paula Forencich, Account Technician II and, Manuel Ferrer, Systems Specialist. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I would also like to thank the members of the Pacifica City Council and City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and conservative manner in the best interests of the Citizens of Pacifica.

Respectfully submitted,



Ann E. Ritzma
Administrative Services Director



Sandra McClellan
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pacifica
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

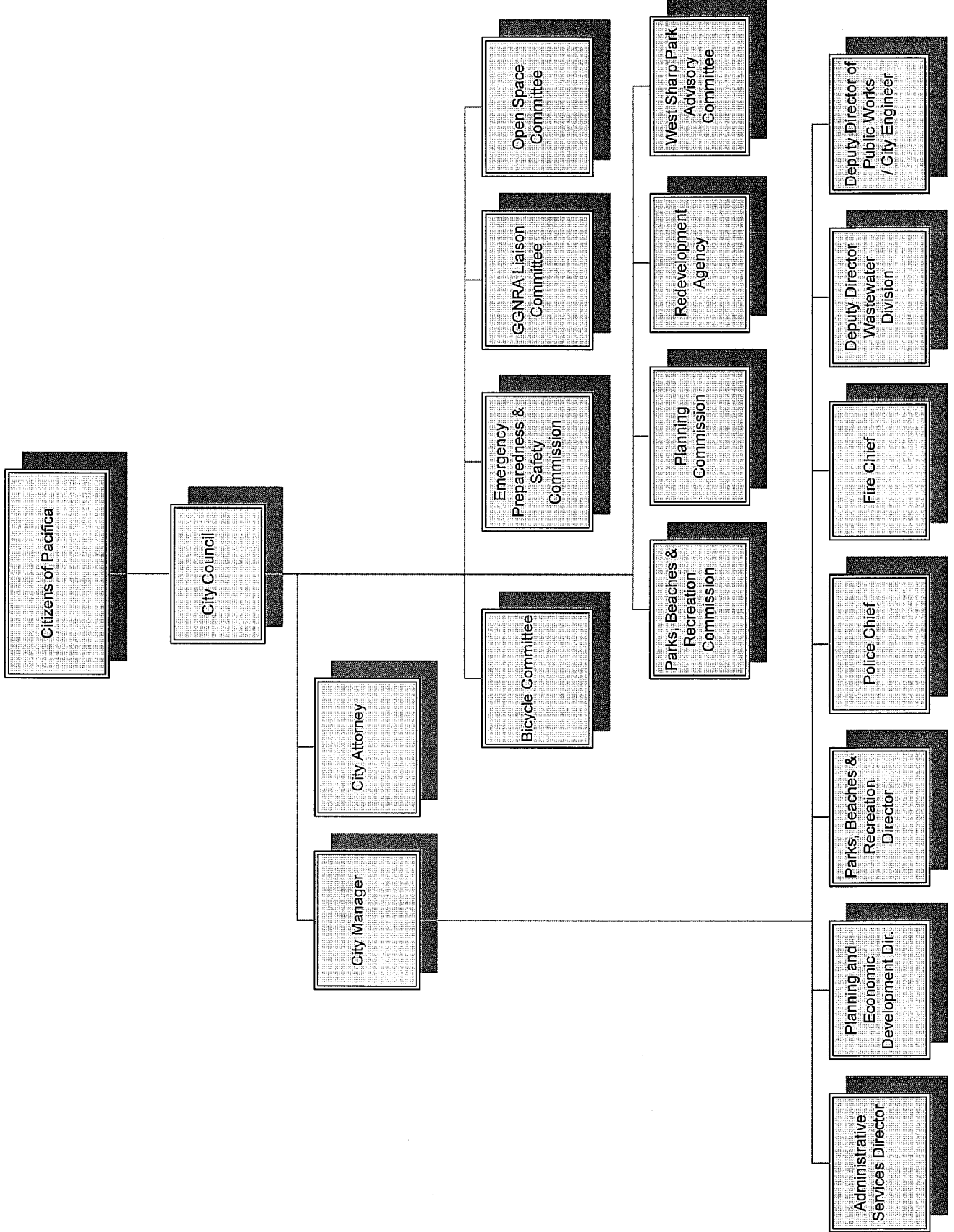
President

Jeffrey R. Emer

Executive Director

City of Pacifica, California

◀ Fiscal Year 2006-2007 ▶



CITY OF PACIFICA, CALIFORNIA

HONORABLE PETER DEJARNATT.
Mayor

JAMES M. VREELAND, JR.
Mayor Pro Tem

SUE DIGRE CALVIN HINTON
JULIE LANCELLE
Members of City Council

* * * * *

WILLIAM NORTON
City Manager

* * * * *

OTHER ADMINISTRATIVE OFFICERS

| | |
|--------------------|-----------------------------------------|
| CECILIA QUICK | City Attorney |
| ANN RITZMA | Administrative Services Director |
| JAMES SAUNDERS | Police Chief |
| RON MYERS | Fire Chief |
| MICHAEL CRABTREE | Director of Planning & Building |
| SCOTT HOLMES | Director of Public Works |
| MARI BRUMM-MERRILL | Director of Parks, Beaches & Recreation |

* * * * *

OFFICIAL BOARDS AND COMMISSIONS

DISASTER PREPAREDNESS COMMISSION

PARKS, BEACHES AND RECREATION COMMISSION

PLANNING COMMISSION

HEALTH AND SAFETY COMMISSION

OPEN SPACE COMMITTEE

AIRPORT NOISE ABATEMENT COMMITTEE

WEST SHARP PARK ADVISORY COMMITTEE

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FINANCIAL SECTION



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Pacifica
Pacifica, California

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacifica (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2008, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

OFFICES: BEVERLY HILLS • SANTA MARIA

MEMBER: AMERICAN INSTITUTE OF C.P.A.'s • CALIFORNIA SOCIETY OF C.P.A.'s • CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS • CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

The accompanying required supplementary information, Management's Discussion and Analysis, PERS schedule of funding progress, and general fund budgetary comparison schedule is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The general capital improvement capital projects fund budgetary comparison schedule, redevelopment agency - Rockaway Beach capital projects fund budgetary comparison schedule, debt service fund budgetary comparison schedule, combining and individual nonmajor fund financial statements and schedules, introductory section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The general capital improvement capital projects fund budgetary comparison schedule, redevelopment agency - Rockaway Beach capital projects fund budgetary comparison schedule, and the combining and individual nonmajor fund financial statements and schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Beverly Hills, California
January 31, 2008

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Pacifica provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual Comprehensive Annual Financial Report (CAFR) consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

After the introductory section, the annual report consists of five parts – *the independent auditor's report and management's discussion and analysis* (this section), *basic financial statements including notes, required supplementary information*, an optional section that presents *combining statements* for non-major governmental funds and internal service funds, and *statistical information section*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental fund* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates like businesses, such as the sewer system.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities & Changes in Net Assets report information about the City as a whole, and about its activities in a way that helps answer this question.

These statements include *all* assets and liabilities using the *full accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net assets is one indicator of

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

whether the City's *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities & Changes in Net Assets, we divide the City's services into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues, which finance most of the governmental activities.
- Business-type activities – The City charges a user fee to customers to help it cover all or most of the cost of the services accounted for in these funds.

Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. City Council establishes many other funds to help control and manage money for particular purposes, or to show that administrative responsibilities are being met for using certain taxes, grants, or other money. The City's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year end that are available for spending. These funds are reported using the *modified accrual* basis of accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services provided. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* as reported in the Statement of Activities & Changes in Net Assets, and *governmental funds* as reported in the Statement of Net Assets, in a reconciliation of governmental funds statement.

The governmental funds financial statements and reconciliation may be found on pages 20 to 23 of this report.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities & Changes in Net Assets. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information such as cash flows for the proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide services and supplies exclusively to the City's other programs and activities. These revenues are eliminated in the City-wide financial statements, and any related profits or losses are returned to the activities which created them, along with any residual net assets of the internal service funds.

The proprietary fund financial statements may be found on pages 27 to 30 of this report.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

Notes to the Financial Statements provide additional information that is essential to the full understanding of the information provided in the government-wide and fund financial statements.

The notes to the Financial Statements may be found on pages 33 to 58 of this report.

Economic Future:

The State of California declared a fiscal crisis and will be, over the coming months, determining how to deal with significant financial shortfalls. The City of Pacifica will inevitably be impacted by the State's crisis. There are several discussions regarding possible impacts that include the temporary reduction of each City's property taxes (Proposition 1A), loss of grant funding for social services, education and or public safety programming and reductions to County funding which may result in lost funding for cities. The most recent analysis from the California State Department of Finance and the League of California Cities on the Governor's Budget proposal suggests that the State may delay payments of the gas tax for the months of April through September to all cities. The result is the State will gain the interest on the gas tax and the cities will have to wait for their revenue. The City of Pacifica would "wait" for \$320,000 over the five month period.

The City can also anticipate a reduction in revenue from interest earned in the Local Agency Investment Fund (LAIF). The City of Pacifica, as well as many of other cities, deposits funds with LAIF. Not only does the City anticipate reduced interest from investments but also the probable reduction in property tax revenue as recently acquired properties begin to request reassessment through the County. The "trickle down effect" of the economic slow down will continue to influence the City's revenue from property taxes to permitting for remodeling.

The City began budget reductions in March of 2007 to address the FY 2006/07 deficit. Even after the cuts, the City continued a conservative approach to managing revenues and expenditures. The City's "soft hiring freeze" has forced vacant positions to remain open for several months to capture savings in salaries and benefits. Additionally, each department has been meeting quarterly with the City Manager and Administrative Services Director to insure that expenditures do not exceed the budget.

For future budget years, the City of Pacifica is preparing to address several new mandated and necessary expenditures. Pacifica, along with all cities, is obligated to address its liability in regards to Other Post-Employment Benefits (OPEB), which include pension and retiree medical. The City is currently working with an actuary to determine the liability and explore the pre-funding options prior to the 2009 deadline. On the horizon is the need to address a major capital project at the Waste Water Treatment Plant for the replacement of the UV disinfection system. The City is working with PGE and the California Energy Commission to determine possible funding strategies for this project. The City must also continue to address long-term debt obligations it has for the construction of the sewage treatment plant, police station and other capital projects.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Accounting Standards Board (GASB) Statement No. 45 requires that Cities account for post retirement health benefits on our annual financial statements with implementation required in fiscal year 2008-2009. The City has contracted with an actuarial firm that will conduct the actuarial study in the early part of 2008. The City is currently on a “pay as you go” budgeting method of accounting for retiree health costs. The City does not anticipate an unmanageable result of the study because the City, unlike many cities, does not pay the full cost of health insurance for retired employees.

Highlights of the past year are as follows:

- Total City assets exceeded its liabilities by \$71.3 million. Of this amount, only \$2,750 represents unrestricted net assets.
- Statement of governmental activities show revenues at \$31.5 million compared with total expenses of \$30.5 million resulting in an increase in total net assets from operations for the current fiscal year of approximately \$1 million.
- Total Governmental Fund balances were \$6.8 million at fiscal year-end, a decrease of \$1 million from the previous year.
- General fund revenues were \$23.8 million compared with general fund expenses of \$24.8 million, transfers in of \$2.4 million compared with transfers out of \$1.7 million, resulting in a net decrease in fund balance of \$308,234 less a prior year adjustment of -\$24,675, for an ending fund balance of \$5,666,042, as shown on page 24 of this report.

Analysis of Net Assets

Net assets are a measure of a government’s financial position and, over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Pacifica’s assets exceeded liabilities by \$71,336,087. A statement of net assets is presented in the following table.

Statement of Net Assets
June 30, 2007

Table 1

| | Governmental Activities | Governmental Activities | Business - Type Activities | Business - Type Activities | Primary Government | Primary Government |
|-----------------------------------|----------------------------|----------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 |
| Current and other Assets | \$ 16,633,517 | \$ 15,936,755 | \$ 2,843,427 | \$ 1,848,184 | \$ 19,476,944 | \$ 17,784,939 |
| Capital Assets | 54,848,651 | 66,198,007 | 51,177,950 | 50,576,583 | 116,026,601 | 116,774,590 |
| Total Assets | 81,482,168 | 82,134,762 | 54,021,377 | 52,424,767 | 135,503,545 | 134,559,529 |
| Long-term Debt Outstanding | 21,875,165 | 21,525,802 | 39,366,898 | 39,272,431 | 61,242,063 | 60,798,233 |
| Other Liabilities | 2,155,174 | 1,949,630 | 1,036,115 | 475,579 | 3,191,289 | 2,425,209 |
| Total Liabilities | 24,030,339 | 23,475,432 | 40,403,013 | 39,748,010 | 64,433,352 | 63,223,442 |
| Net Assets: | | | | | | |
| Invested in Capital , Net of Debt | 48,249,125 | 50,585,199 | 13,514,529 | 12,423,925 | 61,763,654 | 63,009,124 |
| Restricted | 6,738,596 | 7,370,411 | 946,455 | 953,800 | 7,685,051 | 8,324,211 |
| Unrestricted | 2,464,108 | 703,720 | (842,620) | (700,968) | 1,621,488 | 2,752 |
| Total Net Assets | \$ 57,451,829 | \$ 58,659,330 | \$ 13,618,364 | \$ 12,676,757 | \$ 71,070,193 | \$ 71,336,087 |

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$63,009,124 (page 17) represents the cost of these assets, less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided for from sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$8,324,211 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$2,752 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Net assets increased by a total of \$265,894. This growth in the City's net assets is made up of an increase of \$1,079,826 plus a prior period adjustment of \$127,675 from governmental activities offset by a decrease of \$741,991 from business-type activities, and a decrease of \$199,616 from a business-type prior period adjustment. The governmental activities net assets increased 2% from \$57,451,829 at June 30, 2006 to \$58,659,330 at the end of June 2007. The net assets of the City's business-type activities decreased 6.9% (\$941,607) from \$13,618,364 in 2006 to \$12,676,757 in 2007, as shown in Table 2 below. Net assets of Total Primary Government activities, which includes both Governmental Activities and Business-Type Activities moved from \$71,070,193 in 2006, to \$71,336,087 in 2007, resulting in an increase in total net assets of .37% or \$265,894.

The net assets (financial position) of the City changed as a result of the revenue and expense fluctuations by \$265,894, which included a prior period adjustment of \$71,941, as shown in the table below for the governmental and business-type activities of the City.

A summary of the Government-wide Statement of Activities & Changes in Net Assets follows:

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Activities & Changes in Net Assets - Year Ended June 30, 2007

Table 2

| | Governmental | Governmental | Business-Type | Business-Type | Total Primary | Total Primary | Total |
|-------------------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|-----------|
| | Activities | Activities | Activities | Activities | Government | Government | % |
| | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | Change |
| Program Revenues: | | | | | | | |
| Charges for Services | \$ 4,638,286 | \$ 4,905,970 | \$ 8,721,125 | \$ 9,137,785 | \$ 13,359,411 | \$ 14,043,755 | 5% |
| Operating Grants | 2,626,473 | 2,967,049 | | | 2,626,473 | 2,967,049 | 13% |
| Capital Grants | 3,338,214 | 3,639,686 | | | 3,338,214 | 3,639,686 | 9% |
| General Revenues: | | | | | | | |
| Property Taxes | 8,126,936 | 9,016,273 | | | 8,126,936 | 9,016,273 | 11% |
| Sales and Use Taxes | 1,116,191 | 1,096,165 | | | 1,116,191 | 1,096,165 | -2% |
| Franchise taxes | 1,458,418 | 1,539,123 | | | 1,458,418 | 1,539,123 | 6% |
| Other Taxes | 3,824,787 | 3,720,047 | | | 3,824,787 | 3,720,047 | -3% |
| Licenses & Permits | - | - | | | - | - | |
| Fines & Forfeitures | - | - | | | - | - | |
| Use of Money & Property | 321,272 | 568,021 | 26,569 | 14,881 | 347,841 | 582,902 | 68% |
| Intergovernmental revenues - unrestricted | - | - | | | - | - | |
| Motor Vehicle in Lieu-unrestricted | 3,522,799 | 2,917,076 | | | 3,522,799 | 2,917,076 | 100% |
| Intergovernmental revenues -restricted | - | - | | | - | - | |
| Other General Revenues | 868,120 | 369,309 | 17,116 | 4,688 | 885,236 | 373,997 | -58% |
| Transfers | 1,017,500 | 815,000 | (1,017,500) | (815,000) | - | - | 0% |
| Total Revenues | 30,858,996 | 31,553,719 | 7,747,310 | 8,342,354 | 38,606,306 | 39,896,073 | 3% |
| Program Expenses | | | | | | | |
| General Government | 5,923,892 | 5,798,391 | | | 5,923,892 | 5,798,391 | -2% |
| Finance and Central Services | - | - | | | - | - | |
| Planning & Development | 1,799,035 | 1,178,590 | | | 1,799,035 | 1,178,590 | -34% |
| Public Safety | 13,639,116 | 14,980,984 | | | 13,639,116 | 14,980,984 | 10% |
| Public Works | 3,606,841 | 4,264,011 | | | 3,606,841 | 4,264,011 | 18% |
| Parks, Beaches & Recreation | 3,084,327 | 3,405,149 | | | 3,084,327 | 3,405,149 | 10% |
| Sewer Operations | | | 8,725,772 | 9,084,345 | 8,725,772 | 9,084,345 | 4% |
| Debt Services | 811,419 | 846,768 | | | 811,419 | 846,768 | 4% |
| Special Projects & Non-Departmental | - | - | | | - | - | |
| Total Expenses | 28,864,630 | 30,473,893 | 8,725,772 | 9,084,345 | 37,590,402 | 39,558,238 | 5% |
| Prior period adjustment | 4,543,065 | 127,675 | 35,213 | (199,616) | 4,578,278 | (71,941) | -102% |
| Increase(Decrease) Net Assets | 1,994,366 | 1,079,826 | (978,462) | (741,991) | 1,015,904 | 337,835 | -67% |
| Beginning Net Assets | 55,457,463 | 57,451,829 | 14,561,613 | 13,618,364 | 70,019,076 | 71,070,193 | 2% |
| Ending Net Assets | \$ 57,451,829 | \$ 58,659,330 | \$ 13,618,364 | \$ 12,676,757 | \$ 71,070,193 | \$ 71,336,087 | 0% |

Governmental Activities

Revenues for the City's governmental activities increased by \$694,723, from \$30,858,996 in 2006 to \$31,553,719 in 2007. Total Primary Government revenue increased by \$1,289,767, from \$38,606,306 in

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

2006 to \$39,896,073 in 2007. Total governmental program expenses increased by \$1,609,263 from \$28,864,630 in 2006 to \$30,473,893 in 2007. The cost of all primary *governmental activities* in fiscal

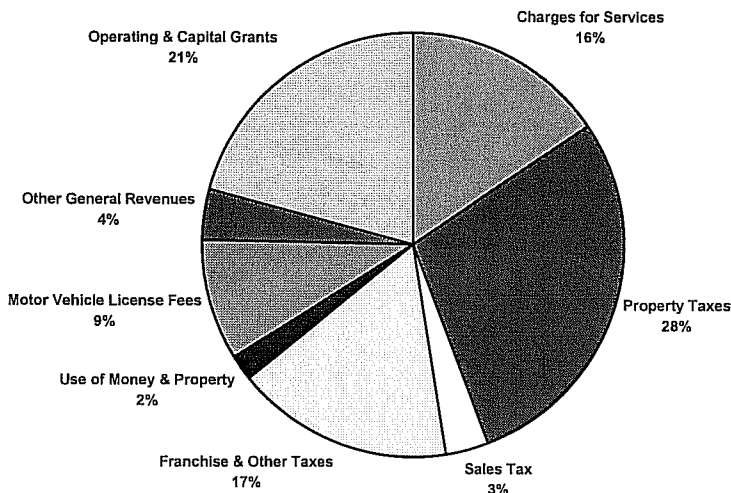
year 2005-2006 was \$37.6 million compared to \$39.6 million for the 2006-2007 year. The amount that taxpayers ultimately financed for these activities through City taxes was \$18.7 million, as some of the costs were paid for by those who directly benefited from the programs (\$14 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.6 million). The net changes in assets for both governmental and business type activities from the previous fiscal year amounted to a \$337,835 increase in total net assets.

The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- The City's "Property Taxes" came in \$889,300 higher than the previous year. "Motor Vehicle License Fees" came in \$605,700 lower than the previous year, due to the prior year having had an extra loan pay-back from the State. The City received ERAF refunds from the State that were \$380,000 over the amount budgeted.
- Capital Grant revenues were higher than the previous year by \$301,500.
- Operating Grant revenues were \$340,500 more than the previous year.
- Other Tax revenue came in \$105,000 lower than the previous year.
- Public safety expenses came in \$1,342,000 higher than the previous fiscal year, \$830,000 due to salary and benefits.
- Planning program expenses were higher than the previous year by \$620,500. Public Works came in lower by \$657,000.
- Parks, beaches & recreation program expenses were higher than the previous year by \$321,000.
- General Government expenses, which includes General, with the addition of Finance and Central Services, and Non-Departmental, was higher in total than the previous year by \$125,501.
- The Sewer Operations expenses came in higher than the previous year by \$641,400, due mainly to capital improvement projects.

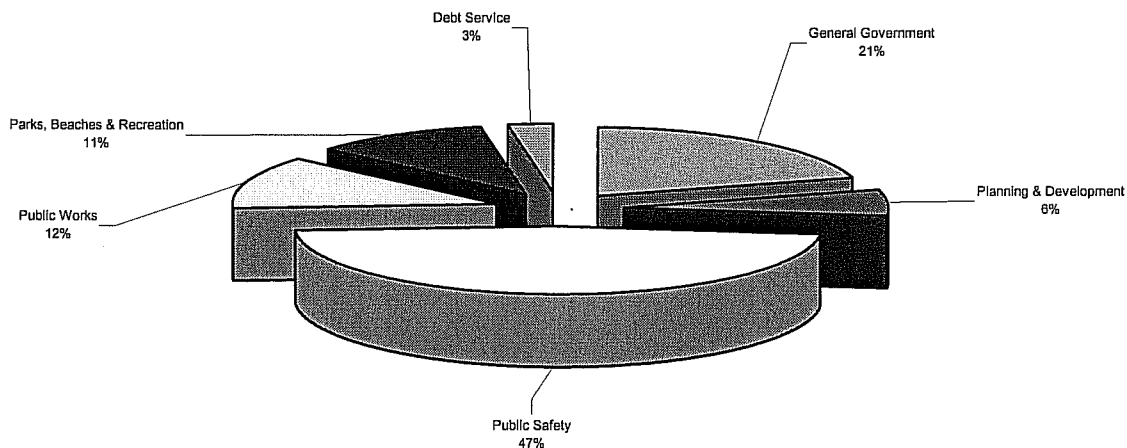
CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL ACTIVITIES REVENUE SOURCES



The chart of revenues by source above, illustrates that property taxes at 28.6% of total governmental activity revenue is the single largest source of operating revenue for the City. It is also one of the most stable and consistent growth revenues. The major components of this revenue category are: Property taxes, vehicle in-lieu, sales and use tax, franchise fees, utility user fees, charges for services, and grants and intergovernmental revenues.

GOVERNMENTAL ACTIVITIES EXPENSES



The chart of expenses graphically portrayed above shows the relative proportion of expenses by function, as listed in the Statement of Activities and Changes in Net Assets on page 8 of the MD&A.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

The decrease in business-type activities' net assets of \$941,607 represents activity in the Sewer Enterprise Fund. The principal source of revenue for this fund is charges for usage, which is assessed on the basis of equivalent residential units (ERU). Revenues from the City's sewer operations (see Table 3) increased by 4.8 percent (\$416,660) from \$8,721,125 in June 2006 to \$9,137,785 in 2007. There was a 9.2 percent increase in the sewer charge rate approved by Council in June 2007. Sewer expenses, including both operating and non-operating expenses, increased from \$8,725,772 in 2006 to \$9,084,345 in 2007. The approximately \$360,000 increase in expenses is primarily attributable to higher personnel and administrative expenses. There is an inverse relationship between the level of consumption of water and the sewer rates. Bond interest expense and major maintenance expenses are recorded in this fund.

Enterprise Sewer Fund

Table 3

| | 2006 | 2007 | Difference |
|--------------------|-------------|-------------|------------|
| Operating Revenues | \$8,721,125 | \$9,137,785 | \$416,660 |
| Operating Expenses | \$8,725,772 | \$9,084,345 | \$358,573 |
| Income(Loss) | \$ (4,647) | \$ 53,440 | \$ 58,087 |

The internal service funds consist of motor pool and self-insurance general government costs.

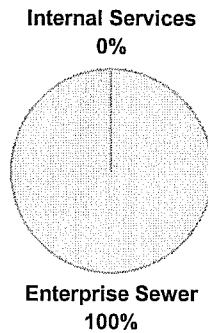
Internal Service Funds

Table 4

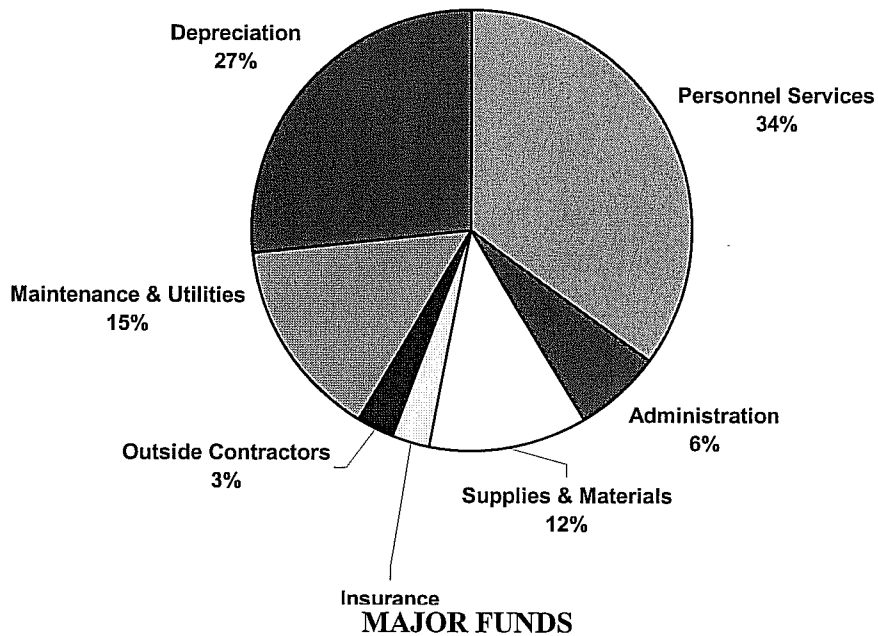
| | 2006 | 2007 | Difference |
|--------------------|--------------|-------------|-------------|
| Operating Revenues | \$1,668,027 | \$2,142,217 | \$474,190 |
| Operating Expenses | \$2,054,562 | \$2,165,732 | (\$111,170) |
| Income(Loss) | (\$ 386,535) | (\$ 23,515) | \$363,020 |

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues for Business-Type Activities



Expenses for Business-Type Activities



As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the fiscal year 2006-2007, the City's governmental funds reported combined ending fund balances of \$6,844,357, including reserved and undesignated funds.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$5,666,042, representing a net change in general fund balance of (\$308,234) plus a prior period adjustment of (\$24,675). As a measure of the general fund's liquidity, it is useful to compare the total fund balance to total fund expenditure, which shows that fund balance is 22.8 percent of general fund expenditures. Total "General Fund" revenue, as shown on page 24, this year was \$23,808,000 compared to \$23,535,851 in the prior year, a \$272,149 increase/difference. Some contributors of the increase/difference are described below:

- Property Taxes increased \$838,000, an 11% increase from home sales.
- Motor Vehicle License Fees decreased \$578,000, difference from a loan pay-out the previous year.
- Charges for Services increased by \$234,000 due to slight increases in fees, and increase in activity.
- Other Revenues, decrease of \$555,500, due to sale of property in the prior fiscal year.
- Intergovernmental Revenues decreased by \$472,500, prior fiscal year we had received a Coastal Commission Grant of \$250,000, and SB-813 decreased by about \$70,000 from the prior fiscal year.
- Licenses and permits, increase of \$107,000.
- Fines and forfeitures, increase of \$80,000.
- Use of money and property, increase of \$50,000.

General Fund expenditures of \$24,860,677 increased by \$578,451 over the previous year, primarily due to increased wage and benefit costs. Differences shown below:

- Public Safety expenditures increased by \$1,366,664, salary and benefits increase.
- Public Works expenditures increased by \$207,646, salary and benefits increase.
- Parks, Beaches & Recreation expenditures increased by \$308,741, salary and benefit increases along with increased programs.
- Capital outlay decreased by \$470,500, there was a \$300,000 prior year purchase of police vehicles.
- General Government expenditures, decreased by \$867,200, decreased Special Project spending.
- Planning & Development expenditures increased by \$33,000.

Total General Fund Expenditures exceeded Revenues by \$1,052,677.

Enterprise Fund

Total net assets for the Sewer Fund at the end of the fiscal year were \$12,676,757. The total change in net assets for the Sewer Fund was (\$941,607), including prior period adjustment of (\$199,616). Unrestricted net assets of the Enterprise Sewer Fund at the end of the year amounted to (\$700,968). Restricted assets, which were specific to debt service, were \$953,800. Additional factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

RDA – Rockaway Beach

This fund accounts for the revenues and expenditures related to redevelopment projects in the RDA project area of Rockaway Beach. The Redevelopment Area consists of 600 square acres. The Quarry is approximately 85 square acres of the RDA.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Service Fund

All governmental activities debt service costs are budgeted in the fund responsible for the debt and transferred to the Debt Service Fund for payment. Total governmental activities debt is \$17,450,000 with \$1,725,000 of Redevelopment Agency debt and \$15,725,000 of general fund debt.

General Fund Budget Modifications

- Differences between the original fiscal year 2006-2007 budget and the final amended fiscal year 2006-2007 budget of the General Fund were relatively minor with a net increase of \$142,950. This net decrease is an adjustment to intergovernmental revenue from additional grant funding for Parks, Beaches, and Recreation.

Major deviations between the final budget of the General Fund and its actual operating results were as follows:

- General Government, including Non-Departmental Services - Budgeted \$4,166,720, expended \$4,451,785, over budget by \$285,065, mainly due to extra project legal expenses.
- Public Safety - Budget \$13,660,517, expended \$14,395,175, over budget by \$734,658, mainly due to Fire and Police Emergency services overtime and benefits.
- Total Community Development - Budgeted \$982,737, expended \$974,113, under budget by \$8,624.
- Public Works - Budget \$1,581,079, expended \$1,539,624, under budget by \$41,455.
- Parks & Recreation - Budget \$3,204,622, expended \$3,317,703, over budget by \$113,081
- Capital Outlay - Budget \$180,428, expended \$182,277, over budget by \$1,849.

Total general fund revenue final budget was \$23,240,895 but came in at \$23,808,000, \$567,105 over budget. Total general fund final expenditure budget was \$23,776,103 with actual expenditures of \$24,860,677. Over budget expenditure deviation was \$1,084,574, for a net deficit of expenditures over revenue of \$517,469 before transfers in and out as shown on page 62 and 63 of this report.

Transfers

Transfers to the General Fund are generally made to match restricted revenue with related costs that have been recorded in the General Fund. An example of this type of transfer could be transfers-out of the General Fund to the Internal Service Fund for insurance costs or to the Debt Fund for general obligation debt payments.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

| | Capital Assets (in thousands) | | | | | |
|----------------------------|-------------------------------|-----------------|----------------------|-----------------|------------------|------------------|
| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | <u>2006</u> | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> | <u>2007</u> |
| Land and Improvements | \$ 40,136 | \$40,136 | \$ 4,014 | \$4,014 | \$ 44,150 | \$44,150 |
| Buildings and Improvements | 15,592 | 15,657 | 73,449 | 74,197 | 89,041 | 89,854 |
| Collection System | - | - | 3,520 | 4,068 | 3,520 | 4,068 |
| Machinery and Equipment | 574 | 618 | 636 | 813 | 1,210 | 1,431 |
| Vehicles and Equipment | 4,516 | 4,814 | - | - | 4,516 | 4,814 |
| Infrastructure | 11,862 | 14,671 | - | - | 11,862 | 14,671 |
| Construction in Progress | 688 | 144 | - | - | 688 | 144 |
| Depreciation | <u>(8,519)</u> | <u>(9,842)</u> | <u>(30,441)</u> | <u>(32,516)</u> | <u>(38,960)</u> | <u>(42,358)</u> |
| Total | <u>\$ 64,849</u> | <u>\$66,198</u> | <u>\$ 51,178</u> | <u>\$50,576</u> | <u>\$116,027</u> | <u>\$116,774</u> |

Major additions to capital assets during the year ended June 30, 2007 included:

- Continued progress toward completion of the San Pedro Flood Control Project
- GASB 34 Infrastructure valuations.
- Sharp Park WWTP Redesign
- Pier Rehab
- Capistrano Bridge

For more detailed information on the City's capital assets, refer to the Notes to the Financial Statements, Note 5.

Long-Term Debt

At the end of the current fiscal year, Governmental Activities had bonded debt outstanding in the amount of \$17,450,000, all backed by the full faith and credit of the government. For more detailed information on long-term debt activity, refer to the Notes to the Financial Statements, Note 6.

Outstanding Debt

| | |
|-----------------------------------|---------------------|
| 2006 Certificate of Participation | \$15,725,000 |
| 2004 RDA Tax Allocation Bond | <u>1,690,000</u> |
| Total Bonded Debt Outstanding | <u>\$17,415,000</u> |

The City maintains an "A" rating from Standard & Poor's on the General Obligation debt.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

State statutes limit the amount of general obligation debt a city may issue to 25 percent of its total assessed valuation. The governmental debt obligation balance at the end of 2007 is \$15,725,000. Based on the total assessed valuation of \$3,951,616,388 the current debt limitation for the City is \$145,185,615 (3.75% of \$3,951,616,388), which is significantly more than the City's outstanding general obligation debt. The City has incurred additional non-bond related Note Payable in the amount of \$1,034,348; \$250,000 for second deed of trust due August 25, 2035; and \$350,000 for fourth deed of trust due August 28, 2035.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrative Services Department @ City of Pacifica, 170 Santa Maria Avenue, Pacifica, CA 94044, 650/738-7396.

CITY OF PACIFICA
Statement of Net Assets
June 30, 2007

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|--------------------------------------------------------------|------------------------------------|-------------------------------------|--------------------------|
| ASSETS | | | |
| Cash and investments | \$ 9,028,211 | \$ 37,186 | \$ 9,065,397 |
| Cash and investments with fiscal agents | 211,566 | 1,124,358 | 1,335,924 |
| Taxes receivable | 1,341,724 | | 1,341,724 |
| Accounts receivable | 102,854 | 345,938 | 448,792 |
| Interest receivable | 249,525 | | 249,525 |
| Grants receivable | 1,069,264 | | 1,069,264 |
| Notes receivable, net | 600,000 | | 600,000 |
| Internal balances | 700,000 | (700,000) | |
| Prepaid items | 24,546 | 100 | 24,646 |
| Deposits receivable | 783,506 | | 783,506 |
| Inventories | 23,367 | 164,020 | 187,387 |
| Deferred charges - net of accumulated amortization | 483,888 | 827,061 | 1,310,949 |
| Deferred loss on refunding - net of accumulated amortization | 1,318,304 | 49,521 | 1,367,825 |
| Capital assets not being depreciated | 40,279,873 | 4,014,412 | 44,294,285 |
| Capital assets, net of accumulated depreciation | <u>25,918,134</u> | <u>46,562,171</u> | <u>72,480,305</u> |
| Total assets | <u>82,134,762</u> | <u>52,424,767</u> | <u>134,559,529</u> |
| LIABILITIES | | | |
| Accounts payable | 941,370 | 257,159 | 1,198,529 |
| Accrued liabilities | 470,258 | 47,862 | 518,120 |
| Interest payable | 67,425 | 170,558 | 237,983 |
| Refundable deposits | 469,077 | | 469,077 |
| Unearned revenue | 1,500 | | 1,500 |
| Noncurrent liabilities: | | | |
| Due within one year | 2,343,777 | 176,225 | 2,520,002 |
| Due in more than one year | <u>19,182,025</u> | <u>39,096,206</u> | <u>58,278,231</u> |
| Total liabilities | <u>23,475,432</u> | <u>39,748,010</u> | <u>63,223,442</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 50,585,199 | 12,423,925 | 63,009,124 |
| Restricted for: | | | |
| Restricted for construction of capital assets | 1,910,741 | | 1,910,741 |
| Restricted for debt service | 282,214 | 953,800 | 1,236,014 |
| Restricted for streets, highways, and other related purposes | 4,302,514 | | 4,302,514 |
| Restricted for low/mod housing | 530,101 | | 530,101 |
| Restricted for public safety | 344,841 | | 344,841 |
| Unrestricted | <u>703,720</u> | <u>(700,968)</u> | <u>2,752</u> |
| Total net assets | <u>\$ 58,659,330</u> | <u>\$ 12,676,757</u> | <u>\$ 71,336,087</u> |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Statement of Activities
For the Fiscal Year Ended June 30, 2007

| | <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 | \$ 5,798,391 | \$ 96,106 | \$ 245,954 | \$ - |
| Public safety | 14,980,984 | 1,157,322 | 349,916 | |
| Community development | 1,178,590 | 732,372 | | |
| Public works | 4,264,011 | 1,376,379 | 1,285,649 | 3,434,190 |
| Parks, beaches, and recreation | 3,405,149 | 1,543,791 | 1,085,530 | 205,496 |
| Interest on long-term debt | 846,768 | | | |
| Total governmental activities | 30,473,893 | 4,905,970 | 2,967,049 | 3,639,686 |
| Business-type activities: | | | | |
| Sewer | 9,084,345 | 9,137,785 | | |
| Total business-type activities | 9,084,345 | 9,137,785 | | |
| Total government | \$ 39,558,238 | \$ 14,043,755 | \$ 2,967,049 | \$ 3,639,686 |

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 transfers

Change in net assets

Net Assets, July 1, 2006
Prior Period Adjustments
Net Assets, July 1, 2006, Restated,

Net Assets, June 30, 2007

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

| Governmental Activities | Business-type Activities | Totals |
|----------------------------|-----------------------------|----------------------|
| \$ (5,456,331) | \$ - | \$ (5,456,331) |
| (13,473,746) | | (13,473,746) |
| (446,218) | | (446,218) |
| 1,832,207 | | 1,832,207 |
| (570,332) | | (570,332) |
| (846,768) | | (846,768) |
| <u>(18,961,188)</u> | | <u>(18,961,188)</u> |
| | 53,440 | 53,440 |
| | 53,440 | 53,440 |
| <u>(18,961,188)</u> | <u>53,440</u> | <u>(18,907,748)</u> |
| 9,016,273 | | 9,016,273 |
| 1,096,165 | | 1,096,165 |
| 1,539,123 | | 1,539,123 |
| 3,720,047 | | 3,720,047 |
| 2,917,076 | | 2,917,076 |
| 568,021 | 14,881 | 582,902 |
| 369,309 | 4,688 | 373,997 |
| 815,000 | (815,000) | |
| <u>20,041,014</u> | <u>(795,431)</u> | <u>19,245,583</u> |
| <u>1,079,826</u> | <u>(741,991)</u> | <u>337,835</u> |
| 57,451,829 | 13,618,364 | 71,070,193 |
| 127,675 | (199,616) | (71,941) |
| <u>57,579,504</u> | <u>13,418,748</u> | <u>70,998,252</u> |
| <u>\$ 58,659,330</u> | <u>\$ 12,676,757</u> | <u>\$ 71,336,087</u> |

CITY OF PACIFICA
Balance Sheet
Governmental Funds
June 30, 2007

| | <u>Capital Projects Funds</u> | | | <u>Debt Service Fund</u> |
|-----------------------------------------|-------------------------------|----------------------------|------------------------------|--------------------------|
| | <u>General</u> | <u>Redevelopment</u> | | <u>Debt Service</u> |
| | | <u>Capital Improvement</u> | <u>Agency Rockaway Beach</u> | |
| Assets | | | | |
| Cash and investments | \$ 217,033 | \$ 3,555,219 | \$ 90,095 | \$ 346,660 |
| Cash and investments with fiscal agents | | | 210,912 | 654 |
| Taxes receivable | 1,025,348 | 12,375 | | |
| Accounts receivable | 98,421 | | | |
| Interest receivable | 108,030 | 27,183 | | |
| Grants receivable | 204,170 | 544,704 | | |
| Notes receivable, net | | | | |
| Due from other funds | 1,865,131 | | | |
| Prepaid items | 22,101 | | | 2,325 |
| Deposits receivable | 783,506 | | | |
| Inventories | 5,717 | | | |
| Advances receivable | 5,777,282 | | | |
| | <u>5,777,282</u> | | | |
| Total Assets | <u>\$ 10,106,739</u> | <u>\$ 4,139,481</u> | <u>\$ 301,007</u> | <u>\$ 349,639</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 291,277 | \$ 451,271 | \$ 10,968 | \$ - |
| Accrued liabilities | 417,936 | 951 | | |
| Refundable deposits | 469,077 | | | |
| Due to other funds | | 2,218,700 | | |
| Unearned revenues | 3,262,407 | | | |
| Advances payable | | | 5,537,897 | |
| | | | <u>5,537,897</u> | |
| Total Liabilities | <u>4,440,697</u> | <u>2,670,922</u> | <u>5,548,865</u> | |
| Fund Balances: | | | | |
| Reserved for encumbrances | 16,743 | | | |
| Reserved for prepaid items | 22,101 | | | 2,325 |
| Reserved for medical equipment | 5,000 | | | |
| Reserved for inventories | 5,717 | | | |
| Reserved for notes and loans | | | | |
| Reserved for advances | 2,514,875 | | | |
| Reserved for general operations | 2,244,231 | | | |
| Reserved for community development | 116,174 | | | |
| Reserved for NARC forfeiture | 37,600 | | | |
| Reserved for capital projects | | 1,240,208 | | |
| Reserved for debt service | | | | 347,314 |
| Unreserved | 703,601 | 228,351 | (5,247,858) | |
| Unreserved, reported in nonmajor: | | | | |
| Special revenue funds | | | | |
| Capital projects funds | | | | |
| | | | | |
| Total Fund Balances | <u>5,666,042</u> | <u>1,468,559</u> | <u>(5,247,858)</u> | <u>349,639</u> |
| Total Liabilities and Fund Balances | <u>\$ 10,106,739</u> | <u>\$ 4,139,481</u> | <u>\$ 301,007</u> | <u>\$ 349,639</u> |

The accompanying notes are an integral part of these basic financial statements.

| Other Governmental Funds | Totals |
|--------------------------------|----------------------|
| \$ 2,752,822 | \$ 6,961,829 |
| | 211,566 |
| 304,001 | 1,341,724 |
| 3,326 | 101,747 |
| 114,312 | 249,525 |
| 320,390 | 1,069,264 |
| 600,000 | 600,000 |
| 2,218,700 | 4,083,831 |
| 120 | 24,546 |
| | 783,506 |
| | 5,717 |
| | 5,777,282 |
| <u>\$ 6,313,671</u> | <u>\$ 21,210,537</u> |

| | |
|------------------|-------------------|
| \$ 145,226 | \$ 898,742 |
| 41,642 | 460,529 |
| | 469,077 |
| 1,165,131 | 3,383,831 |
| 114,312 | 3,376,719 |
| 239,385 | 5,777,282 |
| <u>1,705,696</u> | <u>14,366,180</u> |

| | |
|---------------------|----------------------|
| | 16,743 |
| 120 | 24,546 |
| | 5,000 |
| | 5,717 |
| 600,000 | 600,000 |
| | 2,514,875 |
| | 2,244,231 |
| | 116,174 |
| | 37,600 |
| | 1,240,208 |
| | 347,314 |
| | (4,315,906) |
| 2,359,490 | 2,359,490 |
| 1,648,365 | 1,648,365 |
| <u>4,607,975</u> | <u>6,844,357</u> |
| <u>\$ 6,313,671</u> | <u>\$ 21,210,537</u> |

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CITY OF PACIFICA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2007

Fund Balances - Governmental Funds \$ 6,844,357

Amounts reported for Governmental Activities in the Statement of Net Assets are 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 Balance Sheet.

| | | |
|--------------------------------|--------------------|------------|
| Capital assets | \$ 70,532,696 | |
| Less: accumulated depreciation | <u>(6,179,584)</u> | |
| | | 64,353,112 |

Interest accrued on notes and advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the Governmental Funds. 3,375,219

Deferred charges represent costs associated with the issuance of long-term debts which are deferred and amortized over the period which the debts are outstanding. The costs are reported as expenditures of the current period in the Governmental Funds.

| | | |
|-----------------------------------------------------------------------------------------|----------------|---------|
| Deferred charges - 2004 Tax Allocation Bond - net of accumulated amortization | 86,223 | |
| Deferred charges - 2006 Certificates of Participation - net of accumulated amortization | <u>397,665</u> | |
| | | 483,888 |

Deferred loss 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 Assets. 1,318,304

Interest payable on long-term debt is not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (67,425)

The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.

| | | |
|------------------------------------|---------------------|--------------|
| Compensated absences | (1,345,242) | |
| 2002 CHFA Loan | (875,378) | |
| 2004 Tax Allocation Bond | (1,690,000) | |
| 2006 Certificates of Participation | <u>(15,725,000)</u> | |
| | | (19,635,620) |

Internal service funds are used by management to charge costs of certain activities, such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 1,987,495

Net Assets of Governmental Activities \$ 58,659,330

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2007

| | General | Capital Projects Funds | | Debt Service Fund |
|-------------------------------------------------------|--------------------|-----------------------------|-------------------------------------|-------------------|
| | | General Capital Improvement | Redevelopment Agency Rockaway Beach | Debt Service |
| Revenues | | | | |
| Taxes | \$ 14,626,847 | \$ - | \$ 228,878 | \$ - |
| Licenses and permits | 417,566 | 53,381 | | |
| Fines and forfeitures | 217,699 | | | |
| Use of money and property | 219,362 | 104,584 | 11,330 | 2,628 |
| Intergovernmental | 4,557,066 | 870,841 | 38,658 | |
| Charges for current services | 1,654,244 | | | |
| Recreation programs | 559,350 | | | |
| Other | 1,555,866 | 275,630 | | 190,000 |
| Total Revenues | 23,808,000 | 1,304,436 | 278,866 | 192,628 |
| Expenditures | | | | |
| Current | | | | |
| General government | 4,451,785 | | 220,905 | |
| Public safety | 14,395,175 | | | |
| Community development | 974,113 | 18,286 | | |
| Public works | 1,539,624 | | | |
| Parks, beaches, and recreation | 3,317,703 | | | |
| Non-departmental | | | | |
| Capital outlay | 182,277 | 1,847,799 | | |
| Debt service | | | | |
| Principal | | | 35,000 | 158,970 |
| Interest and fiscal charges | | | 323,792 | 649,418 |
| Total Expenditures | 24,860,677 | 1,866,085 | 579,697 | 808,388 |
| Excess (Deficit) of Revenues over Expenditures | (1,052,677) | (561,649) | (300,831) | (615,760) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 2,434,443 | 790,000 | | 623,400 |
| Transfers out | (1,690,000) | | | |
| Total Other Financing Sources (Uses) | 744,443 | 790,000 | | 623,400 |
| Net Changes in Fund Balances | (308,234) | 228,351 | (300,831) | 7,640 |
| Fund Balances, July 1, 2006 | 5,998,951 | 1,240,208 | (4,947,027) | 341,999 |
| Prior Period Adjustments | (24,675) | | | |
| Fund Balances, July 1, 2006, Restated | 5,974,276 | 1,240,208 | (4,947,027) | 341,999 |
| Fund Balances, June 30, 2007 | \$ 5,666,042 | \$ 1,468,559 | \$ (5,247,858) | \$ 349,639 |

The accompanying notes are an integral part of these basic financial statements.

| Other Governmental Funds | Totals |
|-----------------------------------------|---------------------|
| \$ 57,220 | \$14,912,945 |
| | 470,947 |
| | 217,699 |
| 125,855 | 463,759 |
| 3,134,589 | 8,601,154 |
| 1,228,929 | 2,883,173 |
| | 559,350 |
| <u>508,188</u> | <u>2,529,684</u> |
| | |
| <u>5,054,781</u> | <u>30,638,711</u> |
| | |
| | 4,672,690 |
| 172,255 | 14,567,430 |
| 135,140 | 1,127,539 |
| 1,931,172 | 3,470,796 |
| | 3,317,703 |
| 1,027,370 | 1,027,370 |
| 564,932 | 2,595,008 |
| | 193,970 |
| <u>15,661</u> | <u>988,871</u> |
| | |
| <u>3,846,530</u> | <u>31,961,377</u> |
| | |
| <u>1,208,251</u> | <u>(1,322,666)</u> |
| | |
| 50,000 | 3,897,843 |
| <u>(1,812,843)</u> | <u>(3,502,843)</u> |
| | |
| <u>(1,762,843)</u> | <u>395,000</u> |
| | |
| <u>(554,592)</u> | <u>(927,666)</u> |
| | |
| 5,180,258 | 7,814,389 |
| <u>(17,691)</u> | <u>(42,366)</u> |
| <u>5,162,567</u> | <u>7,772,023</u> |
| | |
| <u>\$ 4,607,975</u> | <u>\$ 6,844,357</u> |

CITY OF PACIFICA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2007

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 assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances \$ (927,666)

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 over their estimated lives and reported as depreciation expense.

| | | |
|-----------------------------------------------------------------------|--------------------|-----------|
| Capital outlay expenditures are therefore added back to fund balances | \$ 2,364,067 | |
| Depreciation expense not reported in governmental funds | <u>(1,130,757)</u> | |
| | | 1,233,310 |

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| Interest in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | 212,863 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

| | | |
|--------------------------------------------------------|----------------|---------|
| Issuance cost and discount amortized during the period | (17,795) | |
| Repayment of debt principal | <u>193,970</u> | |
| | | 176,175 |

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 revenues or expenditures in governmental funds (net change):

| | | |
|--------------------------------------------------------|-----------------|----------|
| Deferred loss on refunding amortized during the period | (64,835) | |
| Interest payable | 29,871 | |
| Compensated absences | <u>(58,384)</u> | |
| | | (93,348) |

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------|
| The internal service fund is used by management to charge costs of certain activities such as, equipment replacement, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities. | | <u>478,492</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------|

| | | |
|-------------------------------------------------|--|---------------------|
| Change in net assets of governmental activities | | <u>\$ 1,079,826</u> |
|-------------------------------------------------|--|---------------------|

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Statement of Net Assets
Proprietary Funds
June 30, 2007

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|---------------------------------------------------------------------|-------------------------------------|---------------------------------------|
| | <u>Enterprise Fund</u> | <u>Internal Service Funds</u> |
| | <u>Sewer Utility</u> | |
| Assets | | |
| Current Assets: | | |
| Cash and investments | \$ 37,186 | \$ 2,066,382 |
| Cash and investments with fiscal agents | 1,124,358 | |
| Accounts receivable | 345,938 | 1,107 |
| Prepaid items | 100 | |
| Inventories | 164,020 | 17,650 |
| | <u>1,671,602</u> | <u>2,085,139</u> |
| Total Current Assets | | |
| Noncurrent Assets: | | |
| Deferred charges (net of accumulated amortization) | 827,061 | |
| Deferred loss on refunding (net of accumulated amortization) | 49,521 | |
| Capital assets, not being depreciated | 4,014,412 | 258,774 |
| Capital assets, being depreciated (net of accumulated depreciation) | 46,562,171 | 1,586,121 |
| | <u>51,453,165</u> | <u>1,844,895</u> |
| Total Noncurrent Assets | | |
| Total Assets | <u>53,124,767</u> | <u>3,930,034</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 257,159 | 42,628 |
| Accrued liabilities | 47,862 | 9,729 |
| Interest payable | 170,558 | |
| Due to other funds | 700,000 | |
| Claims payable | | 1,663,372 |
| Bonds payable | 140,000 | |
| | <u>1,315,579</u> | <u>1,715,729</u> |
| Total Current Liabilities | | |
| Noncurrent Liabilities: | | |
| Claims payable | | 217,156 |
| Compensated absences | 243,191 | 9,654 |
| Loans payable | 25,359,240 | |
| Bonds payable | 13,530,000 | |
| | <u>39,132,431</u> | <u>226,810</u> |
| Total Noncurrent Liabilities | | |
| Total Liabilities | <u>40,448,010</u> | <u>1,942,539</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 12,423,925 | 1,844,895 |
| Restricted for debt service | 953,800 | |
| Unrestricted | (700,968) | 142,600 |
| | <u>\$ 12,676,757</u> | <u>\$ 1,987,495</u> |
| Total Net Assets | | |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
June 30, 2007

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|-----------------------------------------|-------------------------------------|---------------------------------------|
| | <u>Enterprise Fund</u> | <u>Internal Service Funds</u> |
| | <u>Sewer Utility</u> | |
| Operating Revenues | | |
| Charges for services | \$ 9,046,479 | \$ 1,267,940 |
| Other operating income | 91,306 | 874,277 |
| Total Operating Revenues | <u>9,137,785</u> | <u>2,142,217</u> |
| Operating Expenses | | |
| Personnel services | 2,718,339 | 249,959 |
| Administration | 490,432 | 6,030 |
| Supplies and materials | 918,101 | 464,309 |
| Insurance | 214,000 | 473,885 |
| Outside contractors | 217,168 | 135,688 |
| Maintenance | 204,861 | 5,610 |
| Utilities | 928,909 | |
| Insurance claims | | 454,271 |
| Depreciation | 2,074,694 | 375,980 |
| Total Operating Expenses | <u>7,766,504</u> | <u>2,165,732</u> |
| Operating Income (Loss) | <u>1,371,281</u> | <u>(23,515)</u> |
| Non-Operating Revenues (Expenses) | | |
| Investment earnings | 14,881 | 82,007 |
| Recoveries and settlements | 4,688 | |
| Interest and fiscal charges | (688,605) | |
| Amortization | (629,236) | |
| Total Non-Operating Revenues (Expenses) | <u>(1,298,272)</u> | <u>82,007</u> |
| Income (Loss) Before Transfers | 73,009 | 58,492 |
| Transfers | | |
| Transfers in | | 420,000 |
| Transfers out | (815,000) | |
| Changes in Net Assets | <u>(741,991)</u> | <u>478,492</u> |
| Net Assets, July 1, 2006 | 13,618,364 | 1,338,962 |
| Prior Period Adjustments | (199,616) | 170,041 |
| Net Assets, July 1, 2006, Restated | <u>13,418,748</u> | <u>1,509,003</u> |
| Net Assets, June 30, 2007 | <u>\$ 12,676,757</u> | <u>\$ 1,987,495</u> |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

| | Business-type Activities | Governmental Activities |
|-------------------------------------------------------------------------|-------------------------------------|---------------------------------------|
| | Enterprise Fund | Internal Service Funds |
| | Sewer Utility | |
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 8,539,566 | \$ 2,180,390 |
| Payments to suppliers and users | (3,290,479) | (1,207,527) |
| Payments for claims | | (673,899) |
| Payments to employees | (2,667,672) | (236,475) |
| Net Cash Provided by Operating Activities | 2,581,415 | 62,489 |
| Cash Flows from Noncapital Financing Activities | | |
| Recoveries and settlements | 4,688 | |
| Interfund loans | 700,000 | |
| Transfers in | | 420,000 |
| Transfers out | (815,000) | |
| Net Cash Provided (Used) by Noncapital Financing Activities | (110,312) | 420,000 |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchase of capital assets | (1,672,942) | (321,985) |
| Principal payments on bonds and notes | (140,000) | |
| Interest paid | (689,777) | |
| Net Cash (Used) by Capital and Related Financing Activities | (2,502,719) | (321,985) |
| Cash Flows from Investing Activities | | |
| Interest received | 14,881 | 82,007 |
| Net Cash Provided by Investing Activities | 14,881 | 82,007 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (16,735) | 242,511 |
| Cash and Cash Equivalents at the Beginning of the Fiscal Year | 1,178,279 | 1,823,871 |
| Cash and Cash Equivalents at the End of the Fiscal Year | \$ 1,161,544 | \$ 2,066,382 |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Assets: | | |
| Cash and investments | \$ 37,186 | \$ 2,066,382 |
| Cash and investments with fiscal agents | 1,124,358 | |
| Total Cash and Cash Equivalents | \$ 1,161,544 | \$ 2,066,382 |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(Continued)

| | Business-type Activities | Governmental Activities |
|---------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------|
| | Enterprise Fund | Internal Service Funds |
| | Sewer Utility | |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Operating income (loss) | \$ 1,371,281 | \$ (23,515) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation | 2,074,694 | 375,980 |
| (Increase) Decrease in Operating Assets: | | |
| Accounts receivable | (344,537) | 38,173 |
| Prepaid items | (43) | |
| Inventories | (6,149) | 3,355 |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts payable | (310,816) | (125,360) |
| Accrued liabilities | 5,134 | 7,633 |
| Unearned revenue | (253,682) | |
| Claims payable | | (219,628) |
| Compensated absences | 45,533 | 5,851 |
| | \$ 2,581,415 | \$ 62,489 |
| Net Cash Provided by Operating Activities | \$ 2,581,415 | \$ 62,489 |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
Fiduciary Fund
Statement of Net Assets
June 30, 2007

| | Davies Trust Fund |
|----------------------|----------------------------------|
| Assets | |
| Cash and investments | \$ 4,006,887 |
| Accounts receivable | 14,812 |
| Total assets | 4,021,699 |
| Liabilities | |
| Accounts payable | 646 |
| Total liabilities | 646 |
| Net Assets | |
| Unrestricted | 4,021,053 |
| Total net assets | \$ 4,021,053 |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
 Fiduciary Fund
 Statement of Changes in Fiduciary Net Assets
 June 30, 2007

| | Davies Trust Fund |
|--------------------------------|----------------------------------|
| Additions: | |
| Investment revenue | \$ 174,980 |
| Donation | 3,900,000 |
| Total additions | 4,074,980 |
| Deductions: | |
| Parks, beaches, and recreation | 53,927 |
| Total deductions | 53,927 |
| Change in net assets | 4,021,053 |
| Net Assets - July 1, 2006 | |
| Net Assets - June 30, 2007 | \$ 4,021,053 |

The accompanying notes are an integral part of these basic financial statements.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

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 ("USGAAP") 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 and its blended component unit, the Redevelopment Agency of the City of Pacifica (Redevelopment Agency). The City Council serves in separate session as the governing body of the Redevelopment Agency and is financially accountable, although the Agency is a legal entity apart from the City. The financial activities of the Redevelopment Agency are, in substance, a part of the City's operations and are included in the accompanying financial statements utilizing the "blending method".

The Redevelopment Agency was established September 24, 1979 pursuant to Ordinance Number 267-C.S. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the City of Pacifica. The Redevelopment Agency is reported as a Special Revenue Fund. Individual component unit financial statements can be obtained for the City's Redevelopment Agency from the City's Finance Department located in City Hall.

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).

Discretely Presented Component Units. There are no entities which meet the *Governmental Accounting Standards Board Statement No. 14* as amended by GASB Statement No. 39, criteria for 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

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

C. Government-wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets, 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.

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.

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 regards 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 net assets as presented in these statements to the net assets presented in the government-wide financial statements.

The governmental fund financial statements provide information about the City's funds, including blended component units. Separate statements for each fund category—*governmental and proprietary*—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 Assets, a Statement of Revenues, Expenses, and Change in Net Assets, 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.

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 Assets. The Statement of Revenues, Expenses, and Change in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

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

D. Financial Statements (Continued)

Fiduciary Fund Financial Statements include a statement of net assets and a statement of changes in fiduciary net assets. Fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has only one fiduciary fund, the Davies 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 governmental funds which have either assets, liabilities, revenues or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. Although no such funds were selected in fiscal year 2007, the City may select other governmental funds it believes should be presented as major funds. The major governmental 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.
- **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.
- **Redevelopment Agency Rockaway Beach Capital Project Fund** – This fund is used to account for expenditures and financing of various redevelopment agency projects.
- **Debt Service Fund** - This fund is used to account for the accumulation and the disbursement of monies need to comply with the interest and redemption requirements of the City's debt.

The City reports the following major proprietary 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 Trust Fund** is used to account for a donation by a private individual which is restricted for specific purposes. These funds are not included in the government-wide financial statements.

F. Basis of Accounting

The Government-wide, Proprietary funds, and fiduciary funds financial statements required by GASB 34 are reported using the *economic resources* measurement focus and the *accrual basis* of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

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

F. Basis of Accounting (Continued)

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The Governmental fund 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.

The City considers all revenues reported in the governmental funds to be available if the revenue are collected within sixty 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.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

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 assets 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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

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

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.

I. Receivables and Payables

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.

All trade, 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 a reservation of fund balance for noncurrent assets in governmental funds, to indicate that they do not constitute resources available for appropriation.

K. Deferred Charges and Deferred Loss on Refunding

The costs of issuance of debt and discounts are being amortized on the straight line method over the life of the debt on the government-wide statements.

The City had incurred a loss on the refunding of its debt. The deferred loss is being amortized on the straight line method over the lesser of the remaining period of the old debt or the remaining period of the new debt on the government-wide statements.

L. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market 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 Statement of Net Assets as a reduction in the book value of capital assets.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

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

M. Unearned Revenues

Unearned revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by the City before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

N. Compensated Absences

City employees accrue vacation, sick, holiday, and compensatory time off benefits. An employee may accumulate vacation time equal to an amount that can be earned in a two and a half year period. No cash compensation is payable for accrued vacations 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. It is the City's policy to allow employees to accumulate compensatory time instead of drawing overtime. This accumulation may subsequently be translated into cash or time taken.

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.

O. 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.

Incremental property tax revenues represent property taxes in a project area arising from increased assessed valuations over base valuations established at the inception of a project. Incremental property taxes from a project area accrue to the Agency until all liabilities of the project have been repaid (including cumulative funds provided by the City of Pacifica). After all such indebtedness has been repaid, all property taxes from a project area accrue to the various taxing authorities.

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 |

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

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

O. Property Tax Revenues (Continued)

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.

P. Net Assets

Government-wide Net Assets consist of the following:

Invested in capital assets, net of related debt – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that was attributed to the acquisition, construction or improvement of the assets.

Restricted net assets – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted net assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

Governmental Fund Balance consist of the following: Reservations of fund balances of governmental funds are created to either satisfy legal covenants, including State laws that require a portion of the fund balance to be segregated or identify the portion of the fund not available for future expenditures.

Q. 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.

NOTE 2 - Stewardship, Compliance, and Accountability:

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 year. During the year, several supplementary appropriations were necessary.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

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

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 (USGAAP). Except for Capital Project Funds, appropriations lapse at fiscal year end and are rebudgeted for the coming year. Capital Projects are budgeted for on a project basis rather than an annual basis; unexpended project authority is carried forward until the project is completed.

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 year-end are recorded as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2007, expenditures exceeded the budgeted expenditures in the following funds:

| Funds | Expenditures in excess of budget |
|----------------------------------------------|----------------------------------------|
| Major Funds | |
| General Fund: | |
| General government | \$ 285,065 |
| Public safety | \$ 734,658 |
| Parks, beaches & recreation | \$ 113,081 |
| Capital outlay | \$ 1,849 |
| Rockaway Beach Capital Projects Fund: | |
| General government | \$ 32,535 |
| Debt service: Interest and fiscal charges | \$ 462 |
| Debt Service Fund: | |
| Debt service: Principal | \$ 158,970 |
| Debt service: Interest and fiscal charges | \$ 26,018 |
| Nonmajor Funds | |
| Special Revenue Funds | |
| Supplemental Law Enforcement Services: | |
| Public safety | \$ 16,366 |
| Redevelopment Agency Low/Mod Housing: | |
| Community development | \$ 20 |
| Capital Project Funds | |
| Parks and Playfield: | |
| Community development | \$ 246 |

The excess expenditures were funded by available financial resources.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 - Cash and Investments:

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

| | |
|-----------------------------------------|----------------------|
| Statement of net assets: | |
| Cash and investments | \$ 9,065,397 |
| Cash and investments with fiscal agents | 1,335,924 |
| Statement of fiduciary net assets: | |
| Cash and investments | <u>4,006,887</u> |
| Total cash and investments | <u>\$ 14,408,208</u> |

Cash and investments as of June 30, 2007 consist of the following:

| | |
|--------------------------------------|----------------------|
| Petty cash | \$ 3,445 |
| Deposits with financial institutions | 271,047 |
| Investments | <u>14,133,716</u> |
| Total cash and investments | <u>\$ 14,408,208</u> |

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 | Maximum Percentage/ Investment of Portfolio | Maximum Investment in One Issuer |
|-------------------------------------------------------------------|---------------------|------------------------------------------------------|----------------------------------------|
| Commercial Paper | 270 days | 25% | 15% |
| Bankers Acceptances | 180 days | 30% | 15% |
| U.S. Treasury Obligations | 5 years | Unlimited | None |
| U.S. Government Agency Issues | 5 years | Unlimited | None |
| Negotiable Certificates of Deposit | 5 years | 30% | 15% |
| Medium Term Corporate Notes | 5 years | 30% | 15% |
| Money Market Fund (U.S. Treasury) | N/A | Unlimited | None |
| San Mateo County Pooled Investment Funds | N/A | Unlimited | None |
| State of California Local Agency Investment Funds (State Pool) | N/A | \$ 40,000,000 | \$ 40,000,000 |
| Banks and Savings and Loan Time Deposits | N/A | 25% | 15% |

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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 - Cash and Investments (Continued):

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issue |
|---------------------------------------|---------------------|---------------------------------------|---------------------------------------|
| Municipal Bonds (AAA or AA) | None | None | None |
| Commercial Paper (A or better) | 270 days | None | None |
| U.S. Treasury Obligations | None | None | None |
| U.S. Agency Securities | None | None | None |
| Time Deposits | None | None | None |
| Time Deposits (Unsecured) | 30 days | None | None |
| Money Market Funds (AAA or AA) | None | None | None |
| Investment Contracts (AAA or AA) | None | None | None |
| Local Agency Investment Fund | None | None | None |
| Certificates of Deposit (A or better) | 1 year | None | None |
| Bankers Acceptances (A or better) | 1 year | None | None |

Disclosures Relating to 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 | Totals | Remaining Maturity (in Months) | |
|--------------------------------------------|----------------------|--------------------------------|----------------------|
| | | 12 Months Or Less | 13 Months Or More |
| State Investment Pool Held by Trustees: | \$ 9,347,789 | \$ 9,347,789 | \$ - |
| Money Market Funds | 4,785,927 | 4,785,927 | |
| Totals | <u>\$ 14,133,716</u> | <u>\$ 14,133,716</u> | <u>\$ -</u> |

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above). The City does not hold any specific investments that need to be reported here.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 - Cash and Investments (Continued):

Disclosures Relating to 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 | Amount | Minimum Legal Rating | Exempt From Disclosure | Rating as of Fiscal Year End | |
|--------------------------------------------|----------------------|----------------------------|------------------------------|------------------------------|---------------------|
| | | | | AAA | Not Rated |
| State Investment Pool Held by Trustees: | \$ 9,347,789 | N/A | \$ - | \$ - | \$ 9,347,789 |
| Money Market Funds | <u>4,785,927</u> | N/A | | <u>4,785,927</u> | |
| Totals | <u>\$ 14,133,716</u> | | <u>\$ -</u> | <u>\$ 4,785,927</u> | <u>\$ 9,347,789</u> |

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) that represent 5% or more of total City investments.

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, 2007, \$912,119 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 - Cash and Investments (Continued):

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.

NOTE 4 - Notes Receivable:

Notes receivable at June 30, 2007 consist of the following:

| | Note Receivable Balance | Accrued Interest Balance |
|----------------------------------------------------------------------|----------------------------|-----------------------------|
| Senior note, secured by second deed of trust, due on August 25, 2035 | \$ 250,000 | \$ 47,630 |
| Junior note, secured by fourth deed of trust, due on August 28, 2035 | 350,000 | 66,682 |
| Total, secured | 600,000 | 114,312 |
| | | |
| Note receivable, unsecured | 1,034,348 | |
| Less allowance for doubtful account | (1,034,348) | |
| Total, unsecured | — | — |
| Total, net | \$ 600,000 | \$ 114,312 |

The Agency has two notes due from National Church Residences of Pacifica Ca., an Ohio nonprofit corporation ("NCR"). The notes totaling \$600,000 are secured by Deeds of Trust and an assignment of rents, bear annual interest at 3% simple, and are repayable from "available surplus cash" as defined in the promissory notes.

In addition, the City has a note due from NCR totaling \$1,034,348. This note is unsecured, bears annual interest at 3% simple, and is repayable in annual installments which commenced on August 1, 2001 and end on August 1, 2010. Repayments vary from \$85,000 to \$260,000. The City received \$0 during the current fiscal year. The City has recorded an allowance for the total amount of this note as of June 30, 2007.

NOTE 5 - 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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 - Capital Assets (Continued):

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 useful lives listed below to capital assets: Buildings and improvements (25-30 years); Police Vehicles (4 years); Other Vehicles (5-25 years); Machineries and Equipment (5-15 years); Collection System (20 years); and Infrastructure (15-30 years).

The following is a summary of capital assets for governmental activities as of June 30, 2007:

| | Governmental Activities | Internal Service | Total |
|---------------------------------------|----------------------------|---------------------|----------------------|
| Capital assets not being depreciated: | | | |
| Land | \$ 39,877,205 | \$ 258,774 | \$ 40,135,979 |
| Construction in progress | 143,894 | | 143,894 |
| | <u>40,021,099</u> | <u>258,774</u> | <u>40,279,873</u> |
| Depreciable capital assets: | | | |
| Buildings and improvements | 15,317,047 | 339,927 | 15,656,974 |
| Vehicles | | 4,814,368 | 4,814,368 |
| Machineries and equipments | 523,542 | 94,070 | 617,612 |
| Infrastructure | 14,671,008 | | 14,671,008 |
| Total | <u>30,511,597</u> | <u>5,248,365</u> | <u>35,759,962</u> |
| Less: accumulated depreciation | 6,179,584 | 3,662,244 | 9,841,828 |
| Depreciable capital assets, net | <u>24,332,013</u> | <u>1,586,121</u> | <u>25,918,134</u> |
| Total capital assets, net | <u>\$ 64,353,112</u> | <u>\$ 1,844,895</u> | <u>\$ 66,198,007</u> |

Combined Governmental capital asset activity for the fiscal year was as follows:

| | June 30, 2006 | Increases | Decreases | Transfers | Prior Period Adjustments | June 30, 2007 |
|---------------------------------------|----------------------|---------------------|------------------|------------------|-----------------------------|----------------------|
| Capital assets not being depreciated: | | | | | | |
| Land | \$ 40,135,979 | \$ - | \$ - | \$ - | \$ - | \$ 40,135,979 |
| Construction in progress | 688,089 | 143,894 | | (688,089) | | 143,894 |
| | <u>40,824,068</u> | <u>143,894</u> | | <u>(688,089)</u> | | <u>40,279,873</u> |
| Depreciable capital assets: | | | | | | |
| Buildings and improvements | 15,591,882 | 65,092 | | | | 15,656,974 |
| Vehicles | 4,516,460 | 312,274 | (256,414) | | 242,048 | 4,814,368 |
| Machineries and equipments | 573,663 | 43,949 | | | | 617,612 |
| Infrastructure | 11,862,076 | 2,120,843 | | 688,089 | | 14,671,008 |
| Total | <u>32,544,081</u> | <u>2,542,158</u> | <u>(256,414)</u> | <u>688,089</u> | <u>242,048</u> | <u>35,759,962</u> |
| Less: accumulated depreciation for | | | | | | |
| Buildings and improvements | 3,910,646 | 521,898 | | | | 4,432,544 |
| Vehicles | 3,270,447 | 360,891 | (256,414) | | 72,007 | 3,446,931 |
| Machineries and equipments | 308,762 | 78,247 | | | | 387,009 |
| Infrastructure | 1,029,643 | 545,701 | | | | 1,575,344 |
| | <u>8,519,498</u> | <u>1,506,737</u> | <u>(256,414)</u> | | <u>72,007</u> | <u>9,841,828</u> |
| Depreciable capital assets, net | <u>24,024,583</u> | <u>1,035,421</u> | | <u>688,089</u> | <u>170,041</u> | <u>25,918,134</u> |
| Total capital assets, net | <u>\$ 64,848,651</u> | <u>\$ 1,179,315</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 170,041</u> | <u>\$ 66,198,007</u> |

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 - Capital Assets (Continued):

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

| | |
|--------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 31,521 |
| Public safety | 589,686 |
| Community development | 54,069 |
| Public works | 736,543 |
| Parks, beaches, and recreation | 94,918 |
| | <u>94,918</u> |
| | <u>\$ 1,506,737</u> |

The following is a summary of capital assets for business-type activities as of June 30, 2007:

| | June 30, 2006 | Increases | Decreases | Prior Period Adjustments | June 30, 2007 |
|---------------------------------------|----------------------|---------------------|-------------|-----------------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 4,014,412 | \$ - | \$ - | \$ - | \$ 4,014,412 |
| | <u>4,014,412</u> | | | | <u>4,014,412</u> |
| Depreciable capital assets: | | | | | |
| Buildings and improvements | 73,449,030 | 748,078 | | | 74,197,108 |
| Collection system | 3,519,684 | 547,858 | | | 4,067,542 |
| Machineries and equipments | 635,791 | 377,006 | | (199,616) | 813,181 |
| Total | <u>77,604,505</u> | <u>1,672,942</u> | | <u>(199,616)</u> | <u>79,077,831</u> |
| Less: accumulated depreciation for: | | | | | |
| Buildings and improvements | 28,451,134 | 1,869,385 | | | 30,320,519 |
| Collection system | 1,657,479 | 153,111 | | | 1,810,590 |
| Machineries and equipments | 332,353 | 52,198 | | | 384,551 |
| | <u>30,440,966</u> | <u>2,074,694</u> | | | <u>32,515,660</u> |
| Depreciable capital assets, net | <u>47,163,539</u> | <u>(401,752)</u> | | <u>(199,616)</u> | <u>46,562,171</u> |
| Total capital assets, net | <u>\$ 51,177,951</u> | <u>\$ (401,752)</u> | <u>\$ -</u> | <u>\$ (199,616)</u> | <u>\$ 50,576,583</u> |

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 - 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.

| <u>Governmental Activities</u> | Balance, June 30, 2006 | Additions | Retirements | Balance, June 30, 2007 | Due in One year |
|--------------------------------|---------------------------|-------------------|---------------------|---------------------------|---------------------|
| Certificates of Participation: | | | | | |
| 2006 COP | \$ 15,725,000 | \$ - | \$ - | \$ 15,725,000 | \$ - |
| Total COP payable | <u>15,725,000</u> | | | <u>15,725,000</u> | |
| Tax allocation bonds: | | | | | |
| 2004 Tax allocation bonds | <u>1,725,000</u> | | <u>35,000</u> | <u>1,690,000</u> | <u>35,000</u> |
| Note payable: | | | | | |
| 2002 CHFA Loan | <u>1,034,348</u> | | <u>158,970</u> | <u>875,378</u> | <u>223,739</u> |
| Other liabilities: | | | | | |
| Claims payable | 2,100,156 | 454,271 | 673,899 | 1,880,528 | 1,663,372 |
| Compensated absences | <u>1,290,661</u> | <u>485,901</u> | <u>421,666</u> | <u>1,354,896</u> | <u>421,666</u> |
| Total other liabilities | <u>3,390,817</u> | <u>940,172</u> | <u>1,095,565</u> | <u>3,235,424</u> | <u>2,085,038</u> |
| | <u>\$ 21,875,165</u> | <u>\$ 940,172</u> | <u>\$ 1,289,535</u> | <u>\$ 21,525,802</u> | <u>\$ 2,343,777</u> |

| <u>Business-type Activities</u> | Balance, June 30, 2006 | Additions | Retirements | Balance, June 30, 2007 | Due in One year |
|----------------------------------------|---------------------------|------------------|-------------------|---------------------------|--------------------|
| Revenue bonds: | | | | | |
| 2004 Wastewater | | | | | |
| Revenue Refunding | \$ 9,250,000 | \$ - | \$ - | \$ 9,250,000 | \$ - |
| 2001B Water & Wastewater | | | | | |
| Revenue Refunding | <u>4,560,000</u> | | <u>140,000</u> | <u>4,420,000</u> | <u>140,000</u> |
| Total revenue bonds | <u>13,810,000</u> | | <u>140,000</u> | <u>13,670,000</u> | <u>140,000</u> |
| Note payable: | | | | | |
| State Water Resources Control Board | <u>25,359,240</u> | | | <u>25,359,240</u> | |
| Other liabilities: | | | | | |
| Compensated absences | <u>197,658</u> | <u>81,758</u> | <u>36,225</u> | <u>243,191</u> | <u>36,225</u> |
| | <u>\$ 39,366,898</u> | <u>\$ 81,758</u> | <u>\$ 176,225</u> | <u>\$ 39,272,431</u> | <u>\$ 176,225</u> |

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 6 - Long-Term Debt (Continued):

The following is a list of long-term debt issues outstanding at June 30, 2007:

2006 Certificates of Participation: On May 9, 2006, the City of Pacifica issued Certificates of Participation (COP) in the amount of \$15,725,000 (par value) payable annually beginning February 5, 2009 and with an interest rate of 3.875% payable each 35 days beginning June 15, 2006. The purpose of the COP is to provide funds to (i) refinance the City's 1999 COP (street improvement project), (ii) refinance the City's 2000 COP (public safety building project), (iii) refinance the City's 2003 COP (public safety building project), (iv) finance the construction of additional public capital improvements to be designated by the City Council in the amount of \$2,000,000, (v) acquire a debt service surety bond for the COP, and (vi) pay certain costs incurred in connection with the execution and delivery of the COP.

The lease payments, swap payments and additional payments due under the lease agreement are payable from any source of available funds of the City and the City has determined that 31.5488% of each lease payment is allocable to the refinancing of the City's obligations under the 1999 COP. The portion of lease payments and the corresponding portion of the swap payments which are allocable to the 1999 COP are payable from and are ratably secured by a pledge of and lien on the Gas Tax revenues.

\$13,298,931 from the 2006 COP was placed in an irrevocable trust that is to be used to service the future debt requirements of the 1999, 2000, and 2003 COPs. The refunding resulted in an increase of the total debt service by \$3,232,710 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$1,070,200.

The City defeased the 1999, 2000, and 2003 COPs by placing the proceeds of the new COP in an irrevocable trust to provide for all future debt service payments on the old COPs. Accordingly, the trust account assets and the liability for the defeased COPs are not included in the City's financial statements. At June 30, 2007, the 1999, 2000, and 2003 COPs outstanding balances which are considered defeased were \$4,410,000, \$5,360,000, and \$2,450,000 respectively.

Annual debt service requirements, to maturity, for the 2006 Certificates of Participation are as follows:

| Fiscal year Ended | Principal | Interest | Total |
|----------------------|----------------------|----------------------|----------------------|
| 2008 | \$ - | \$ 643,196 | \$ 643,196 |
| 2009 | 325,000 | 579,092 | 904,092 |
| 2010 | 275,000 | 627,416 | 902,416 |
| 2011 | 350,000 | 558,027 | 908,027 |
| 2012 | 350,000 | 596,231 | 946,231 |
| 2013 to 2017 | 1,825,000 | 2,620,856 | 4,445,856 |
| 2018 to 2022 | 2,300,000 | 2,222,827 | 4,522,827 |
| 2023 to 2027 | 2,800,000 | 1,739,374 | 4,539,374 |
| 2028 to 2032 | 3,400,000 | 1,144,938 | 4,544,938 |
| 2033 to 2037 | 4,100,000 | 429,051 | 4,529,051 |
| | <u>\$ 15,725,000</u> | <u>\$ 11,161,008</u> | <u>\$ 26,886,008</u> |

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 6 - Long-Term Debt (Continued):

2004 Tax Allocation Bonds: During August 2004, the Redevelopment Agency of the City of Pacifica issued \$1,725,000 in Rockaway Beach Redevelopment Project 2004 Tax Allocation Bonds at interest rates varying 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.

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

| Fiscal year Ended | Principal | Interest | Total |
|----------------------|---------------------|---------------------|---------------------|
| 2008 | \$ 35,000 | \$ 90,469 | \$ 125,469 |
| 2009 | 35,000 | 89,191 | 124,191 |
| 2010 | 40,000 | 87,696 | 127,696 |
| 2011 | 40,000 | 86,026 | 126,026 |
| 2012 | 40,000 | 84,286 | 124,286 |
| 2013 to 2017 | 245,000 | 388,650 | 633,650 |
| 2018 to 2022 | 310,000 | 316,432 | 626,432 |
| 2023 to 2027 | 405,000 | 215,594 | 620,594 |
| 2028 to 2032 | 540,000 | 81,363 | 621,363 |
| | <u>\$ 1,690,000</u> | <u>\$ 1,439,707</u> | <u>\$ 3,129,707</u> |

2001 CHFA Loan: During August 2001, the City (along with State and County agencies) entered into an agreement to lend and borrow funds to assist with the purchase of land and buildings suitable for the utilization of low-income senior housing (Oceanview Apartments). The property was purchased by the City and immediately transferred to National Church Residences (NCR), a non-profit organization. The City loaned \$600,000 (see below), and also acted as the pass-through agency for a loan totaling \$1,450,000 from the California Housing Financing Agency (CHFA). The loan from CHFA is technically a loan to the City, and will be repaid by the City with payments received from NCR. Although all loans associated with this project will be repaid as surplus cash allows, the following reflects the anticipated repayment schedule:

| Fiscal year Ended | Principal | Interest | Total |
|----------------------|-------------------|------------------|-------------------|
| 2008 | \$ 223,739 | \$ 26,261 | \$ 250,000 |
| 2009 | 215,451 | 19,549 | 235,000 |
| 2010 | 246,914 | 13,086 | 260,000 |
| 2011 | 189,274 | 5,678 | 194,952 |
| | <u>\$ 875,378</u> | <u>\$ 64,574</u> | <u>\$ 939,952</u> |

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 - Long-Term Debt (Continued):

2004 Wastewater Revenue Refunding Bonds: During July 2004, the City of Pacifica issued \$9,250,000 in 2004 Wastewater Revenue Refunding Bonds at interest rates varying from 5% to 5.25%. The net proceeds of the bonds were issued to refund a portion of the State of California Water Resource Control Board Loan (payments due through July 31, 2007) and to establish a reserve fund. The bonds were issued with an original issue premium which is being amortized over the term of the bonds. Interest on the bonds will be payable semiannually on April 1 and October 1 each year, commencing April 1, 2005. The bonds mature on October 1, 2026.

Annual debt service requirements, to maturity, for the 2004 Wastewater Revenue Refunding Bonds are as follows:

| Fiscal year Ended | Principal | Interest | Total |
|----------------------|---------------------|---------------------|----------------------|
| 2008 | \$ - | \$ 472,588 | 472,588 |
| 2009 | | 472,588 | 472,588 |
| 2010 | | 472,588 | 472,588 |
| 2011 | | 472,588 | 472,588 |
| 2012 | | 472,588 | 472,588 |
| 2013 to 2017 | | 2,362,937 | 2,362,937 |
| 2018 to 2022 | | 2,362,937 | 2,362,937 |
| 2023 to 2027 | 9,250,000 | 1,055,719 | 10,305,719 |
| | <u>\$ 9,250,000</u> | <u>\$ 8,144,533</u> | <u>\$ 17,394,533</u> |

2001B Sewer Revenue Bonds: The City of Pacifica Financing Authority refinanced \$4,635,000 of outstanding 1996 Sewer Revenue Bonds by issuing \$4,970,000 in new bonds at interest rates varying from 3.00% to 5.125%. The economic gain realized on the refinancing had a net present value of \$342,973 or 7.2664% of par on the prior issue at the time of refinancing. The original bonds were issued to partly finance the City's new Wastewater Treatment Plant. The remaining long term financing was arranged through the State's Revolving Loan Fund. The bonds are totally callable, without premium, on any interest date on or after October 1, 2012.

Annual debt service requirements, to maturity, for the 2001B Sewer Revenue Bonds are as follows:

| Fiscal year Ended | Principal | Interest | Total |
|----------------------|---------------------|---------------------|---------------------|
| 2008 | \$ 140,000 | \$ 207,161 | \$ 347,161 |
| 2009 | 150,000 | 201,864 | 351,864 |
| 2010 | 155,000 | 196,106 | 351,106 |
| 2011 | 160,000 | 189,961 | 349,961 |
| 2012 | 165,000 | 183,379 | 348,379 |
| 2013 to 2017 | 940,000 | 798,219 | 1,738,219 |
| 2018 to 2022 | 1,185,000 | 540,449 | 1,725,449 |
| 2023 to 2027 | 1,525,000 | 198,297 | 1,723,297 |
| | <u>\$ 4,420,000</u> | <u>\$ 2,515,436</u> | <u>\$ 6,935,436</u> |

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 - Long-Term Debt (Continued):

State of California Water Resource Control Board Loan: On February 20, 1997, the State of California Water Resource Control Board allocated to the City of Pacifica Sewer Enterprise Fund a State Revolving Loan Fund commitment totaling \$41,304,818 for design and construction of a new wastewater treatment facility. Repayment of the loan began one year after completion of the project and will be repaid over a period of 20 years. This is a stated zero interest loan, with 83.333% of expenses reimbursed under the revolving loan fund and the remaining 16.667% paid by the City of Pacifica. Interest did not accrue during the construction phase.

During July 2004, the City issued \$9,250,000 in 2004 Wastewater Revenue Refunding Bonds to advance refund a portion of the State of California Water Resource Control Board Loan (payments due through July 1, 2007). The net proceeds were deposited in an irrevocable trust with an escrow agent to provide debt service payments.

For financial reporting purposes, the portion of loan payments that are due through July 1, 2007 has been considered defeased and therefore removed as a liability from the City. As of June 30, 2007, the amount of defeased debt outstanding but removed from the long-term debt amounted to \$3,134,403.

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

| Fiscal year Ended | Principal | Interest | Total |
|----------------------|----------------------|---------------------|----------------------|
| 2008 | \$ - | \$ - | \$ - |
| 2009 | 1,609,734 | 456,185 | 2,065,919 |
| 2010 | 1,637,501 | 428,418 | 2,065,919 |
| 2011 | 1,667,040 | 398,879 | 2,065,919 |
| 2012 | 1,697,112 | 368,807 | 2,065,919 |
| 2013 to 2017 | 8,955,968 | 1,373,625 | 10,329,593 |
| 2018 to 2022 | 9,791,885 | 536,166 | 10,328,051 |
| | <u>\$ 25,359,240</u> | <u>\$ 3,562,080</u> | <u>\$ 28,921,320</u> |

NOTE 7 - Employee Retirement Plans:

Plan Description:

The City of Pacifica has three defined benefit pension plans (Miscellaneous Plan, Safety Fire Plan and the Safety Police Plan, (the "Plans"). The Plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California.

A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 7 - Employee Retirement Plans (Continued):

Funding Policies:

Active plan members in the Miscellaneous Plan, the Safety Fire Plan and the Safety Police Plan are required to contribute 7%, 9% and 9%, respectively, of their annual covered salary. The City "picks up" the tax deferred contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal 2005/06 are as follows: 14.944% for miscellaneous employees; 32.358% for fire employees and 37.843% for police employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year 2006/07, the City's combined annual pension cost was \$4,799,722, the City actually contributed \$3,553,422 and members contributed \$1,246,300. The required contribution for fiscal year 2006/07 was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases of 3.25% to 14.45% depending on age, service, and type of employment for the miscellaneous members (for Safety Fire Plan and Safety Police Plan, salary increases range from 3.25% to 13.15%). Both (a) and (b) include an inflation component of 3.0% and a payroll growth factor of 3.25% for all three groups, but do not include any post retirement benefit increases. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over three year period. The Plan's unfunded actuarial excess assets are being amortized as a level percentage of projected payrolls on a closed basis. The amortization period varies between the three different plans of the City. For the fiscal year 2006/07, the average remaining amortization periods were 23 years for Miscellaneous Plan, 15 years for Safety Fire Plan, and 17 years for Safety Police Plan.

Miscellaneous Plan:

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------|---------------------------------|-------------------------------------|------------------------------|
| 6/30/2005 | \$ 1,048,583 | 100% | \$ - |
| 6/30/2006 | \$ 1,323,153 | 100% | \$ - |
| 6/30/2007 | \$ 1,172,639 | 100% | \$ - |

Fire Safety Plan:

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------|---------------------------------|-------------------------------------|------------------------------|
| 6/30/2005 | \$ 796,054 | 100% | \$ - |
| 6/30/2006 | \$ 1,003,805 | 100% | \$ - |
| 6/30/2007 | \$ 1,060,739 | 100% | \$ - |

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 7 - Employee Retirement Plans (Continued):

Police Safety Plan:

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------|---------------------------------|-------------------------------------|------------------------------|
| 6/30/2005 | \$ 864,563 | 100% | \$ - |
| 6/30/2006 | \$ 1,120,895 | 100% | \$ - |
| 6/30/2007 | \$ 1,320,044 | 100% | \$ - |

NOTE 8 - Public Entity Risk Pool:

The City participates in one public entity risk pool through a formally organized and separate entity. As a separate legal entity, this entity exercises full power and authority within the scope of the related agreement including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the separate entity are not those of the City.

ABAG PLAN CORPORATION

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 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).

The City paid premiums of \$498,567 during fiscal year 2006-2007 for general liability and property coverage in excess of the City's self-insured retention as described in Note 9. 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.

ABAG is considered a risk-sharing pool whereby all its members share in the cost of losses for other members. Condensed accrual basis audited financial information of PLAN as of and for the fiscal year ended June 30, 2007 is as follows:

| | |
|-------------------|----------------------|
| Total assets | \$ 47,963,844 |
| Total liabilities | <u>17,879,751</u> |
| Net assets | <u>\$ 30,084,093</u> |
| Total revenues | \$ 11,747,470 |
| Total expenses | <u>4,362,654</u> |
| Net income (loss) | <u>\$ 7,384,816</u> |

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 9 - Self Insurance Fund:

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 TLC 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's general liability, property damage, and workers' compensation claims are insured by either commercial insurance carriers or by participation in a public risk-sharing pool (ABAG PLAN Corporation, Note 8), both of which are subject to the City's self-insurance retention which varies by type of coverage. The coverages are as follows:

| <u>Self-Insured Coverage</u> | <u>Policy Limit</u> | <u>Retention</u> |
|-------------------------------------|---------------------|------------------|
| General Liability & Property Damage | \$ 10,000,000 | \$ 50,000 |
| Workers Compensation | * | * |

* Workers' Compensation coverage estimates are currently unavailable due to retention levels of \$1 million or higher, and premium increases of 100% or higher. The City has never experienced an excess claim but the City is currently exploring alternative excess coverage. Settled claims have not exceeded the City's policy limits in any of the past three fiscal years.

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. Accrued insurance losses of \$956,792 and \$923,736 were recorded at June 30, 2007 for the workers' compensation and general liability programs respectively.

Changes in the total reported liability resulted from the following:

| | Fiscal Year Ended June 30, | |
|-----------------------------|----------------------------|---------------------|
| | 2006 | 2007 |
| July 1 liability | \$ 1,946,031 | \$ 2,100,156 |
| Claims & change in estimate | 799,035 | 454,271 |
| Payments for claims | (644,910) | (673,899) |
| June 30 Liability | <u>\$ 2,100,156</u> | <u>\$ 1,880,528</u> |

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 10 - Interfund Transactions:

Due To/From Other Funds

Current interfund balances arise in the normal course of business, to fund projects until the borrowing fund receives revenues to repay the lending fund and to assist funds with negative cash balance at the fiscal year end. The following is a summary of Interfund balances as of June 30, 2007:

| <u>Funds</u> | <u>Due from other funds</u> | <u>Due to other funds</u> |
|--------------------------------------------|---------------------------------|-------------------------------|
| Major Governmental Funds | | |
| General Fund | \$ 1,865,131 | \$ - |
| General Capital Improvement Fund | | 2,218,700 |
| Major Enterprise Fund | | |
| Sewer Utility | | 700,000 |
| Nonmajor Governmental Funds | | |
| Special Revenue Funds | | |
| Supplemental Law Enforcement Services Fund | | \$ 6,022 |
| Gas Tax Fund | 2,218,700 | 15,000 |
| NPDES Stormwater Fund | | 191,686 |
| Disaster Accounting Fund | | 732,423 |
| Capital Projects Fund | | |
| Highway 1 Improvement Fund | | 220,000 |
| Total | <u>\$ 4,083,831</u> | <u>\$ 4,083,831</u> |

Advances Receivable/Payable

The City of Pacifica loans money to the Redevelopment Agency Rockaway Beach Fund to be used for any expenses necessary or incidental to carrying out the Redevelopment Plan. At June 30, 2007, outstanding loans totaling \$5,537,897 (\$2,341,185 in advances and \$3,196,712 of accrued interest) have been made from the General Fund and are to be repaid as practical to the City from incremental tax revenues of the project area and sales of redevelopment property. Interest accrues on the original advance at 8.5%.

The City of Pacifica participated in the financing of a low-cost senior apartment complex during fiscal year 2000-2001. The Agency made a \$600,000 long-term loan through the RDA Low/Mod Housing Fund to National Church Residences (see Note 4). Since the Housing Fund did not have the full \$600,000, the City's General Fund had loaned the Housing Fund \$258,000 at a variable simple interest rate dependent upon the State of California's investment pool rate. The current loan interest rate between the City's General Fund and the Housing Fund is 7%. The total balance at June 30, 2007 is \$239,385 (\$175,190 in advances and \$64,195 in accrued interest).

Transfers

Transfers report the nonreciprocal contribution of resources of one fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditure on behalf of another fund. Less often a transfer may be made to open or close a fund.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 10 - Interfund Transactions (Continued):

The following is a summary of transfers for the fiscal year ended June 30, 2007:

| <u>Funds</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------------|---------------------|----------------------|
| Major Governmental Funds | | |
| General Fund | \$ 2,434,443 | \$ 1,690,000 |
| General Capital Improvement Fund | 790,000 | |
| Debt Service Fund | 623,400 | |
| Nonmajor Governmental Funds | | |
| Special Revenue Funds | | |
| Fire Assessment Fund | | 870,000 |
| Gas Tax Fund | 50,000 | 148,400 |
| Disaster Accounting Fund | | 794,443 |
| Major Enterprise Fund | | |
| Sewer Utility Fund | | 815,000 |
| Internal Service Funds | | |
| Motor Pool Fund | 300,000 | |
| Self Insurance Fund | 120,000 | |
| | <u>\$ 4,317,843</u> | <u>\$ 4,317,843</u> |

NOTE 11 - Net Assets and Fund Balances:

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

The government-wide statement of net assets for governmental activities reports \$7,370,411 of restricted net assets and the government-wide statement of net assets for business-type activities reports \$953,800 of restricted net assets.

Fund balances consist of reserved and unreserved amounts. Reserved fund balances represent amounts that are legally restricted to a specific use or are not available for appropriation of expenditure. The remaining portion is unreserved. Portions of the unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures.

Fund with Deficit Fund Balances/Net Assets

| | |
|--------------------------------------------|----------------|
| Major Governmental Fund | |
| RDA-Rockaway Beach | \$ (5,247,858) |
| Nonmajor Governmental Funds | |
| Special Revenue Funds | |
| Supplemental Law Enforcement Services Fund | \$ (7,533) |
| NPDES Stormwater Fund | \$ (192,180) |
| Disaster Accounting Fund | \$ (819,483) |
| Internal Service Fund: | |
| Self Insurance | \$ (499,993) |

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 12 - Contingencies:

The City is the defendant in several lawsuits which, when aggregated, could result in a substantial loss to the City. In the case of *North Pacifica LLC v. City of Pacifica*, United States District Court, Northern District of California, Case No. C 01 4823 EMC, filed December 7, 2001. After the trial judgment in the favor of North Pacifica LLC in the sum of \$156,741 as of May 4, 2005 and subsequently awarded attorney fees and costs in the sum of \$595,201. The City has filed a notice of appeal on May 27, 2005 and Northern Pacifica has subsequently filed a cross appeal. The City has deposited the amount of \$783,506 in the federal district court to cover the amount of the judgment and attorneys' fees pending appeal. It is presently impossible to predict the outcome of this case. No provision for this liability has been made in the accompanying basic financial statements.

In October 2007, the City was notified by the California Department of Education (CDE) that as a result of the Child Development financial and compliance audit, the State was due in excess of \$800,000. The City has responded to this demand for payment, and is currently awaiting CDE's response in regards to a hearing to be held in July 2008. The City does not expect to have to return any monies to CDE, and if any is due, the City expects such amount would be immaterial.

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.

NOTE 13 - Prior Period Adjustments:

Government-wide statements

Governmental activities

| <u>Amounts</u> | |
|-------------------|------------------------------------|
| \$ 170,041 | Understatement of capital assets |
| 19,800 | Understatement of deferred charges |
| <u>(62,166)</u> | Overstatement of grants receivable |
| <u>\$ 127,675</u> | |

Business-type activities:

| <u>Amounts</u> | |
|---------------------|---------------------------------|
| <u>\$ (199,616)</u> | Overstatement of capital assets |
| <u>\$ (199,616)</u> | |

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 13 - Prior Period Adjustments:

Governmental fund statements

| Funds | Amounts | |
|----------------------------------------------|-------------------------------|--------------------------------------|
| General Fund: | <u>\$ (24,675)</u> | Overstatement of advances receivable |
| Parks and Playfield Capital Project Fund: | <u>(62,166)</u> | Overstatement of grants receivable |
| Redevelopment Agency Low/Mod | 19,800 | Understatement of deferred charges |
| Housing Special Revenue Fund: | <u>24,675</u> | Overstatement of advances payable |
| | <u>44,475</u> | |
| Total Governmental Fund | <u><u>\$ (42,366)</u></u> | |

Proprietary Fund Statements

| Funds | Amounts | |
|-----------------------------|-------------------------------|----------------------------------|
| Sewer Utility Fund: | \$ (199,616) | Overstatement of capital assets |
| Internal Service Fund: | | |
| Motor Pool Fund: | <u>170,041</u> | Understatement of capital assets |
| Total Proprietary Funds | <u><u>\$ (29,575)</u></u> | |

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--------------------------------------|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 8,220,000 | \$ 8,220,000 | \$ 8,730,175 | \$ 510,175 |
| Sales | 1,100,000 | 1,100,000 | 1,096,165 | (3,835) |
| Franchise | 1,470,000 | 1,470,000 | 1,539,123 | 69,123 |
| Other | 3,300,000 | 3,300,000 | 3,261,384 | (38,616) |
| Licenses and permits | 331,600 | 331,600 | 417,566 | 85,966 |
| Fines and forfeitures | 135,000 | 135,000 | 217,699 | 82,699 |
| Use of money and property | 412,000 | 412,000 | 219,362 | (192,638) |
| Intergovernmental | 4,472,045 | 4,614,995 | 4,557,066 | (57,929) |
| Charges for current services | 1,465,700 | 1,465,700 | 1,654,244 | 188,544 |
| Recreation programs | 523,500 | 523,500 | 559,350 | 35,850 |
| Other | 1,668,100 | 1,668,100 | 1,555,866 | (112,234) |
| Total Revenues | <u>23,097,945</u> | <u>23,240,895</u> | <u>23,808,000</u> | <u>567,105</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| City council | 133,180 | 133,180 | 148,235 | (15,055) |
| City manager | 500,092 | 500,092 | 542,432 | (42,340) |
| Human resources | 459,444 | 459,444 | 475,933 | (16,489) |
| City attorney | 1,165,363 | 1,165,363 | 1,160,201 | 5,162 |
| Finance | 954,886 | 954,886 | 1,047,424 | (92,538) |
| Non-departmental | 953,755 | 953,755 | 1,077,560 | (123,805) |
| Total General Government | <u>4,166,720</u> | <u>4,166,720</u> | <u>4,451,785</u> | <u>(285,065)</u> |
| Public safety | | | | |
| Police | 7,920,318 | 7,920,318 | 8,285,698 | (365,380) |
| Fire | 5,740,199 | 5,740,199 | 6,109,477 | (369,278) |
| Total Public Safety | <u>13,660,517</u> | <u>13,660,517</u> | <u>14,395,175</u> | <u>(734,658)</u> |
| Community development | | | | |
| Planning | 982,737 | 982,737 | 957,474 | 25,263 |
| Code enforcement | | | 13,786 | (13,786) |
| Economic development | | | 2,853 | (2,853) |
| Total Community Development | <u>982,737</u> | <u>982,737</u> | <u>974,113</u> | <u>8,624</u> |
| Public works | | | | |
| Engineering services | 404,355 | 404,355 | 285,326 | 119,029 |
| Street and traffic maintenance | 318,190 | 318,190 | 327,745 | (9,555) |
| Building maintenance and improvement | 327,748 | 327,748 | 328,650 | (902) |
| Fishing pier/rest stop maintenance | 119,572 | 119,572 | 122,519 | (2,947) |
| City parks and playfields | 411,214 | 411,214 | 475,384 | (64,170) |
| Total Public Works | <u>1,581,079</u> | <u>1,581,079</u> | <u>1,539,624</u> | <u>41,455</u> |

Continued

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2007
Continued

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|------------------------------------------------|-------------------------|---------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Expenditures | | | | |
| Current | | | | |
| Parks, beaches, and recreation | | | | |
| Parks, beaches, and recreation | 203,681 | 203,681 | 218,726 | (15,045) |
| Community center programs | 174,884 | 174,884 | 179,111 | (4,227) |
| Cultural arts | 17,426 | 17,426 | 18,187 | (761) |
| Elementary age recreation | 100,646 | 100,646 | 93,332 | 7,314 |
| Teens and j-teens recreation | 71,427 | 71,427 | 64,039 | 7,388 |
| Adult sports | 26,269 | 26,269 | 23,523 | 2,746 |
| Senior | 125,194 | 125,194 | 131,446 | (6,252) |
| Instructional class | 137,228 | 137,228 | 148,240 | (11,012) |
| Recreation swimming | 240,484 | 240,484 | 243,439 | (2,955) |
| Swim team | 144,841 | 144,841 | 154,785 | (9,944) |
| Special community recreation | 70,404 | 70,404 | 71,974 | (1,570) |
| Special projects | 1,892,138 | 1,892,138 | 1,970,901 | (78,763) |
| Total Parks, Beaches, and Recreation | <u>3,204,622</u> | <u>3,204,622</u> | <u>3,317,703</u> | <u>(113,081)</u> |
| Capital outlay | <u>180,428</u> | <u>180,428</u> | <u>182,277</u> | <u>(1,849)</u> |
| Total Expenditures | <u>23,776,103</u> | <u>23,776,103</u> | <u>24,860,677</u> | <u>(1,084,574)</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(678,158)</u> | <u>(535,208)</u> | <u>(1,052,677)</u> | <u>(517,469)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,930,000 | 1,930,000 | 2,434,443 | 504,443 |
| Transfers out | <u>(2,144,771)</u> | <u>(2,144,771)</u> | <u>(1,690,000)</u> | <u>454,771</u> |
| Total Other Financing Sources (Uses) | <u>(214,771)</u> | <u>(214,771)</u> | <u>744,443</u> | <u>959,214</u> |
| Net Change in Fund Balance | <u>(892,929)</u> | <u>(749,979)</u> | <u>(308,234)</u> | <u>441,745</u> |
| Fund Balance, July 1, 2006 | 5,998,951 | 5,998,951 | 5,998,951 | |
| Prior Period Adjustments | | | <u>(24,675)</u> | <u>(24,675)</u> |
| Fund Balance, July 1, 2006, Restated | <u>5,998,951</u> | <u>5,998,951</u> | <u>5,974,276</u> | <u>(24,675)</u> |
| Fund Balance, June 30, 2007 | <u>\$ 5,106,022</u> | <u>\$ 5,248,972</u> | <u>\$ 5,666,042</u> | <u>\$ 417,070</u> |

CITY OF PACIFICA
Required Supplementary Information - PERS
Schedule of Funding Progress - Unaudited

Miscellaneous Plan

| Actuarial Valuation Date | Entry Age Normal Accrual Liability (a) | Actuarial Value of Assets (b) | Unfunded (Overfunded) (a-b) | Funded Ratio (b/a) | Covered Payroll (c) | Unfunded (Overfunded) % of Covered Payroll ((a-b)/c) |
|--------------------------|----------------------------------------|-------------------------------|-----------------------------|--------------------|---------------------|------------------------------------------------------|
| 6/30/04 | \$ 38,800,397 | \$ 32,557,921 | \$ 6,242,476 | 83.9% | \$ 6,719,069 | 92.9% |
| 6/30/05 | 41,956,417 | 36,889,060 | 5,067,357 | 87.9% | 7,194,271 | 70.4% |
| 6/30/06 | 45,986,918 | 41,554,909 | 4,432,009 | 90.4% | 7,653,657 | 57.9% |

Fire Safety Plan (Risk Pool)

| Actuarial Valuation Date | Entry Age Normal Accrual Liability (a) | Actuarial Value of Assets (b) | Unfunded (Overfunded) (a-b) | Funded Ratio (b/a) | Covered Payroll (c) | Unfunded (Overfunded) % of Covered Payroll ((a-b)/c) |
|--------------------------|----------------------------------------|-------------------------------|-----------------------------|--------------------|---------------------|------------------------------------------------------|
| 6/30/04 | \$1,252,474,736 | \$1,026,500,742 | \$ 225,973,994 | 82.0% | \$ 154,903,754 | 145.9% |
| 6/30/05 | 1,325,510,754 | 1,105,298,221 | 220,212,533 | 83.4% | 161,446,071 | 136.4% |
| 6/30/06 | 1,473,284,852 | 1,252,059,468 | 221,225,384 | 85.0% | 177,088,890 | 124.9% |

Police Safety Plan (Risk Pool)

| Actuarial Valuation Date | Entry Age Normal Accrual Liability (a) | Actuarial Value of Assets (b) | Unfunded (Overfunded) (a-b) | Funded Ratio (b/a) | Covered Payroll (c) | Unfunded (Overfunded) % of Covered Payroll ((a-b)/c) |
|--------------------------|----------------------------------------|-------------------------------|-----------------------------|--------------------|---------------------|------------------------------------------------------|
| 6/30/04 | \$5,383,921,942 | \$4,424,586,846 | \$ 959,335,096 | 82.2% | \$ 575,296,434 | 166.8% |
| 6/30/05 | 6,367,049,264 | 5,295,150,375 | 1,071,898,889 | 83.2% | 664,147,796 | 161.4% |
| 6/30/06 | 7,278,049,834 | 6,102,615,567 | 1,175,434,267 | 83.8% | 754,730,438 | 155.7% |

OTHER SUPPLEMENTARY INFORMATION

CITY OF PACIFICA
Budgetary Comparison Schedule
General Capital Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2007

| | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------------------|-------------------------|---------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Licenses and permits | \$ 60,000 | \$ 53,381 | \$ (6,619) |
| Use of money and property | | 104,584 | 104,584 |
| Intergovernmental | 970,000 | 870,841 | (99,159) |
| Other | 275,000 | 275,630 | 630 |
| Total Revenues | <u>1,305,000</u> | <u>1,304,436</u> | <u>(564)</u> |
| Expenditures | | | |
| Current | | | |
| Community Development | 20,541 | 18,286 | 2,255 |
| Capital outlay | 5,195,923 | 1,847,799 | 3,348,124 |
| Total Expenditures | <u>5,216,464</u> | <u>1,866,085</u> | <u>3,350,379</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(3,911,464)</u> | <u>(561,649)</u> | <u>3,349,815</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 690,000 | 790,000 | 100,000 |
| Total Other Financing Sources (Uses) | <u>690,000</u> | <u>790,000</u> | <u>100,000</u> |
| Net Change in Fund Balance | (3,221,464) | 228,351 | 3,449,815 |
| Fund Balance, July 1, 2006 | <u>1,240,208</u> | <u>1,240,208</u> | |
| Fund Balance, June 30, 2007 | <u>\$ (1,981,256)</u> | <u>\$ 1,468,559</u> | <u>\$ 3,449,815</u> |

CITY OF PACIFICA
Budgetary Comparison Schedule
Redevelopment Agency - Rockaway Beach Capital Projects Fund
For the Fiscal Year Ended June 30, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------|-------------------------|-----------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Taxes | | | |
| Property taxes | \$ 196,000 | \$ 228,878 | \$ 32,878 |
| Use of money and property | 400 | 11,330 | 10,930 |
| Intergovernmental | 500 | 38,658 | 38,158 |
| Total Revenues | <u>196,900</u> | <u>278,866</u> | <u>81,966</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 188,370 | 220,905 | (32,535) |
| Capital outlay | 50,000 | | 50,000 |
| Debt service | | | |
| Principal | 35,000 | 35,000 | |
| Interest and fiscal charges | 323,330 | 323,792 | (462) |
| Total Expenditures | <u>596,700</u> | <u>579,697</u> | <u>17,003</u> |
| Net Change in Fund Balance | (399,800) | (300,831) | 98,969 |
| Fund Balance, July 1, 2006 | <u>(4,947,027)</u> | <u>(4,947,027)</u> | |
| Fund Balance, June 30, 2007 | <u>\$ (5,346,827)</u> | <u>\$ (5,247,858)</u> | <u>\$ 98,969</u> |

CITY OF PACIFICA
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2007

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------------------|-------------------------|-------------------|-------------------------------------------------------------------|
| Revenues | | | |
| Use of money and property | \$ 3,000 | \$ 2,628 | \$ (372) |
| Other | 190,000 | 190,000 | |
| Total Revenues | <u>193,000</u> | <u>192,628</u> | <u>(372)</u> |
| Expenditures | | | |
| Debt service | | | |
| Principal | | 158,970 | (158,970) |
| Interest and fiscal charges | 623,400 | 649,418 | (26,018) |
| Total Expenditures | <u>623,400</u> | <u>808,388</u> | <u>(184,988)</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(430,400)</u> | <u>(615,760)</u> | <u>(185,360)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 623,400 | 623,400 | |
| Total Other Financing Sources (Uses) | <u>623,400</u> | <u>623,400</u> | |
| Net Change in Fund Balance | 193,000 | 7,640 | (185,360) |
| Fund Balance, July 1, 2006 | <u>341,999</u> | <u>341,999</u> | |
| Fund Balance, June 30, 2007 | <u>\$ 534,999</u> | <u>\$ 349,639</u> | <u>\$ (185,360)</u> |

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

| | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|--------------------------------------|--------------------------------------|---------------------------------------|------------------------------------------------------|
| Assets | | | |
| Cash and investments | \$ 1,003,303 | \$ 1,749,519 | \$ 2,752,822 |
| Receivables: | | | |
| Taxes | 304,001 | | 304,001 |
| Accounts | 3,326 | | 3,326 |
| Interest | 114,312 | | 114,312 |
| Grants | 196,000 | 124,390 | 320,390 |
| Notes, net | 600,000 | | 600,000 |
| Due from other funds | 2,218,700 | | 2,218,700 |
| Prepaid items | 120 | | 120 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 4,439,762</u> | <u>\$ 1,873,909</u> | <u>\$ 6,313,671</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 141,297 | \$ 3,929 | \$ 145,226 |
| Accrued liabilities | 40,027 | 1,615 | 41,642 |
| Due to other funds | 945,131 | 220,000 | 1,165,131 |
| Unearned revenues | 114,312 | | 114,312 |
| Advances payable | 239,385 | | 239,385 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>1,480,152</u> | <u>225,544</u> | <u>1,705,696</u> |
| Fund Balances: | | | |
| Reserved for prepaid items | 120 | | 120 |
| Reserved for notes and loans | 600,000 | | 600,000 |
| Unreserved | 2,359,490 | 1,648,365 | 4,007,855 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>2,959,610</u> | <u>1,648,365</u> | <u>4,607,975</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ 4,439,762</u> | <u>\$ 1,873,909</u> | <u>\$ 6,313,671</u> |

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2007

| | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|------------------------------------------------|--------------------------------------|---------------------------------------|------------------------------------------------------|
| Revenues | | | |
| Taxes | | | |
| Property taxes | \$ 57,220 | \$ - | \$ 57,220 |
| Use of money and property | 61,032 | 64,823 | 125,855 |
| Intergovernmental | 3,118,667 | 15,922 | 3,134,589 |
| Charges for current services | 1,228,929 | | 1,228,929 |
| Other | 18,235 | 489,953 | 508,188 |
| | <u>4,484,083</u> | <u>570,698</u> | <u>5,054,781</u> |
| Total Revenues | | | |
| Expenditures | | | |
| Current | | | |
| General government | | | |
| Public safety | 172,255 | | 172,255 |
| Community development | 6,220 | 128,920 | 135,140 |
| Public works | 1,900,802 | 30,370 | 1,931,172 |
| Non-departmental | 1,027,370 | | 1,027,370 |
| Capital outlay | 499,451 | 65,481 | 564,932 |
| Debt service | | | |
| Interest and fiscal charges | 15,661 | | 15,661 |
| | <u>3,621,759</u> | <u>224,771</u> | <u>3,846,530</u> |
| Total Expenditures | | | |
| Excess (Deficit) of Revenues over Expenditures | <u>862,324</u> | <u>345,927</u> | <u>1,208,251</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 50,000 | | 50,000 |
| Transfers out | (1,812,843) | | (1,812,843) |
| | <u>(1,762,843)</u> | | <u>(1,762,843)</u> |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balances | <u>(900,519)</u> | <u>345,927</u> | <u>(554,592)</u> |
| Fund Balances, July 1, 2006 | 3,815,654 | 1,364,604 | 5,180,258 |
| Prior Period Adjustments | 44,475 | (62,166) | (17,691) |
| Fund Balances, July 1, 2006, Restated | <u>3,860,129</u> | <u>1,302,438</u> | <u>5,162,567</u> |
| Fund Balances, June 30, 2007 | <u>\$ 2,959,610</u> | <u>\$ 1,648,365</u> | <u>\$ 4,607,975</u> |

NONMAJOR 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:

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.

FIRE ASSESSMENT FUND - This fund was created to account for revenues and expenditures associated with money collected through the special fire assessment to supplement costs associated with the Fire Department.

GAS TAX 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 Sections 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.

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.

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.

REDEVELOPMENT AGENCY LOW/MOD HOUSING FUND - This fund was established to comply with Section 33334.6 of the California Health and Safety Code and accounts for the twenty percent (20%) set aside from the West Rockaway Beach Redevelopment Project Area tax increment revenue for Low and Moderate Income Housing.

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

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

| | <u>Supplemental Law Enforcement Services</u> | <u>Fire Assessment</u> | <u>Gas Tax</u> | <u>NPDES Stormwater</u> |
|--------------------------------------|----------------------------------------------------------|----------------------------|---------------------|-----------------------------|
| Assets | | | | |
| Cash and investments | \$ - | \$ 328,850 | \$ 260,633 | \$ - |
| Receivables: | | | | |
| Taxes | | 39,514 | 257,256 | 7,231 |
| Accounts | | | 3,326 | |
| Interest | | | | |
| Grants | | | 196,000 | |
| Notes, net | | | | |
| Due from other funds | | | 2,218,700 | |
| Prepaid items | | | 120 | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ -</u> | <u>\$ 368,364</u> | <u>\$ 2,936,035</u> | <u>\$ 7,231</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 53,975 | \$ 262 |
| Accrued liabilities | 1,511 | 15,990 | 15,063 | 7,463 |
| Due to other funds | 6,022 | | 15,000 | 191,686 |
| Unearned revenues | | | | |
| Advances payable | | | | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>7,533</u> | <u>15,990</u> | <u>84,038</u> | <u>199,411</u> |
| Fund Balances: | | | | |
| Reserved for prepaid items | | | 120 | |
| Reserved for notes and loans | | | | |
| Unreserved | <u>(7,533)</u> | <u>352,374</u> | <u>2,851,877</u> | <u>(192,180)</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>(7,533)</u> | <u>352,374</u> | <u>2,851,997</u> | <u>(192,180)</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 368,364</u> | <u>\$ 2,936,035</u> | <u>\$ 7,231</u> |

| Planned Local Drainage | Redevelopment Agency Low/Mod Housing | Disaster Accounting | Total |
|---------------------------------------|---------------------------------------------------------|--------------------------------|---------------------|
| \$ 244,334 | \$ 169,486 | \$ - | \$ 1,003,303 |
| | | | 304,001 |
| | | | 3,326 |
| | 114,312 | | 114,312 |
| | | | 196,000 |
| | 600,000 | | 600,000 |
| | | | 2,218,700 |
| | | | 120 |
| <u>\$ 244,334</u> | <u>\$ 883,798</u> | <u>\$ -</u> | <u>\$ 4,439,762</u> |
| | | \$ 87,060 | \$ 141,297 |
| | | | 40,027 |
| | | 732,423 | 945,131 |
| | 114,312 | | 114,312 |
| | 239,385 | | 239,385 |
| | <u>353,697</u> | <u>819,483</u> | <u>1,480,152</u> |
| | | | 120 |
| | 600,000 | | 600,000 |
| <u>244,334</u> | <u>(69,899)</u> | <u>(819,483)</u> | <u>2,359,490</u> |
| <u>244,334</u> | <u>530,101</u> | <u>(819,483)</u> | <u>2,959,610</u> |
| <u>\$ 244,334</u> | <u>\$ 883,798</u> | <u>\$ -</u> | <u>\$ 4,439,762</u> |

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2007

| | Supplemental | | | |
|------------------------------------------------|-----------------------------------------|----------------------------|---------------------|-----------------------------|
| | Law Enforcement Services | Fire Assessment | Gas Tax | NPDES Stormwater |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | 2,172 | 11,305 | 30,175 | |
| Intergovernmental | 100,000 | | 1,973,340 | 33,393 |
| Charges for current services | | 1,036,379 | | 175,996 |
| Other | | | 18,175 | |
| Total Revenues | <u>102,172</u> | <u>1,047,684</u> | <u>2,021,690</u> | <u>209,389</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 153,492 | 18,763 | | |
| Community development | | | | |
| Public works | | | 1,564,543 | 328,142 |
| Non-departmental | | | | |
| Capital outlay | | | 499,451 | |
| Debt service | | | | |
| Interest and fiscal charges | | | | |
| Total Expenditures | <u>153,492</u> | <u>18,763</u> | <u>2,063,994</u> | <u>328,142</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(51,320)</u> | <u>1,028,921</u> | <u>(42,304)</u> | <u>(118,753)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | | | 50,000 | |
| Transfers out | | (870,000) | (148,400) | |
| Total Other Financing Sources (Uses) | | <u>(870,000)</u> | <u>(98,400)</u> | |
| Net Change in Fund Balances | <u>(51,320)</u> | <u>158,921</u> | <u>(140,704)</u> | <u>(118,753)</u> |
| Fund Balances, July 1, 2006 | 43,787 | 193,453 | 2,992,701 | (73,427) |
| Prior Period Adjustments | | | | |
| Fund Balance, July 1, 2006, Restated | <u>43,787</u> | <u>193,453</u> | <u>2,992,701</u> | <u>(73,427)</u> |
| Fund Balances, June 30, 2007 | <u>\$ (7,533)</u> | <u>\$ 352,374</u> | <u>\$ 2,851,997</u> | <u>\$ (192,180)</u> |

| <u>Planned Local Drainage</u> | <u>Redevelopment Agency Low/Mod Housing</u> | <u>Disaster Accounting</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------------------------|--------------------------------|---------------------|
| \$ - | \$ 57,220 | \$ - | \$ 57,220 |
| 11,275 | 6,105 | | 61,032 |
| | 9,664 | 1,002,270 | 3,118,667 |
| 16,554 | | | 1,228,929 |
| | | 60 | 18,235 |
| <u>27,829</u> | <u>72,989</u> | <u>1,002,330</u> | <u>4,484,083</u> |
| | | | 172,255 |
| | 6,220 | | 6,220 |
| 8,117 | | | 1,900,802 |
| | | 1,027,370 | 1,027,370 |
| | | | 499,451 |
| | 15,661 | | 15,661 |
| <u>8,117</u> | <u>21,881</u> | <u>1,027,370</u> | <u>3,621,759</u> |
| <u>19,712</u> | <u>51,108</u> | <u>(25,040)</u> | <u>862,324</u> |
| | | | 50,000 |
| | | (794,443) | (1,812,843) |
| | | (794,443) | (1,762,843) |
| <u>19,712</u> | <u>51,108</u> | <u>(819,483)</u> | <u>(900,519)</u> |
| 224,622 | 434,518 | | 3,815,654 |
| | 44,475 | | 44,475 |
| <u>224,622</u> | <u>478,993</u> | | <u>3,860,129</u> |
| <u>\$ 244,334</u> | <u>\$ 530,101</u> | <u>\$ (819,483)</u> | <u>\$ 2,959,610</u> |

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2007

| | Supplemental Law Enforcement Services | | |
|---------------------------------------------------|--------------------------------------------------|-------------------|------------------------------------|
| | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | |
| Taxes | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Use of money and property | | 2,172 | 2,172 |
| Intergovernmental | 100,000 | 100,000 | |
| Charges for current services | | | |
| Other | | | |
| Total Revenues | <u>100,000</u> | <u>102,172</u> | <u>2,172</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | 137,126 | 153,492 | (16,366) |
| Community development | | | |
| Public works | | | |
| Non-departmental | | | |
| Capital outlay | | | |
| Debt service | | | |
| Interest and fiscal charges | | | |
| Total Expenditures | <u>137,126</u> | <u>153,492</u> | <u>(16,366)</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(37,126)</u> | <u>(51,320)</u> | <u>(14,194)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses) | | | |
| Net Change in Fund Balances | <u>(37,126)</u> | <u>(51,320)</u> | <u>(14,194)</u> |
| Fund Balances, July 1, 2006 | 43,787 | 43,787 | |
| Prior Period Adjustments | | | |
| Fund Balance, July 1, 2006, Restated | <u>43,787</u> | <u>43,787</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 6,661</u> | <u>\$ (7,533)</u> | <u>\$ (14,194)</u> |

| Fire Assessment | | | Gas Tax | | |
|-------------------|-------------------|------------------------------|---------------------|---------------------|------------------------------|
| Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 400 | 11,305 | 10,905 | | 30,175 | 30,175 |
| 1,020,000 | 1,036,379 | 16,379 | 2,666,200 | 1,973,340 | (692,860) |
| | | | | 18,175 | 18,175 |
| <u>1,020,400</u> | <u>1,047,684</u> | <u>27,284</u> | <u>2,666,200</u> | <u>2,021,690</u> | <u>(644,510)</u> |
| 148,000 | 18,763 | 129,237 | | | |
| | | | 2,139,264 | 1,564,543 | 574,721 |
| | | | 2,146,337 | 499,451 | 1,646,886 |
| <u>148,000</u> | <u>18,763</u> | <u>129,237</u> | <u>4,285,601</u> | <u>2,063,994</u> | <u>2,221,607</u> |
| <u>872,400</u> | <u>1,028,921</u> | <u>156,521</u> | <u>(1,619,401)</u> | <u>(42,304)</u> | <u>1,577,097</u> |
| <u>(870,000)</u> | <u>(870,000)</u> | | 50,000 | 50,000 | 251,524 |
| | | | <u>(399,924)</u> | <u>(148,400)</u> | |
| <u>(870,000)</u> | <u>(870,000)</u> | | <u>(349,924)</u> | <u>(98,400)</u> | <u>251,524</u> |
| <u>2,400</u> | <u>158,921</u> | <u>156,521</u> | <u>(1,969,325)</u> | <u>(140,704)</u> | <u>1,828,621</u> |
| 193,453 | 193,453 | | 2,992,701 | 2,992,701 | |
| <u>193,453</u> | <u>193,453</u> | | <u>2,992,701</u> | <u>2,992,701</u> | |
| <u>\$ 195,853</u> | <u>\$ 352,374</u> | <u>\$ 156,521</u> | <u>\$ 1,023,376</u> | <u>\$ 2,851,997</u> | <u>\$ 1,828,621</u> |

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2007
(Continued)

| | NPDES Stormwater | | |
|---------------------------------------------------|-------------------------|---------------------|------------------------------------|
| | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | |
| Taxes | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Use of money and property | | | |
| Intergovernmental | 31,200 | 33,393 | 2,193 |
| Charges for current services | 176,000 | 175,996 | (4) |
| Other | | | |
| Total Revenues | <u>207,200</u> | <u>209,389</u> | <u>2,189</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | | | |
| Community development | | | |
| Public works | 363,077 | 328,142 | 34,935 |
| Non-departmental | | | |
| Capital outlay | | | |
| Debt service | | | |
| Interest and fiscal charges | | | |
| Total Expenditures | <u>363,077</u> | <u>328,142</u> | <u>34,935</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(155,877)</u> | <u>(118,753)</u> | <u>37,124</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | | | |
| Transfers out | | | |
| Total other financing sources (uses) | | | |
| Net Change in Fund Balances | <u>(155,877)</u> | <u>(118,753)</u> | <u>37,124</u> |
| Fund Balances, July 1, 2006 | (73,427) | (73,427) | |
| Prior Period Adjustments | | | |
| Fund Balance, July 1, 2006, Restated | <u>(73,427)</u> | <u>(73,427)</u> | |
| Fund Balances, June 30, 2007 | <u>\$ (229,304)</u> | <u>\$ (192,180)</u> | <u>\$ 37,124</u> |

| <u>Planned Local Drainage</u> | | | <u>Redevelopment Agency Low/Mod Housing</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> |
| \$ - | \$ - | \$ - | \$ 49,000 | \$ 57,220 | \$ 8,220 |
| | 11,275 | 11,275 | 100 | 6,105 | 6,005 |
| | | | 125 | 9,664 | 9,539 |
| 5,000 | 16,554 | 11,554 | | | |
| <u>5,000</u> | <u>27,829</u> | <u>22,829</u> | <u>49,225</u> | <u>72,989</u> | <u>23,764</u> |
| | | | 6,200 | 6,220 | (20) |
| 235,855 | 8,117 | 227,738 | | | |
| | | | 17,000 | 15,661 | 1,339 |
| <u>235,855</u> | <u>8,117</u> | <u>227,738</u> | <u>23,200</u> | <u>21,881</u> | <u>1,319</u> |
| <u>(230,855)</u> | <u>19,712</u> | <u>250,567</u> | <u>26,025</u> | <u>51,108</u> | <u>25,083</u> |
| | | | | | |
| | | | | | |
| <u>(230,855)</u> | <u>19,712</u> | <u>250,567</u> | <u>26,025</u> | <u>51,108</u> | <u>25,083</u> |
| 224,622 | 224,622 | | 434,518 | 434,518 | |
| | | | | 44,475 | 44,475 |
| <u>224,622</u> | <u>224,622</u> | | <u>434,518</u> | <u>478,993</u> | <u>44,475</u> |
| <u>\$ (6,233)</u> | <u>\$ 244,334</u> | <u>\$ 250,567</u> | <u>\$ 460,543</u> | <u>\$ 530,101</u> | <u>\$ 69,558</u> |

(continued)

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2007
(Continued)

| | Disaster Accounting | | |
|---------------------------------------------------|----------------------------|---------------------|------------------------------------|
| | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | |
| Taxes | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Use of money and property | | | |
| Intergovernmental | | 1,002,270 | 1,002,270 |
| Charges for current services | | | |
| Other | | 60 | 60 |
| Total Revenues | | <u>1,002,330</u> | <u>1,002,330</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | | | |
| Community development | | | |
| Public works | | | |
| Non-departmental | 2,092,820 | 1,027,370 | 1,065,450 |
| Capital outlay | | | |
| Debt service | | | |
| Interest and fiscal charges | | | |
| Total Expenditures | <u>2,092,820</u> | <u>1,027,370</u> | <u>1,065,450</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(2,092,820)</u> | <u>(25,040)</u> | <u>2,067,780</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | | | |
| Transfers out | | (794,443) | (794,443) |
| Total other financing sources (uses) | | <u>(794,443)</u> | <u>(794,443)</u> |
| Net Change in Fund Balances | <u>(2,092,820)</u> | <u>(819,483)</u> | <u>1,273,337</u> |
| Fund Balances, July 1, 2006 | | | |
| Prior Period Adjustments | | | |
| Fund Balance, July 1, 2006, Restated | | | |
| Fund Balances, June 30, 2007 | <u>\$ (2,092,820)</u> | <u>\$ (819,483)</u> | <u>\$ 1,273,337</u> |

| Total | | |
|---------------------|---------------------|------------------------------------|
| Final Budget | Actual | Variance Positive (Negative) |
| \$ 49,000 | \$ 57,220 | \$ 8,220 |
| 500 | 61,032 | 60,532 |
| 2,797,525 | 3,118,667 | 321,142 |
| 1,201,000 | 1,228,929 | 27,929 |
| | 18,235 | 18,235 |
| <u>4,048,025</u> | <u>4,484,083</u> | <u>436,058</u> |
| 285,126 | 172,255 | 112,871 |
| 6,200 | 6,220 | (20) |
| 2,738,196 | 1,900,802 | 837,394 |
| 2,092,820 | 1,027,370 | 1,065,450 |
| 2,146,337 | 499,451 | 1,646,886 |
| <u>17,000</u> | <u>15,661</u> | <u>1,339</u> |
| <u>7,285,679</u> | <u>3,621,759</u> | <u>3,663,920</u> |
| <u>(3,237,654)</u> | <u>862,324</u> | <u>4,099,978</u> |
| 50,000 | 50,000 | |
| <u>(1,269,924)</u> | <u>(1,812,843)</u> | <u>(542,919)</u> |
| <u>(1,219,924)</u> | <u>(1,762,843)</u> | <u>(542,919)</u> |
| <u>(4,457,578)</u> | <u>(900,519)</u> | <u>3,557,059</u> |
| 3,815,654 | 3,815,654 | |
| | 44,475 | 44,475 |
| <u>3,815,654</u> | <u>3,860,129</u> | <u>44,475</u> |
| <u>\$ (641,924)</u> | <u>\$ 2,959,610</u> | <u>\$ 3,601,534</u> |

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NONMAJOR 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 fund annually.

HIGHWAY ONE 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 PLAYFIELDS 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).

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007

| | Highway 1 Improvement | Manor Drive Improvement | Aircraft Noise Project | Parks and Playfield |
|--------------------------------------|----------------------------------|----------------------------------------|---------------------------------------|------------------------------------|
| Assets | | | | |
| Cash and investments | \$ 652,141 | \$ 890,737 | \$ 8,555 | \$ 198,086 |
| Receivable: | | | | |
| Grants | 124,390 | | | |
| Total Assets | \$ 776,531 | \$ 890,737 | \$ 8,555 | \$ 198,086 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 3,627 | \$ - | \$ 300 | \$ 2 |
| Accrued liabilities | 1,077 | | 302 | 236 |
| Due to other funds | 220,000 | | | |
| Total Liabilities | 224,704 | | 602 | 238 |
| Fund Balances: | | | | |
| Unreserved | 551,827 | 890,737 | 7,953 | 197,848 |
| Total Fund Balances | 551,827 | 890,737 | 7,953 | 197,848 |
| Total Liabilities and Fund Balances | \$ 776,531 | \$ 890,737 | \$ 8,555 | \$ 198,086 |

Total

\$ 1,749,519

124,390

\$ 1,873,909

\$ 3,929

1,615

220,000

225,544

1,648,365

1,648,365

\$ 1,873,909

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Projects Funds
June 30, 2007

| | Highway 1 Improvement | Manor Drive Improvement | Aircraft Noise Project | Parks and Playfield |
|--------------------------------------|----------------------------------|----------------------------------------|---------------------------------------|------------------------------------|
| Revenues | | | | |
| Use of money and property | \$ 25,289 | \$ 33,157 | \$ 3,342 | \$ 3,035 |
| Intergovernmental | 15,922 | | | |
| Other | 100,894 | 183,443 | 120 | 205,496 |
| Total Revenues | <u>142,105</u> | <u>216,600</u> | <u>3,462</u> | <u>208,531</u> |
| Expenditures | | | | |
| Current | | | | |
| Community development | | | 128,674 | 246 |
| Public works | 30,370 | | | |
| Capital outlay | 52,237 | | | 13,244 |
| Total Expenditures | <u>82,607</u> | | <u>128,674</u> | <u>13,490</u> |
| Net Change in Fund Balances | <u>59,498</u> | <u>216,600</u> | <u>(125,212)</u> | <u>195,041</u> |
| Fund Balances, July 1, 2006 | 492,329 | 674,137 | 133,165 | 64,973 |
| Prior Period Adjustments | | | | (62,166) |
| Fund Balance, July 1, 2006, Restated | <u>492,329</u> | <u>674,137</u> | <u>133,165</u> | <u>2,807</u> |
| Fund Balances, June 30, 2007 | <u>\$ 551,827</u> | <u>\$ 890,737</u> | <u>\$ 7,953</u> | <u>\$ 197,848</u> |

Total

\$ 64,823
15,922
489,953

570,698

128,920
30,370
65,481

224,771

345,927

1,364,604
(62,166)
1,302,438

\$ 1,648,365

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2007

| | <u>Highway 1 Improvement</u> | | |
|--------------------------------------|------------------------------|-------------------|------------------------------------|
| | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | |
| Use of money and property | \$ - | \$ 25,289 | \$ 25,289 |
| Intergovernmental | 1,980,000 | 15,922 | (1,964,078) |
| Other | 60,000 | 100,894 | 40,894 |
| Total Revenues | <u>2,040,000</u> | <u>142,105</u> | <u>(1,897,895)</u> |
| Expenditures: | | | |
| Current: | | | |
| Community development | | | |
| Public works | 42,889 | 30,370 | 12,519 |
| Capital outlay | <u>2,112,520</u> | <u>52,237</u> | <u>2,060,283</u> |
| Total Expenditures | <u>2,155,409</u> | <u>82,607</u> | <u>2,072,802</u> |
| Net Change in Fund Balances | <u>(115,409)</u> | <u>59,498</u> | <u>174,907</u> |
| Fund Balances, July 1, 2006 | 492,329 | 492,329 | |
| Prior Period Adjustments | | | |
| Fund Balance, July 1, 2006, Restated | <u>492,329</u> | <u>492,329</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 376,920</u> | <u>\$ 551,827</u> | <u>\$ 174,907</u> |

| Manor Drive Improvement | | | Aircraft Noise Project | | |
|--------------------------------|-------------------|-------------------------------------|-------------------------------|-----------------|-------------------------------------|
| <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| \$ - | \$ 33,157 | \$ 33,157 | \$ - | \$ 3,342 | \$ 3,342 |
| 40,000 | 183,443 | 143,443 | | 120 | 120 |
| 40,000 | 216,600 | 176,600 | | 3,462 | 3,462 |
| 480,000 | | 480,000 | 207,064 | 128,674 | 78,390 |
| 480,000 | | 480,000 | 207,064 | 128,674 | 78,390 |
| (440,000) | 216,600 | 656,600 | (207,064) | (125,212) | 81,852 |
| 674,137 | 674,137 | | 133,165 | 133,165 | |
| 674,137 | 674,137 | | 133,165 | 133,165 | |
| <u>\$ 234,137</u> | <u>\$ 890,737</u> | <u>\$ 656,600</u> | <u>\$ (73,899)</u> | <u>\$ 7,953</u> | <u>\$ 81,852</u> |

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2007
(Continued)

| | Parks and Playfield | | |
|--------------------------------------|----------------------------|------------|------------------------------------|
| | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | |
| Use of money and property | \$ - | \$ 3,035 | \$ 3,035 |
| Intergovernmental | | | |
| Other | 95,000 | 205,496 | 110,496 |
| Total Revenues | 95,000 | 208,531 | 113,531 |
| Expenditures: | | | |
| Current: | | | |
| Community development | | 246 | (246) |
| Public works | | | |
| Capital outlay | 302,560 | 13,244 | 289,316 |
| Total Expenditures | 302,560 | 13,490 | 289,070 |
| Net Change in Fund Balances | (207,560) | 195,041 | 402,601 |
| Fund Balances, July 1, 2006 | 64,973 | 64,973 | |
| Prior Period Adjustments | | (62,166) | (62,166) |
| Fund Balance, July 1, 2005, Restated | 64,973 | 2,807 | (62,166) |
| Fund Balances, June 30, 2007 | \$ (142,587) | \$ 197,848 | \$ 340,435 |

| Total | | |
|-------------------|---------------------|------------------------------------|
| Final Budget | Actual | Variance Positive (Negative) |
| \$ - | \$ 64,823 | \$ 64,823 |
| 1,980,000 | 15,922 | (1,964,078) |
| <u>195,000</u> | <u>489,953</u> | <u>294,953</u> |
| <u>2,175,000</u> | <u>570,698</u> | <u>(1,604,302)</u> |
| 207,064 | 128,920 | 78,144 |
| 522,889 | 30,370 | 492,519 |
| <u>2,415,080</u> | <u>65,481</u> | <u>2,349,599</u> |
| <u>3,145,033</u> | <u>224,771</u> | <u>2,920,262</u> |
| <u>(970,033)</u> | <u>345,927</u> | <u>1,315,960</u> |
| 1,364,604 | 1,364,604 | |
| | (62,166) | (62,166) |
| <u>1,364,604</u> | <u>1,302,438</u> | <u>(62,166)</u> |
| <u>\$ 394,571</u> | <u>\$ 1,648,365</u> | <u>\$ 1,253,794</u> |

INTERNAL SERVICE FUNDS

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
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

| | <u>Motor Pool</u> | <u>Self Insurance</u> | <u>Total</u> |
|------------------------------------------------------------------------|-----------------------|---------------------------|---------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and investments | \$ 671,838 | \$ 1,394,544 | \$ 2,066,382 |
| Receivable: | | | |
| Accounts | 1,107 | | 1,107 |
| Inventories | 17,650 | | 17,650 |
| Total Current Assets | <u>690,595</u> | <u>1,394,544</u> | <u>2,085,139</u> |
| Noncurrent Assets: | | | |
| Capital assets, not being depreciated | 258,774 | | 258,774 |
| Capital assets, being depreciated (net of accumulated depreciation) | <u>1,586,121</u> | | <u>1,586,121</u> |
| Total Noncurrent Assets | <u>1,844,895</u> | | <u>1,844,895</u> |
| Total Assets | <u>2,535,490</u> | <u>1,394,544</u> | <u>3,930,034</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable | 28,619 | 14,009 | 42,628 |
| Accrued liabilities | 9,729 | | 9,729 |
| Claims payable | | <u>1,663,372</u> | <u>1,663,372</u> |
| Total Current Liabilities | <u>38,348</u> | <u>1,677,381</u> | <u>1,715,729</u> |
| Noncurrent Liabilities: | | | |
| Claims payable | | 217,156 | 217,156 |
| Compensated absences | <u>9,654</u> | | <u>9,654</u> |
| Total Noncurrent Liabilities | <u>9,654</u> | <u>217,156</u> | <u>226,810</u> |
| Total Liabilities | <u>48,002</u> | <u>1,894,537</u> | <u>1,942,539</u> |
| Net Assets | | | |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 1,844,895 | | 1,844,895 |
| Unrestricted | <u>642,593</u> | <u>(499,993)</u> | <u>142,600</u> |
| Total Net Assets | <u>\$ 2,487,488</u> | <u>\$ (499,993)</u> | <u>\$ 1,987,495</u> |

CITY OF PACIFICA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
June 30, 2007

| | <u>Motor Pool</u> | <u>Self Insurance</u> | <u>Total</u> |
|-----------------------------------------|-----------------------|---------------------------|---------------------|
| Operating Revenues | | | |
| Charges for services | \$ 1,109,460 | \$ 158,480 | \$ 1,267,940 |
| Other operating income | 54,003 | 820,274 | 874,277 |
| | <u>1,163,463</u> | <u>978,754</u> | <u>2,142,217</u> |
| Total Operating Revenues | | | |
| Operating Expenses | | | |
| Personnel services | 249,959 | | 249,959 |
| Administration | 6,030 | | 6,030 |
| Supplies and materials | 464,309 | | 464,309 |
| Insurance | | 473,885 | 473,885 |
| Outside contractors | | 135,688 | 135,688 |
| Maintenance | 5,610 | | 5,610 |
| Insurance claims | | 454,271 | 454,271 |
| Depreciation | 375,980 | | 375,980 |
| | <u>1,101,888</u> | <u>1,063,844</u> | <u>2,165,732</u> |
| Total Operating Expenses | | | |
| Operating Income (Loss) | <u>61,575</u> | <u>(85,090)</u> | <u>(23,515)</u> |
| Non-Operating Revenues (Expenses) | | | |
| Investment earnings | 22,471 | 59,536 | 82,007 |
| | <u>22,471</u> | <u>59,536</u> | <u>82,007</u> |
| Total Non-Operating Revenues (Expenses) | | | |
| Income (Loss) Before Transfers | 84,046 | (25,554) | 58,492 |
| Transfers | | | |
| Transfers in | 300,000 | 120,000 | 420,000 |
| | <u>384,046</u> | <u>94,446</u> | <u>478,492</u> |
| Changes in Net Assets | | | |
| Net Assets, July 1, 2006 | 1,933,401 | (594,439) | 1,338,962 |
| Prior Period Adjustments | 170,041 | | 170,041 |
| Net Assets, July 1, 2006, Restated | <u>2,103,442</u> | <u>(594,439)</u> | <u>1,509,003</u> |
| Net Assets, June 30, 2007 | <u>\$ 2,487,488</u> | <u>\$ (499,993)</u> | <u>\$ 1,987,495</u> |

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2007

| | Motor Pool | Self Insurance | Total |
|----------------------------------------------------------------------------|-----------------------|---------------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 1,181,418 | \$ 998,972 | \$ 2,180,390 |
| Payments to suppliers and users | (538,336) | (669,191) | (1,207,527) |
| Payments for claims | | (673,899) | (673,899) |
| Payments to employees | (236,475) | | (236,475) |
| Net Cash Provided (Used) by Operating Activities | <u>406,607</u> | <u>(344,118)</u> | <u>62,489</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers in | <u>300,000</u> | <u>120,000</u> | <u>420,000</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>300,000</u> | <u>120,000</u> | <u>420,000</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Purchase of capital assets | <u>(321,985)</u> | | <u>(321,985)</u> |
| Net Cash (Used) by Capital and Related Financing Activities | <u>(321,985)</u> | | <u>(321,985)</u> |
| Cash Flows from Investing Activities | | | |
| Interest received | <u>22,471</u> | <u>59,536</u> | <u>82,007</u> |
| Net Cash Provided by Investing Activities | <u>22,471</u> | <u>59,536</u> | <u>82,007</u> |
| Net Increase in Cash and Cash Equivalents | 407,093 | (164,582) | 242,511 |
| Cash and Cash Equivalents at the Beginning of the Fiscal Year | <u>264,745</u> | <u>1,559,126</u> | <u>1,823,871</u> |
| Cash and Cash Equivalents at the End of the Fiscal Year | <u>\$ 671,838</u> | <u>\$ 1,394,544</u> | <u>\$ 2,066,382</u> |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Assets: | | | |
| Cash and investments | <u>\$ 671,838</u> | <u>\$ 1,394,544</u> | <u>\$ 2,066,382</u> |
| Total Cash and Cash Equivalents | <u>\$ 671,838</u> | <u>\$ 1,394,544</u> | <u>\$ 2,066,382</u> |

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2007
(Continued)

| | <u>Motor Pool</u> | <u>Self Insurance</u> | <u>Total</u> |
|-------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|------------------|
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 61,575 | \$ (85,090) | \$ (23,515) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 375,980 | | 375,980 |
| (Increase) Decrease in Operating Assets: | | | |
| Accounts receivable | 17,955 | 20,218 | 38,173 |
| Inventories | 3,355 | | 3,355 |
| Increase (Decrease) in Operating Liabilities: | | | |
| Accounts payable | (65,742) | (59,618) | (125,360) |
| Accrued liabilities | 7,633 | | 7,633 |
| Claims payable | | (219,628) | (219,628) |
| Compensated absences | 5,851 | | 5,851 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 406,607</u> | <u>\$ (344,118)</u> | <u>\$ 62,489</u> |

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

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

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds
5. Taxable Sales by Category
6. Direct and Overlapping Sales Tax Rates
7. Tax Revenues by Source

Revenue Capacity

This schedule contains information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value of Taxable Property

Debt Capacity

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

1. Direct and Overlapping Property Tax Rates
2. Principal Property Taxpayers
3. Property Tax Levies and Collections
4. Ratio of Outstanding Debt by Type
5. Ratio of General Bonded Debt Outstanding
6. Computation of Direct and Overlapping Governmental Activities Debt
7. Computation of Legal Bonded Debt Margin
8. Bonded Debt Pledged Revenue Coverage:
 - a. Sewer Revenue Bonds
9. Direct and Estimated Overlapping Bonded Debt

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

| |
|----------------------------------------|
| STATISTICAL SECTION (Continued) |
|----------------------------------------|

Operating Information

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

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

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF PACIFICA
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--------------------------------------------------|----------------------|---------------------|----------------------|----------------------|
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 42,946,985 | \$45,118,985 | \$ 46,962,267 | \$ 50,585,199 |
| Restricted | 378,983 | 486,190 | 6,738,596 | 7,370,411 |
| Unrestricted | <u>6,293,586</u> | <u>5,309,223</u> | <u>3,750,966</u> | <u>703,720</u> |
| Total governmental activities net assets | <u>\$ 49,619,554</u> | <u>\$50,914,398</u> | <u>\$ 57,451,829</u> | <u>\$ 58,659,330</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 16,322,393 | \$ 7,143,196 | \$ 14,632,714 | \$ 12,423,925 |
| Restricted | - | 7,064,036 | 946,455 | 953,800 |
| Unrestricted | <u>(1,693,848)</u> | <u>354,381</u> | <u>(1,960,805)</u> | <u>(700,968)</u> |
| Total business-type activities net assets | <u>\$ 14,628,545</u> | <u>\$14,561,613</u> | <u>\$ 13,618,364</u> | <u>\$ 12,676,757</u> |
| Primary Government | | | | |
| Invested in capital assets, net of related debt | \$ 59,269,378 | \$52,262,181 | \$ 61,594,981 | \$ 63,009,124 |
| Restricted | 378,983 | 7,550,226 | 7,685,051 | 8,324,211 |
| Unrestricted | <u>4,599,738</u> | <u>5,663,604</u> | <u>1,790,161</u> | <u>2,752</u> |
| Total primary government net assets | <u>\$ 64,248,099</u> | <u>\$65,476,011</u> | <u>\$ 71,070,193</u> | <u>\$ 71,336,087</u> |

Notes:

The City began reporting in the GASB 34 format in 2003.

For the purpose of compliance with GASB 44 Statistical Section, cities are not required to re-format financial information prior to GASB34 implementation.

Source: City Comprehensive Annual Financial Report

**CITY OF PACIFICA
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 3,537,595 | \$ 4,875,872 | \$ 5,923,892 | \$ 5,798,391 |
| Public Safety | 12,272,560 | 12,929,514 | 13,639,116 | 14,980,984 |
| Planning & Development | 1,098,731 | 1,300,773 | 1,799,035 | 1,178,590 |
| Public Works | 2,974,028 | 2,941,376 | 3,606,841 | 4,264,011 |
| Parks, Beaches & Recreation | 3,288,100 | 3,515,702 | 3,084,327 | 3,405,149 |
| Interest on Long-term Debt | 1,053,184 | 900,171 | 811,419 | 846,768 |
| Total Governmental Activities Expenses | <u>\$ 24,224,198</u> | <u>\$ 26,463,408</u> | <u>\$ 28,864,630</u> | <u>\$ 30,473,893</u> |
| Business-Type Activities: | | | | |
| Sewer | 8,325,027 | 8,922,794 | 9,453,272 | 9,084,345 |
| Total Business-Type Activities Expenses | <u>\$ 8,325,027</u> | <u>\$ 8,922,794</u> | <u>\$ 9,453,272</u> | <u>\$ 9,084,345</u> |
| Total Primary Government Expenses | <u>\$ 32,549,225</u> | <u>\$ 35,386,202</u> | <u>\$ 38,317,902</u> | <u>\$ 39,558,238</u> |
| Program Revenues: | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | \$ 286,777 | \$ 732,954 | \$ 80,269 | \$ 96,106 |
| Public Safety | 890,685 | 1,031,754 | 922,034 | 1,157,322 |
| Planning & Development | 212,137 | 342,241 | 599,540 | 732,372 |
| Public Works | 120,281 | 147,094 | 1,529,607 | 1,376,379 |
| Parks, Beaches & Recreation | 1,336,628 | 1,347,009 | 1,506,836 | 1,543,791 |
| Operating Grants & Contributions | 1,902,808 | 1,311,733 | 2,626,473 | 2,967,049 |
| Capital Grants & Contributions | 4,258,677 | 2,272,460 | 3,338,214 | 3,639,686 |
| Total Governmental Activities Program Revenues | <u>\$ 9,007,993</u> | <u>\$ 7,185,245</u> | <u>\$ 10,602,973</u> | <u>\$ 11,512,705</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Sewer | \$ 7,067,579 | \$ 8,108,045 | \$ 8,721,125 | \$ 9,137,785 |
| Total Business-Type Activities Program Revenue | <u>\$ 7,067,579</u> | <u>\$ 8,108,045</u> | <u>\$ 8,721,125</u> | <u>\$ 9,137,785</u> |
| Total Primary Government Program Revenues | <u>\$ 16,075,572</u> | <u>\$ 15,293,290</u> | <u>\$ 19,324,098</u> | <u>\$ 20,650,490</u> |
| Net Revenues (Expenses): | | | | |
| Governmental Activities | \$ (15,216,205) | \$ (19,278,163) | \$ (18,261,657) | \$ (18,961,188) |
| Business-Type Activities | (1,257,448) | (814,749) | (732,147) | 53,440 |
| Total Net Revenues (Expenses) | <u>\$ (16,473,653)</u> | <u>\$ (20,092,912)</u> | <u>\$ (18,993,804)</u> | <u>\$ (18,907,748)</u> |
| General Revenues and Other Change in Net Assets | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property Taxes | 6,621,915 | 7,409,350 | 8,126,936 | 9,016,273 |
| Sales Tax | 1,317,336 | 1,330,597 | 1,116,191 | 1,096,165 |
| Franchise Tax | 1,345,348 | 1,131,838 | 1,458,418 | 1,539,123 |
| Other Taxes | 3,699,996 | 5,310,469 | 4,552,287 | 3,720,047 |
| Motor vehicle in lieu - unrestricted | 1,738,636 | 2,370,539 | 3,522,799 | 2,917,076 |
| Use of Money/Property | 367,649 | 233,313 | 321,272 | 568,021 |
| Miscellaneous | 1,647,146 | 3,028,201 | 868,120 | 369,309 |
| Transfers | | | 290,000 | 815,000 |
| Total Governmental Activities | <u>\$ 16,738,026</u> | <u>\$ 20,814,307</u> | <u>\$ 20,256,023</u> | <u>\$ 20,041,014</u> |
| Business-Type Activities: | | | | |
| Use of Money/Property | \$ 3,988 | \$ 54,158 | \$ 26,569 | \$ 14,881 |
| Miscellaneous | 244,864 | 100,126 | 17,116 | 4,688 |
| Transfers | | | (290,000) | (815,000) |
| Total Business-Type Activities | <u>\$ 248,852</u> | <u>\$ 154,284</u> | <u>\$ (246,315)</u> | <u>\$ (795,431)</u> |
| Total Primary Government | <u>\$ 16,986,878</u> | <u>\$ 20,968,591</u> | <u>\$ 20,009,708</u> | <u>\$ 19,245,583</u> |
| Changes in Net Assets: | | | | |
| Governmental Activities | \$ 1,521,821 | \$ 1,536,144 | \$ 1,994,366 | \$ 1,079,826 |
| Business-Type Activities | (1,008,596) | (660,465) | (978,462) | (741,991) |
| Total Primary Government | <u>\$ 513,225</u> | <u>\$ 875,679</u> | <u>\$ 1,015,904</u> | <u>\$ 337,835</u> |

Notes:

The City began reporting in the GASB 34 format in 2003.

For the purpose of compliance with GASB 44 Statistical Section, cities are not required to re-format financial information prior to GASB 34.

Source: City Financial Reports

**CITY OF PACIFICA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST FOUR FISCAL YEARS (IN \$000's)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| General Fund | | | | |
| Reserved | \$ 5,303 | \$ 4,530 | \$ 5,103 | \$ 4,962 |
| Unreserved | 387 | 2,025 | 896 | 704 |
| Total General Fund | <u>\$ 5,690</u> | <u>\$ 6,555</u> | <u>\$ 5,999</u> | <u>\$ 5,666</u> |
| All Other Governmental Funds | | | | |
| Reserved | 4,832 | 1,085 | 2,182 | 2,190 |
| Unreserved, reported in: | | | | |
| Special revenue funds | (2,526) | 1,797 | 3,216 | 2,359 |
| Capital projects funds | 524 | 328 | (3,583) | (3,371) |
| Debt service funds | 24 | 23 | - | - |
| Total All Other Governmental Funds | <u>\$ 2,854</u> | <u>\$ 3,233</u> | <u>\$ 1,815</u> | <u>\$ 1,178</u> |
| Total Governmental Funds | <u>\$ 8,544</u> | <u>\$ 9,788</u> | <u>\$ 7,814</u> | <u>\$ 6,844</u> |

Notes:

The increase/decrease of fund balance of the General Fund and the reserved fund balance of the Debt Service fund are explained in the Management Discussion and Analysis.

The City of Pacifica has elected to show only four years of data for this schedule.

Source: City Financial Reports

CITY OF PACIFICA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS (IN \$000's)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|----------------------------------------------------------|-------------------|------------------|-------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ 12,984 | \$ 15,183 | \$ 14,025 | \$ 14,913 |
| Licenses and Permits | 416 | 400 | 335 | 471 |
| Fines and Forfeitures | 187 | 144 | 139 | 218 |
| Use of Money and Property | 347 | 233 | 317 | 464 |
| Intergovernmental Revenues | 6,604 | 5,875 | 9,194 | 8,601 |
| Charges for Services | 2,018 | 3,057 | 2,630 | 2,883 |
| Recreation Programs | | | 565 | 559 |
| Other Revenues | 2,802 | 2,664 | 3,328 | 2,530 |
| Total Revenues | \$ 25,358 | \$ 27,556 | \$ 30,533 | \$ 30,639 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | \$ 3,383 | \$ 4,692 | \$ 5,356 | \$ 4,673 |
| Public Safety | 11,365 | 12,120 | 13,182 | 14,567 |
| Planning & Development | 1,080 | 1,284 | 1,751 | 1,127 |
| Public Works | 2,346 | 2,190 | 3,285 | 3,471 |
| Parks, Beaches & Recreation | 3,073 | 2,916 | 3,009 | 3,318 |
| Non-departmental | | | | 1,027 |
| Capital Outlay | 4,536 | 3,003 | 3,303 | 2,595 |
| Debt Service: | | | | |
| Principal Retirement | 314 | 347 | 375 | 194 |
| Interest and Other Charges | 1,050 | 813 | 1,393 | 989 |
| Total Expenditures | \$ 27,147 | \$ 27,365 | \$ 31,654 | \$ 31,961 |
| Excess of Revenues Over/(Under) expenditures | \$ (1,789) | \$ 191 | \$ (1,121) | \$ (1,322) |
| Other financing sources (uses): | | | | |
| Transfers In | \$ 1,057 | \$ 1,830 | \$ 4,631 | \$ 3,898 |
| Transfers (Out) | (1,057) | (2,030) | (4,931) | (3,503) |
| Other Sources/Uses: | | | | |
| Issuance of Debt | | 1,725 | 15,725 | |
| Issuance Discount | | | (106) | |
| Refunded to debt escrow agent | | | (13,299) | |
| Debt Issuance Cost | | (97) | | |
| Proceeds of long-term debt | 185 | | | |
| Total other financing sources (uses) | \$ 185 | \$ 1,428 | \$ 2,020 | \$ 395 |
| Net change in fund balances | \$ (1,604) | \$ 1,619 | \$ 899 | \$ (927) |
| Debt serviced as a percentage of noncapital expenditures | 6.03% | 4.76% | 6.24% | 4.03% |

Notes:

Above amounts include General Fund, Special Revenue Funds, RDA, and Debt Service Fund.

The City of Pacifica has elected to show only four years of data for this schedule.

Source: Annual Financial Statements, City of Pacifica

Fiscal Year 2004-2005, the Redevelopment Agency issued debt in the amount of \$1,725,000 to pay against the loan from the General Fund.

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

| <u>Categories</u> | <u>Annual Years</u> | | | | | | | | | |
|--------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Apparel Stores | \$ 6,464 | \$ 5,951 | \$ 5,561 | \$ 7,479 | \$ 8,277 | \$ 8,598 | \$ 8,518 | \$ 9,013 | \$ 9,410 | \$ 8,833 |
| General Merchandise | 2 | 3 | 2 | 3 | 33 | 57 | 75 | 100 | 19 | 144 |
| Food Stores | 21,029 | 21,127 | 22,409 | 23,518 | 24,830 | 24,258 | 23,864 | 23,801 | 23,562 | 22,334 |
| Eating & Drinking Places | 22,495 | 20,106 | 20,729 | 23,608 | 23,807 | 24,310 | 24,750 | 25,378 | 26,160 | 26,981 |
| Building Materials | 4,756 | 4,594 | 5,329 | 6,034 | 6,618 | 7,601 | 7,156 | 6,869 | 6,714 | 6,750 |
| Auto Dealers & Supplies | 1,683 | 1,622 | 1,840 | 1,848 | 2,281 | 2,188 | 3,196 | 3,207 | 3,868 | 4,116 |
| Service Stations | 19,537 | 18,261 | 21,850 | 25,716 | 16,178 | 21,392 | 24,641 | 27,470 | 33,303 | 37,620 |
| Other Retail Stores | 17,341 | 17,017 | 17,334 | 20,120 | 18,371 | 18,448 | 18,002 | 17,416 | 19,709 | 21,097 |
| All Other Outlets | 22,795 | 23,878 | 26,571 | 26,482 | 27,012 | 25,979 | 25,323 | 28,147 | 19,144 | 28,968 |
| Total | \$ 116,102 | \$ 112,559 | \$ 121,625 | \$ 134,808 | \$ 127,407 | \$ 132,831 | \$ 135,525 | \$ 141,401 | \$ 141,889 | \$ 156,843 |

Notes:

Due to confidentiality issues, the names of the ten largest sales tax payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's sales tax revenue.

Source: State of California Board of Equalization and the HdL Companies

**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> |
|--------------------|-------------------|-------------------------|------------------------------|----------------------------------|----------------------|--------------|
| 1998 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 1999 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2000 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2001 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2002 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2003 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2004 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2005 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2006 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |
| 2007 | 5.25% | 0.75% | 0.75% | 0.50% | 1.00% | 8.25% |

Notes:

Sales tax in San Mateo County is 8.25%.

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.

Source: State Board of Equalization & HdL

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

| Fiscal Year | Taxes | Licenses & Permits | Use of Money & Property | Inter-Governmental | Current Service Chgs. | Fines & Forfeitures | Other Revenues | TOTAL |
|--------------------|--------------|-------------------------------|------------------------------------|---------------------------|------------------------------|--------------------------------|-----------------------|---------------|
| 1997-1998 | \$ 8,210,073 | \$ 440,457 | \$ 639,627 | \$ 6,223,898 | \$ 1,723,422 | \$ 82,765 | \$ 1,328,197 | \$ 18,648,439 |
| 1998-1999 | 8,342,790 | 566,411 | 478,265 | 10,739,990 | 1,958,396 | 156,041 | 1,497,922 | 23,739,815 |
| 1999-2000 | 9,142,581 | 848,485 | 826,036 | 6,622,396 | 2,317,991 | 189,076 | 1,237,584 | 21,184,149 |
| 2000-2001 | 10,401,898 | 446,571 | 1,647,115 | 6,539,373 | 2,465,226 | 142,788 | 1,229,183 | 22,872,154 |
| 2001-2002 | 10,302,020 | 563,462 | 944,882 | 8,728,620 | 2,048,225 | 213,319 | 3,791,031 | 26,591,559 |
| 2002-2003 | 10,944,812 | 400,446 | 566,880 | 7,284,231 | 2,761,520 | 175,551 | 1,827,612 | 23,961,052 |
| 2003-2004 | 11,253,260 | 319,270 | 399,500 | 2,926,988 | 1,894,700 | 160,000 | 1,984,500 | 18,938,218 |
| 2004-2005 | 12,301,959 | 338,400 | 127,000 | 3,473,559 | 1,476,774 | 140,000 | 2,218,606 | 20,076,298 |
| 2005-2006 | 13,655,933 | 308,500 | 410,000 | 4,744,585 | 1,388,600 | 135,000 | 3,460,325 | 24,102,943 |
| 2006-2007 | 14,855,725 | 470,947 | 337,904 | 5,466,565 | 2,213,594 | 217,699 | 2,021,496 | 25,583,930 |
| % Change 1998-2007 | 80.95% | 6.92% | -47.17% | -12.17% | 28.44% | 163.03% | 52.20% | 37.19% |

Notes:
 Above amounts include General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects 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
 (Amounts Expressed in Thousands)
LAST TEN FISCAL YEARS

| Fiscal Year | LOCALLY ASSESSED | | | | | | | | | | TOTALS | | | | |
|--------------------|------------------|-------------------|--------------|------------|-------------------|--------------|------------|-------------------|--------------|-------------------------|-----------------------|----------------|-----------|------------------|--------------------|
| | Secured | | | | | Unsecured | | | | | Exemptions/Net Totals | | | | |
| | Land Value | Personal Property | Improvements | Land Value | Personal Property | Improvements | Land Value | Personal Property | Improvements | Total Before Exemptions | Grand Total | H.O.P.T.R. (1) | Other | Total Exemptions | Net Subject To Tax |
| 1997-1998 | \$ 771,613 | \$ 1,024 | \$ 1,181,810 | \$ 1,534 | \$ 13,162 | \$ 10,914 | \$ 773,147 | \$ 14,186 | \$ 1,192,724 | \$ 14,186 | \$ 1,980,057 | \$ 61,089 | \$ 16,725 | \$ 77,814 | \$ 1,902,243 |
| 1998-1999 | 818,968 | 1,768 | 1,216,283 | 1,421 | 12,694 | 1,173 | 820,389 | 14,462 | 1,227,456 | 14,462 | 2,062,308 | 61,541 | 16,807 | 78,348 | 1,983,960 |
| 1999-2000 | 916,784 | 1,357 | 1,318,129 | 1,421 | 13,542 | 12,117 | 918,205 | 14,899 | 1,330,246 | 14,899 | 2,263,350 | 61,736 | 20,003 | 81,739 | 2,181,611 |
| 2000-2001 | 1,010,655 | 1,496 | 1,420,407 | 5,338 | 18,615 | 12,973 | 1,015,993 | 20,111 | 1,433,380 | 20,111 | 2,469,484 | 61,254 | 21,562 | 82,816 | 2,386,668 |
| 2001-2002 | 1,112,535 | 2,218 | 1,528,239 | 4,889 | 17,313 | 13,169 | 1,117,424 | 19,531 | 1,541,408 | 19,531 | 2,678,363 | 62,857 | 21,269 | 84,126 | 2,594,237 |
| 2002-2003 | 1,220,448 | 2,535 | 1,631,688 | 5,057 | 16,333 | 12,296 | 1,225,505 | 18,868 | 1,643,983 | 18,868 | 2,888,356 | 60,594 | 40,812 | 101,406 | 2,786,951 |
| 2003-2004 | 1,326,705 | 2,126 | 1,757,984 | 5,463 | 29,749 | 14,228 | 1,332,169 | 31,874 | 1,772,211 | 31,874 | 3,136,254 | 60,723 | 39,150 | 99,873 | 3,036,381 |
| 2004-2005 | 1,447,923 | 1,971 | 1,874,276 | 5,429 | 19,159 | 16,341 | 1,453,352 | 21,130 | 1,890,618 | 21,130 | 3,365,099 | 59,325 | 40,452 | 99,778 | 3,265,322 |
| 2005-2006 | 1,601,167 | 1,775 | 2,018,013 | 5,641 | 18,927 | 17,610 | 1,606,808 | 20,702 | 2,035,623 | 20,702 | 3,663,133 | 58,989 | 43,835 | 102,824 | 3,560,309 |
| 2006-2007 | 1,798,645 | 3,106 | 2,157,278 | 5,628 | 19,243 | 17,463 | 1,804,274 | 22,349 | 2,174,741 | 22,349 | 4,001,364 | 58,740 | 49,975 | 108,715 | 3,892,649 |
| % Change 1997-2006 | 133.10% | 203.32% | 82.54% | 266.88% | 46.20% | 60.01% | 133.37% | 57.54% | 82.33% | 102.08% | -3.85% | 198.80% | 39.71% | 104.63% | |

(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 all 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: County Tax Rolls - The County has never provided a breakdown between Residential, Commercial and Industrial Property. The Residential Property figures include all property in the City.

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

| Annual Year | City Direct Rate | | | | Overlapping Rates | | | | Total Direct Rate |
|-------------|------------------|-------------------------|----|---------------------------------|--------------------------|---------------------------|---------------------------------|---------|-------------------|
| | City Basic Rate | General | | Redevelopment Debt Service Rate | Pacifica School District | Jefferson School District | San Mateo County as Distributor | | |
| | | Obligation Debt Service | | | | | | | |
| 1998 | 0% | 0% | 0% | 0.0% | 0.0677% | 0.0148% | 1% | 0.0000% | |
| 1999 | 0% | 0% | 0% | 0.0% | 0.0658% | 0.0193% | 1% | 0.0000% | |
| 2000 | 0% | 0% | 0% | 0.0% | 0.0607% | 0.0370% | 1% | 0.0000% | |
| 2001 | 0% | 0% | 0% | 0.0% | 0.0589% | 0.0181% | 1% | 0.0000% | |
| 2002 | 0% | 0% | 0% | 0.0% | 0.0344% | 0.0194% | 1% | 0.0000% | |
| 2003 | 0% | 0% | 0% | 0.0% | 0.0259% | 0.0187% | 1% | 0.0000% | |
| 2004 | 0% | 0% | 0% | 2.90% | 0.0244% | 0.0170% | 1% | 2.9000% | |
| 2005 | 0% | 0% | 0% | 2.90% | 0.0417% | 0.0153% | 1% | 2.9000% | |
| 2006 | 0% | 0% | 0% | 2.90% | 0.0457% | 0.0174% | 1% | 2.9000% | |
| 2007 | 0% | 0% | 0% | 2.90% | 0.0411% | 0.0361% | 1% | 2.9000% | |

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 only the tax rate 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: City Financial Reports

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

| | 2007 | | | 1998 | | |
|-----------------------------------|------------------------|------|-------------------------------------------------|------------------------|------|-------------------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| ERP Operating Ltd. Partnership | | | | \$ 18,826 | 1 | 0.75% |
| Bay Apartment Communities, Inc. | \$ 12,905 | 8 | 0.31% | 10,828 | 2 | 0.43% |
| Demartini / Linda Mar LLC | | | | 10,171 | 3 | 0.40% |
| Pan Pacific Realty Corporation | | | | 10,153 | 4 | 0.40% |
| Bangkok Metropolitan Bank | | | | 8,645 | 5 | 0.34% |
| Craig J. & Margaret A. London | | | | 8,141 | 6 | 0.32% |
| Kenneth D. McCloskey, et al | | | | 6,838 | 7 | 0.27% |
| Western Pacific Housing | | | | 6,474 | 8 | 0.26% |
| Shiuh-Kai Lee & Shu-Yin Jesse Wei | | | | 6,295 | 9 | 0.25% |
| McCloskey/Seban | | | | 5,304 | 10 | 0.21% |
| FPA BAF Lands End Associates | 46,610 | 1 | 1.11% | | | |
| Linda Mar Shopping Center, LLP | 30,244 | 2 | 0.72% | | | |
| AIMCO Park Pacifica Apartments | 19,200 | 3 | 0.46% | | | |
| Marymount Summit, LLC | 17,595 | 4 | 0.42% | | | |
| Horizons West Apartments, LLC | 15,081 | 5 | 0.36% | | | |
| PK III Fairmont Shopping Center | 13,980 | 6 | 0.33% | | | |
| Harry B. Lewis, et al | 13,634 | 7 | 0.32% | | | |
| National Church Residences | 12,619 | 9 | 0.30% | | | |
| LBN Properties LP | 12,319 | 10 | 0.29% | | | |
| Total | \$ 194,187 | | 4.62% | \$ 91,675 | | 3.63% |

Notes: This schedule service a dual purpose of providing basic information about our jurisdictions most significant revenue payers and highlighting the degree to which a government is dependent on a small number of payers. This schedule includes the ten largest taxpayers up to 50% of the revenue base.

Source: City of Pacifica from Tax Rolls provided by County Assessor's Office, County of San Mateo, California; April 1, 2007 and April 1, 1998

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 Fiscal Year of the Levy | | Collections in subsequent Years | Total Collections to Date | |
|----------------------------------|----------------------------------------|-----------------------|-------------------------------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | Amount | Percentage of Levy | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1998 | \$ 3,995 | | \$ 3,888 | 97.32% | \$ 58 | \$ 3,946 | 98.77% |
| 1999 | 4,159 | | 4,052 | 97.43% | 64 | 4,116 | 98.97% |
| 2000 | 4,537 | | 4,454 | 98.17% | 58 | 4,512 | 99.45% |
| 2001 | 4,907 | | 4,816 | 98.15% | 59 | 4,875 | 99.35% |
| 2002 | 5,304 | | 5,226 | 98.53% | 59 | 5,285 | 99.64% |
| 2003 | 5,659 | | 5,513 | 97.42% | 57 | 5,570 | 98.43% |
| 2004 | 6,120 | | 6,090 | 99.51% | 57 | 6,147 | 100.44% |
| 2005 | 6,610 | | 6,540 | 98.94% | (3) | 6,537 | 98.90% |
| 2006 | 7,064 | | 6,924 | 98.02% | (0.5) | 6,924 | 98.01% |
| 2007 | 7,620 | | 7,667 | 100.62% | (28.0) | 7,639 | 100.25% |
| Change 1998-2007 | 90.74% | | 97.20% | 3.39% | -148.28% | 93.59% | 1.49% |

Notes:

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

Includes Homeowner's Tax Relief (HOPTIR).

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 only the tax rate 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.

Source: City Financial Reports

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

Governmental Activities

| Fiscal Year Ending | Bank Loan | Notes Payable | Special Assessment | Certificates of Participation | Total Governmental Activities Debt |
|-----------------------------------|----------------------|--------------------------|-------------------------------|----------------------------------------------|-------------------------------------------------------|
| 1998 | \$ 895,000 | \$ 41,000 | \$ 241,000 | \$ - | \$ 1,177,000 |
| 1999 | 690,000 | 15,946 | 125,000 | 5,000,000 | 5,830,946 |
| 2000 | - | - | - | 11,000,000 | 11,000,000 |
| 2001 | - | 1,450,000 | - | 10,875,000 | 12,325,000 |
| 2002 | - | 1,408,000 | - | 10,710,000 | 12,118,000 |
| 2003 | - | 1,350,755 | - | 13,170,000 | 14,520,755 |
| 2004 | - | 1,271,278 | - | 12,960,000 | 14,231,278 |
| 2005 | - | 1,164,416 | 1,000,000 | 12,720,000 | 14,884,416 |
| 2006 | - | 1,034,348 | 1,000,000 | 15,725,000 | 17,759,348 |
| 2007 | - | 875,378 | 1,000,000 | 15,725,000 | 17,600,378 |

Notes:

Details regarding the city's debt can be found in the notes to the financial statements.
The City issued \$11,000,000 of new certificates of participation in 1999, 2000 and 2002.

Sources: City's Comprehensive Annual Financial Reports 1998-2007

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

| Fiscal Year Ending | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income | Debt Per Capita |
|-------------------------------|---------------------------------|--------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| | Sewer Bonds | Notes Payable | Total Business-Type Government | | | |
| 1998 | \$ 4,950,000 | \$ - | \$ 4,950,000 | \$ 6,127,000 | 0.34% | \$ 152 |
| 1999 | 4,875,000 | - | 4,875,000 | 10,705,946 | 0.58% | 263 |
| 2000 | 4,800,000 | - | 4,800,000 | 15,800,000 | 0.82% | 385 |
| 2001 | 4,720,000 | - | 4,720,000 | 17,045,000 | 0.92% | 444 |
| 2002 | 4,776,000 | 34,279,000 | 39,055,000 | 51,173,000 | 2.64% | 1,311 |
| 2003 | 4,764,000 | 32,915,605 | 37,679,605 | 52,200,360 | 2.64% | 1,352 |
| 2004 | 4,825,000 | 31,513,886 | 36,338,886 | 50,570,164 | 2.51% | 1,324 |
| 2005 | 13,945,000 | 30,019,447 | 43,964,447 | 58,848,863 | 2.80% | 1,522 |
| 2006 | 13,810,000 | 25,359,240 | 39,169,240 | 56,928,588 | 2.63% | 1,470 |
| 2007 | 13,670,000 | 25,359,240 | 39,029,240 | 56,629,618 | 2.47% | 1,443 |

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 1998-2007.

CITY OF PACIFICA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (in \$000's except per capita)

| <u>Fiscal Year Ending</u> | <u>Net Bonded Debt</u> | <u>General Bonded Debt Outstanding</u> | | <u>Percent of Assessed Value</u> | <u>Per Capita</u> |
|-------------------------------|--------------------------------|----------------------------------------|--------------|--------------------------------------|-----------------------|
| | | <u>Redevelopment Bonds</u> | <u>Total</u> | | |
| 1998 | \$ 478 | \$ - | \$ 478 | 0.025% | \$ 12 |
| 1999 | 357 | - | 357 | 0.018% | 9 |
| 2000 | 10,522 | - | 10,522 | 0.482% | 256 |
| 2001 | 10,206 | - | 10,206 | 0.428% | 266 |
| 2002 | 10,194 | - | 10,194 | 0.393% | 261 |
| 2003 | 12,790 | - | 12,790 | 0.459% | 331 |
| 2004 | 12,400 | 1,725 | 14,125 | 0.465% | 370 |
| 2005 | 11,999 | 1,725 | 13,724 | 0.420% | 354 |
| 2006 | 15,725 | 1,690 | 17,415 | 0.447% | 450 |
| 2007 | 15,725 | 1,655 | 17,380 | 0.414% | 443 |
| % Change 1998-2007 | 3189.75% | | 3535.98% | 1547.11% | 3641.55% |

Notes:

This statement compares total general bonded debt to estimated actual value of property and population. Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Pages 106 and 109 for property tax data. Population data can be found on Page 116.

Assesed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City Financial Reports

**CITY OF PACIFICA
PROPERTY TAX RATES - DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
as of June 30, 2006
(Per \$100 of Assessed Valuation)**

LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>San Mateo County</u> | | <u>City of Pacifica</u> | | <u>Pacifica School District</u> | | <u>Jefferson School District</u> | | <u>San Mateo Junior College</u> | | <u>County Water District</u> | | <u>TOTAL</u> | |
|--------------------|-------------------------|---|-------------------------|---|---------------------------------|---|----------------------------------|---|---------------------------------|---|------------------------------|---|--------------|---|
| 1997-1998 | 1.0000 | % | --- | % | 0.0695 | % | 0.0159 | % | --- | % | --- | % | 1.0854 | % |
| 1998-1999 | 1.0000 | | --- | | 0.0677 | | 0.0148 | | --- | | --- | | 1.0825 | |
| 1999-2000 | 1.0000 | | --- | | 0.0658 | | 0.0193 | | --- | | --- | | 1.0851 | |
| 2000-2001 | 1.0000 | | --- | | 0.0607 | | 0.0370 | | --- | | --- | | 1.0977 | |
| 2001-2002 | 1.0000 | | --- | | 0.0589 | | 0.0181 | | --- | | --- | | 1.0770 | |
| 2002-2003 | 1.0000 | | --- | | 0.0344 | | 0.0194 | | 0.0079 | | --- | | 1.0617 | |
| 2003-2004 | 1.0000 | | --- | | 0.0259 | | 0.0187 | | 0.0065 | | --- | | 1.0511 | |
| 2004-2005 | 1.0000 | | --- | | 0.0244 | | 0.0170 | | 0.0065 | | --- | | 1.0479 | |
| 2005-2006 | 1.0000 | | --- | | 0.0417 | | 0.0153 | | 0.0065 | | --- | | 1.0635 | |
| 2006-2007 | 1.0000 | | --- | | 0.0457 | | 0.0174 | | 0.0184 | | --- | | 1.0815 | |

Source: Tax Rolls Code - 16-001, Tax Collector's Office, County of San Mateo

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

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-----------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assessed Valuation | \$ 1,908,243 | \$ 1,986,960 | \$ 2,181,611 | \$ 2,386,668 | \$ 2,594,237 | \$ 2,786,951 | \$ 3,282,694 | \$ 3,560,309 | \$ 3,951,616 | \$ 4,199,006 |
| Debt Limit | 71,559 | 74,511 | 81,810 | 89,500 | 97,284 | 104,511 | 123,101 | 133,511 | 148,185 | 157,463 |
| Total Net Debt Applicable to Limit | 478 | 357 | 10,522 | 10,206 | 10,194 | 12,790 | 14,125 | 13,724 | 17,415 | 15,725 |
| Legal Debt Margin | \$ 71,081 | \$ 74,154 | \$ 71,288 | \$ 79,294 | \$ 87,090 | \$ 91,721 | \$ 108,976 | \$ 119,787 | \$ 130,770 | \$ 141,738 |
| Total Net Debt applicable to the limit as a percentage of debt limit | 0.67% | 0.48% | 12.86% | 11.40% | 10.48% | 12.24% | 11.47% | 10.28% | 11.75% | 11.09% |

Notes:

Debt Limit is 3.75% of Assessed Value.

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

**CITY OF PACIFICA
PLEGDED REVENUE COVERAGE
LAST TEN YEARS (IN \$000's)**

Enterprise Fund Bonds

| <u>Fiscal Year</u> | <u>Basic Rate</u> | <u>Less Operating Expenses</u> | <u>Net Available Revenue</u> | <u>Debt Services</u> | | <u>Coverage</u> |
|--------------------|-------------------|--------------------------------|------------------------------|----------------------|-----------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | |
| 1998 | \$ 5,362 | \$ 4,457 | \$ 905 | \$ 50 | \$ 221 | 3.34 |
| 1999 | 5,403 | 3,774 | 1,629 | 75 | 293 | 4.43 |
| 2000 | 5,652 | 4,016 | 1,636 | 75 | 290 | 4.48 |
| 2001 | 6,120 | 5,045 | 1,075 | 80 | 287 | 2.93 |
| 2002 | 6,228 | 6,881 | (653) | 85 | 283 | -1.77 |
| 2003 | 6,328 | 7,953 | (1,625) | 1,488 | 821 | -0.70 |
| 2004 | 7,252 | 6,750 | 502 | 125 | 225 | 1.43 |
| 2005 | 8,262 | 6,326 | 1,936 | 130 | 788 | 2.11 |
| 2006 | 8,898 | 6,231 | 2,667 | 135 | 1,229 | 1.96 |
| 2007 | 9,046 | 7,767 | 1,279 | 140 | 689 | 1.54 |

Special Assessment Bonds

| <u>Fiscal Year</u> | <u>Debt Service (000's)</u> | |
|--------------------|-----------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 1998 | 116 | 24 |
| 1999 | 125 | 13 |
| 2000 | 0 | 0 |
| 2001 | 0 | 0 |
| 2002 | 0 | 0 |
| 2003 | 0 | 0 |
| 2004 | 0 | 0 |
| 2005 | 0 | 0 |
| 2006 | 0 | 0 |
| 2007 | 0 | 0 |

Notes:

This schedule presents all non-general obligation long-term debt backed by pledged revenues. The coverage calculations presented in this schedule may differ from those required by specific bond indentures.

The City issued \$1,075,299 of Special Assessment Bonds in 1984 which were defeased in 1999.

Source: City Financial Reports

CITY OF PACIFICA, CALIFORNIA

DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT

June 30, 2007

| | |
|------------------------------|-----------------|
| 2007 Population Estimate | 39,251 |
| 2006-2007 Assessed Valuation | \$3,892,647,987 |

| | <u>Percent Applicable</u> | <u>Date Applicable June 30, 2007</u> |
|----------------------------------------------|-------------------------------|----------------------------------------------|
| Direct Debt: | | |
| 2006 Certificates of Participation | 100.00% | \$ 15,725,000 |
| Total Direct Debt | | <u>\$ 15,725,000</u> |
| Overlapping Debt: | | |
| Pacifica School District S-1 Loan | | \$ 28,511,712 |
| Jefferson Union High School 95A - Refinanced | | 19,105,000 |
| Jefferson Union High School 95E | | 5,260,000 |
| San Mateo Community College District | | <u>662,864,994</u> |
| Total Overlapping Debt: | | <u>\$ 715,741,706</u> |
| Total Direct and Overlapping Debt: | | <u>\$ 731,466,706</u> |

| <u>Ratios to Assessed Valuation</u> | | <u>Per Capita</u> | |
|-------------------------------------|---------|--------------------|--------------|
| Direct Debt | 0.404% | Assessed Valuation | \$ 99,173.22 |
| | | Direct Debt | 400.63 |
| Total Debt | 18.791% | Total Debt | \$ 18,635.62 |

Source: County Controller, County of San Mateo, California

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

| Calendar Year Ending | Population | Median Personal Income | Per Capita Personal Income | Unemployment Rate % |
|-------------------------------------|-------------------|---------------------------------------|-----------------------------------------------|--------------------------------|
| 1998 | 40,381 | 44,145 | 28,975 | 2.4 |
| 1999 | 40,719 | 45,511 | 30,183 | 2.0 |
| 2000 | 41,028 | 46,876 | 31,088 | 1.6 |
| 2001 | 38,390 | 48,283 | 32,021 | 2.9 |
| 2002 | 39,046 | 49,731 | 32,982 | 5.0 |
| 2003 | 38,609 | 51,223 | 33,971 | 5.1 |
| 2004 | 38,186 | 52,760 | 34,990 | 5.0 |
| 2005 | 38,678 | 54,343 | 36,040 | 4.3 |
| 2006 | 38,739 | 55,973 | 37,121 | 4.2 |
| 2007 | 39,251 | 58,327 | 37,095 | 4.8 |

Notes:

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

This information has not been tracked and the information provided here is extrapolated from the Census 2000.

The unemployment rates are from San Mateo County overall.

Source: U.S. Census Bureau 2000

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

| Employer | 2007 | | | 1998 | | |
|--------------------------------------|----------------|------|-------------------------------------|----------------------|------|-------------------------------------|
| | # of Employees | Rank | Percentage of Total City Employment | # of Employees | Rank | Percentage of Total City Employment |
| Pacifica School District | 307 | 1 | N/A | Not Available | | |
| City of Pacifica | 287 | 2 | N/A | | | |
| Safeway (2) | 214 | 3 | N/A | | | |
| Jefferson Union High School District | 170 | 4 | N/A | | | |
| Lucky (Save Mart Supermarkets) | 125 | 5 | N/A | | | |
| Rite Aid (2) | 52 | 6 | N/A | | | |
| Coastside Scavenger | 50 | 7 | N/A | | | |
| Ross Dress for Less | 48 | 8 | N/A | | | |
| North Coast County Water District | 22 | 9 | 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: Business Registration Research

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

| <u>Function/Program</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Administration | 5 | 7 | 7 | 8.2 | 8.2 | 8.2 | 7 | 7 | 7 | 6.5 |
| Finance | 6.5 | 6.5 | 7.5 | 8 | 8 | 8 | 7 | 8 | 8 | 7.5 |
| Parks | 28.5 | 51.76 | 51.75 | 51.75 | 51.75 | 54.75 | 54 | 38.75 | 38.75 | 39.75 |
| Planning & Building | 11.5* | 5 | 5.5 | 4.8 | 5.8 | 4.8 | 4.8 | 7.8 | 8.8 | 9 |
| Public Works | 30 | 34 | 38 | 36 | 33 | 34 | 28.75 | 29 | 29 | 29 |
| Engineering | * | 2 | 2 | 1 | 4 | 4 | 4 | 4 | 4 | 4 |
| Police | | | | | | | | | | |
| Officers | 42.5 | 42 | 43 | 40 | 41 | 42 | 37 | 37 | 36 | 38 |
| Civilians | 12.5 | 13.5 | 15.5 | 16.5 | 16.5 | 16.5 | 15.5 | 15.5 | 15.5 | 13.5 |
| Fire | | | | | | | | | | |
| Firefighters | 25 | 30 | 31 | 30 | 30 | 32 | 32 | 31 | 31 | 30 |
| Civilians | 1.5 | 4.5 | 5 | 5 | 5 | 5.5 | 5.5 | 1.5 | 1.5 | 1.5 |
| Redevelopment | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wastewater Division | | | | | | | | | | |
| | 20.5 | 22.5 | 20.5 | 20.5 | 20.5 | 21 | 21 | 19.75 | 19.75 | 19.75 |
| Total | 183.5 | 218.76 | 226.75 | 221.75 | 223.75 | 230.75 | 216.55 | 199.3 | 199.3 | 198.5 |

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.

* Engineering Department employees included in Planning & Building in 1997 and 1998.

Source: City Financial Reports

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

| Function/Program | FISCAL YEAR ENDING JUNE 30 | | | | | | | | | |
|--------------------------------------|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|-------------------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| General Government | | | | | | | | | | |
| Building Permits Issued | 1,380 | 1,546 | 1,431 | 1,409 | 1,408 | 1,380 | 1,360 | 1,219 | 1,200 | 1,263 |
| Building Inspections Conducted | 2,900 | 3,434 | 3,400 | 3,200 | 3,061 | 2,838 | 3,001 | 2,970 | 3,000 | 2,550 |
| Police | | | | | | | | | | |
| Physical Arrests | 1,182 | 978 | 920 | 925 | 1,010 | 1,046 | 1,328 | 1,017 | 1,147 | 1,071 |
| Parking Violations | 2,720 | 3,544 | 3,445 | 6,680 | 8,024 | 5,745 | 4,955 | 3,511 | 3,624 | 2,998 |
| Traffic Violations | 2,891 | 4,131 | 3,668 | 2,679 | 3,000 | 4,878 | 3,846 | 2,502 | 2,271 | 2,531 |
| Fire | | | | | | | | | | |
| Emergency Responses | NA | NA | NA | NA | NA | NA | NA | 3,615 | 3,465 | 3,185 |
| Fires Extinguished | NA | NA | NA | NA | NA | NA | NA | 85 | 135 | 136 |
| Inspections | NA | NA | NA | NA | NA | NA | NA | 1,413 | 1,442 | 1,453 |
| Other Public Works | | | | | | | | | | |
| Street Re-surfacing (miles) | 1.9 | 0.7 | 4.8 | 6.1 | 7.5 | 4.3 | - | - | - | 0.6 |
| Potholes Repaired | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 360 |
| Parks, Beaches & Recreation | | | | | | | | | | |
| Community Center Admissions | NA | NA | NA | NA | NA | NA | NA | estimated 115,000 | estimated 120,000 | 130,000 |
| Enterprise Fund WWTP | | | | | | | | | | |
| New Connections | 88.0 | 57.0 | 27.0 | 38.0 | 39.5 | 14.5 | 21.5 | 106.5 | 9.0 | 7.0 |
| Avg Daily Sewage Treatment (Gallons) | 3,470,000 | 3,300,000 | 3,457,000 | 3,668,000 | 3,604,000 | 3,630,000 | 3,507,000 | 3,830,000 | 3,920,000 | 3,500,000 |

Notes:
The City has not tracked much of this information in past years

Source: Various City Departments

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

| Function/Program | FISCAL YEAR ENDING JUNE 30 | | | | | | | | | |
|----------------------------------------|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 11 | 12 | 12 | 12 | 10 | 10 | 13 | 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 |
| Streetlights | 1770 | 1770 | 1770 | 1770 | 1770 | 1770 | 1770 | 1770 | 1770 | 1775 |
| Traffic Signals | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Parks, Beaches & Recreation | | | | | | | | | | |
| Acreage | 145.48 | 145.48 | 145.48 | 145.48 | 142.68 | 142.68 | 142.68 | 142.68 | 142.68 | 142.68 |
| Playgrounds | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Baseball Diamonds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Soccer/Football Fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 130 | 130 | 130 | 130 | 130 | 130 | 165 | 165 | 165 | 165 |
| Storm Sewers (miles) | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Treatment Capacity (gallons) | 3,470,000 | 3,300,000 | 3,457,000 | 3,668,000 | 3,604,000 | 3,630,000 | 3,507,000 | 3,830,000 | 3,920,000 | 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 6/30 | Minimum Annual Charge | Rate per 100 Cubic Feet |
|---------------------------------------|--------------------------------------|----------------------------------------|
| 1998 | 186.72 | 3.89008 |
| 1999 | 190.28 | 3.96437 |
| 2000 | 210.24 | 4.37985 |
| 2001 | 205.18 | 4.27433 |
| 2002 | 224.36 | 4.67424 |
| 2003 | 225.48 | 4.69754 |
| 2004 | 258.54 | 5.38619 |
| 2005 | 310.98 | 6.47862 |
| 2006 | 333.16 | 6.94083 |
| 2007 | 352.08 | 7.33488 |

Notes:

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

Source: City Records