

CITY OF PACIFICA

CALIFORNIA

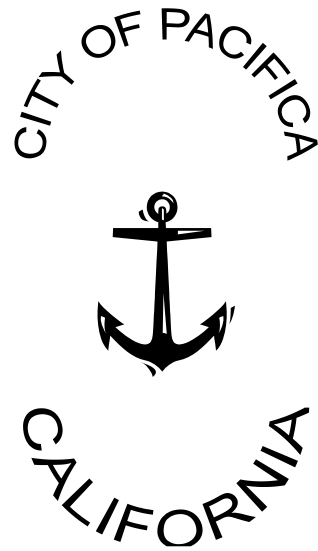
COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2013



PREPARED BY
THE FINANCE DEPARTMENT

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CITY OF PACIFICA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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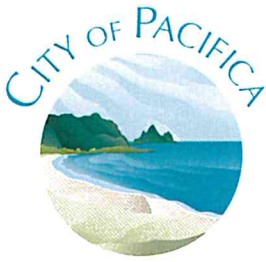
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Scenic Pacifica
Incorporated Nov. 22, 1957

CITY OF PACIFICA

170 Santa Maria Avenue • Pacifica, California 94044-2506
www.cityofpacifica.org

MAYOR
Mary Ann Nihart

MAYOR PRO TEM
Karen Ervin

COUNCIL
Sue Digre
Mike O'Neill
Len Stone

April 9, 2014

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

We are pleased to submit the City of Pacifica's Comprehensive Annual financial Report (CAFR) for the fiscal year ended June 30, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in the CAFR. To provide a reasonable basis for making these representations, management has established a comprehensive framework of internal control 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 United States Generally Accepted Accounting Principles (USGAAP). As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

This report consists of management's representations concerning the finances of the City of Pacifica. 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 is meant to provide reasonable assurance that its financial statements are free of material misstatement. The audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The City's independent auditor, Moss, Levy & Hartzheim, LLP, has issued an unmodified ("clean") opinion on the City of Pacifica's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

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

City of Pacifica Profile

The City of Pacifica is a full service city located on the Pacific Coast in San Mateo County 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.

Economic and Financial Outlook

The economy shows signs of improvement; consumer spending, new home construction, and other consumer dependent industries have improved. Based on unemployment rates, the Bay Area continues to fare better than both the State of California and the United States. Per the Bureau of Labor Statistics,

in May of 2013, the United States unemployment rate was 7.3 percent, the State of California was 8.1 percent, and San Mateo County was 4.9 percent.

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.

While residential development has reached near build out conditions, commercial development potential is high in Pacifica as several commercially zoned sites are in various phases of the permit process and 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 City of Pacifica has continued to be fiscally conservative in financial investments per the City's Investment Policy, as well as with the development of a Five Year Financial Plan.

The initial Five Year Financial Plan was approved by the City Council in June of 2010. A combination of revenue measures and budget reductions were proposed to cover the projected gap between revenues and expenditures. The City remains vigilant in its efforts to continue to provide essential City services with dwindling revenues, reserves and resources while maintaining sufficient levels of fiscal control and accountability.

The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, special revenue funds, enterprise funds, debt service 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 tracking expenditures and budget authority. Unexpended budget appropriations lapse at the end of the fiscal year with the exception of capital improvement projects.

The City Manager is responsible for the preparation of the budget, and along with the Administrative Services Director, is responsible for monitoring the budget for legal compliance.

Awards and Acknowledgements

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, 2012. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and effectively 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 for another certificate.

Our goal is to publish financial information that is helpful to policy leaders and the City Manager. 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, 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 the 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,

A handwritten signature in blue ink that reads "Steve Carmichael". The signature is written in a cursive style with a large, looping "S" at the beginning.

Steven Carmichael

Interim Administrative Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pacifica
California**

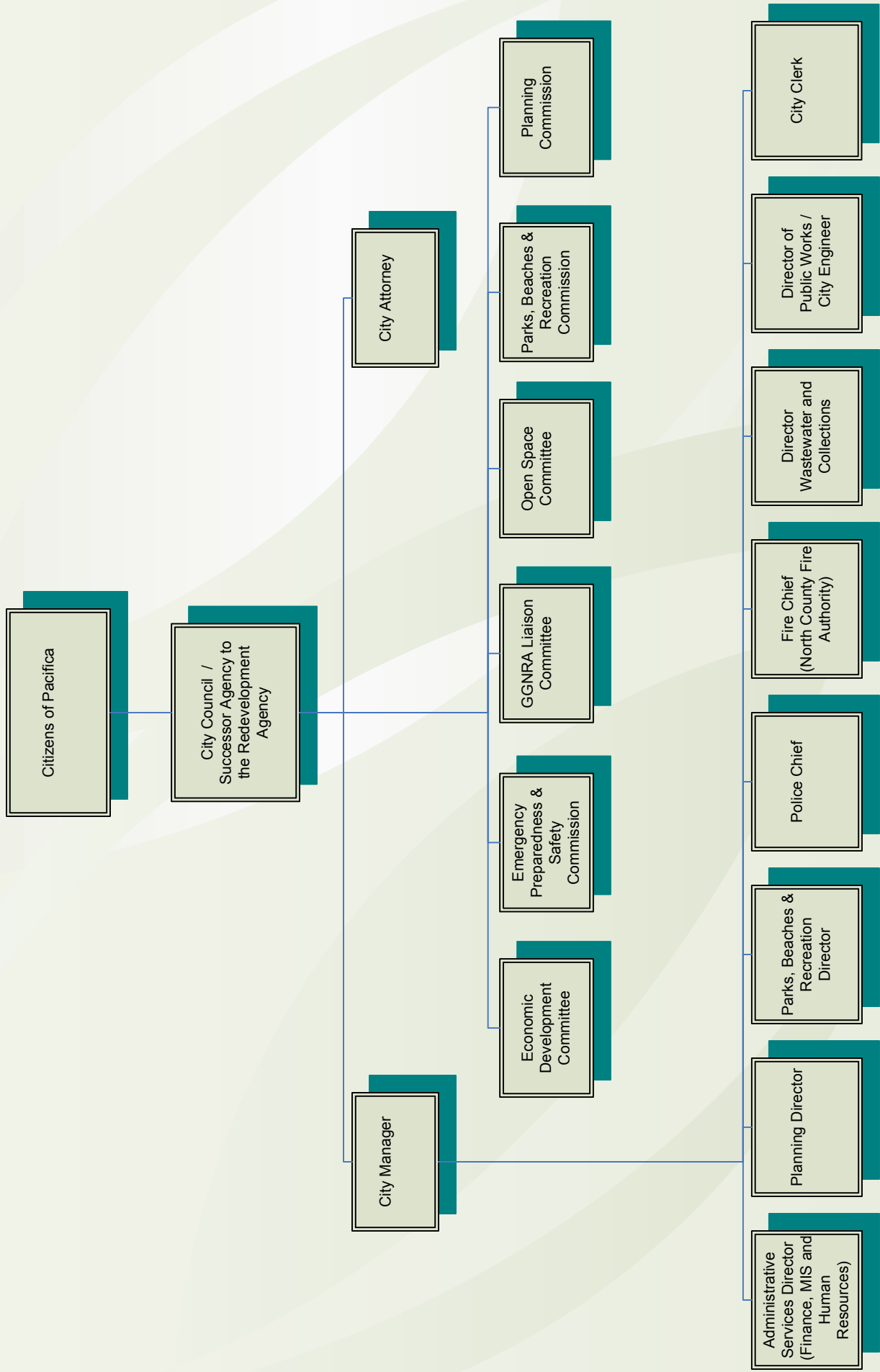
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Pacifica, California

◀ Fiscal Year 2012-2013 ▶



CITY OF PACIFICA, CALIFORNIA

HONORABLE LEN STONE

MARY ANN NIHART
Mayor Pro Tem

SUE DIGRE KAREN ERVIN
MIKE O'NEILL
Members of City Council

* * * * *

STEPHEN RHODES
City Manager

* * * * *

OTHER ADMINISTRATIVE OFFICERS

ANN RITZMA	Administrative Services Director
JAMES TASA	Police Chief
RON MYERS	Fire Chief
GEORGE WHITE	Director of Planning & Building
VAN OCAMPO	Director of Public Works/City Engineer
MICHAEL PEREZ	Director of Parks, Beaches & Recreation
DAVE GROMM	Director of Wastewater Collection & Plant Operation

* * * * *

OFFICIAL BOARDS AND COMMISSIONS

EMERGENCY PREPAREDNESS & SAFETY COMMISSION

PARKS, BEACHES AND RECREATION COMMISSION

PLANNING COMMISSION

OPEN SPACE & PARKLAND ADVISORY COMMITTEE

ECONOMIC DEVELOPMENT COMMITTEE

BEAUTIFICATION ADVISORY COMMITTEE

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FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacifica (City), California, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacifica, California, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements effective July 1, 2012, the City of Pacifica adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resource, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Please see Note 17, referring to the City's financial condition as of June 30, 2013.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Postemployment Benefits – Schedule of Funding Progress, General Fund budgetary comparison schedule, Gas Tax special revenue fund budgetary comparison schedule, and Davies Trust special revenue fund budgetary comparison schedule on pages 4 through 16 and pages 68 through 72 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

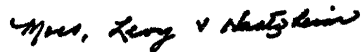
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pacifica's basic financial statements. The Introductory Section, General Capital Improvement capital projects fund budgetary comparison schedule, Debt Service fund budgetary comparison schedule, combining and individual nonmajor governmental fund financial statements and schedules, internal service fund financial statements, Private-Purpose Trust fund statements, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The General Capital Improvement capital projects fund budgetary comparison schedule, Debt Service fund budgetary comparison schedule, combining and individual nonmajor governmental fund financial statements and schedules, the internal service fund financial statements, and the Private-Purpose Trust fund statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures

applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issue our report dated March 9, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim LLP
Culver City, CA
March 9, 2014

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, 2013. 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 Position 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 all of the City’s 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 a *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 fiscal year’s activities?” The Statement of Net Position and the Statement of Activities 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 fiscal 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 position and changes in it. You can think of the City’s net position – 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 position is one indicator of if

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Position and the Statement of Activities, 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 wastewater customers to help it cover all or most of the cost of the services accounted for in this fund.

Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds (including nonmajor 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 funds can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

- *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 fiscal 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, and *governmental funds* as reported in the Statement of Net Position, in reconciliations after each governmental funds statement.

The governmental funds financial statements and reconciliations may be found on pages 20 to 26 of this report.

- *Proprietary funds* – When the City charges customers for 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 Position and the Statement of Activities. The City's enterprise fund (a component of proprietary funds) is 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. 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 position of the internal service funds.

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

- *Fiduciary Funds* – Are used to account for assets held by the City in trustee or custodial capacity for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are not reflected in the City-wide financial statements because the resources of those funds are not available

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

to support the City's general programs. Accordingly, only assets and liabilities and changes in fiduciary net position are reported for these funds.

The fiduciary fund financial statements may be found on pages 31 to 32 of this report.

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 Basic Financial Statements may be found on pages 33 to 66 of this report.

Economic Future:

The State of California has emerged from recent fiscal crisis and will be, over the coming months, determining how to deal with the ramifications of several years of budget cuts. The City of Pacifica will continue to be impacted by the State's crisis.

The City of Pacifica, as well as many of other cities, deposits funds with LAIF, (Local Agency Investment Fund), also known as the State Investment Pool. The City anticipates flat revenue from interest earned on LAIF deposits.

The City of Pacifica is addressing several new mandated and necessary expenditures. Pacifica, along with all cities, is addressing its liability in regards to Other Post-Employment Benefits (OPEB), which include pension and retiree medical. The City has worked with an actuary to determine the liability, and in an effort to stabilize pension costs issued Pension Obligation Bonds in May of 2010. 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 and many employees participate in non-City union health and welfare programs.

Highlights of the past fiscal year are as follows:

- Total City assets exceeded its liabilities by \$72.2 million. \$7.9 million represents restricted net position.
- Statement of governmental activities show operational revenues at \$29.3 million (including transfers), compared with total operational expenses of \$29.3 million, resulting in no increase/decrease in total net position from operations. One prior period adjustment is an accounting change in the handling of the proceeds of the City's Pension Obligation Bonds. This item shows as a decrease in total net position for the current fiscal year of approximately \$16.5 million from the removal of the net pension asset from the statement.
- Total Governmental Fund balances were \$11.1 million at fiscal year-end, a decrease of \$600 thousand from the previous fiscal year's balance of \$11.7 million.
- General fund revenues were \$26.2 million compared with general fund expenses of \$22.9 million and transfers out of \$3.3 million, resulting in a net increase in fund balance of \$46 thousand, for an ending fund balance of \$3.7 million, as shown on page 24 of this report.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Net Position

Net position is a measure of a government's financial position and, over time, a trend of increasing or decreasing net position is an indicator of the financial health of the organization. The City of Pacifica's assets exceeded liabilities by \$72,186,781. A condensed statement of net position is presented in the following table.

Statement of Net Position
June 30, 2012 and 2013

Table 1

	Governmental Activities	Governmental Activities	Business - Type Activities	Business - Type Activities		Primary Government	Primary Government
	2012	2013	2012	2013		2012	2013
Current and other Assets	\$ 40,410,252	\$ 21,817,381	\$ 11,453,131	\$ 12,642,027		\$ 51,863,383	\$ 34,459,408
Capital Assets	69,244,187	70,662,623	45,397,335	44,100,187		114,641,522	114,762,810
Total Assets	109,654,439	92,480,004	56,850,466	56,742,214		166,504,905	149,222,218
Long-term Debt Outstanding	39,846,280	38,376,753	34,308,824	34,661,718		74,155,104	73,038,471
Other Liabilities	2,454,870	3,119,078	1,143,869	877,888		3,598,739	3,996,966
Total Liabilities	42,301,150	41,495,831	35,452,693	35,539,606		77,753,843	77,035,437
Net Position:							
Net Investment in Capital Assets	54,455,020	56,461,478	15,462,599	16,301,455		69,917,619	72,762,933
Restricted	8,216,813	7,944,025				8,216,813	7,944,025
Unrestricted	4,681,456	(13,421,330)	5,935,174	4,901,153		10,616,630	(8,520,177)
Total Net Position	\$ 67,353,289	\$ 50,984,173	\$ 21,397,773	\$ 21,202,608		\$ 88,751,062	\$ 72,186,781

Net investment in capital assets (e.g., land, buildings, equipment and infrastructure) of \$72,762,933 (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 \$7,944,025 represent resources that are subject to external restrictions on how they may be used. There was an accounting change that necessitated the removal of the net pension asset of \$16.5 million from the asset section of the statements. The negative unrestricted net position of - \$8,520,177 is a result of this accounting change in the handling of Pension Obligation Bonds.

Total Primary Government net position decreased by \$16,564,281. This decrease in the City's net position is mainly made up of the removal of the long-term prepaid pension asset of \$16,500,067 from the governmental activities and \$2,118,410 from the business-type activities, plus a prior period adjustment of \$28,218 for an understatement of capital assets in the prior fiscal year for governmental activities, and increases of \$102,733 from current fiscal year governmental activities and \$1,923,245 from business-type activities. The governmental activities net position decreased 24% from \$67,353,289 at June 30, 2012 to \$50,984,173 at June 30, 2013. The net position of the City's business-type activities decreased .9% from \$21,397,773 at June 30, 2012 to \$21,202,608 at June 30, 2013, as shown in Table 2 below. Net position of Total Primary Government activities, which include both Governmental Activities and Business-Type Activities, decreased 18.7% from \$88,751,062 at June 30, 2012 to \$72,186,781 at June 30, 2013.

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Activities & Changes in Net Position – Fiscal Years Ended June 30, 2012 and 2013

Table 2

	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary	Total
	Activities	Activities	Activities	Activities	Government	Government	%
	2012	2013	2012	2013	2012	2013	Change
Program Revenues:							
Charges for Services	\$ 4,151,710	\$ 4,309,469	\$ 11,980,789	\$ 12,500,814	\$ 16,132,499	\$ 16,810,283	4%
Operating Grants	1,726,522	1,817,278			1,726,522	1,817,278	5%
Capital Grants	3,519,266	2,311,468			3,519,266	2,311,468	-34%
General Revenues:							
Property Taxes	10,434,510	10,701,810			10,434,510	10,701,810	3%
Sales and Use Taxes	1,519,978	1,588,277			1,519,978	1,588,277	4%
Franchise Taxes	1,595,929	1,617,727			1,595,929	1,617,727	1%
Other Taxes	3,005,388	3,152,723			3,005,388	3,152,723	5%
Investment Earnings	334,475	164,114	16,479	21,468	350,954	185,582	-47%
Motor Vehicle in Lieu-unrestricted	3,039,393	2,923,573			3,039,393	2,923,573	-4%
Other General Revenues and Gains	469,780	357,630		42,047	469,780	399,677	-15%
Extraordinary Item-Gain on transfer of assets and liabilities to RDA successor trust funds	5,557,942				5,557,942		100%
Transfers	200,000	410,000	(200,000)	(410,000)			0%
Total Revenues	35,554,893	29,354,069	11,797,268	12,154,329	47,352,161	41,508,398	-12%
Program Expenses							
General Government	4,019,613	4,294,792			4,019,613	4,294,792	7%
Community Development	1,631,678	1,378,014			1,631,678	1,378,014	-16%
Public Safety	13,568,582	13,572,060			13,568,582	13,572,060	0%
Public Works	4,688,440	4,088,408			4,688,440	4,088,408	-13%
Parks, Beaches & Recreation	4,005,189	3,880,586			4,005,189	3,880,586	-3%
Sewer Operations			10,124,492	10,231,084	10,124,492	10,231,084	1%
Interest on Long-term Debt	2,120,772	2,037,476			2,120,772	2,037,476	-4%
Total Expenses	30,034,274	29,251,336	10,124,492	10,231,084	40,158,766	39,482,420	-2%
Increase(Decrease) Net Position	5,520,619	102,733	1,672,776	1,923,245	7,193,395	2,025,978	-72%
Prior period adjustment	3,429,632	(16,471,849)		(2,118,410)	3,429,632	(18,590,259)	100%
Beginning Net Position	58,403,038	67,353,289	19,724,997	21,397,773	78,128,035	88,751,062	14%
Ending Net Position	\$ 67,353,289	\$ 50,984,173	\$ 21,397,773	\$ 21,202,608	\$ 88,751,062	\$ 72,186,781	-19%

Governmental Activities

Revenues for the City's governmental activities decreased by \$6,200,824 from \$35,554,893 in 2012 to \$29,354,069 in 2013. Total Primary Government revenue decreased by \$5,843,763, from \$47,352,161 in 2012 to \$41,508,398 in 2013. Total governmental program expenses decreased by \$782,938 from \$30,034,274 in 2012 to \$29,251,336 in 2013. The total cost of the primary *government's activities* in fiscal year 2011-2012 was \$40.2 million compared to \$39.5 million for the 2012-2013 year. The amount that taxpayers ultimately financed for these activities through City taxes was \$18.5 million, as some of the costs were paid for by those who directly benefited from the programs (\$16.8 million), or by other

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

governments and organizations that subsidized certain programs with grants and contributions (\$4.1 million). The net changes in position for both governmental and business type activities amounted to a \$16,564,281 decrease in total net position.

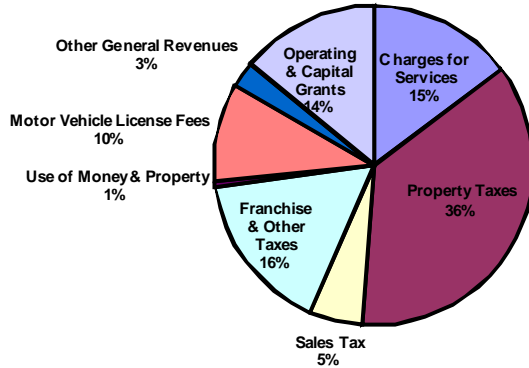
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- One Extraordinary Item of \$5,557,942 in 2012, labeled *Gain on transfer of assets and liabilities to RDA successor trust funds*, was a one-time event due to State mandated RDA changes.
- Charges for Services in total were up by \$157,759 from the previous fiscal year. This increase in part was due to the following: an increase of \$34,440 in Recreation fees from increased activity upon schedule restructuring. A decrease of \$16,624 from decreased activity in permitting. Public Safety Fire OES reimbursements were up by \$68,395 due to increased Mutual Aid Emergencies. Fire Safety Inspections were up by \$23,668 due to a full year of the implementation of an annual business fire inspection fee. Vehicle Code Fines were up by \$4,784 due to higher incidents. Special Police services were up by \$25,974 due to increased activity and up by \$17,350 from a full year of the Rotational Tow Program.
- Operating Contributions and Grants revenue in total was up by \$90,756 from the previous fiscal year.
General Government was down by \$37,807, mainly due to a decrease of \$9,184 in Fines and Penalties, a decrease of \$13,690 in ABAG funds, and a decrease of \$14,850 in Legal Reimbursements. Public Safety was up \$41,587 due to an increase in State and Local grants and P.O.S.T reimbursements. Public Works was up by \$82,528 due to 2010 CalEMA funding. Parks, Beaches, and Recreation was up by \$4,448.
- Capital Grant revenues were less than the previous fiscal year by \$1,207,798. These funds fluctuate each year as they are directly linked to the level of Capital Projects, their completion dates, and the guidelines of the grant reimbursements.
- Property Taxes came in \$267,300 higher overall. Current Year Secured Taxes came in \$130,022 higher, Current Year Unsecured came in \$6,596 lower, Property Transfer Taxes came in \$15,006 higher, ERAF funds were up by \$244,221, and Supplemental Property Taxes were up by \$30,297. The balance of the difference is from the dissolution of the RDA, resulting in lower tax revenues in 2013.
- Sales and Use Taxes came in \$68,299 higher than the previous fiscal year due to increased fuel activity.
- Franchise Taxes reflect an increase of \$21,798 over the previous fiscal year mainly due to additional fees with cable provider services expansion.
- Other Taxes came in \$147,335 higher than the previous year. Transient Occupancy Tax increased \$158,610 due to increased hotel occupancy. Utility Users Tax decreased by \$8,835 due to decreased activity. Business License Tax decreased by \$2,440 due to decrease activity.
- Investment Earnings decreased by \$170,361 due to decrease of interest earned and a \$60,000 RDA interest payment that has since been disallowed by the State.
- Motor Vehicle License Fees came in \$115,820 lower than the previous fiscal year.
- Other Misc General Revenues were down by \$112,150. The Recycling Revenue Share decreased by \$126,340, State Spec. Subv. SB-813 revenue up by \$48,161, Police Auction Sales down by \$475, SB 90-Mandated Costs Reimbursement down by \$3,246, Donations down by \$26,118, and Fines and Penalties down by \$9,184, and other Misc Revenue up by \$5,052.
- General Government expenses, which includes Finance, Central Services and Non-Departmental, was higher in total than the previous fiscal year by \$275,179 primarily due to increased operational expenses in contract services of \$114,387, contract legal of \$101,025, and a one-time disallowance of \$60,000 of a partial loan repayment from the RDA.
- Public Safety expenses came in only \$3,478 higher than the previous fiscal year, basically status quo.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

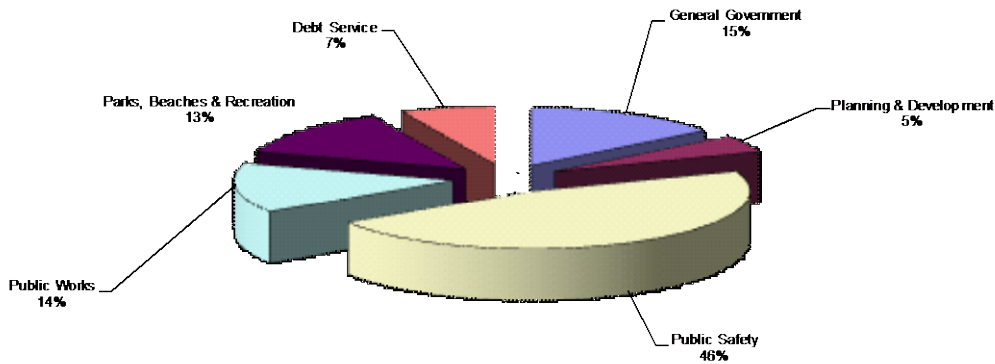
- Community Development expenses came in \$253,664 lower, mainly due to reduction of staffing levels and operating expenditures.
- Public Works expenses came in \$600,032 lower than the previous fiscal year primarily due to full year realization of cost savings in outsourcing Tree, Lights, and Street Sweeping services.
- Parks, Beaches & Recreation program expenses came in \$124,603 lower than the previous year due to decreased spending in personnel hours and operating expenditures.

GOVERNMENTAL ACTIVITIES REVENUE SOURCES



The chart of revenues by source above, illustrates that property taxes at 36% 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 the governmental activity revenue sources are: Property taxes, Franchise and Other Fees, Charges for Services, Operating and Capital Grants, Motor Vehicle License Fees, and Sales Tax.

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 on page 8 of the MD&A.

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Internal Service Funds

Table 4

	2012	2013	Difference
Operating Revenues	\$1,321,245	\$1,571,489	\$ 250,244
Operating Expenses	\$2,000,194	\$2,552,477	\$ 552,283
Income(Loss)	\$ -678,949	\$ -980,988	\$ -302,039

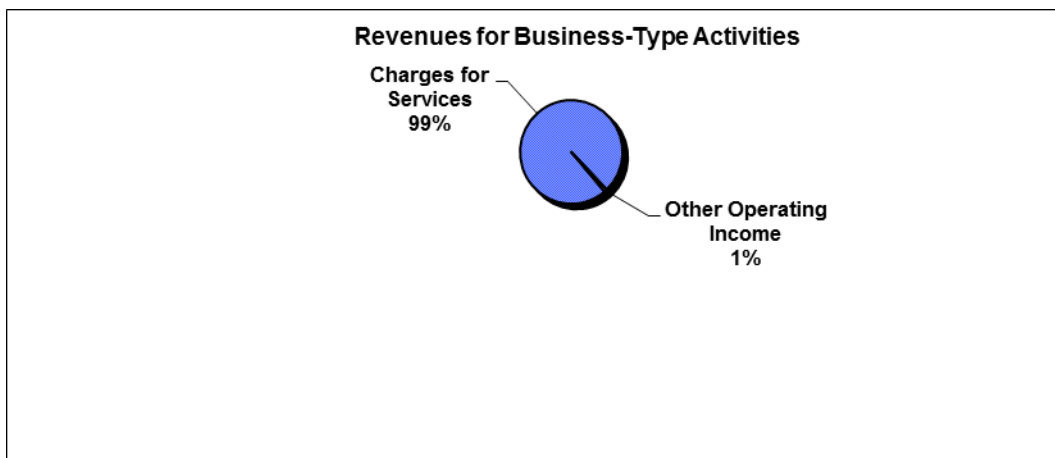
Business-Type Activities

The decrease in business-type activities' net position is \$195,165 and is made up of an increase of \$1,923,245 of net position from current year activity and a decrease of \$2,118,410 for an accounting change in the recording of the Pension Obligation bonds in a prior period 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 4.3 percent (\$520,025) from \$11,980,789 in June 2012 to \$12,500,814 in June 2013. There was an 11.14 percent increase in the sewer charge rate approved by Council in June 2012. There is an inverse relationship between the level of consumption of water and sewer rates. Sewer expenses, including both operating and non-operating expenses, increased \$106,592 from \$10,124,492 in 2012 to \$10,231,084 in 2013. This increase in expenses is due to Operating Expenses increase of \$81,273 and Non-Operating Expenses increase of \$25,319. Bond interest expense and major maintenance expenses are recorded in this fund.

Enterprise Sewer Fund

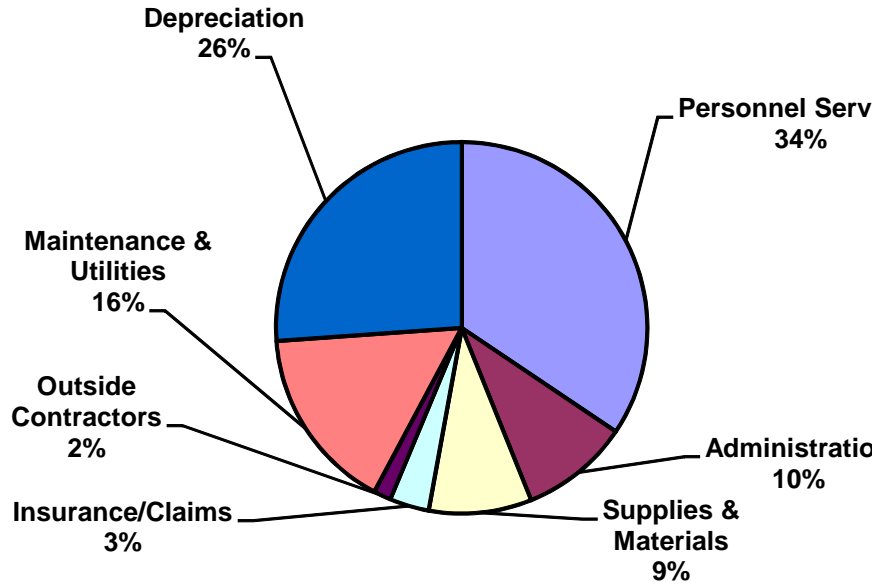
Table 3

	2012	2013	Difference
Operating Revenues	\$11,980,789	\$12,500,814	\$ 520,025
Operating Expenses, including interest and amortization expenses	\$10,124,492	\$10,231,084	\$ 106,592
Income(Loss)	\$ 1,856,297	\$ 2,269,730	\$ 413,433



CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses for Business-Type Activities



MAJOR FUNDS

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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year 2012-2013, the City's governmental funds reported combined ending fund balances of \$11,079,508.

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 \$3,667,101, representing a net increase in the general fund balance of \$46,004.

Total General Fund revenue, as shown on page 24, this year was \$26,195,509 compared to \$25,632,484 in the prior year, a \$563,025 increase/difference. Some contributors to the increase/difference are described below:

- Property Taxes increased \$413 thousand or 4%. Secured Property Taxes increased by \$130,022 from increased value of home sales, Unsecured Property Tax decreased \$6,596, Property Transfer Tax increased by \$15,006, Supplemental Property Tax in-Lieu of Sales Tax increased \$30,297, and the City's ERAF Refund increased by \$244,221.

CITY OF PACIFICA, CALIFORNIA
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-
- Sales and Use Taxes, including the ½ cent Public Safety Sales Tax, increased by \$68 thousand or 4.5% due to increased fuel costs and activity.
 - Transient Occupancy Taxes increased \$159 thousand or 14% due to increased tourism.
 - Utility Users Tax decreased \$9 thousand or .5% due to slightly decreased activity.
 - Franchise Tax increased \$22 thousand or 1.4% due to service provider expansion.
 - Business License Tax decreased \$2 thousand or .6% due to slightly decreased activity.
 - Licenses and Permits decreased \$17 thousand due to overall decreased permit activity.
 - Fines and Forfeitures increased slightly by \$5 thousand or 2.8% due to increased violations.
 - Use of Money and Property decreased by \$54 thousand or 28% due to decreased interest earnings of \$64 thousand and increased property rentals of \$10 thousand.
 - Intergovernmental Revenues decreased \$2 thousand due to minor fluctuations of funding.
 - Other Revenues decreased \$218 thousand or 12.7% due to a decrease in the Recycling Revenue Share of \$126 thousand, a decrease of \$15 thousand in Legal Expense Reimbursements, decrease in penalty collection of \$9 thousand, a decrease of \$60 thousand from the prior year's RDA long-term debt interest payment that the State has since disallowed, a decrease in SB90 monies of \$3 thousand, decreased Miscellaneous Income of \$7 thousand, and increased Fines and Penalties of \$2 thousand.
 - Charges for Current Services and Recreation Fees increased \$199 thousand or 8.6% due to restructuring of class and program scheduling for increased attendance.

General Fund expenditures of \$22,880,497 decreased slightly by \$10,768 over the previous fiscal year. Differences shown below:

- City Manager's expenditures increased by \$24 thousand due to increased election costs of \$30 thousand, increased contract services of \$4 thousand, a decrease in salary and benefits of \$2 thousand, an increase of \$1 thousand in telephone expense, and a decrease of departmental expense of \$9 thousand.
- City Attorney expenditures decreased by \$90 thousand due to continued outsourcing city attorney legal costs.
- Human Resources expenditures increased by \$52 thousand with additional recruitment costs of \$26 thousand due to increased employee turn-over, increased contract services of \$3 thousand, increased salary and benefit costs of \$24 thousand, decreased conferences and training expense of \$4 thousand, and increased departmental expense of \$3 thousand.
- Finance Division expenditures increased by \$16 thousand due to increased personnel and operating expenses.
- Non-Departmental expenditures increased by \$261 thousand due to a \$35 thousand increase of contract legal services, a one-time State disallowance of RDA loan payment of \$60 thousand, a \$16 thousand increase in the County Animal Control contract, an increase of contract services of \$128 thousand, and an increase of departmental costs of \$22 thousand.
- Police Department expenditures decreased by \$94 thousand due to reductions in personnel and operational costs.
- Fire Department expenditures increased by \$24 thousand due to increased personnel costs with increased mutual aid responses.
- Planning & Community Development expenditures decreased by \$108 thousand due to decreased personnel and operating costs.
- Public Works Department expenditures decreased by \$103 thousand due to continued savings of outsourcing Tree, Light and Street Sweeping services.
- Parks, Beaches & Recreation expenditures decreased by \$71 thousand due to staffing shortages.
- Capital Outlay increased by \$78 thousand due to increased fixed assets acquisitions.

Total General Fund Revenues exceeded General Fund Expenditures by \$3,315,012.

General Capital Improvement Fund

This fund accounts for construction financed by revenues derived from fees and apportionments from the General Fund. At the end of the current fiscal year, total fund balance of the General Capital

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Improvement Fund was \$219,616 of which all is restricted for capital projects. Total fund balance decreased \$455,402 from the prior fiscal year. Total revenue for this fund was \$91,910, made up of Capital Improvement Fees of \$6,826, Investment Earnings of \$8,134, Miscellaneous Program Income of \$1,950, and Intergovernmental Revenues of \$75,000. Total project construction cost expenditures were \$1,639,191.

Gas Tax Fund

This fund was established to receive and expand the City's allocation of the State Gasoline Taxes. Funds are allocated on a population basis (per Federal Census) in accordance with Sections 2103, 2105, 2106, 2107 and 2107.5 of the California Street and Highway Code. Expenditures of money apportioned under Section 2107 may be made for any street purpose including construction and right of way purchases. At the end of the current fiscal year, total fund balance was \$2,642,992, all restricted for street and road expenditures. Total revenue for this fund was \$2,008,845 made up of Intergovernmental Revenue at \$2,006,704, \$1,401 of Miscellaneous Revenue and \$740 from Investment Earnings. Funds were used for street repairs and maintenance and pavement overlays and repaving of the Manor overpass.

Davies Trust

The Davies Trust, as established, allows the City to utilize interest income for recreational programs. At the end of the current fiscal year, total fund balance was \$3,453,697, all restricted. Total fund balance decreased \$5,037 from the prior fiscal year. Total revenue for this fund was \$3,360, all of it from Investment Earnings. Expenditures totaled \$8,397, which were all from Parks & Recreation costs.

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 debt serviced through the debt service fund is \$32,935,077 with \$16,754,619 of general fund debt, \$1,120,756 in Capital Lease Payable, and \$15,059,702 of Pension Obligation Bonds. At the end of the current fiscal year, total fund balance of the Debt Service Fund was \$871,309, all reserved for debt service. The total fund balance represents a net increase of \$45,450 from the prior fiscal year.

General Fund Budget Modifications

Differences between the original fiscal year 2012-2013 budget and the final amended fiscal year 2012-2013 budget of the General Fund are as follows:

Revenues –

- Property Taxes – increase of \$131,309 in excess ERAF due to a State and County reimbursement.
- Intergovernmental – increase of \$112,925 due to increased attendance and increased State funding for Child Care Division General Contract related to the increased attendance of \$107,925, a decrease of \$20,000 in Vehicle License Fees in Excess due to decreased reimbursements, and an increase of \$25,000 in P.O.S.T. Reimbursements due to increased training and reimbursements..
- Vehicle Code Fines – decrease of \$50,000 due to decreased activity and violations.

Expenditures --

- City Council – increase of \$2,500 for increased expenses related to attendance at regional events regarding regional government issues.
- City Attorney – increase of \$70,000 for increased contract legal services related to litigation expenses.
- Human Resources – increase of \$37,900 for additional coverage for litigation and legal counsel of \$20,000 and \$17,900 for City Manager Recruitment expense.
- Public Safety – increase of \$6,000 in Police for increased over-time requirements related to staff shortages and increase of \$13,800 in Fire for purchase of hand-held radios.
- Public Works – decrease of \$4,000 due to an increase of \$5,000 for additional over-time required for Energy Efficiency Retrofit project, an increase of \$10,000 for Fire station furnace repair and

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

replacement, and a decrease of \$19,000 for a transfer to Capital Outlay for new playground equipment for Edgemar Park.

- Non-Departmental – increase of \$69,400 for Contract Services, \$34,900 for economic development plan contract and \$34,500 for PD effective and efficiency study.

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

- General Government, including Non-Departmental Services - Budgeted \$3,582,130, expended \$3,677,736; over budget by \$95,606. City Council came in \$19,240 over budget due to higher contractual services; City Manager’s Department came in \$8,350 under budget due to lower election costs; Human Resources Department came in \$56,179 under budget due to lower contractual and recruitment expenses, City Attorney Department came in \$22,995 under budget due to lower outside legal fees; Finance Department came in \$37,315 under budget due to lower departmental and contract service expenses; Non-Departmental Services came in \$201,205 over budget due to increased community services support and increased contractual services.
- Public Safety - Budget \$12,596,144, expended \$12,452,200; under budget by \$143,944 due to overall decreased operating costs with lower mutual aid responses called for.
- Community Development - Budgeted \$1,210,657, expended \$1,191,424, under budget by \$19,233, due to lower employee costs through staffing turn overs.
- Public Works – Budget \$2,004,670, expended \$1,896,379; under budget by \$108,291 due to lower operational costs in relationship to equipment repairs and capital improvements.
- Parks, Beaches and Recreation – Budgeted \$3,676,645, expended \$3,543,213; under budget by \$133,432 due to lower salary and benefit costs with staff shortages.

Total general fund final revenue budget was \$26,443,566 but came in at \$26,195,509, \$248,057 under budget. Total general fund final expenditure budget was \$26,419,216 with actual expenditures of \$26,149,505, \$269,711 under budget. Under budget expenditure deviation was \$269,711, for a total excess of revenues over expenditures of \$21,654, as shown on page 69 and 70 of this report.

Transfers

Transfers 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.

CAPITAL ASSETS

	Capital Assets (in thousands)					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2012</u>	<u>2013</u>
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Land and Improvements	\$ 38,363	\$38,363	\$ 4,014	\$4,014	\$ 42,377	\$42,377
Buildings and Improvements	16,052	15,910	76,097	76,499	92,149	92,409
Collection System	-	-	7,330	7,963	7,330	7,963
Machinery and Equipment	1,403	1,828	1,407	1,448	2,810	3,276
Vehicles and Equipment	5,524	6,151	-	-	5,524	6,151
Infrastructure	23,429	25,411	-	-	23,429	25,411
Construction in Progress	1,377	1,606	-	-	1,377	1,606
Depreciation	<u>(16,904)</u>	<u>(18,606)</u>	<u>(43,451)</u>	<u>(45,824)</u>	<u>(60,355)</u>	<u>(64,430)</u>
Total	<u>\$ 69,244</u>	<u>\$70,663</u>	<u>\$ 45,397</u>	<u>\$44,100</u>	<u>\$114,641</u>	<u>\$114,763</u>

For more detailed information on capital asset activity, please refer to Note 5 of the Notes to the Basic Financial Statements.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

Major additions to capital assets during the year ended June 30, 2013 included:

Palmetto Avenue Undergrounding Project—95% construction in 12/13, SMCTA San Pedro Creek Bridge, and Energy Services Design and Installation Project.

Long-Term Debt

At the end of the current fiscal year, Governmental Activities had bonded debt outstanding in the amount of \$31,814,321, all backed by the full faith and credit of the government. For more detailed information on long-term debt activity, refer to Note 6 of the Notes to the Basic Financial Statements.

Outstanding Debt

2008 Certificate of Participation	\$16,754,619
2010 Pension Obligation Bond	<u>15,059,702</u>
Total Bonded Debt Outstanding	<u>\$31,814,321</u>

The City maintains an “A” rating from Standard & Poor’s on the General Obligation debt.

The California government code provides for a legal debt limit of 15% of gross assessed valuation based on 25% of market value, or a legal debt limit of 3.75% based on market value. Based on the market valuation of \$4,449,139,154, the current debt limitation for the City is \$166,842,718 (3.75% of \$4,449,139,154), which is significantly more than the City’s outstanding general obligation debt of \$31,814,321 at the end of 2013.

Economic Factors and Next Year’s Budget

The City has developed a five-year financial plan that protects the core services and meets the community’s needs. It reflects an expenditure plan that maintains the City’s current level of services to residents and businesses. The five-year financial plan also provides for a continuation of the ongoing capital improvement program that will provide and maintain facilities and services for citizen use and enjoyment. One of the major challenges facing the City of Pacifica is to find ways to contain costs while at the same time maintain the current level of services to residents and businesses.

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)738-7402.

CITY OF PACIFICA
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,681,841	\$ 7,814,272	\$ 17,496,113
Cash and investments with fiscal agents	2,418,252	1,377,141	3,795,393
Restricted cash and investments		2,801,868	2,801,868
Taxes receivable	1,163,611		1,163,611
Accounts receivable, net of allowance	578,546	5,787	584,333
Interest receivable	10,221		10,221
Grants receivable	236,082		236,082
Inventories	44,693	285,677	330,370
Receivable from successor agency private-purpose trust funds	6,428,157		6,428,157
Deferred charges, net of accumulated amortization	1,255,978	357,282	1,613,260
Capital assets, not being depreciated	39,968,875	4,014,412	43,983,287
Capital assets, being depreciated, net of accumulated depreciation	<u>30,693,748</u>	<u>40,085,775</u>	<u>70,779,523</u>
 Total Assets	 <u>92,480,004</u>	 <u>56,742,214</u>	 <u>149,222,218</u>
LIABILITIES			
Accounts payable	1,382,625	231,579	1,614,204
Accrued liabilities	596,177	124,963	721,140
Interest payable	596,834	521,346	1,118,180
Refundable deposits	543,442		543,442
Noncurrent liabilities:			
Due within one year	4,534,951	2,297,034	6,831,985
Due in more than one year	<u>33,841,802</u>	<u>32,364,684</u>	<u>66,206,486</u>
 Total Liabilities	 <u>41,495,831</u>	 <u>35,539,606</u>	 <u>77,035,437</u>
NET POSITION			
Net investment in capital assets	56,461,478	16,301,455	72,762,933
Restricted for:			
Restricted for construction of capital assets	538,194		538,194
Restricted for streets, highways, and other related purposes	3,593,653		3,593,653
Restricted for parks, beaches, and recreation	3,453,697		3,453,697
Restricted for stormwater operations	156,694		156,694
Restricted for public safety	201,787		201,787
Unrestricted	<u>(13,421,330)</u>	<u>4,901,153</u>	<u>(8,520,177)</u>
 Total Net Position	 <u>\$ 50,984,173</u>	 <u>\$ 21,202,608</u>	 <u>\$ 72,186,781</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, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 4,294,792	\$ 15,902	\$ 41,981	\$ -
Public safety	13,572,060	836,279	359,046	
Community development	1,378,014	688,975		70,876
Public works	4,088,408	701,012	296,563	2,240,592
Parks, beaches, and recreation	3,880,586	2,067,301	1,119,688	
Interest on long-term debt	2,037,476			
Total Governmental Activities	29,251,336	4,309,469	1,817,278	2,311,468
Business-type Activities:				
Sewer	10,231,084	12,500,814		
Total Business-type Activities	10,231,084	12,500,814		
Total Government	\$ 39,482,420	\$ 16,810,283	\$ 1,817,278	\$ 2,311,468

General Revenues:
Taxes:
 Property taxes
 Sales and use taxes
 Franchise taxes
 Other taxes
Motor vehicle in lieu, unrestricted
Investment earnings
Miscellaneous
Gain on sale of capital assets
Transfers

Total General Revenues

Change in Net Position
Net Position, July 1, 2012
Prior Period Adjustments
Net Position, July 1, 2012, Restated
Net Position, June 30, 2013

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (4,236,909)	\$ -	\$ (4,236,909)
(12,376,735)		(12,376,735)
(618,163)		(618,163)
(850,241)		(850,241)
(693,597)		(693,597)
<u>(2,037,476)</u>		<u>(2,037,476)</u>
<u>(20,813,121)</u>		<u>(20,813,121)</u>
	2,269,730	2,269,730
	2,269,730	2,269,730
<u>(20,813,121)</u>	2,269,730	<u>(18,543,391)</u>
10,701,810		10,701,810
1,588,277		1,588,277
1,617,727		1,617,727
3,152,723		3,152,723
2,923,573		2,923,573
164,114	21,468	185,582
336,808	42,047	378,855
20,822		20,822
410,000	(410,000)	
<u>20,915,854</u>	<u>(346,485)</u>	<u>20,569,369</u>
<u>102,733</u>	<u>1,923,245</u>	<u>2,025,978</u>
67,353,289	21,397,773	88,751,062
<u>(16,471,849)</u>	<u>(2,118,410)</u>	<u>(18,590,259)</u>
<u>50,881,440</u>	<u>19,279,363</u>	<u>70,160,803</u>
<u>\$ 50,984,173</u>	<u>\$ 21,202,608</u>	<u>\$ 72,186,781</u>

**CITY OF PACIFICA
Balance Sheet
Governmental Funds
June 30, 2013**

		<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>
	<u>General</u>	<u>General Capital Improvement</u>	<u>Gas Tax</u>
Assets			
Cash and investments	\$ 181,970	\$ 1,019,994	\$ -
Cash and investments with fiscal agents		524,856	1,400,000
Receivables:			
Taxes	784,031	6,250	373,330
Accounts	454,812	1,950	59,541
Interest	10,221		
Grants	146,668		
Due from other funds	1,311,073	1,346,741	2,218,700
Inventories	5,822		
Receivable due from RDA successor agency	6,428,157		
Total Assets	<u>\$ 9,322,754</u>	<u>\$ 2,899,791</u>	<u>\$ 4,051,571</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 601,674	\$ 460,542	\$ 41,380
Accrued liabilities	553,037	933	20,458
Refundable deposits	543,442		
Due to other funds		2,218,700	1,346,741
Deferred revenue	3,957,500		
Total Liabilities	<u>5,655,653</u>	<u>2,680,175</u>	<u>1,408,579</u>
Fund Balances:			
Nonspendable	2,522,197		
Restricted		219,616	2,642,992
Committed	899,051		
Assigned	117,873		
Unassigned	127,980		
Total Fund Balances	<u>3,667,101</u>	<u>219,616</u>	<u>2,642,992</u>
Total Liabilities and Fund Balances	<u>\$ 9,322,754</u>	<u>\$ 2,899,791</u>	<u>\$ 4,051,571</u>

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

<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<u>Davies Trust</u>	<u>Debt Service</u>		
\$ 3,453,697	\$ 377,913 493,396	\$ 1,672,744	\$ 6,706,318 2,418,252
			1,163,611
		16,021	532,324
			10,221
		89,414	236,082
			4,876,514
			5,822
			<u>6,428,157</u>
<u>\$ 3,453,697</u>	<u>\$ 871,309</u>	<u>\$ 1,778,179</u>	<u>\$ 22,377,301</u>
\$ -	\$ -	\$ 237,693 4,620	\$ 1,341,289 579,048 543,442
		1,311,073	4,876,514 3,957,500
		<u>1,553,386</u>	<u>11,297,793</u>
3,453,697	871,309	1,627,720	2,522,197 8,815,334 899,051 117,873
		<u>(1,402,927)</u>	<u>(1,274,947)</u>
<u>3,453,697</u>	<u>871,309</u>	<u>224,793</u>	<u>11,079,508</u>
<u>\$ 3,453,697</u>	<u>\$ 871,309</u>	<u>\$ 1,778,179</u>	<u>\$ 22,377,301</u>

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CITY OF PACIFICA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2013

Fund Balances - Governmental Funds \$ 11,079,508

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

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

Capital assets	\$ 82,262,782	
Less: accumulated depreciation	<u>(14,073,044)</u>	
		68,189,738

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.		3,911,782
---	--	-----------

Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures in the period of issuance in the governmental funds.

Deferred charges - 2008 Certificates of Participation - net of accumulated amortization	832,919	
Deferred charges - 2010 Pension Obligation Bonds - net of accumulated amortization	<u>414,895</u>	
		1,247,814

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 Position.		1,045,381
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Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.		(595,392)
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The liabilities below are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated absences	(1,359,025)	
2001 CHFA Loan	(875,378)	
2008 Certificates of Participation	(17,800,000)	
2010 Pension Obligation Bonds	(14,754,701)	
Capital Lease Payable	(1,120,756)	
Other Postemployment Benefits	<u>(2,318,931)</u>	
		(38,228,791)

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

4,334,133

Net Position of Governmental Activities		<u><u>\$ 50,984,173</u></u>
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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, 2013

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>
		<u>General Capital Improvement</u>	<u>Gas Tax</u>
Revenues			
Taxes	\$17,060,537	\$ -	\$ -
Licenses and permits	382,281	6,826	
Fines and forfeitures	178,727		
Use of money and property	139,143	8,134	740
Intergovernmental	4,436,602	75,000	2,006,704
Charges for current services	1,679,210		
Recreation programs	820,332		
Other	1,498,677	1,950	1,401
Total Revenues	<u>26,195,509</u>	<u>91,910</u>	<u>2,008,845</u>
Expenditures			
Current:			
General government	3,677,736		
Public safety	12,452,200		
Community development	1,191,424	98,918	
Public works	1,896,379		1,217,803
Parks, beaches, and recreation	3,543,213		
Capital outlay	119,545	1,540,273	5,720
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	<u>22,880,497</u>	<u>1,639,191</u>	<u>1,223,523</u>
Excess (Deficit) of Revenues over Expenditures	<u>3,315,012</u>	<u>(1,547,281)</u>	<u>785,322</u>
Other Financing Sources (Uses)			
Proceeds from the issuance of long-term debt		1,168,863	
Transfers in			
Transfers out	<u>(3,269,008)</u>	<u>(76,984)</u>	<u>(659,802)</u>
Total Other Financing Sources (Uses)	<u>(3,269,008)</u>	<u>1,091,879</u>	<u>(659,802)</u>
Net Changes in Fund Balances	46,004	(455,402)	125,520
Fund Balances, July 1, 2012	<u>3,621,097</u>	<u>675,018</u>	<u>2,517,472</u>
Fund Balances, June 30, 2013	<u>\$ 3,667,101</u>	<u>\$ 219,616</u>	<u>\$ 2,642,992</u>

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

<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>		
<u>Davies Trust</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
\$ -	\$ -	\$ 177,499	\$ 17,238,036
			389,107
			178,727
3,360	(654)	3,790	154,513
		715,064	7,233,370
			1,679,210
			820,332
		28,818	1,530,846
<u>3,360</u>	<u>(654)</u>	<u>925,171</u>	<u>29,224,141</u>
			3,677,736
			12,452,200
		40,640	1,330,982
		241,584	3,355,766
8,397			3,551,610
		993,178	2,658,716
	1,661,044		1,661,044
	1,911,559		1,911,559
<u>8,397</u>	<u>3,572,603</u>	<u>1,275,402</u>	<u>30,599,613</u>
<u>(5,037)</u>	<u>(3,573,257)</u>	<u>(350,231)</u>	<u>(1,375,472)</u>
			1,168,863
	3,618,707		3,618,707
		(10,828)	(4,016,622)
	3,618,707	(10,828)	770,948
(5,037)	45,450	(361,059)	(604,524)
<u>3,458,734</u>	<u>825,859</u>	<u>585,852</u>	<u>11,684,032</u>
<u>\$ 3,453,697</u>	<u>\$ 871,309</u>	<u>\$ 224,793</u>	<u>\$ 11,079,508</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, 2013

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 Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances \$(604,524)

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 their estimated lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	\$ 2,634,972	
Depreciation expense not reported in governmental funds	<u>(1,552,440)</u>	
		1,082,532

Certain receivables are offset by deferred revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year deferred revenue exceeded current year. (310,495)

Governmental funds only report the disposal of assets to the extent proceeds are received from sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the loss on disposal of the capital assets, which is included under community development expense. (47,032)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Position, 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 Position the repayment reduces long-term liabilities.

Issuance of long term debt	(1,168,863)	
Issuance cost and discount amortized during the period	(59,849)	
Repayment of debt principal	<u>1,661,044</u>	
		432,332

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:

Deferred loss on refunding amortized during the period	(44,484)	
Interest payable (net change)	(8,499)	
Compensated absences (net change)	<u>4,147</u>	
		(48,836)

Other postemployment benefits payable is a long-term debt that increases or decreases each fiscal year, depending on the annual required contribution amount and actual amount funded/paid by the City. This is the amount of the change in the payable in the current period. (245,029)

The internal service funds are used by management to charge costs of certain activities such as, insurance and central garage, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (156,215)

Change in net position of governmental activities \$ 102,733

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

CITY OF PACIFICA
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Business-type Activities Enterprise Fund Sewer Utility</u>	<u>Governmental Activities Internal Service Funds</u>
Assets		
Current Assets:		
Cash and investments	\$ 7,814,272	\$ 2,975,523
Cash and investments with fiscal agents	1,377,141	
Restricted cash and investments	2,801,868	
Accounts receivable	5,787	91,940
Inventories	<u>285,677</u>	<u>38,871</u>
Total Current Assets	<u>12,284,745</u>	<u>3,106,334</u>
Noncurrent Assets:		
Deferred charges, net of accumulated amortization	357,282	8,164
Capital assets, not being depreciated	4,014,412	284,437
Capital assets, being depreciated, net of accumulated depreciation	<u>40,085,775</u>	<u>2,188,448</u>
Total Noncurrent Assets	<u>44,457,469</u>	<u>2,481,049</u>
Total Assets	<u>56,742,214</u>	<u>5,587,383</u>
Liabilities		
Current Liabilities:		
Accounts payable	231,579	41,336
Accrued liabilities	124,963	17,129
Interest payable	521,346	1,442
Claims payable		777,779
Compensated absences	146,524	23,681
Settlement payable	7,000	
Loans payable	1,988,812	
Bonds payable	<u>154,698</u>	<u>23,297</u>
Total Current Liabilities	<u>3,174,922</u>	<u>884,664</u>
Noncurrent Liabilities:		
Claims payable		81,555
Compensated absences	140,873	5,327
Settlement payable	7,000	
Loans payable	21,096,211	
Bonds payable	<u>11,120,600</u>	<u>281,704</u>
Total Noncurrent Liabilities	<u>32,364,684</u>	<u>368,586</u>
Total Liabilities	<u>35,539,606</u>	<u>1,253,250</u>
Net Position		
Net investment in capital assets	16,301,455	2,472,885
Unrestricted	<u>4,901,153</u>	<u>1,861,248</u>
Total Net Position	<u>\$ 21,202,608</u>	<u>\$ 4,334,133</u>

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

CITY OF PACIFICA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	
Operating Revenues:		
Charges for services	\$ 12,386,121	\$ 988,006
Other operating income	114,693	583,483
Total Operating Revenues	12,500,814	1,571,489
Operating Expenses:		
Personnel services	3,126,017	403,382
Administration	858,528	3,977
Supplies and materials	813,704	406,077
Insurance	310,000	893,757
Outside contractors	138,197	14,754
Maintenance	196,182	38,178
Utilities	1,260,445	
Insurance claims	722	238,092
Depreciation	2,372,949	554,260
Total Operating Expenses	9,076,744	2,552,477
Operating Income (Loss)	3,424,070	(980,988)
Non-Operating Revenues (Expenses):		
Investment earnings	21,468	9,601
Recoveries and settlements	42,047	
Gain on sale of capital assets		20,822
Interest and fiscal charges	(1,105,930)	(13,085)
Amortization	(48,410)	(480)
Total Non-Operating Revenues (Expenses)	(1,090,825)	16,858
Income (Loss) Before Transfers	2,333,245	(964,130)
Transfers:		
Transfers in		807,915
Transfers out	(410,000)	
Changes in Net Position	1,923,245	(156,215)
Net Position, July 1, 2012	21,397,773	4,780,506
Prior Period Adjustments	(2,118,410)	(290,158)
Net Position, July 1, 2012, Restated	19,279,363	4,490,348
Net Position, June 30, 2013	\$ 21,202,608	\$ 4,334,133

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, 2013

	<u>Business-type Activities Enterprise Fund Sewer Utility</u>	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 12,496,121	\$ 1,629,651
Payments to suppliers and users	(3,801,813)	(1,362,737)
Payments for claims	(722)	(399,127)
Interfund loans		1,358,913
Payments to employees	(3,090,089)	(401,324)
	<u>5,603,497</u>	<u>825,376</u>
Cash Flows from Noncapital and Related Financing Activities:		
Settlement expense	(272,000)	
Recoveries and settlements	42,047	
Transfers in		807,915
Transfers out	(410,000)	
	<u>(639,953)</u>	<u>807,915</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(1,075,801)	(910,441)
Proceeds from sale of capital assets		22,285
Proceeds from issuance of long-term debt	6,402,594	
Principal payments on bonds and notes	(5,471,406)	(13,382)
Bond issue costs paid	(74,273)	
Interest paid	(1,065,523)	(13,171)
	<u>(1,284,409)</u>	<u>(914,709)</u>
Cash Flows from Investing Activities:		
Interest received	21,468	9,601
	<u>21,468</u>	<u>9,601</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,700,603	728,183
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>8,292,678</u>	<u>2,247,340</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 11,993,281</u>	<u>\$ 2,975,523</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:		
Cash and investments	\$ 7,814,272	\$ 2,975,523
Cash and investments with fiscal agents	1,377,141	
Restricted cash and investments	2,801,868	
	<u>\$ 11,993,281</u>	<u>\$ 2,975,523</u>

(Continued)

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, 2013
(Continued)

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 3,424,070	\$ (980,988)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,372,949	554,260
(Increase) Decrease in Operating Assets:		
Accounts receivable	(4,693)	58,162
Due from other funds		1,358,913
Inventories	86,896	295
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(311,653)	(6,289)
Accrued liabilities	4,525	488
Claims payable		(161,035)
Compensated absences	31,403	1,570
	\$ 5,603,497	\$ 825,376

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

**CITY OF PACIFICA
Fiduciary Funds
Statement of Net Position
June 30, 2013**

	Private-Purpose Trust Funds
Assets	
Cash and investments	\$ 200,770
Cash and investments with fiscal agents	215,499
Interest receivable	222,312
Deferred charges, net of accumulated amortization	64,665
Notes receivable	600,000
Capital assets, not being depreciated	835,275
Total assets	2,138,521
Liabilities	
Accounts payable	7,210
Interest payable	40,422
Unearned revenue	135,275
Long-term debt, due within one year	45,000
Long-term debt, due in more than one year	7,838,157
Total liabilities	8,066,064
Net Position	
Restricted for debt service	175,077
Unrestricted	(6,102,620)
Total net position (deficit)	\$ (5,927,543)

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

CITY OF PACIFICA
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2013

	<u>Private-Purpose Trust Funds</u>
Additions:	
Investment revenue	\$ 18,196
Taxes and assessments	403,553
Total additions	<u>421,749</u>
Deductions:	
Administration	43,272
Intergovernmental expense	432,771
Interest expense	81,298
Amortization expense	3,593
Total deductions	<u>560,934</u>
Change in net position	(139,185)
Net Position (Deficit) - July 1, 2012	<u>(5,788,358)</u>
Net Position (Deficit) - June 30, 2013	<u><u>\$ (5,927,543)</u></u>

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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.

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 9).

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

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

C. Government-wide Financial Statements

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

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* ("GASB No. 34") in 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 fund balance as presented in these statements to the net position presented in the government-wide financial statements.

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

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

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

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

Fiduciary Fund Financial Statements include a statement of net position and a statement of changes in fiduciary net position. Fiduciary funds represent private-purpose trust funds, which the City serves as a trustee for the Successor Agency. Trust funds are accounted for on an *economic resources* measurement focus and full accrual basis of accounting. The City has two private-purpose trust funds, the RDA Low/Mod Successor Agency fund and RDA Successor Agency fund.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

E. Major Funds

GASB 34 defines major funds and requires that the City's major governmental funds be identified and presented separately in the Fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. Major funds are defined as funds which have either assets, liabilities, revenues or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of the grand total of all fund types, excluding fiduciary. The general fund is always a major fund. For the fiscal year ended June 30, 2013 the City selected the Gas Tax Special Revenue Fund and Davies Trust Special Revenue Fund to be presented as major funds, even though they did not qualify as major funds. The major funds of the City are:

- **General Fund** – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, community development, and parks, beaches, and recreation, which are not required to be accounted for in another fund.
- **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.
- **Gas Tax Special Revenue Fund** – This fund was established to receive and expend the City's allocation of the State Gasoline Taxes. Each City is allocated funds on a population basis in accordance with Section 2103, 2105, 2106, 2107 and 2107.5 of the California Street and Highway Code. Population is determined by the latest Federal Census or survey requested and certified by the Cities and conducted by the State Department of Finance. Expenditures may be made for construction or purchasing of right-of-way on minor streets. Expenditures of money apportioned under Section 2107 may be made for any street purpose. Under Section 2107.5 a flat allocation of \$6,000 per year is granted the City for street engineering.
- **Davies Trust Special Revenue Fund** – This fund was established to account for a donation by a private individual which is restricted for specific purposes. The funds are to be used to help acquire, build, remodel, improve, support, and maintain the equipment, buildings, grounds, yard, gardens, and landscaped areas of the various parks, beaches, and recreational area located in Pacifica, to conduct related educational and recreational programs for the benefit of the general public.
- **Debt Service Fund** – This fund is used to account for the accumulated and the disbursement of account for expenditures and financing of various long-term debt liabilities.

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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

E. Major Funds (Continued)

Additionally, the City reports the following fund types:

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

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 Position. The Statement of Activities presents changes in net position.

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

In accordance with GASB Statement No. 62, the City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

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

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

F. Basis of Accounting (Continued)

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net 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.

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

As of June 30, 2013, the City has set up an allowance for uncollectible accounts receivable of \$45,718 related to delinquent outstanding accounts receivable.

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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

J. Inventories and Prepaid Items (Continued)

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

M. Unearned Revenue

Unearned revenue in governmental funds arises when potential revenue does not meet the "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 vacation until the employee terminates employment. Sick leave is compensated in cash only upon an employee's retirement. Maximum limit per employee is \$3,000 or one quarter of employee's sick leave credit, whichever is lower. Two employee groups have elected to participate in a retirement health savings program and have directed vacation and limited sick leave cash out to separation of this program. It is the City's policy to allow employees to accumulate compensatory time instead of drawing overtime. This accumulation may subsequently be exchanged 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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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

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

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. 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.

Q. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 60, 61, 62, and 63 during the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 60

Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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

R. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in *Pre-November 30, 1989 FASB and AICPA Pronouncements*." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the Statement and the impact on the City's financial statements are explained in Note 1F.

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net position, should be displayed. Implementation of the Statement and the impact on the City's financial statements are explained in Note 12 A – Net Position and Fund Balances.

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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

originally adopted, or as amended by the City Council during the year. During the fiscal year, several supplementary appropriations were necessary.

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 restricted, committed, or assigned fund balances 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, 2013, expenditures exceeded the budgeted expenditures in the following funds:

Funds	Expenditures in excess of budget
Major Funds	
General Fund:	
General government	\$ 95,606
Capital outlay	21,668
General Capital Improvement Capital Projects Fund:	
Community development	97,433
Debt Service Fund:	
Nonmajor Funds	
Special Revenue Funds	
NPDES Stormwater:	
Public works	969
Disaster Accounting:	
Public works	89,595
Capital Projects Funds	
Parks and Playfield:	
Community development	734

The excess expenditures were funded by available financial resources.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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

Deficit Fund Balances/Net Position

As of June 30, 2013 the following funds had a deficit net position/fund balance:

Private-Purpose Trust Fund:	
RDA Successor Agency Fund	\$ 6,559,930
Nonmajor Special Revenue Fund:	
Disaster Accounting Fund	666,630
Nonmajor Capital Project Funds:	
Highway 1 Improvement Fund	584,573
Parks and Playfield Fund	151,724

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

NOTE 3 - Cash and Investments:

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 17,496,113
Cash and investments with fiscal agents	3,795,393
Restricted cash and investments	2,801,868
Statement of fiduciary net position:	
Cash and investments	200,770
Cash and investments with fiscal agents	215,499
Total cash and investments	\$ 24,509,643
Petty cash	\$ 3,145
Deposits with financial institutions	4,060,499
Investments	20,445,999
Total cash and investments	\$ 24,509,643

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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - Cash and Investments (Continued):

Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

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	\$ 50,000,000	\$ 50,000,000
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.

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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - Cash and Investments (Continued):

Disclosures Relating to Interest Rate Risk (Continued)

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:	\$ 16,435,106	\$ 16,435,106	\$ -
Money Market Funds	<u>4,010,893</u>	<u>4,010,893</u>	
Totals	<u>\$ 20,445,999</u>	<u>\$ 20,445,999</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.

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:	\$ 16,435,106	N/A	\$ -	\$ -	\$ 16,435,106
Money Market Funds	<u>4,010,893</u>	N/A		<u>3,586,037</u>	<u>424,856</u>
Totals	<u>\$ 20,445,999</u>		<u>\$ -</u>	<u>\$ 3,586,037</u>	<u>\$ 16,859,962</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 and an external investment pool) that represent 5% or more of total City investments.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - Cash and Investments (Continued):

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, 2013, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

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, 2013 consist of the following:

	Note Receivable Balance
Note receivable, unsecured	\$ 1,034,348
Less allowance for uncollectible note	(1,034,348)
Total, unsecured	
Total, net	\$ -

The City has a note due from National Church Residences (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 ended 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, 2013. NCR continues to explore options to restructure their existing loan to make the payment to the City.

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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5 - Capital Assets (Continued):

GASB Statement No.34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro-rata share of the cost of the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value of \$5,000 or more are capitalized.

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

The following is a summary of capital assets for governmental activities as of June 30, 2013:

	Governmental Activities	Internal Service	Total
Capital assets not being depreciated:			
Land	\$ 38,103,772	\$ 258,774	\$ 38,362,546
Construction in progress	1,580,666	25,663	1,606,329
	<u>39,684,438</u>	<u>284,437</u>	<u>39,968,875</u>
Depreciable capital assets:			
Buildings and improvements	15,467,815	442,651	15,910,466
Vehicles		6,150,660	6,150,660
Machinery and equipment	1,699,718	128,383	1,828,101
Infrastructure	25,410,811		25,410,811
Total	<u>42,578,344</u>	<u>6,721,694</u>	<u>49,300,038</u>
Less: accumulated depreciation	<u>(14,073,044)</u>	<u>(4,533,246)</u>	<u>(18,606,290)</u>
Depreciable capital assets, net	<u>28,505,300</u>	<u>2,188,448</u>	<u>30,693,748</u>
Total capital assets, net	<u>\$ 68,189,738</u>	<u>\$ 2,472,885</u>	<u>\$ 70,662,623</u>

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

	Balance June 30, 2012	Increases	Decreases	Transfers	Prior Period Adjustments	Balance June 30, 2013
Capital assets not being depreciated:						
Land	\$ 38,362,546	\$ -	\$ -	\$ -	\$ -	\$ 38,362,546
Construction in progress	1,377,513	228,816				1,606,329
	<u>39,740,059</u>	<u>228,816</u>				<u>39,968,875</u>
Depreciable capital assets:						
Buildings and improvements	16,051,538		(141,072)			15,910,466
Vehicles	5,523,924	910,441	(311,923)		28,218	6,150,660
Machinery and equipment	1,403,496	424,605				1,828,101
Infrastructure	23,429,260	1,981,551				25,410,811
Total	<u>46,408,218</u>	<u>3,316,597</u>	<u>(452,995)</u>		<u>28,218</u>	<u>49,300,038</u>
Less: accumulated depreciation for						
Buildings and improvements	(6,997,997)	(489,007)	94,040			(7,392,964)
Vehicles	(3,975,160)	(532,642)	310,460			(4,197,342)
Machinery and equipment	(1,001,084)	(238,021)				(1,239,105)
Infrastructure	(4,929,849)	(847,030)				(5,776,879)
Total	<u>(16,904,090)</u>	<u>(2,106,700)</u>	<u>404,500</u>			<u>(18,606,290)</u>
Depreciable capital assets, net	<u>29,504,128</u>	<u>1,209,897</u>	<u>(48,495)</u>		<u>28,218</u>	<u>30,693,748</u>
Total capital assets, net	<u>\$ 69,244,187</u>	<u>\$ 1,438,713</u>	<u>\$ (48,495)</u>	<u>\$ -</u>	<u>\$ 28,218</u>	<u>\$ 70,662,623</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5 - Capital Assets (Continued):

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

Governmental activities:	
General government	\$ 245,628
Public safety	906,256
Public works	625,840
Parks, beaches, and recreation	<u>328,976</u>
	<u><u>\$ 2,106,700</u></u>

The following is a summary of capital assets for business-type activities as of June 30, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
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	76,096,967	401,797		76,498,764
Collection system	7,330,206	633,105		7,963,311
Machinery and equipment	1,406,613	40,899		1,447,512
Total	<u>84,833,786</u>	<u>1,075,801</u>		<u>85,909,587</u>
Less: accumulated depreciation for:				
Buildings and improvements	(39,728,718)	(1,915,061)		(41,643,779)
Collection system	(2,948,256)	(343,939)		(3,292,195)
Machinery and equipment	(773,889)	(113,949)		(887,838)
Total	<u>(43,450,863)</u>	<u>(2,372,949)</u>		<u>(45,823,812)</u>
Depreciable capital assets, net	<u>41,382,923</u>	<u>(1,297,148)</u>		<u>40,085,775</u>
Total capital assets, net	<u><u>\$ 45,397,335</u></u>	<u><u>\$ (1,297,148)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,100,187</u></u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - Long-Term Debt:

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

Governmental Activities

	Balance, June 30, 2012	Additions	Retirements	Balance, June 30, 2013	Due in One year
<u>Certificates of participation:</u>					
2008 COP	\$ 18,325,000	\$ -	\$ 525,000	\$ 17,800,000	\$ 505,000
Less: deferred loss on refunding	(1,089,865)		(44,484)	(1,045,381)	(44,484)
Total certificates of participation	<u>17,235,135</u>		<u>480,516</u>	<u>16,754,619</u>	<u>460,516</u>
<u>Capital Lease Payable:</u>					
Energy retrofit lease		<u>1,168,863</u>	<u>48,107</u>	<u>1,120,756</u>	<u>99,119</u>
<u>Pension Obligation Bonds</u>					
2010 Pension obligation bonds (88.622%)	<u>16,161,021</u>		<u>1,101,319</u>	<u>15,059,702</u>	<u>1,150,302</u>
<u>Note payable:</u>					
2001 CHFA Loan	<u>875,378</u>			<u>875,378</u>	<u>875,378</u>
<u>Other liabilities:</u>					
Claims payable	1,020,369		161,035	859,334	777,779
Compensated absences	1,390,610	1,169,280	1,171,857	1,388,033	1,171,857
Other postemployment benefits payable	2,073,901	331,757	86,727	2,318,931	
Total other liabilities	<u>4,484,880</u>	<u>1,501,037</u>	<u>1,419,619</u>	<u>4,566,298</u>	<u>1,949,636</u>
	<u>\$ 38,756,414</u>	<u>\$ 2,669,900</u>	<u>\$ 3,049,561</u>	<u>\$ 38,376,753</u>	<u>\$ 4,534,951</u>

Business-type Activities

	Balance, June 30, 2012	Additions	Retirements	Balance, June 30, 2013	Due in One year
<u>Revenue bonds:</u>					
2004 Wastewater Revenue Refunding	\$ 9,250,000	\$ -	\$ -	\$ 9,250,000	\$ -
2001B Wastewater Revenue Refunding	3,650,000		3,650,000		
Total revenue bonds	<u>12,900,000</u>		<u>3,650,000</u>	<u>9,250,000</u>	
<u>Pension Obligation Bonds</u>					
2010 Pension obligation bonds (11.378%)	<u>2,118,978</u>		<u>93,680</u>	<u>2,025,298</u>	<u>154,698</u>
<u>Note payable:</u>					
State of California Water Resources Control Board Loan and Installment Sale	18,747,852		1,727,726	17,020,126	1,758,893
Less: deferred loss on refunding		6,402,594	(20,672)	6,402,594	257,483
		(358,369)		(337,697)	(27,564)
Total revenue bonds	<u>18,747,852</u>	<u>6,044,225</u>	<u>1,707,054</u>	<u>23,085,023</u>	<u>1,988,812</u>
<u>Other liabilities:</u>					
Settlement payable	286,000		272,000	14,000	7,000
Compensated absences	255,994	177,926	146,523	287,397	146,524
Total other liabilities	<u>541,994</u>	<u>177,926</u>	<u>418,523</u>	<u>301,397</u>	<u>153,524</u>
	<u>\$ 34,308,824</u>	<u>\$ 6,222,151</u>	<u>\$ 5,869,257</u>	<u>\$ 34,661,718</u>	<u>\$ 2,297,034</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 - Long-Term Debt (Continued):

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred, which is usually the General fund. Other post-employment benefits are generally liquidated by the fund in which the retiree was originally charged to, which is usually the General fund, but could also be the Sewer Utility Enterprise fund.

2008 Certificates of Participation:

On July 28, 2008, the City of Pacifica issued Certificates of Participation (COP) in the amount of \$19,815,000 (par value) payable annually beginning January 1, 2010 and with a variable interest rate of 3.000% to 5.375%, payable each July 1 and January 1, beginning January 1, 2009. The COP matures on January 1, 2037. The purpose of the COP is to (i) fund an escrow to cause the mandatory tender of all outstanding certificates for the 2006 issue, (ii) provide funds relating to the acquisition, construction, and equipping of certain City public street improvement projects, (iii) fund certain costs relating to termination of a swap agreement relating to the 2006 COP, (iv) fund capitalized interest, (v) fund or provide for satisfaction of the Reserve Fund Requirement, and (vi) pay the costs incurred in connection with the execution, delivery, and sale of the 2008 COPs. The outstanding principal balance at June 30, 2013 is \$17,800,000.

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 25.235% of each lease payment is allocable to the refinancing of the City's obligations under the 2006 COP. The portion of lease payments and the corresponding portion of the swap payments which are allocable to the 2006 COP are payable from and are ratably secured by a pledge of and lien on the Gas Tax revenues.

\$15,882,250 from the 2008 COP was placed in an irrevocable trust that was used to pay off the 2006 COP. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$1,497,410.

Annual debt service requirements, to maturity, for the 2008 Certificates of Participation are as follows:

Fiscal year Ended	Principal	Interest	Total
2014	\$ 505,000	\$ 900,482	\$ 1,405,482
2015	555,000	877,756	1,432,756
2016	530,000	852,782	1,382,782
2017	580,000	828,932	1,408,932
2018	555,000	804,282	1,359,282
2019-2023	3,175,000	3,607,030	6,782,030
2024-2028	3,675,000	2,776,434	6,451,434
2029-2033	4,285,000	1,764,386	6,049,386
2034-2037	3,940,000	537,773	4,477,773
	<u>\$ 17,800,000</u>	<u>\$ 12,949,857</u>	<u>\$ 30,749,857</u>

Defeased Debt:

\$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, 2013, the 1999, 2000, and 2003 COPs are considered defeased. Only the 2003 COPs had an outstanding balance of \$2,110,000.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - Long-Term Debt (Continued):

2010 Taxable Pension Obligation Bonds: During May 2010, the City of Pacifica issued \$20,510,000 of Pension Obligation Bonds bearing interest between 1.425% and 6.899% and payable semiannually on June 1 and December 1 each year, commencing December 1, 2010. The bonds mature on June 1, 2030. These bonds were used to advance pay miscellaneous and safety employee pension obligations. The outstanding principal balance at June 30, 2013 is \$15,059,702. Approximately 88.622% of the bonds payable has been allocated to governmental activities (including 1.71% to the Motor Pool internal service fund).

Annual debt service requirements, to maturity, for the 2010 Pension Obligation Bonds (governmental portion) are as follows:

Fiscal year Ended	Principal	Interest	Total
2014	\$ 1,150,302	\$ 903,450	\$ 2,053,752
2015	1,271,726	856,576	2,128,302
2016	1,409,090	791,616	2,200,706
2017	1,555,316	719,639	2,274,955
2018	855,202	640,195	1,495,397
2019-2023	2,796,024	2,571,210	5,367,234
2024-2028	3,970,266	1,613,440	5,583,706
2029-2030	2,051,776	218,272	2,270,048
	<u>\$ 15,059,702</u>	<u>\$ 8,314,398</u>	<u>\$ 23,374,100</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, 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. As of March 23, 2012, the loan maturity date was extended from April 28, 2012 to April 28, 2014. 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
2014	\$ 875,378	\$ 77,881	\$ 953,259
	<u>\$ 875,378</u>	<u>\$ 77,881</u>	<u>\$ 953,259</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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. The bonds will be paid from and are secured by the net revenues of the wastewater collection system of the City. The balance at June 30, 2013 is \$9,250,000.

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

Fiscal year Ended	Principal	Interest	Total
2014	\$ -	\$ 472,588	\$ 472,588
2015		472,588	472,588
2016		472,588	472,588
2017		472,588	472,588
2018		472,588	472,588
2019-2023	1,965,000	2,311,359	4,276,359
2024-2027	7,285,000	634,702	7,919,702
	<u>\$ 9,250,000</u>	<u>\$ 5,309,001</u>	<u>\$ 14,559,001</u>

Loan and Installment Sale: On August 27, 2012, the City of Pacifica entered into a loan and installment agreement with the City of Pacifica Financing Authority in the amount of \$6,402,594 payable annually beginning July 1, 2013 at an interest rate of 3.6%, payable each July 1 and January 1, beginning January 1, 2013. The agreement matures on July 1, 2032. The purpose of this agreement is to (i) fund an escrow to cause the mandatory tender of the outstanding 2001B Wastewater Revenue Bonds (ii) provide funds relating to the Equalization Basin Project, the Collection System Capacity Improvement Projects, and the Collection System Repair, Rehabilitation, and Replacement Projects, (iii) fund certain costs relating to the defeasance of the 2001B Wastewater Revenue Bonds, (iv) fund or provide for satisfaction of the Reserve Fund Requirement, and (vi) pay the costs incurred in connection with the execution of the Loan and Installment Sale. The outstanding principal balance at June 30, 2013 is \$6,402,594.

\$3,480,000 from the Loan and Installment Sale was placed in an irrevocable trust that was used to pay off the 2001B Wastewater Revenue Bonds. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$156,235.

The trust assets and the liability of the defeased 2001B Wastewater Revenue Bonds are not included in the City's financial statements. As of June 30, 2013, the 2001B Wastewater Revenue Bonds are considered defeased and have a balance of \$0.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 - Long-Term Debt (Continued):

Loan and Installment Sale: (Continued)

Annual debt service requirements, to maturity, for the Loan and Installment Sale are as follows:

Fiscal year Ended	Principal	Interest	Total
2014	\$ 257,483	\$ 225,859	\$ 483,342
2015	230,898	217,068	447,966
2016	239,210	208,606	447,816
2017	247,822	199,839	447,661
2018	256,744	190,757	447,501
2019-2023	1,429,196	805,688	2,234,884
2024-2028	1,705,695	524,255	2,229,950
2029-2033	2,035,546	188,383	2,223,929
	<u>\$ 6,402,594</u>	<u>\$ 2,560,455</u>	<u>\$ 8,963,049</u>

2010 Taxable Pension Obligation Bonds: During May 2010, the City of Pacifica issued \$20,510,000 of Pension Obligation Bonds bearing interest between 1.425% and 6.899% and payable semiannually on June 1 and December 1 each year, commencing December 1, 2010. The bonds mature on June 1, 2030. These bonds were used to advance pay miscellaneous and safety employee pension obligations. The outstanding principal balance at June 30, 2013 is \$2,025,298. Approximately 11.378% of the bonds payable has been allocated to business-type activities.

Annual debt service requirements, to maturity, for the 2010 Pension Obligation Bonds (business-type portion) are as follows:

Fiscal year Ended	Principal	Interest	Total
2014	\$ 154,698	\$ 115,992	\$ 270,690
2015	163,274	109,974	273,248
2016	180,910	101,634	282,544
2017	199,684	92,393	292,077
2018	109,798	82,193	191,991
2019-2023	358,976	330,112	689,088
2024-2028	509,734	207,146	716,880
2029-2030	348,224	28,023	376,247
	<u>\$ 2,025,298</u>	<u>\$ 1,067,467</u>	<u>\$ 3,092,765</u>

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. The outstanding principal balance at June 30, 2013 is \$17,020,126.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 - Long-Term Debt (Continued):

State of California Water Resource Control Board Loan: (Continued)

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 have been considered defeased and therefore removed as a liability from the City. As of June 30, 2013, the amount of defeased debt outstanding but removed from the long-term debt was \$0.

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
2014	\$ 1,758,893	\$ 307,026	\$ 2,065,919
2015	1,790,621	275,297	2,065,918
2016	1,822,922	242,996	2,065,918
2017	1,855,805	210,113	2,065,918
2018	1,889,283	176,636	2,065,919
2019-2022	7,902,602	359,532	8,262,134
	<u>\$ 17,020,126</u>	<u>\$ 1,571,600</u>	<u>\$ 18,591,726</u>

Settlement payable: On June 29, 2011, the City entered into settlement agreements with Our Children's Earth Foundation and the California Regional Water Quality Control Board for \$147,500 and \$880,000, respectively.

Annual debt service requirements, to maturity, for the settlement agreements are as follows:

Fiscal year Ended	Total
2014	\$ 7,000
2015	7,000
	<u>\$ 14,000</u>

NOTE 7 - Other Post-Employment Benefits:

Plan Description

The City participates in the CalPERS medical program. Employees in the following bargaining groups who retire from the City and receive a CalPERS pension are eligible to receive City contributions toward the costs of their postemployment coverage:

- Department Directors
- Battalion Chiefs
- Firefighters
- Management Unit
- Police Officers and Dispatchers
- Police Supervisors
- Wastewater Treatment Plant

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 - Other Post-Employment Benefits (Continued):

Plan Description (Continued)

In general, employees in the following groups receive their medical benefits from Union Trust plans (although Miscellaneous employees may enroll in a City sponsored Kaiser plan and Wastewater Treatment Plant employees may enroll in any of the CalPERS medical plans):

Miscellaneous Employees
Police Management
Wastewater Treatment Plant

Miscellaneous and Police Management retirees do not participate in the CalPERS medical programs and the City does not make a contribution toward the cost of postemployment healthcare benefits for these employees.

Funding Policy

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

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

The City's policy is to contribute an amount sufficient to pay the current year's minimum employer contribution only. For fiscal year 2012-13, the City contributed \$86,727, which covered the current year's minimum employer contribution, but did not include any additional prefunding of benefits.

Annual OPEB and Net OPEB Obligation

The City's annual Other Postemployment Benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years, on a closed basis. The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution (ARC)	\$ 338,168
Interest on net OPEB obligation	92,685
Adjustment to ARC	(99,096)
Annual OPEB cost (expense)	331,757
Contributions made	(86,727)
Increase in net OPEB obligation	245,030
Net OPEB obligation - beginning of fiscal year	2,073,901
Net OPEB obligation - end of fiscal year	\$ 2,318,931

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 - Other Post-Employment Benefits (Continued):

Annual OPEB and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2011	\$ 293,243	27.6%	\$ 1,846,137
6/30/2012	312,000	27.0%	2,073,901
6/30/2013	331,757	26.1%	2,318,931

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,443,589, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,443,589. The annual covered payroll was \$15,929,273, and the ratio of the UAAL to the covered payroll was 21.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is the expected long-term investment returns on plan assets, an annual increase in the minimum monthly benefit (healthcare cost trend rate) of 5.0 percent, and a 3.25 percent annual rate of increase in payroll. The actuarial value of assets is not applicable (no assets as of the valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at July 1, 2010 was twenty seven years.

NOTE 8 - 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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8 - Employee Retirement Plans (Continued):

Plan Description: (Continued)

The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer deferred benefit pension 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.

Funding Policies:

Active plan members in the Miscellaneous Plan, the Safety Fire Plan and the Safety Police Plan are required to contribute 8%, 9% and 9%, respectively, of their annual covered salary. 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 2012/13 are as follows: 11.673% for miscellaneous employees; 20.999% for fire employees and 24.706% 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 2012-13, the City's combined annual pension cost was \$3,691,172 which includes the City's required contribution amount of \$2,442,258 and the members required contribution amount of \$1,248,914.

Miscellaneous Plan:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 857,128	100%	-
6/30/2012	1,018,275	100%	-
6/30/2013	961,849	100%	-

Fire Safety Plan:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 477,700	100%	\$ -
6/30/2012	573,202	100%	-
6/30/2013	579,777	100%	-

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8 - Employee Retirement Plans (Continued):

Annual Pension Cost: (Continued)

Police Safety Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 751,363	100%	\$ -
6/30/2012	889,139	100%	-
6/30/2013	882,074	100%	-

NOTE 9 - 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-one San Francisco Bay Area cities. PLAN is governed by a Board of Directors comprised of officials appointed by each participating member and is administered by the Association of Bay Area Governments (ABAG).

The City paid premiums of \$395,941 during fiscal year 2012-2013 for general liability and property coverage in excess of the City's self-insured retention as described in Note 10. 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, 2012 (most recent available) is as follows:

Total assets	\$ 45,141,862
Total liabilities	<u>24,677,330</u>
Net assets	<u>\$ 20,464,532</u>
Total revenues	\$ 9,110,482
Total expenses	<u>15,179,160</u>
Net income (loss)	<u>\$ (6,068,678)</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 – 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 paid premiums of \$893,757 during fiscal year 2012-13 for workers' compensation and excess workers' compensation coverage.

The City's general liability, property damage, employment, and workers' compensation claims are insured by participation in public risk-sharing pools (ABAG PLAN Corporation, Note 8, and Municipal Pooling Authority), 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	\$ 500,000 *	\$4.5 million excess of \$500,000 per occurrence *
Employment	\$ 1,000,000	\$ 5,000

* Workers' Compensation coverage is currently pooled with a 31 city Insurance JPA. 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 \$359,334 and \$500,000 were recorded at June 30, 2013 for the workers' compensation and general liability programs respectively.

Changes in the total reported liability resulted from the following:

	Fiscal Year Ended June 30,	
	<u>2012</u>	<u>2013</u>
July 1 Liability	\$ 1,036,756	\$ 1,020,369
Claims & change in estimate	87,902	(47,264)
Payments for claims	(104,289)	(113,771)
June 30 Liability	<u>\$ 1,020,369</u>	<u>\$ 859,334</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 - 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, 2013:

<u>Funds</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
Major Governmental Funds:		
General Fund	\$ 1,311,073	\$ -
Capital Projects Fund:		
General Capital Improvement Fund	1,346,741	2,218,700
Special Revenue Funds:		
Gas Tax Fund	2,218,700	1,346,741
Nonmajor Governmental Funds:		
Special Revenue Funds:		
NPDES Stormwater Fund		75,000
Disaster Accounting Fund		648,742
Capital Project Funds:		
Highway 1 Improvement Fund		437,350
Parks and Playfield Fund		149,981
Total	<u>\$ 4,876,514</u>	<u>\$ 4,876,514</u>

Receivable from Successor Agency

The City of Pacifica loaned money to the former Redevelopment Agency Rockaway Beach Fund (Successor Agency Private-purpose Trust Fund) to be used for any expenses necessary or incidental in carrying out the Redevelopment Plan. At June 30, 2013, outstanding loans totaling \$6,134,900 (\$2,341,185 in advances and \$3,793,715 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 former Redevelopment Agency made a \$600,000 long-term loan through the former 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 loaned the Housing Fund \$258,000 at a variable simple interest rate. The current loan interest rate between the City's General Fund and the Housing Fund is 7%. The total balance at June 30, 2013 is \$293,257 (\$175,190 in advances and \$118,067 in accrued interest).

The interest portion on these receivables will be adjusted to the investment earnings rate on the Local Agency Investment Fund during the fiscal year 2013/14, in accordance with the Department of Finance's requirements for enforceable obligations of the Successor Agency.

Transfers

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 - Interfund Transactions (Continued):

The following is a summary of transfers for the fiscal year ended June 30, 2013:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 3,269,008
General Capital Improvement Fund		76,984
Debt Service Fund	3,618,707	
Gas Tax Fund		659,802
Nonmajor Governmental Funds:		
NPDES Stormwater Fund		3,781
Highway 1 Improvement Fund		1,891
Manor Drive Improvement Fund		1,719
Parks and Playfield Fund		3,437
Major Enterprise Fund:		
Sewer Utility Fund		410,000
Internal Service Fund:		
Motor Pool Fund	427,915	
Self Insurance Fund	380,000	
	<u>\$ 4,426,622</u>	<u>\$ 4,426,622</u>

NOTE 12 - Net Position and Fund Balances:

A. Net Position

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

Net position is divided into three captions under GASB Statement No. 34 and 63. These captions apply only to net position as determined at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of net position, which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include capital projects, revolving loan programs, and other various grant programs.

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 – Net Position and Fund Balances (Continued):

A. Net Position (Continued)

At June 30, 2013, the City had recorded restricted net position in the Governmental Activities as follows:

	Governmental Activities
Restricted for:	
Capital projects	\$ 538,194
Streets and highways	3,593,653
Parks, beaches, and recreation	3,453,697
Stormwater operations	156,994
Public safety	201,787
Total Restricted	\$ 7,944,325

Included in total restricted net position at June 30, 2013 is net position restricted by enabling legislation of \$4,076,328.

B. Fund Balances

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

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

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

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 – Net Position and Fund Balances (Continued):

B. Fund Balances (Continued)

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

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

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

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

The City does not utilize encumbrances.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2013 are as follows:

Fund Balances	General Fund	General Capital Improvement Fund	Gas Tax Fund	Davies Trust Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Inventory	\$ 5,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,822
Advances	2,516,375						2,516,375
Total Nonspendable	2,522,197						2,522,197
Restricted for:							
Public safety						201,787	201,787
Stormwater operations						156,694	156,694
Parks, beaches, and recreation				3,453,697			3,453,697
Streets and roads			2,642,992			950,661	3,593,653
Debt service					871,309		871,309
Capital projects		219,616				318,578	538,194
Total Restricted		219,616	2,642,992	3,453,697	871,309	1,627,720	8,815,334
Committed for:							
Childcare programs	899,051						899,051
Total Committed	899,051						899,051
Assigned for:							
Fire services	5,679						5,679
Police services	50,751						50,751
Recycling	26,095						26,095
Public works	3,987						3,987
Capital projects	650						650
Parks, beaches, and recreation	30,711						30,711
Total Assigned	117,873						117,873
Unassigned	127,980					(1,402,927)	(1,274,947)
Total Fund Balances	\$ 3,667,101	\$ 219,616	\$ 2,642,992	\$ 3,453,697	\$ 871,309	\$ 224,793	\$ 11,079,508

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – Contingencies:

The City is a defendant in one lawsuit which does not represent significant financial exposure to the City. In North Pacifica LLC v. City of Pacifica, San Mateo Superior Court Case No. CIV 419325, plaintiff challenges the City's processing and imposition of conditions on a development project. While this case has not been dismissed, it is currently inactive.

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.

The advance of \$6,428,157 between the General Fund and the Successor Agency Private-Purpose Trust Fund is subject to adjustment of the interest rate by the California Department of Finance. Interest on the advance is currently being charged at 8.5% on the \$6,134,900 and 7% on the \$293,257. The correct interest rate to be charged to the Successor Agency is equivalent to the current rate of return on LAIF.

As part of the settlement agreement between the City and the California Regional Water Quality Control Board, the City has agreed to complete supplemental environmental projects as set forth in the agreement in the amount of \$820,000. If the City does not complete these projects the City will have to pay \$820,000 to the California Regional Water Quality Control Board.

NOTE 14 – Successor Agency Trust for Assets of Former Redevelopment Agency:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Pacifica that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 23, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 01-2012.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs State Controller of the State of California review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 14 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued):

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Notes receivable of the Successor Agency as of June 30, 2013 consisted of the following:

	<u>Note Receivable Balance</u>	<u>Accrued Interest Balance</u>
Senior note, secured by second deed of trust, due on August 25, 2035	\$ 250,000	\$ 92,630
Junior note, secured by fourth deed of trust, due on August 25, 2035	<u>350,000</u>	<u>129,682</u>
Total, secured	<u>\$ 600,000</u>	<u>\$ 222,312</u>

The Successor 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.

Capital assets of the Successor Agency as of June 30, 2013 consisted of the following:

	<u>Balance June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated:				
Land	<u>\$ 835,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,275</u>
Total capital assets, net	<u>\$ 835,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 835,275</u>

Long-term debt of the Successor Agency as of June 30, 2013, consisted of the following:

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2013</u>	<u>Due in One year</u>
<u>Tax allocation bonds:</u>					
2004 Tax allocation bonds	\$ 1,500,000	\$ -	\$ 45,000	\$ 1,455,000	\$ 45,000
<u>Payable to General Fund:</u>					
Advance from General Fund	<u>6,428,157</u>			<u>6,428,157</u>	
	<u>\$ 7,928,157</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 7,883,157</u>	<u>\$ 45,000</u>

Tax Allocation Bonds

Former Community Development Agency Tax Allocation Bonds

2004 Tax Allocation Bonds: During August 2004, the former 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. The bonds are payable exclusively from pledged tax revenues to be derived from the project area and from the amounts on deposits in certain funds and accounts, including the reserve account and the revenue account. The balance at June 30, 2013 is \$1,455,000.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 14 – Successor Agency Trust for Assets of Former Redevelopment Agency (Continued):

Tax Allocation Bonds (Continued)

Former Community Development Agency Tax Allocation Bonds (Continued)

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

Fiscal year Ended	Principal	Interest	Total
2014	\$ 45,000	\$ 80,214	\$ 125,214
2015	50,000	77,909	127,909
2016	50,000	75,434	125,434
2017	55,000	72,754	127,754
2018	55,000	69,867	124,867
2019-2023	330,000	298,657	628,657
2024-2028	425,000	191,832	616,832
2029-2032	445,000	53,032	498,032
	<u>\$ 1,455,000</u>	<u>\$ 919,699</u>	<u>\$ 2,374,699</u>

NOTE 15 – Prior Period Adjustments:

A prior period adjustment of (\$16,471,849) was made on the Statement of Activities in the governmental activities due to an overstatement of a long-term prepaid pension asset of (\$16,500,067) and an understatement of capital assets of \$28,218 in the prior fiscal year.

A prior period adjustment of (\$2,118,410) was made on the Statement of Activities in the business-type activities due to an overstatement of a long-term prepaid pension asset of (\$2,118,410) in the prior fiscal year.

A prior period adjustment of (\$2,118,410) was made in the Sewer Utility Enterprise Fund due to an overstatement of a long-term prepaid pension asset of (\$2,118,410) in the prior fiscal year.

A prior period adjustment of (\$290,158) was made Motor Pool Internal Service Fund due to an overstatement of a long-term prepaid pension asset of (\$318,376) and an understatement of capital assets of \$28,218 in the prior fiscal year.

NOTE 16 – Subsequent Event:

On October 28, 2013, the City Council authorized City staff to sign a Consultant Services Agreement for the Wastewater Force Main Condition Assessment Project with Brown and Caldwell in an amount not to exceed \$264,690.

On November 12, 2013, the City Council authorized the City Manager to execute a renewal of the agreement with the Davey Tree Expert Company for scheduled tree maintenance in the amount of \$98,865 plus the cost of emergency tree maintenance services, with a not to exceed total amount of \$170,000. The City Council also awarded a contract to Vortex Marine Construction, Inc. in the amount of \$339,750 for the Pacifica Fishing Pier Project.

On February 10, 2014, the City Council adopted a resolution accepting the first amendment of the agreement with the City of South San Francisco for police communication services in the amount of \$255,546. The City Council also authorized the City Manager to enter into change order No. 10, in the amount of \$269,551 with Ranger Pipelines, Inc. for the collection system rehabilitation and replacement projects.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16 – Subsequent Event: (Continued)

On March 10, 2014, the City Council approved contract amendment No. 14 with Wilsey Ham for the Route 1, San Pedro Creek Bridge Replacement and Creek Widening Project in the amount of \$357,206/

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2013, and through April 9, 2014, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

NOTE 17 – Financial Condition:

As of June 30, 2013, the Governmental activities unrestricted net position was (\$13,421,330).

For the fiscal year ended June 30, 2013 the General Fund's net change in fund balance was \$46,004. As of June 30, 2013 the unassigned available fund balance in the General Fund was \$127,980. With revenues expected to be flat in fiscal year 13/14, the General Fund unassigned available fund balance could be substantially reduced to a negative amount as of June 30, 2013. The City is currently working on a plan to control expenditures in all departments.

The City has a balloon payment due on April 28, 2014 of principal in the amount of \$875,378, plus interest for repayment of the 2001 CHFA loan. The City is owed \$1,034,348 from National Church Residences (NCR) in relation to the loan payable to CHFA. As of the date of these financial statements, NCR has not paid their loan back to the City, but the City will be required to pay the \$875,378 plus interest back to CHFA on April 28, 2014. The City is currently working with CHFA to restructure the terms of the loan payable.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PACIFICA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

BUDGETARY BASIS OF ACCOUNTING

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

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

Formal budgetary integration is employed as a management control device during the fiscal year for the General fund and Special Revenue Funds. Special Revenue Fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP) and are consistent with the basis used for financial reporting. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any reconciliation. The General Fund budget is adopted on the budgetary basis, which is not consistent with accounting principles generally accepted in the United States of America.

**CITY OF PACIFICA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

Other Postemployment Benefits

Schedule of Funding Progress

Valuation Date	Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
7/1/2007	\$ 5,127,629	\$ -	\$ 5,127,629	0.0%	\$ 15,457,782	33.2%
7/1/2010	\$ 3,443,589	\$ -	\$ 3,443,589	0.0%	\$ 15,929,273	21.6%

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes:				
Property	\$ 10,715,000	\$ 10,846,309	\$ 10,701,810	\$ (144,499)
Sales	1,484,105	1,484,105	1,588,277	104,172
Franchise	1,645,000	1,645,000	1,617,727	(27,273)
Other	3,314,450	3,314,450	3,152,723	(161,727)
Licenses and permits	369,705	369,705	382,281	12,576
Fines and forfeitures	225,000	175,000	178,727	3,727
Use of money and property	138,480	138,480	139,143	663
Intergovernmental	4,356,320	4,469,245	4,436,602	(32,643)
Charges for current services	1,685,522	1,685,522	1,679,210	(6,312)
Recreation programs	724,900	724,900	820,332	95,432
Other	1,590,850	1,590,850	1,498,677	(92,173)
Total Revenues	26,249,332	26,443,566	26,195,509	(248,057)
Expenditures				
Current:				
General government				
City council	94,786	97,286	116,526	(19,240)
City manager	498,515	498,515	490,165	8,350
Human resources	468,614	506,514	450,335	56,179
City attorney	436,867	506,867	483,872	22,995
Finance	1,090,935	1,090,935	1,053,620	37,315
Non-departmental	812,613	882,013	1,083,218	(201,205)
Total General Government	3,402,330	3,582,130	3,677,736	(95,606)
Public safety				
Police	7,806,487	7,812,487	7,752,727	59,760
Fire	4,769,857	4,783,657	4,699,473	84,184
Total Public Safety	12,576,344	12,596,144	12,452,200	143,944
Community development				
Planning	1,049,427	1,049,427	1,049,761	(334)
Code enforcement	161,230	161,230	138,790	22,440
Economic development			2,873	(2,873)
Total Community Development	1,210,657	1,210,657	1,191,424	19,233
Public works				
Engineering services	474,651	474,651	428,480	46,171
Street and traffic maintenance	281,014	281,014	285,695	(4,681)
Building maintenance and improvement	430,590	445,590	394,991	50,599
Fishing pier/rest stop maintenance	144,427	144,427	154,471	(10,044)
City parks and playfields	677,988	658,988	632,742	26,246
Total Public Works	2,008,670	2,004,670	1,896,379	108,291

(Continued)

See notes to required supplementary information.

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>(Negative)</u>
Expenditures				
Current:				
Parks, beaches, and recreation				
Parks, beaches, and recreation	\$ 250,044	\$ 250,044	\$ 230,779	\$ 19,265
Community center programs	178,818	178,818	171,959	6,859
Cultural arts	10,050	10,050	9,687	363
Elementary age recreation	104,070	104,070	143,549	(39,479)
Teens and j-teens recreation	70,069	70,069	56,889	13,180
Adult sports	4,508	4,508	3,235	1,273
Senior	169,033	169,033	165,432	3,601
Instructional class	125,104	125,104	105,599	19,505
Recreation swimming	317,682	317,682	300,197	17,485
Swim team	130,032	130,032	122,252	7,780
Special community recreation	51,479	51,479	46,831	4,648
Special projects	2,265,756	2,265,756	2,186,804	78,952
Total Parks, Beaches, and Recreation	<u>3,676,645</u>	<u>3,676,645</u>	<u>3,543,213</u>	<u>133,432</u>
Capital outlay	<u>14,877</u>	<u>97,877</u>	<u>119,545</u>	<u>(21,668)</u>
Total Expenditures	<u>22,889,523</u>	<u>23,168,123</u>	<u>22,880,497</u>	<u>287,626</u>
Excess (Deficit) of Revenues over Expenditures	<u>3,359,809</u>	<u>3,275,443</u>	<u>3,315,012</u>	<u>39,569</u>
Other Financing Sources (Uses)				
Transfers out	<u>(3,251,093)</u>	<u>(3,251,093)</u>	<u>(3,269,008)</u>	<u>(17,915)</u>
Total Other Financing Sources (Uses)	<u>(3,251,093)</u>	<u>(3,251,093)</u>	<u>(3,269,008)</u>	<u>(17,915)</u>
Net Change in Fund Balance	108,716	24,350	46,004	21,654
Fund Balance, July 1, 2012	<u>3,621,097</u>	<u>3,621,097</u>	<u>3,621,097</u>	
Fund Balance, June 30, 2013	<u>\$ 3,729,813</u>	<u>\$ 3,645,447</u>	<u>\$ 3,667,101</u>	<u>\$ 21,654</u>

See notes to required supplementary information.

CITY OF PACIFICA
Budgetary Comparison Schedule
Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 250	\$ 250	\$ 740	\$ 490
Intergovernmental	2,043,837	2,043,837	2,006,704	(37,133)
Other			1,401	1,401
Total Revenues	<u>2,044,087</u>	<u>2,044,087</u>	<u>2,008,845</u>	<u>(35,242)</u>
Expenditures				
Current:				
Public works	1,930,248	1,930,248	1,217,803	712,445
Capital outlay	400,213	400,213	5,720	394,493
Total Expenditures	<u>2,330,461</u>	<u>2,330,461</u>	<u>1,223,523</u>	<u>1,106,938</u>
Excess (Deficit) of Revenues over Expenditures	<u>(286,374)</u>	<u>(286,374)</u>	<u>785,322</u>	<u>1,071,696</u>
Other Financing Sources (Uses)				
Transfers out	<u>(608,591)</u>	<u>(608,591)</u>	<u>(659,802)</u>	<u>(51,211)</u>
Total Other Financing Sources (Uses)	<u>(608,591)</u>	<u>(608,591)</u>	<u>(659,802)</u>	<u>(51,211)</u>
Net Change in Fund Balance	(894,965)	(894,965)	125,520	1,020,485
Fund Balance, July 1, 2012	<u>2,517,472</u>	<u>2,517,472</u>	<u>2,517,472</u>	
Fund Balance, June 30, 2013	<u>\$ 1,622,507</u>	<u>\$ 1,622,507</u>	<u>\$ 2,642,992</u>	<u>\$ 1,020,485</u>

See notes to required supplementary information.

CITY OF PACIFICA
Budgetary Comparison Schedule
Davies Trust Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 6,000	\$ 6,000	\$ 3,360	\$ (2,640)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>3,360</u>	<u>(2,640)</u>
Expenditures				
Current:				
Parks, Beaches, and Recreation	<u>31,524</u>	<u>31,524</u>	<u>8,397</u>	<u>23,127</u>
Total Expenditures	<u>31,524</u>	<u>31,524</u>	<u>8,397</u>	<u>23,127</u>
Net Change in Fund Balance	(25,524)	(25,524)	(5,037)	20,487
Fund Balance, July 1, 2012	<u>3,482,449</u>	<u>3,482,449</u>	<u>3,458,734</u>	<u>(23,715)</u>
Fund Balance, June 30, 2013	<u><u>\$ 3,456,925</u></u>	<u><u>\$ 3,456,925</u></u>	<u><u>\$ 3,453,697</u></u>	<u><u>\$ (3,228)</u></u>

See notes to required supplementary information.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PACIFICA
Budgetary Comparison Schedule
General Capital Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Licenses and permits	\$ 59,229	\$ 6,826	\$ (52,403)
Use of money and property	500	8,134	7,634
Intergovernmental	324,000	75,000	(249,000)
Other	17,872	1,950	(15,922)
Total Revenues	<u>401,601</u>	<u>91,910</u>	<u>(309,691)</u>
Expenditures			
Current:			
Community development	1,485	98,918	(97,433)
Capital outlay	2,067,100	1,540,273	526,827
Total Expenditures	<u>2,068,585</u>	<u>1,639,191</u>	<u>429,394</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,666,984)</u>	<u>(1,547,281)</u>	<u>119,703</u>
Other Financing Sources (Uses)			
Proceeds from the issuance of long-term debt		1,168,863	1,168,863
Transfers out	(76,984)	(76,984)	
Total Other Financing Sources (Uses)	<u>(76,984)</u>	<u>1,091,879</u>	<u>1,168,863</u>
Net Change in Fund Balance	(1,743,968)	(455,402)	1,288,566
Fund Balance, July 1, 2012	<u>675,018</u>	<u>675,018</u>	
Fund Balance, June 30, 2013	<u>\$ (1,068,950)</u>	<u>\$ 219,616</u>	<u>\$ 1,288,566</u>

CITY OF PACIFICA
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Use of money and property	\$ 1,300	\$ (654)	\$ (1,954)
Total Revenues	<u>1,300</u>	<u>(654)</u>	<u>(1,954)</u>
Expenditures			
Debt service:			
Principal	1,720,000	1,661,044	58,956
Interest and fiscal charges	1,986,094	1,911,559	74,535
Total Expenditures	<u>3,706,094</u>	<u>3,572,603</u>	<u>133,491</u>
Excess (Deficit) of Revenues over Expenditures	<u>(3,704,794)</u>	<u>(3,573,257)</u>	<u>131,537</u>
Other Financing Sources (Uses)			
Transfers in	<u>3,698,988</u>	<u>3,618,707</u>	<u>(80,281)</u>
Total Other Financing Sources (Uses)	<u>3,698,988</u>	<u>3,618,707</u>	<u>(80,281)</u>
Net Change in Fund Balance	(5,806)	45,450	51,256
Fund Balance, July 1, 2012	<u>825,859</u>	<u>825,859</u>	
Fund Balance, June 30, 2013	<u>\$ 820,053</u>	<u>\$ 871,309</u>	<u>\$ 51,256</u>

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 403,505	\$ 1,269,239	\$ 1,672,744
Receivables:			
Accounts	16,021		16,021
Grants	<u>26,414</u>	<u>63,000</u>	<u>89,414</u>
Total Assets	<u>\$ 445,940</u>	<u>\$ 1,332,239</u>	<u>\$ 1,778,179</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 28,586	\$ 209,107	\$ 237,693
Accrued liabilities	1,761	2,859	4,620
Due to other funds	<u>723,742</u>	<u>587,331</u>	<u>1,311,073</u>
Total Liabilities	<u>754,089</u>	<u>799,297</u>	<u>1,553,386</u>
Fund Balances:			
Restricted	358,481	1,269,239	1,627,720
Unassigned	<u>(666,630)</u>	<u>(736,297)</u>	<u>(1,402,927)</u>
Total Fund Balances (Deficits)	<u>(308,149)</u>	<u>532,942</u>	<u>224,793</u>
Total Liabilities and Fund Balances	<u>\$ 445,940</u>	<u>\$ 1,332,239</u>	<u>\$ 1,778,179</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes:			
Other taxes	\$ 177,499	\$ -	\$ 177,499
Use of money and property	888	2,902	3,790
Intergovernmental	424,441	290,623	715,064
Other		28,818	28,818
	<u>602,828</u>	<u>322,343</u>	<u>925,171</u>
Expenditures:			
Current:			
Community development		40,640	40,640
Public works	212,518	29,066	241,584
Capital outlay	32,570	960,608	993,178
	<u>245,088</u>	<u>1,030,314</u>	<u>1,275,402</u>
Excess (Deficit) of Revenues over Expenditures	<u>357,740</u>	<u>(707,971)</u>	<u>(350,231)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(3,781)</u>	<u>(7,047)</u>	<u>(10,828)</u>
	<u>(3,781)</u>	<u>(7,047)</u>	<u>(10,828)</u>
Net Change in Fund Balances	353,959	(715,018)	(361,059)
Fund Balances (Deficits), July 1, 2012	<u>(662,108)</u>	<u>1,247,960</u>	<u>585,852</u>
Fund Balances (Deficits), June 30, 2013	<u>\$ (308,149)</u>	<u>\$ 532,942</u>	<u>\$ 224,793</u>

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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.

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.

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, 2013

	Supplemental Law Enforcement Services	Fire Assessment	NPDES Stormwater
Assets			
Cash and investments	\$ 173,518	\$ 7,403	\$ 222,584
Receivables:			
Accounts			16,021
Grants	20,866		
	<u>\$ 194,384</u>	<u>\$ 7,403</u>	<u>\$ 238,605</u>
Total Assets			
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 5,150
Accrued liabilities			1,761
Due to other funds			75,000
			<u>81,911</u>
Total Liabilities			
Fund Balances:			
Restricted	194,384	7,403	156,694
Unassigned			
	<u>194,384</u>	<u>7,403</u>	<u>156,694</u>
Total Fund Balances (Deficits)			
	<u>\$ 194,384</u>	<u>\$ 7,403</u>	<u>\$ 238,605</u>
Total Liabilities and Fund Balances			

<u>Disaster Accounting</u>	<u>Total</u>
\$ -	\$ 403,505
	16,021
<u>5,548</u>	<u>26,414</u>
<u>\$ 5,548</u>	<u>\$ 445,940</u>
\$ 23,436	\$ 28,586
	1,761
<u>648,742</u>	<u>723,742</u>
<u>672,178</u>	<u>754,089</u>
	358,481
<u>(666,630)</u>	<u>(666,630)</u>
<u>(666,630)</u>	<u>(308,149)</u>
<u>\$ 5,548</u>	<u>\$ 445,940</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

	Supplemental Law Enforcement Services	Fire Assessment	NPDES Stormwater
Revenues:			
Taxes:			
Other taxes	\$ -	\$ -	\$ 177,499
Use of money and property	397		491
Intergovernmental	91,265		33,905
Total Revenues	<u>91,662</u>		<u>211,895</u>
Expenditures:			
Current:			
Public works			122,923
Capital outlay			
Total Expenditures			<u>122,923</u>
Excess (Deficit) of Revenues over Expenditures	<u>91,662</u>		<u>88,972</u>
Other Financing Sources (Uses)			
Transfers out			<u>(3,781)</u>
Total Other Financing Sources (Uses)			<u>(3,781)</u>
Net Change in Fund Balances	91,662		85,191
Fund Balances (Deficits), July 1, 2012	<u>102,722</u>	<u>7,403</u>	<u>71,503</u>
Fund Balances (Deficits), June 30, 2013	<u>\$ 194,384</u>	<u>\$ 7,403</u>	<u>\$ 156,694</u>

<u>Disaster Accounting</u>	<u>Total</u>
\$ -	\$ 177,499
	888
<u>299,271</u>	<u>424,441</u>
<u>299,271</u>	<u>602,828</u>
89,595	212,518
<u>32,570</u>	<u>32,570</u>
<u>122,165</u>	<u>245,088</u>
<u>177,106</u>	<u>357,740</u>
	<u>(3,781)</u>
	<u>(3,781)</u>
177,106	353,959
<u>(843,736)</u>	<u>(662,108)</u>
<u>\$ (666,630)</u>	<u>\$ (308,149)</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, 2013

	Supplemental Law Enforcement Services		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Use of money and property		397	397
Intergovernmental		91,265	91,265
Total Revenues		91,662	91,662
Expenditures:			
Current:			
Public works			
Capital outlay			
Total Expenditures			
Excess (Deficit) of Revenues over Expenditures		91,662	91,662
Other Financing Sources (Uses):			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances		91,662	91,662
Fund Balances (Deficits), July 1, 2012	102,722	102,722	
Fund Balances (Deficits), June 30, 2013	\$ 102,722	\$ 194,384	\$ 91,662

Fire Assessment			NPDES Stormwater		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 180,000	\$ 177,499	\$ (2,501)
			75	491	416
			33,844	33,905	61
			213,919	211,895	(2,024)
			121,954	122,923	(969)
			121,954	122,923	(969)
			91,965	88,972	(2,993)
			(3,781)	(3,781)	
			(3,781)	(3,781)	
			88,184	85,191	(2,993)
7,403	7,403		71,503	71,503	
<u>\$ 7,403</u>	<u>\$ 7,403</u>	<u>\$ -</u>	<u>\$ 159,687</u>	<u>\$ 156,694</u>	<u>\$ (2,993)</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, 2013
(Continued)

	Disaster Accounting		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Other taxes	\$ -	\$ -	\$ -
Use of money and property			
Intergovernmental		299,271	299,271
Total Revenues		299,271	299,271
Expenditures:			
Current:			
Public works		89,595	(89,595)
Capital outlay	1,304,958	32,570	1,272,388
Total Expenditures	1,304,958	122,165	1,182,793
Excess (Deficit) of Revenues over Expenditures	(1,304,958)	177,106	1,482,064
Other Financing Sources (Uses):			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(1,304,958)	177,106	1,482,064
Fund Balances (Deficits), July 1, 2012	(843,736)	(843,736)	
Fund Balances (Deficits), June 30, 2013	<u>\$ (2,148,694)</u>	<u>\$ (666,630)</u>	<u>\$ 1,482,064</u>

Total		
Final Budget	Actual	Variance Positive (Negative)
\$ 180,000	\$ 177,499	\$ (2,501)
75	888	813
<u>33,844</u>	<u>424,441</u>	<u>390,597</u>
<u>213,919</u>	<u>602,828</u>	<u>388,909</u>
121,954	212,518	(90,564)
<u>1,304,958</u>	<u>32,570</u>	<u>1,272,388</u>
<u>1,426,912</u>	<u>245,088</u>	<u>1,181,824</u>
<u>(1,212,993)</u>	<u>357,740</u>	<u>1,570,733</u>
<u>(3,781)</u>	<u>(3,781)</u>	
<u>(3,781)</u>	<u>(3,781)</u>	
(1,216,774)	353,959	1,570,733
<u>(662,108)</u>	<u>(662,108)</u>	
<u><u>\$ (1,878,882)</u></u>	<u><u>\$ (308,149)</u></u>	<u><u>\$ 1,570,733</u></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 1 IMPROVEMENT FUND - This fund is financed by traffic impact mitigation fees as outlined in the Pacifica Municipal Code (Section 8-15.01 to Section 8-15.06).

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

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

PARKS AND 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).

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.

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013

	<u>Highway 1 Improvement</u>	<u>Manor Drive Improvement</u>	<u>Aircraft Noise Project</u>	<u>Parks and Playfield</u>
Assets				
Cash and investments	\$ -	\$ 950,661	\$ 43	\$ -
Receivable:				
Grants	<u>63,000</u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 63,000</u>	<u>\$ 950,661</u>	<u>\$ 43</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 209,107	\$ -	\$ -	\$ -
Accrued liabilities	1,116			1,743
Due to other funds	<u>437,350</u>	<u> </u>	<u> </u>	<u>149,981</u>
Total Liabilities	<u>647,573</u>	<u> </u>	<u> </u>	<u>151,724</u>
Fund Balances:				
Restricted		950,661	43	
Unassigned	<u>(584,573)</u>	<u> </u>	<u> </u>	<u>(151,724)</u>
Total Fund Balances (Deficit)	<u>(584,573)</u>	<u>950,661</u>	<u>43</u>	<u>(151,724)</u>
Total Liabilities and Fund Balances	<u>\$ 63,000</u>	<u>\$ 950,661</u>	<u>\$ 43</u>	<u>\$ -</u>

<u>Planned Local Drainage</u>	<u>Total</u>
\$ 318,535	\$ 1,269,239
	<u>63,000</u>
<u>\$ 318,535</u>	<u>\$ 1,332,239</u>
\$ -	\$ 209,107
	2,859
	<u>587,331</u>
	<u>799,297</u>
318,535	1,269,239
	<u>(736,297)</u>
<u>318,535</u>	<u>532,942</u>
<u>\$ 318,535</u>	<u>\$ 1,332,239</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013

	<u>Highway 1 Improvement</u>	<u>Manor Drive Improvement</u>	<u>Aircraft Noise Project</u>	<u>Parks and Playfield</u>
Revenues:				
Use of money and property	\$ (502)	\$ 2,865	\$ -	\$ (421)
Intergovernmental	290,623			
Other			120	28,698
Total Revenues	<u>290,121</u>	<u>2,865</u>	<u>120</u>	<u>28,277</u>
Expenditures:				
Current:				
Community development				40,640
Public works	29,066			
Capital outlay	960,608			
Total Expenditures	<u>989,674</u>			<u>40,640</u>
Excess (Deficit) of Revenues over Expenditures	<u>(699,553)</u>	<u>2,865</u>	<u>120</u>	<u>(12,363)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,891)</u>	<u>(1,719)</u>		<u>(3,437)</u>
Total Other Financing Sources (Uses)	<u>(1,891)</u>	<u>(1,719)</u>		<u>(3,437)</u>
Net Change in Fund Balances	(701,444)	1,146	120	(15,800)
Fund Balances (Deficits), July 1, 2012	<u>116,871</u>	<u>949,515</u>	<u>(77)</u>	<u>(135,924)</u>
Fund Balances (Deficits), June 30, 2013	<u>\$ (584,573)</u>	<u>\$ 950,661</u>	<u>\$ 43</u>	<u>\$ (151,724)</u>

<u>Planned Local Drainage</u>	<u>Total</u>
\$ 960	\$ 2,902
	290,623
	28,818
<u>960</u>	<u>322,343</u>
	40,640
	29,066
	<u>960,608</u>
	<u>1,030,314</u>
<u>960</u>	<u>(707,971)</u>
	<u>(7,047)</u>
	<u>(7,047)</u>
960	(715,018)
<u>317,575</u>	<u>1,247,960</u>
<u>\$ 318,535</u>	<u>\$ 532,942</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, 2013

	Highway 1 Improvement		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 1,000	\$ (502)	\$ (1,502)
Intergovernmental	899,977	290,623	(609,354)
Other			
Total Revenues	<u>900,977</u>	<u>290,121</u>	<u>(610,856)</u>
Expenditures:			
Current:			
Community development			
Public works	47,500	29,066	18,434
Capital outlay	<u>1,816,806</u>	<u>960,608</u>	<u>856,198</u>
Total Expenditures	<u>1,864,306</u>	<u>989,674</u>	<u>874,632</u>
Excess (Deficit) of Revenues over Expenditures	<u>(963,329)</u>	<u>(699,553)</u>	<u>263,776</u>
Other Financing Sources (Uses):			
Transfers out	<u>(1,891)</u>	<u>(1,891)</u>	
Total Other Financing Sources (Uses)	<u>(1,891)</u>	<u>(1,891)</u>	
Net Change in Fund Balances	(965,220)	(701,444)	263,776
Fund Balances (Deficits), July 1, 2012	<u>116,871</u>	<u>116,871</u>	
Fund Balances (Deficits), June 30, 2013	<u><u>\$ (848,349)</u></u>	<u><u>\$ (584,573)</u></u>	<u><u>\$ 263,776</u></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>
\$ 2,500	\$ 2,865	\$ 365	\$ -	\$ -	\$ -
20,000		(20,000)		120	120
22,500	2,865	(19,635)		120	120
528,250		528,250			
528,250		528,250			
(505,750)	2,865	508,615		120	120
(1,719)	(1,719)				
(1,719)	(1,719)				
(507,469)	1,146	508,615		120	120
949,515	949,515		(77)	(77)	
<u>\$ 442,046</u>	<u>\$ 950,661</u>	<u>\$ 508,615</u>	<u>\$ (77)</u>	<u>\$ 43</u>	<u>\$ 120</u>

(Continued)

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, 2013
(Continued)

	Parks and Playfield		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 800	\$ (421)	\$ (1,221)
Intergovernmental			
Other	40,000	28,698	(11,302)
Total Revenues	<u>40,800</u>	<u>28,277</u>	<u>(12,523)</u>
Expenditures:			
Current:			
Community development	39,906	40,640	(734)
Public works			
Capital outlay			
Total Expenditures	<u>39,906</u>	<u>40,640</u>	<u>(734)</u>
Excess (Deficit) of Revenues over Expenditures	<u>894</u>	<u>(12,363)</u>	<u>(13,257)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(3,437)</u>	<u>(3,437)</u>	
Total Other Financing Sources (Uses)	<u>(3,437)</u>	<u>(3,437)</u>	
Net Change in Fund Balances	(2,543)	(15,800)	(13,257)
Fund Balances (Deficits), July 1, 2012	<u>(135,924)</u>	<u>(135,924)</u>	
Fund Balances (Deficits), June 30, 2013	<u><u>\$ (138,467)</u></u>	<u><u>\$ (151,724)</u></u>	<u><u>\$ (13,257)</u></u>

Planned Local Drainage			Total		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 1,400	\$ 960	\$ (440)	\$ 5,700	\$ 2,902	\$ (2,798)
			899,977	290,623	(609,354)
			60,000	28,818	(31,182)
<u>1,400</u>	<u>960</u>	<u>(440)</u>	<u>965,677</u>	<u>322,343</u>	<u>(643,334)</u>
			39,906	40,640	(734)
9,225		9,225	56,725	29,066	27,659
<u>5,000</u>		<u>5,000</u>	<u>2,350,056</u>	<u>960,608</u>	<u>1,389,448</u>
<u>14,225</u>		<u>14,225</u>	<u>2,446,687</u>	<u>1,030,314</u>	<u>1,416,373</u>
<u>(12,825)</u>	<u>960</u>	<u>13,785</u>	<u>(1,481,010)</u>	<u>(707,971)</u>	<u>773,039</u>
			<u>(7,047)</u>	<u>(7,047)</u>	
			<u>(7,047)</u>	<u>(7,047)</u>	
<u>(12,825)</u>	<u>960</u>	<u>13,785</u>	<u>(1,488,057)</u>	<u>(715,018)</u>	<u>773,039</u>
<u>409,827</u>	<u>317,575</u>	<u>(92,252)</u>	<u>1,247,960</u>	<u>1,247,960</u>	
<u>\$ 397,002</u>	<u>\$ 318,535</u>	<u>\$ (78,467)</u>	<u>\$ (240,097)</u>	<u>\$ 532,942</u>	<u>\$ 773,039</u>

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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 Position
Internal Service Funds
June 30, 2013

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 1,085,744	\$ 1,889,779	\$ 2,975,523
Receivable:			
Accounts	382	91,558	91,940
Inventories	<u>38,871</u>		<u>38,871</u>
Total Current Assets	<u>1,124,997</u>	<u>1,981,337</u>	<u>3,106,334</u>
Noncurrent Assets:			
Deferred charges (net of accumulated amortization)	8,164		8,164
Capital assets, not being depreciated	284,437		284,437
Capital assets, being depreciated, net of accumulated depreciation	<u>2,188,448</u>		<u>2,188,448</u>
Total Noncurrent Assets	<u>2,481,049</u>		<u>2,481,049</u>
Total Assets	<u>3,606,046</u>	<u>1,981,337</u>	<u>5,587,383</u>
Liabilities			
Current Liabilities:			
Accounts payable	26,696	14,640	41,336
Accrued liabilities	16,869	260	17,129
Accrued interest payable	1,442		1,442
Claims payable		777,779	777,779
Compensated absences	23,681		23,681
Bonds payable	<u>23,297</u>		<u>23,297</u>
Total Current Liabilities	<u>91,985</u>	<u>792,679</u>	<u>884,664</u>
Noncurrent Liabilities:			
Claims payable		81,555	81,555
Compensated absences	5,327		5,327
Bonds payable	<u>281,704</u>		<u>281,704</u>
Total Noncurrent Liabilities	<u>287,031</u>	<u>81,555</u>	<u>368,586</u>
Total Liabilities	<u>379,016</u>	<u>874,234</u>	<u>1,253,250</u>
Net Position			
Net investment in capital assets	2,472,885		2,472,885
Unrestricted	<u>754,145</u>	<u>1,107,103</u>	<u>1,861,248</u>
Total Net Position	<u>\$ 3,227,030</u>	<u>\$ 1,107,103</u>	<u>\$ 4,334,133</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 854,346	\$ 133,660	\$ 988,006
Other operating income	14,665	568,818	583,483
	<u>869,011</u>	<u>702,478</u>	<u>1,571,489</u>
Operating Expenses:			
Personnel services	403,382		403,382
Administration	3,977		3,977
Supplies and materials	406,077		406,077
Insurance		893,757	893,757
Outside contractors		14,754	14,754
Maintenance	38,178		38,178
Insurance claims		238,092	238,092
Depreciation	554,260		554,260
	<u>1,405,874</u>	<u>1,146,603</u>	<u>2,552,477</u>
Operating Income (Loss)	<u>(536,863)</u>	<u>(444,125)</u>	<u>(980,988)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	3,570	6,031	9,601
Amortization expense	(480)		(480)
Interest and fiscal charges	(13,085)		(13,085)
Gain (loss) on sale of capital assets	20,822		20,822
	<u>10,827</u>	<u>6,031</u>	<u>16,858</u>
Income (Loss) Before Transfers	(526,036)	(438,094)	(964,130)
Transfers:			
Transfers in	427,915	380,000	807,915
Changes in Net Position	<u>(98,121)</u>	<u>(58,094)</u>	<u>(156,215)</u>
Net Position, July 1, 2012	3,615,309	1,165,197	4,780,506
Prior Period Adjustments	<u>(290,158)</u>		<u>(290,158)</u>
Net Position, July 1, 2012, Restated	<u>3,325,151</u>	<u>1,165,197</u>	<u>4,490,348</u>
Net Position, June 30, 2013	<u>\$ 3,227,030</u>	<u>\$ 1,107,103</u>	<u>\$ 4,334,133</u>

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

	Motor Pool	Self Insurance	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 872,697	\$ 756,954	\$ 1,629,651
Payments to suppliers and users	(452,171)	(910,566)	(1,362,737)
Payments for claims		(399,127)	(399,127)
Interfund loans		1,358,913	1,358,913
Payments to employees	(401,584)	260	(401,324)
	18,942	806,434	825,376
Net Cash Provided (Used) by Operating Activities			
Cash Flows from Noncapital and Related Financing Activities:			
Transfers in	427,915	380,000	807,915
	427,915	380,000	807,915
Net Cash Provided by Noncapital and Related Financing Activities			
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(910,441)		(910,441)
Proceeds from sale of capital assets	22,285		22,285
Principal payments on bonds and notes	(13,382)		(13,382)
Interest paid	(13,171)		(13,171)
	(914,709)		(914,709)
Net Cash Used by Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Interest received	3,570	6,031	9,601
	3,570	6,031	9,601
Net Cash Provided by Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	(464,282)	1,192,465	728,183
Cash and Cash Equivalents at the Beginning of the Fiscal Year	1,550,026	697,314	2,247,340
Cash and Cash Equivalents at the End of the Fiscal Year	\$ 1,085,744	\$ 1,889,779	\$ 2,975,523
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:			
Cash and investments	\$ 1,085,744	\$ 1,889,779	\$ 2,975,523
Total Cash and Cash Equivalents	\$ 1,085,744	\$ 1,889,779	\$ 2,975,523

(Continued)

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(Continued)

	Motor Pool	Self Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (536,863)	\$ (444,125)	\$ (980,988)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	554,260		554,260
(Increase) Decrease in Operating Assets:			
Accounts receivable	3,686	54,476	58,162
Due from other funds		1,358,913	1,358,913
Inventories	295		295
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(4,234)	(2,055)	(6,289)
Accrued liabilities	228	260	488
Claims payable		(161,035)	(161,035)
Compensated absences	1,570		1,570
	<u>\$ 18,942</u>	<u>\$ 806,434</u>	<u>\$ 825,376</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 18,942</u>	<u>\$ 806,434</u>	<u>\$ 825,376</u>

PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust Funds are used to account for the funds held by the City as a trustee.

RDA LOW/MOD SUCCESSOR AGENCY FUND – This fund is used to account for the former Redevelopment Agency's low and moderate income housing fund.

RDA SUCCESSOR AGENCY FUND – This fund is used to account for the former Redevelopment Agency's capital project fund.

CITY OF PACIFICA
Private-Purpose Trust Funds
Combining Statement of Net Position
June 30, 2013

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Totals
Assets			
Cash and investments	\$ 103,332	\$ 97,438	\$ 200,770
Cash and investments with fiscal agents		215,499	215,499
Interest receivable	222,312		222,312
Deferred charges		64,665	64,665
Notes receivable	600,000		600,000
Capital assets, not being depreciated		835,275	835,275
	<u>925,644</u>	<u>1,212,877</u>	<u>2,138,521</u>
Liabilities			
Accounts payable		7,210	7,210
Interest payable		40,422	40,422
Unearned revenue		135,275	135,275
Long-term debt, due within one year		45,000	45,000
Long-term debt, due in more than one year	293,257	7,544,900	7,838,157
	<u>293,257</u>	<u>7,772,807</u>	<u>8,066,064</u>
Net Position			
Restricted for debt service		175,077	175,077
Unrestricted	632,387	(6,735,007)	(6,102,620)
Total net position (deficits)	<u>\$ 632,387</u>	<u>\$ (6,559,930)</u>	<u>\$ (5,927,543)</u>

CITY OF PACIFICA
Private-Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2013

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Totals
Additions:			
Investment revenue	\$ 18,135	\$ 61	\$ 18,196
Taxes and assessments	102,437	301,116	403,553
Total additions	120,572	301,177	421,749
Deductions:			
Administration		43,272	43,272
Intergovernmental expense	432,771		432,771
Interest expense		81,298	81,298
Amortization expense		3,593	3,593
Total deductions	432,771	128,163	560,934
Change in net position	(312,199)	173,014	(139,185)
Net Position (Deficit) - July 1, 2012	944,586	(6,732,944)	(5,788,358)
Net Position (Deficit) - June 30, 2013	<u>\$ 632,387</u>	<u>\$ (6,559,930)</u>	<u>\$ (5,927,543)</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 Position by Component
2. Changes in Net Position
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 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)
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Operating Information

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

1. Full-Time 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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 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 position	<u>\$ 49,619,554</u>	<u>\$ 50,914,398</u>	<u>\$ 57,451,829</u>	<u>\$ 58,659,330</u>
Business-type activities				
Net investment in capital assets	\$ 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 position	<u>\$ 14,628,545</u>	<u>\$ 14,561,613</u>	<u>\$ 13,618,364</u>	<u>\$ 12,676,757</u>
Primary Government				
Net investment in capital assets	\$ 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 position	<u>\$ 64,248,099</u>	<u>\$ 65,476,011</u>	<u>\$ 71,070,193</u>	<u>\$ 71,336,087</u>

Source: City Comprehensive Annual Financial Report

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 50,020,034	\$ 50,142,311	\$ 51,393,206	\$ 54,212,344	\$ 54,455,020	\$ 56,461,478
7,064,256	5,597,188	4,962,287	4,825,393	8,216,813	7,944,025
5,799,437	8,728,875	4,867,264	(634,699)	4,681,456	(13,421,330)
<u>\$ 62,883,727</u>	<u>\$ 64,468,374</u>	<u>\$ 61,222,757</u>	<u>\$ 58,403,038</u>	<u>\$ 67,353,289</u>	<u>\$ 50,984,173</u>
\$ 11,483,688	\$ 10,796,034	\$ 11,247,270	\$ 14,179,807	\$ 15,462,599	\$ 16,301,455
1,075,760	689,514	562,485	-	-	-
2,341,086	5,776,571	7,139,231	5,545,190	5,935,174	4,901,153
<u>\$ 14,900,534</u>	<u>\$ 17,262,119</u>	<u>\$ 18,948,986</u>	<u>\$ 19,724,997</u>	<u>\$ 21,397,773</u>	<u>\$ 21,202,608</u>
\$ 61,503,722	\$ 60,938,345	\$ 62,640,476	\$ 68,392,151	\$ 69,917,619	\$ 72,762,933
8,140,016	6,286,702	5,524,772	4,825,393	8,216,813	7,944,025
8,140,523	14,505,446	12,006,495	4,910,491	10,616,630	(8,520,177)
<u>\$ 77,784,261</u>	<u>\$ 81,730,493</u>	<u>\$ 80,171,743</u>	<u>\$ 78,128,035</u>	<u>\$ 88,751,062</u>	<u>\$ 72,186,781</u>

**CITY OF PACIFICA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses:						
Governmental Activities:						
General Government	\$ 3,537,595	\$ 4,875,872	\$ 5,923,892	\$ 5,798,391	\$ 4,952,782	\$ 4,083,959
Public Safety	12,272,560	12,929,514	13,639,116	14,980,984	14,985,013	15,306,306
Community Development	1,098,731	1,300,773	1,799,035	1,178,590	1,343,220	1,356,494
Public Works	2,974,028	2,941,376	3,606,841	4,264,011	4,154,717	4,422,332
Parks, Beaches & Recreation	3,288,100	3,515,702	3,084,327	3,405,149	4,155,877	4,035,233
Interest on Long-term Debt	1,053,184	900,171	811,419	846,768	987,156	2,225,220
Total Governmental Activities Expenses	<u>\$ 24,224,198</u>	<u>\$ 26,463,408</u>	<u>\$ 28,864,630</u>	<u>\$ 30,473,893</u>	<u>\$ 30,578,765</u>	<u>\$ 31,429,544</u>
Business-Type Activities:						
Sewer	8,325,027	8,922,794	9,453,272	9,084,345	8,095,219	9,084,439
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>	<u>\$ 8,095,219</u>	<u>\$ 9,084,439</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>	<u>\$ 38,673,984</u>	<u>\$ 40,513,983</u>
Program Revenues:						
Governmental Activities:						
Charges for Services:						
General Government	\$ 286,777	\$ 732,954	\$ 80,269	\$ 96,106	\$ 110,868	\$ 77,393
Public Safety	890,685	1,031,754	922,034	1,157,322	1,159,056	1,001,112
Community Development	212,137	342,241	599,540	732,372	792,532	606,991
Public Works	120,281	147,094	1,529,607	1,376,379	2,522,362	1,741,147
Parks, Beaches & Recreation	1,336,628	1,347,009	1,506,836	1,543,391	584,724	1,642,848
Operating Grants & Contributions	1,902,808	1,311,733	2,626,473	2,967,049	2,871,766	4,364,106
Capital Grants & Contributions	4,258,677	2,272,460	3,338,214	3,639,686	3,302,650	2,936,150
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>	<u>\$ 11,343,958</u>	<u>\$ 12,369,747</u>
Business-Type Activities:						
Charges for Services:						
Sewer	\$ 7,067,579	\$ 8,108,045	\$ 8,721,125	\$ 9,137,785	\$ 10,181,406	\$ 11,885,526
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>	<u>\$ 10,181,406</u>	<u>\$ 11,885,526</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>	<u>\$ 21,525,364</u>	<u>\$ 24,255,273</u>
Net Revenues (Expenses):						
Governmental Activities	\$ (15,216,205)	\$ (19,278,163)	\$ (18,261,657)	\$ (18,961,188)	\$ (19,234,807)	\$ (19,059,797)
Business-Type Activities	(1,257,448)	(814,749)	(732,147)	53,440	2,086,187	2,801,087
Total Net Revenues (Expenses)	<u>\$ (16,473,653)</u>	<u>\$ (20,092,912)</u>	<u>\$ (18,993,804)</u>	<u>\$ (18,907,748)</u>	<u>\$ (17,148,620)</u>	<u>\$ (16,258,710)</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	9,623,522	10,484,389
Sales Tax	1,317,336	1,330,597	1,116,191	1,096,165	1,225,279	1,365,710
Franchise Tax	1,345,348	1,131,838	1,458,418	1,539,123	1,558,164	1,740,754
Other Taxes	3,699,996	5,310,469	4,552,287	3,720,047	3,652,373	2,787,716
Motor vehicle in lieu - unrestricted	1,738,636	2,370,539	3,522,799	2,917,076	3,068,643	3,184,538
Use of Money/Property	367,649	233,313	321,272	568,021	532,887	528,768
Miscellaneous	1,647,146	3,028,201	868,120	369,309	3,986,507	507,569
Transfers			290,000	815,000	45,000	45,000
Total Governmental Activities	<u>\$ 16,738,026</u>	<u>\$ 20,814,307</u>	<u>\$ 20,256,023</u>	<u>\$ 20,041,014</u>	<u>\$ 23,692,375</u>	<u>\$ 20,644,444</u>
Business-Type Activities:						
Use of Money/Property	\$ 3,988	\$ 54,158	\$ 26,569	\$ 14,881	\$ 41,921	\$ 23,667
Miscellaneous	244,864	100,126	17,116	4,688	-	-
Transfers			(290,000)	(815,000)	(45,000)	(45,000)
Total Business-Type Activities	<u>\$ 248,852</u>	<u>\$ 154,284</u>	<u>\$ (246,315)</u>	<u>\$ (795,431)</u>	<u>\$ (3,079)</u>	<u>\$ (21,333)</u>
Total Primary Government	<u>\$ 16,986,878</u>	<u>\$ 20,968,591</u>	<u>\$ 20,009,708</u>	<u>\$ 19,245,583</u>	<u>\$ 23,689,296</u>	<u>\$ 20,623,111</u>
Changes in Net Assets before Extraordinary Item:						
Governmental Activities	\$ 1,521,821	\$ 1,536,144	\$ 1,994,366	\$ 1,079,826	\$ 4,457,568	\$ 1,584,647
Business-Type Activities	(1,008,596)	(660,465)	(978,462)	(741,991)	2,083,108	2,779,754
Total Primary Government before Extraordinary Item	<u>\$ 513,225</u>	<u>\$ 875,679</u>	<u>\$ 1,015,904</u>	<u>\$ 337,835</u>	<u>\$ 6,540,676</u>	<u>\$ 4,364,401</u>
Extraordinary Item						
Gain on transfer of assets and liabilities to RDA successor trust funds of						
Changes in Net Assets After Extraordinary Item:						
Governmental Activities						
Business-Type Activities						
Total Primary Government						

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.

Prior period adjustment - \$3,429,632 reclassification of Davies trust fund to Special Revenue Fund

Source: City Financial Reports

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
4,625,471	\$ 4,212,498	\$ 4,019,613	\$ 4,294,792
15,149,459	14,460,040	13,568,582	13,572,060
1,402,574	1,549,299	1,631,678	1,378,014
4,801,291	4,881,082	4,688,440	4,088,408
3,681,863	3,919,199	4,005,189	3,880,586
<u>1,777,280</u>	<u>2,174,281</u>	<u>2,120,772</u>	<u>2,037,476</u>
<u>31,437,938</u>	<u>\$ 31,196,399</u>	<u>\$ 30,034,274</u>	<u>\$ 29,251,336</u>
<u>9,658,229</u>	<u>10,944,059</u>	<u>10,124,492</u>	<u>10,231,084</u>
<u>9,658,229</u>	<u>\$ 10,944,059</u>	<u>\$ 10,124,492</u>	<u>\$ 10,231,084</u>
<u>41,096,167</u>	<u>\$ 42,140,458</u>	<u>\$ 40,158,766</u>	<u>\$ 39,482,420</u>
69,853	\$ 48,038	\$ 12,512	\$ 15,902
840,467	851,020	681,205	836,279
568,871	631,767	693,169	688,975
683,914	683,914	701,012	701,012
1,558,394	1,843,700	2,063,812	2,067,301
1,884,748	1,980,279	1,726,522	1,817,278
4,049,601	2,348,301	3,519,266	2,311,468
<u>9,655,848</u>	<u>\$ 8,387,019</u>	<u>\$ 9,397,498</u>	<u>\$ 8,438,215</u>
<u>11,367,645</u>	<u>\$ 11,694,198</u>	<u>\$ 11,980,789</u>	<u>\$ 12,500,814</u>
<u>11,367,645</u>	<u>\$ 11,694,198</u>	<u>\$ 11,980,789</u>	<u>\$ 12,500,814</u>
<u>21,023,493</u>	<u>\$ 20,081,217</u>	<u>\$ 21,378,287</u>	<u>\$ 20,939,029</u>
(21,782,090)	\$ (22,809,380)	\$ (20,636,776)	\$ (20,813,121)
<u>1,709,416</u>	<u>750,139</u>	<u>1,856,297</u>	<u>2,269,730</u>
<u>(20,072,674)</u>	<u>(22,059,241)</u>	<u>(18,780,479)</u>	<u>(18,543,391)</u>
10,603,749	\$ 10,564,253	\$ 10,434,510	\$ 10,701,810
1,306,611	1,434,710	1,519,978	1,588,277
1,372,885	1,565,634	1,595,929	1,617,727
2,604,443	2,712,005	3,005,388	3,152,723
3,107,767	3,195,730	3,039,393	2,923,573
211,681	192,620	334,475	164,114
341,313	324,709	469,780	357,630
45,000	-	200,000	410,000
<u>19,593,449</u>	<u>\$ 19,989,661</u>	<u>\$ 20,599,453</u>	<u>\$ 20,915,854</u>
22,451	\$ 25,872	\$ 16,479	\$ 21,468
			42,047
<u>(45,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(410,000)</u>
<u>(22,549)</u>	<u>25,872</u>	<u>(183,521)</u>	<u>(346,485)</u>
<u>19,570,900</u>	<u>\$ 20,015,533</u>	<u>\$ 20,415,932</u>	<u>\$ 20,569,369</u>
(2,188,641)	\$ (2,819,719)	\$ (37,323)	\$ 102,733
<u>1,686,867</u>	<u>776,011</u>	<u>1,672,776</u>	<u>1,923,245</u>
<u>(501,774)</u>	<u>(2,043,708)</u>	<u>1,635,453</u>	<u>\$ 2,025,978</u>
		\$ 5,557,942	\$ -
		\$ 5,520,619	\$ 102,733
		1,672,776	1,923,245
		<u>\$ 7,193,395</u>	<u>\$ 2,025,978</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved	\$ 5,303	\$ 4,530	\$ 5,103	\$ 4,962	\$ 3,765
Unreserved	<u>387</u>	<u>2,025</u>	<u>896</u>	<u>704</u>	<u>6,051</u>
Total General Fund	<u>\$ 5,690</u>	<u>\$ 6,555</u>	<u>\$ 5,999</u>	<u>\$ 5,666</u>	<u>\$ 9,816</u>
All Other Governmental Funds					
Reserved	4,832	\$ 1,085	\$ 2,182	\$ 2,190	\$ 2,419
Unreserved					(5,160)
Unreserved, reported in:					
Special revenue funds	(2,526)	1,797	3,216	2,359	1,858
Capital projects funds	524	328	(3,583)	(3,371)	1,707
Debt service funds	<u>24</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 2,854</u>	<u>\$ 3,233</u>	<u>\$ 1,815</u>	<u>\$ 1,178</u>	<u>\$ 824</u>
Total Governmental Funds	<u>\$ 8,544</u>	<u>\$ 9,788</u>	<u>\$ 7,814</u>	<u>\$ 6,844</u>	<u>\$ 10,640</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.

Source: City Financial Reports

<u>2009</u>	<u>2010</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>
		General Fund			
\$ 3,951	\$ 3,702	Non Spendable	\$ 2,518,609	\$ 2,519,544	\$ 2,522,197
5,135	3,377	Committed	567,465	743,683	899,051
		Assigned	150,369	130,858	117,873
<u>\$ 9,086</u>	<u>\$ 7,079</u>	Unassigned	<u>841,392</u>	<u>227,012</u>	<u>127,980</u>
		Total General Fund	<u>\$ 4,077,835</u>	<u>\$ 3,621,097</u>	<u>\$ 3,667,101</u>
		All Other Governmental Funds			
\$ 2,881	\$ 3,415	Restricted	\$ 8,304,103	\$ 9,042,672	\$ 8,815,334
(1,771)	(2,313)	Committed	-	-	-
		Assigned	-	-	-
(714)	(1,076)	Unassigned	<u>(6,590,713)</u>	<u>(979,737)</u>	<u>(1,402,927)</u>
1,532	1,376				
-	-				
<u>\$ 1,928</u>	<u>\$ 1,402</u>	Total All Other Governmental Funds	<u>\$ 1,713,390</u>	<u>\$ 8,062,935</u>	<u>\$ 7,412,407</u>
<u>\$ 11,014</u>	<u>\$ 8,481</u>	Total Governmental Funds	<u>\$ 5,791,225</u>	<u>\$ 11,684,032</u>	<u>\$ 11,079,508</u>

CITY OF PACIFICA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN 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	<u>\$ 25,358</u>	<u>\$ 27,556</u>	<u>\$ 30,533</u>	<u>\$ 30,639</u>
EXPENDITURES				
Current:				
General Government	\$ 3,383	\$ 4,692	\$ 5,356	\$ 4,673
Public Safety	11,365	12,120	13,182	14,567
Community 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	<u>\$ 27,147</u>	<u>\$ 27,365</u>	<u>\$ 31,654</u>	<u>\$ 31,961</u>
Excess of Revenues Over/(Under) expenditures	<u>\$ (1,789)</u>	<u>\$ 191</u>	<u>\$ (1,121)</u>	<u>\$ (1,322)</u>
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	185	1,725	15,725	
Issuance Discount			(106)	
Refunded to debt escrow agent			(13,299)	
Debt Issuance Cost		(97)		
Total other financing sources (uses)	<u>\$ 185</u>	<u>\$ 1,428</u>	<u>\$ 2,020</u>	<u>\$ 395</u>
Net change in fund balances	<u>\$ (1,604)</u>	<u>\$ 1,619</u>	<u>\$ 899</u>	<u>\$ (927)</u>
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.
Source: Annual Financial Statements, City of Pacifica

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	16,057	\$ 16,230	\$ 16,391	\$ 16,454	\$ 16,733	\$ 17,238
	558	402	350	341	409	389
	187	246	246	227	174	179
	432	679	390	154	220	155
	8,044	9,320	8,497	8,173	8,029	7,233
	3,100	2,777	1,592	1,676	1,515	1,679
	612	597	445	654	786	820
	<u>6,115</u>	<u>1,455</u>	<u>1,620</u>	<u>1,540</u>	<u>1,790</u>	<u>1,531</u>
\$	<u>35,105</u>	<u>\$ 31,706</u>	<u>\$ 29,531</u>	<u>\$ 29,219</u>	<u>\$ 29,656</u>	<u>\$ 29,224</u>
\$	3,961	\$ 4,209	\$ 7,430	\$ 3,884	\$ 3,428	\$ 3,678
	14,970	14,896	16,575	14,096	12,544	12,452
	1,238	1,306	3,275	1,435	1,491	1,331
	3,726	3,722	8,888	4,041	3,583	3,356
	3,744	3,929	8,725	3,581	3,644	3,552
	437					
	1,677	3,912	2,286	754	2,843	2,659
	35	35	550	1,482	1,561	1,661
	<u>1,140</u>	<u>2,340</u>	<u>1,540</u>	<u>2,256</u>	<u>2,250</u>	<u>1,911</u>
\$	<u>30,928</u>	<u>\$ 34,349</u>	<u>\$ 49,269</u>	<u>\$ 31,529</u>	<u>\$ 31,344</u>	<u>\$ 30,600</u>
\$	<u>4,177</u>	<u>\$ (2,643)</u>	<u>\$ (19,738)</u>	<u>\$ (2,310)</u>	<u>\$ (1,688)</u>	<u>\$ (1,376)</u>
\$	815	\$ 2,391	\$ 1,489	\$ 3,387	\$ 3,449	\$ 3,619
	(1,072)	(2,846)	(1,869)	(3,767)	(4,504)	(4,017)
		19,815	17,826			1,169
		(596)	(241)			
		(15,747)				
\$	<u>(257)</u>	<u>\$ 3,017</u>	<u>\$ 17,205</u>	<u>\$ (380)</u>	<u>\$ (1,055)</u>	<u>\$ 771</u>
\$	<u>3,920</u>	<u>\$ 374</u>	<u>\$ (2,533)</u>	<u>\$ (2,690)</u>	<u>\$ (2,743)</u>	<u>\$ (605)</u>
	4.08%	7.82%	4.44%	12.11%	13.33%	12.77%

**CITY OF PACIFICA
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(in thousands)**

<u>CATEGORY</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Food Stores	\$ 23,694	\$ 23,603	\$ 23,381	\$ 22,575	\$ 25,265	\$ 25,314	\$ 25,124	\$ 24,648	\$ 25,729	\$ 26,359
Eating & Drinking Places	25,254	26,189	27,167	27,674	28,524	28,220	28,509	29,897	30,132	33,724
Building Materials	7,241	6,972	6,793	6,933	6,604	5,838	4,587	3,856	3,742	3,869
Auto Dealers and Supplies	3,532	3,547	4,282	4,116	4,376	3,998	3,740	3,709	3,915	4,238
Service Stations	24,665	27,470	33,306	37,459	40,024	44,012	34,504	39,741	49,578	52,666
Other Retail Stores	27,504	27,260	29,895	30,744	30,077	30,434	31,851	33,431	33,825	34,390
All Other Outlets	23,920	27,010	27,752	27,957	33,999	36,175	28,363	32,250	30,543	32,709
Total	\$ 135,810	\$ 142,051	\$ 152,576	\$ 157,458	\$ 168,869	\$ 173,991	\$ 156,678	\$ 167,532	\$ 177,464	\$ 187,955

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Notes:

Due to confidentiality issues, the names of the revenue payers are not available for disclosure.
The Categories presented are intended to provide alternative information regarding the sources of the City's tax revenues.

Source: 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>
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%
2008	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2009	6.25%	0.75%	0.75%	0.50%	1.00%	9.25%
2010	6.25%	0.75%	0.75%	0.50%	1.00%	9.25%
2011	6.25%	0.75%	0.75%	0.50%	1.00%	9.25%
2012	5.00%	1.00%	0.75%	0.50%	1.00%	8.25%
2013	6.00%	1.00%	0.50%	0.50%	1.00%	9.00%

Notes:

Proposition 172 approved by the voters in 1993 provides 1/2 cent sales tax for Public Safety Augmentation. San Mateo County Transportation Authority District is provided a 1/2 cent sales tax approved by the voters in 1989.

San Mateo County Transit District is provided a 1/2 cent sales tax approved by the voters in 1982.

Source: HdL

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses & Permits</u>	<u>Use of Money & Property</u>	<u>Inter-Governmental</u>	<u>Current Service Chgs.</u>	<u>Fines & Forfeitures</u>	<u>Other Revenues</u>	<u>TOTAL</u>
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
2007-2008	16,056,908	558,068	431,880	8,043,733	3,712,339	186,600	6,115,511	35,105,039
2008-2009	16,230,066	402,639	679,477	9,320,112	2,776,779	245,675	2,051,545	31,706,293
2009-2010	16,391,061	350,181	390,276	8,496,563	2,037,223	245,835	1,620,197	29,531,336
2010-2011	16,454,504	340,779	154,429	8,173,354	1,676,210	226,650	2,193,458	29,219,384
2011-2012	16,733,367	409,098	219,957	8,028,700	1,515,050	173,944	2,576,009	29,656,125
2012-2013	17,238,036	389,107	154,513	7,233,370	1,679,210	178,727	2,351,178	29,224,141
% Change 2004-2013	53.18%	21.87%	-61.32%	147.13%	-11.37%	11.70%	18.48%	54.31%

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Notes:

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

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

CITY OF PACIFICA, CALIFORNIA
ASSESSED VALUATION, TAX RATE, AND TAX LEVIES
(Amounts Expressed in Thousands)
LAST TEN FISCAL YEARS

	LOCALLY ASSESSED						TOTALS								
	Secured			Unsecured			Total Before Exemptions			Exemptions/Net Totals					
	Fiscal Year	Land Value	Improvements & Fixtures	Personal Property	Land Value	Improvements & Fixtures	Personal Property	Land Value	Improvements & Fixtures	Personal Property	Grand Total	(1) H.O.P.T.R.	Other	Total Exemptions	Net Subject To Tax
	2003-2004	1,326,705	1,757,984	2,126	5,463	14,228	29,749	1,332,169	1,772,211	31,874	3,136,254	60,723	39,150	99,873	3,036,382
	2004-2005	1,447,923	1,874,276	1,971	5,429	16,341	19,159	1,453,352	1,890,618	21,130	3,365,099	59,325	40,452	99,778	3,265,322
	2005-2006	1,601,167	2,018,013	1,775	5,641	17,610	18,927	1,606,808	2,035,623	20,702	3,663,133	58,989	43,835	102,824	3,560,309
	2006-2007	1,798,645	2,157,278	3,106	5,628	17,463	19,243	1,804,274	2,174,741	22,349	4,001,364	58,740	49,975	108,715	3,892,649
IN	2007-2008	1,958,815	2,301,957	3,892	5,876	19,118	20,134	1,964,691	2,321,075	24,026	4,309,792	58,066	52,720	110,786	4,199,006
	2008-2009	2,068,296	2,434,746	3,695	4,876	17,659	21,944	2,073,171	2,452,405	25,639	4,551,215	57,951	56,485	114,437	4,436,778
	2009-2010	2,017,339	2,389,859	3,578	4,884	16,833	34,565	2,022,223	2,406,692	38,143	4,467,058	58,584	54,790	113,374	4,353,684
	2010-2011	2,019,330	2,387,399	2,710	6,572	17,123	34,100	2,025,902	2,404,522	36,810	4,467,234	58,844	54,695	113,539	4,353,695
	2011-2012	2,049,170	2,404,036	2,415	4,917	21,139	31,638	2,054,087	2,425,175	34,053	4,513,315	58,411	56,038	114,449	4,398,866
	2012-2013	2,074,034	2,426,543	2,423	4,933	19,077	37,361	2,078,967	2,445,620	39,784	4,564,371	57,436	57,796	115,232	4,449,139
	% Change 2004-2013	56.33%	38.03%	13.97%	-9.70%	34.08%	25.59%	56.06%	38.00%	24.82%	45.54%	-5.41%	47.63%	15.38%	46.53%

(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**

Fiscal Year	City Direct Rate			Overlapping Rates						Total Direct Rate ¹
	City Basic Rate	General Obligation Debt Service	Redevelopment Debt Service Rate	Pacifica School District	South San Francisco Unified	Jefferson School District	San Mateo Junior College & High School	Millbrae Elementary	San Mateo County as Distributor	
2004	0%	0%	2.90%	0.0244%	0.0197%	0.0495%	0.0226%	0.0000%	1%	2.9000%
2005	0%	0%	2.90%	0.0417%	0.0206%	0.0499%	0.0239%	0.0000%	1%	2.9000%
2006	0%	0%	2.90%	0.0457%	0.0182%	0.0619%	0.0239%	0.0000%	1%	2.9000%
2007	0%	0%	2.90%	0.0411%	0.0195%	0.0515%	0.0340%	0.0000%	1%	2.9000%
2008	0%	0%	2.90%	0.0384%	0.0189%	0.0701%	0.0321%	0.0000%	1%	2.9000%
2009	0%	0%	2.90%	0.0417%	0.0162%	0.0687%	0.0463%	0.0000%	1%	2.9000%
2010	0%	0%	2.90%	0.0417%	0.0195%	0.0749%	0.0501%	0.0185%	1%	2.9000%
2011	0%	0%	2.90%	0.0412%	0.0196%	0.0815%	0.0515%	0.0254%	1%	2.9000%
2012	0%	0%	0.00%	0.0422%	0.0221%	0.0829%	0.5820%	0.0295%	1%	0.0000%
2013	0%	0%	0.00%	0.0432%	0.0327%	0.0746%	0.0575%	0.0355%	1%	0.2004%

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.

¹Total direct rate is the weighted average of all individual direct rates applied by the City.

Source: HdL

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AIMCO Pacifica Park Apartments	\$ 49,473	1	1.10%	\$ -		
FPA BAF Lands End Associates	46,809	2	1.04%	32,520	1	1.05%
Linda Mar Shopping Center, LLP	32,261	3	0.72%			
PK III Fairmont Shopping Center	28,009	4	0.62%			
Marymount Summit, LLC	18,768	5	0.42%			
Kiewit Infrastructure West Co.	14,996	6	0.33%			
Harry B. Lewis, et al	14,543	7	0.32%			
Bay Apartment Communities, Inc.	13,787	8	0.31%	11,982	8	0.39%
LBN Properties LP	13,140	9	0.29%	11,396	9	0.37%
Comcast of California IX, Inc.	13,022	10	0.29%	12,313	7	0.40%
ITW Mortgage Investments III, Inc.				22,299	2	0.72%
Jack & Michela Teresi, Trust				19,390	3	0.63%
Pacifica Park Apartments, LLC				18,200	4	0.59%
IOS Capital, Inc.				13,569	5	0.44%
Pan Pacific Realty Corporation				12,932	6	0.42%
Onterra-Pacifica, LP				8,841	10	0.29%
Marymount Summit ,LLC	18,768	5	0.42%			
Total	<u>\$ 214,103</u>		<u>4.96%</u>	<u>\$ 163,442</u>		<u>4.98%</u>

Notes:

This schedule serves a dual purpose of providing basic information about our jurisdiction's most significant revenue payers and highlighting the degree to which a government is dependent on a small number of payers. 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; March 1, 2013 and April 1, 2004

**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
2004	6,120	6,090	99.51%	29	6,119	99.98%
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	7,620	100.00%	(28.0)	7,592	99.63%
2008	8,180	8,179	99.99%	(3)	8,176	99.95%
2009	8,597	8,554	99.50%	0	8,554	99.50%
2010	8,497	8,499	100.02%	0	8,499	100.02%
2011	8,508	8,532	100.28%	0	8,532	100.28%
2012	8,678	8,519	98.17%	0	8,519	98.17%
2013	8,688	8,641	99.46%	0	8,641	99.46%
% Change 2004-2013	42%	42%	0%	-100%	41%	-1%

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Notes:

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

Includes Homeowner's Tax Relief (HOPTR).

Under constitutional Amendment (Proposition 13) passed by voters in the State of California in June 1978, the tax rate (excluding bonded debt) is frozen at 1% of the full market value of property. This tax is collected by the County Tax Collector and distributed on a formula determined by the State Legislature. Local agencies levy 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.

Sources: City Financial Reports and San Mateo County

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

Governmental Activities					
Fiscal Year Ending	Pension Obligation Bond	Capital Lease Payable	Notes Payable	Certificates of Participation	Total Governmental Activities Debt
2004	-	-	1,271,278	12,960,000	14,231,278
2005	-	-	1,164,416	12,720,000	14,884,416
2006	-	-	1,034,348	15,725,000	17,759,348
2007	-	-	875,378	15,725,000	17,600,378
2008	-	-	875,378	15,725,000	17,600,378
2009	-	-	875,378	19,815,000	20,690,378
2010	18,176,373	-	875,378	19,305,000	38,356,751
2011	17,170,125	-	875,378	18,850,000	36,895,503
2012	16,161,022	-	875,378	18,325,000	35,361,400
2013	15,059,702	1,120,756	875,378	16,754,619 ¹	33,810,455

Notes:

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

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

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

¹Includes deferred loss on refunding.

Sources: City's Comprehensive Annual Financial Reports 2004-2013.

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

Business-Type Activities						
Fiscal Year Ending	Sewer & Pension Obligation Bonds	Notes Payable	Total Business-Type Government	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2004	4,647,315	31,513,886	36,161,201	50,392,479	2.50%	1,320
2005	13,978,831	30,019,447	43,998,278	58,882,694	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
2008	13,530,000	25,359,240	38,889,240	56,489,618	2.43%	1,426
2009	13,380,000	23,749,506	37,129,506	57,819,884	2.54%	1,446
2010	15,558,627	22,112,004	37,670,631	76,027,382	3.22%	2,042
2011	15,269,875	20,444,965	35,714,840	72,610,343	n/a	1,935
2012	15,018,978	18,747,852	33,766,830	69,128,230	n/a	1,836
2013	11,275,298	23,043,678 ¹	34,318,977	68,129,432	n/a	1,685

Notes:

This schedule displays the Enterprise Fund debt of the Wastewater Treatment Plant.
Details regarding the city's debt can be found in note 6 of the notes to the financial statements.

¹Includes deferred loss on refunding.

Sources:

The City's Comprehensive Annual Financial Reports 2004-2013.

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

<u>Fiscal Year</u> <u>Ending</u>	<u>General Bonded Debt Outstanding</u>			<u>Percent of</u> <u>Assessed Value</u>	<u>Per</u> <u>Capita</u>
	<u>Net</u> <u>Bonded</u> <u>Debt</u>	<u>Redevelopment</u> <u>Bonds</u>	<u>Total</u>		
2004	17,607	1,725	19,332	0.589%	370
2005	26,699	1,725	28,424	0.870%	354
2006	29,535	1,725	31,260	0.878%	450
2007	29,395	1,690	31,085	0.787%	443
2008	29,255	1,655	30,910	0.726%	439
2009	33,195	1,620	34,815	0.775%	870
2010	34,864	1,580	36,444	0.826%	979
2011	34,120	1,540	35,660	0.808%	950
2012	33,344	-	33,344	0.748%	885
2013	26,005	-	26,005	0.577%	643
% Change 2004-2013	47.70%	-100.00%	34.52%	-2.01%	73.84%

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 note 6 of the notes to the financial statements.

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

FISCAL YEAR ENDING JUNE 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Valuation	\$3,036,382	\$3,265,322	\$3,560,309	\$3,892,649	\$4,199,006	\$4,436,778	\$4,353,684	\$4,353,695	\$4,398,866	\$4,506,576
Debt Limit	113,864	122,450	133,512	145,974	157,463	166,379	163,263	163,264	164,957	168,996
Total Net Debt Applicable to Limit	12,581	12,365	15,725	15,725	15,725	19,815	37,481	36,020	34,486	31,814
Legal Debt Margin	\$ 101,283	\$ 110,085	\$ 117,787	\$ 130,249	\$ 141,738	\$ 146,564	\$ 125,782	\$ 127,244	\$ 130,471	\$ 137,182
Total Net Debt applicable to the limit as a percentage of debt limit	11.05%	10.10%	11.78%	10.77%	9.99%	11.91%	22.96%	22.06%	20.91%	18.83%

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 Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2008	9,727	7,302	2,425	140	684	2.94
2009	11,403	7,946	3,457	1,760	1,135	1.19
2010	11,270	8,541	2,729	1,793	1,097	0.94
2011	11,599	8,619	2,980	1,827	1,061	1.03
2012	11,937	8,995	2,942	1,987	1,148	0.94
2013	12,386	9,077	3,309	1,898	561	1.35

Special Assessment Bonds

<u>Fiscal Year</u>	<u>Debt Service (000's)</u>	
	<u>Principal</u>	<u>Interest</u>
2004	0	0
2005	0	0
2006	0	0
2007	0	0
2008	0	0
2009	0	0
2010	0	0
2011	0	0
2012	0	0
2013	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.

Source: City Financial Reports

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

Calendar Year Ending	Population	Median Personal Income	Per Capita Personal Income	Unemployment Rate %
2004	38,523	52,760	34,990	5.0
2005	38,553	54,343	36,040	4.3
2006	38,696	55,973	37,121	4.2
2007	38,988	58,327	37,095	4.8
2008	39,497	58,567	37,298	5.0
2009	39,995	57,014	43,641	9.4
2010	37,234	63,500	48,021	10.1
2011	37,526	n/a	n/a	8.6
2012	37,658	n/a	n/a	7.1
2013	40,431	n/a	n/a	4.9

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. Population data is from the State of California Department of Finance or Census 2010.
The unemployment rates are from San Mateo County overall.
The 2010 population has been changed to reflect the 2010 Census figure.

Source: U.S. Census Bureau 2010 and the State of California Department of Finance.

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

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pacifica School District	301	1	N/A	Not Available		
City of Pacifica	225	2	N/A			
Safeway (2)	210	3	N/A			
Jefferson Union High School District	90	4	N/A			
Lucky (Save Mart Supermarkets)	90	4	N/A			
Recology of the Coast	49	5	N/A			
Rite Aid (2)	40	6	N/A			
Ross Dress for Less	40	6	N/A			
North Coast County Water District	22	7	N/A			

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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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Administration	7	7	7	6.5	7	7	7	7	6	6
Finance	7	8	8	7.5	7.5	7	7	7	6	6
Parks	54	38.75	38.75	39.75	39.75	37.75	37.75	58	58	58
Planning & Building	4.8	7.8	8.8	9	9	9	8	8	8	8
Public Works	28.75	29	29	29	24	24	26	26	18	18
Engineering	4	4	4	4	4	4	4	5	5	5
Police										
Officers	37	37	36	38	40	40	36	36	33	33
Civilians	15.5	15.5	15.5	13.5	12.5	11.5	12.5	13	4	4
Fire										
Firefighters	32	31	31	30	28	27	27	27	23	23
Civilians	5.5	1.5	1.5	1.5	1	1	1	1.5	1	1
Redevelopment	0	0	0	0	0	0	0	0	0	0
Wastewater Division	21	19.75	19.75	19.75	19.75	19.75	19.75	19.75	24	24
Total	216.55	199.3	199.3	198.5	192.5	188	186	208.25	186	186

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.

Source: City Financial Reports

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

FISCAL YEAR ENDING JUNE 30

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building Permits Issued	1,360	1,219	1,200	1,263	1,220	970	967	1,036	1,279	1,514
Building Inspections Conducted	3,001	2,970	3,000	2,550	3,000	2,745	2,727	2,500	2,770	2,710
Police										
Physical Arrests	1,328	1,017	1,147	1,071	986	1,102	1,105	932	803	812
Parking Violations	4,955	3,511	3,624	2,998	2,792	3,250	3,427	2,635	1,829	3,652
Traffic Violations	3,846	2,502	2,271	2,531	2,586	3,368	3,472	3,074	2,880	2,966
Fire										
Emergency Responses	NA	3,615	3,465	3,185	4,295	2,852	3,708	2,782	2,862	1,873
Fires Extinguished	NA	85	135	136	175	139	104	87	90	101
Inspections	NA	1,413	1,442	1,453	1,353	1,085	943	954	1,023	1,056
Other Public Works										
Street Re-surfacing (miles)	-	-	-	0.6	1.25	3.07	2.02	1.05	0.00	0.00
Potholes Repaired	400	400	400	360	400	414	420	432	363	379
Parks, Beaches & Recreation										
Community Center Admissions	NA	estimated 115,000	estimated 120,000	estimated 130,000	estimated 125,000	estimated 130,000	estimated 130,000	estimated 110,000	estimated 115,000	estimated 130,000
Enterprise Fund WWTP										
New Connections	21.5	106.5	9.0	7.0	6.0	30.0	-	3.0	4.0	7.0
Avg Daily Sewage Treatment (Gallons)	3,507,000	3,830,000	3,920,000	3,500,000	3,008,000	2,674,000	3,117,000	3,110,000	2,832,000	2,350,000

Notes:

The City has not tracked some 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	12	12	12	12	12	12	12	12	12
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9
Highways (miles)	0	0	0	0	0	0	0	0	0	0
Streetlights	1,770	1,770	1,770	1,775	1,775	1,775	1,775	1,775	2,051	2,051
Traffic Signals	5	5	5	5	5	5	5	5	5	5
Parks, Beaches & Recreation										
Acreage	142.68	142.68	142.68	142.68	142.68	142.68	142.68	148.13	148.13	148.13
Playgrounds	13	13	13	13	13	13	13	14	14	14
Baseball Diamonds	5	5	5	5	5	5	5	5	5	5
Soccer/Football Fields	2	2	2	3	3	3	3	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary Sewers (miles)	165	165	165	165	165	165	165	165	165	165
Storm Sewers (miles)	90	90	90	90	90	90	90	90	90	90
Treatment Capacity (gallons)	3,507,000	3,830,000	3,920,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

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Notes:

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

Source: Various City Departments

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

Fiscal Year Ended June 30	Minimum Annual Charge	Rate per 100 Cubic Feet
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
2008	384.50	8.01056
2009	456.70	9.51463
2010	468.28	9.75568
2011	493.54	10.28208
2012	510.34	10.63211
2013	567.18	11.81632

Notes:

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

Source: City Records