

City of Pacifica, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



For Fiscal Year Ended June 30, 2017

CITY OF PACIFICA

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal year ended June 30, 2017

Prepared by
Finance Department

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CITY OF PACIFICA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

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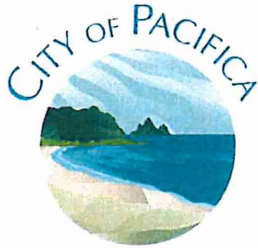
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INTRODUCTORY SECTION

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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
John Keener

MAYOR PRO TEM
Sue Vaterlaus

COUNCIL
Sue Digre
Mike O'Neill
Deirdre Martin

January 10, 2018

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

We are pleased to submit the City of Pacifica's Comprehensive Annual financial Report (CAFR) for the fiscal year ended June 30, 2017.

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 Generally Accepted Accounting Principles (GAAP). 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.

The City's independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The City's independent auditor, Maze & Associates, has issued an unmodified ("clean") opinion on the City of Pacifica's financial statements for the fiscal year ended June 30, 2017. 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.

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

City of Pacifica Profile

The City of Pacifica is a full service city located on the Pacific Coast in San Mateo County 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-half 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 Council appoints the City Manager, City Attorney, and members of advisory commissions and committees.

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.

Water, garbage, gas and electric utilities are provided directly through private agencies not under City operations.

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

Economic and Financial Outlook

The Bay Area is no longer California’s fastest growing region, but it is faring better than both the State of California and the United States, based on the unemployment rates. Per the Bureau of Labor Statistics, in October 2017, the United States unemployment rate was 4.7 percent, the State of California was 4.9 percent, and San Mateo County was 2.5 percent.¹

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.

¹ Bureau of Labor Statistics, *San Francisco Area Economic Summary – Updated November 30, 2017*

The City of Pacifica has continued to be fiscally conservative in financial investments, as well as with the development of a Long-Term Financial Plan. The current Long-Term Financial Plan was presented to the City Council in April 2017. The City remains vigilant in its efforts to continue to provide essential City services, while maintaining sufficient levels of fiscal control and accountability.

The City 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 Improvement 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 Assistant City Manager, is responsible for monitoring the budget for legal compliance.

Acknowledgements

Our goal is to publish financial information that is helpful to policy leaders. Preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the City of Pacifica Finance and Information Technology Divisions, including: Vivian Penaredondo, Finance Services Manager, Sheila Tioyao, Finance Services Manager, Ying Chen, Accountant, Mario Xuereb and Meg Callanan, Account Technician, Ed Vandehey, Information Technology Manager, Ken Fong, Systems Specialist, and Manuel Ferrer, Systems Specialist. Every member of each department has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to thank the members of the Pacifica City Council for their 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,



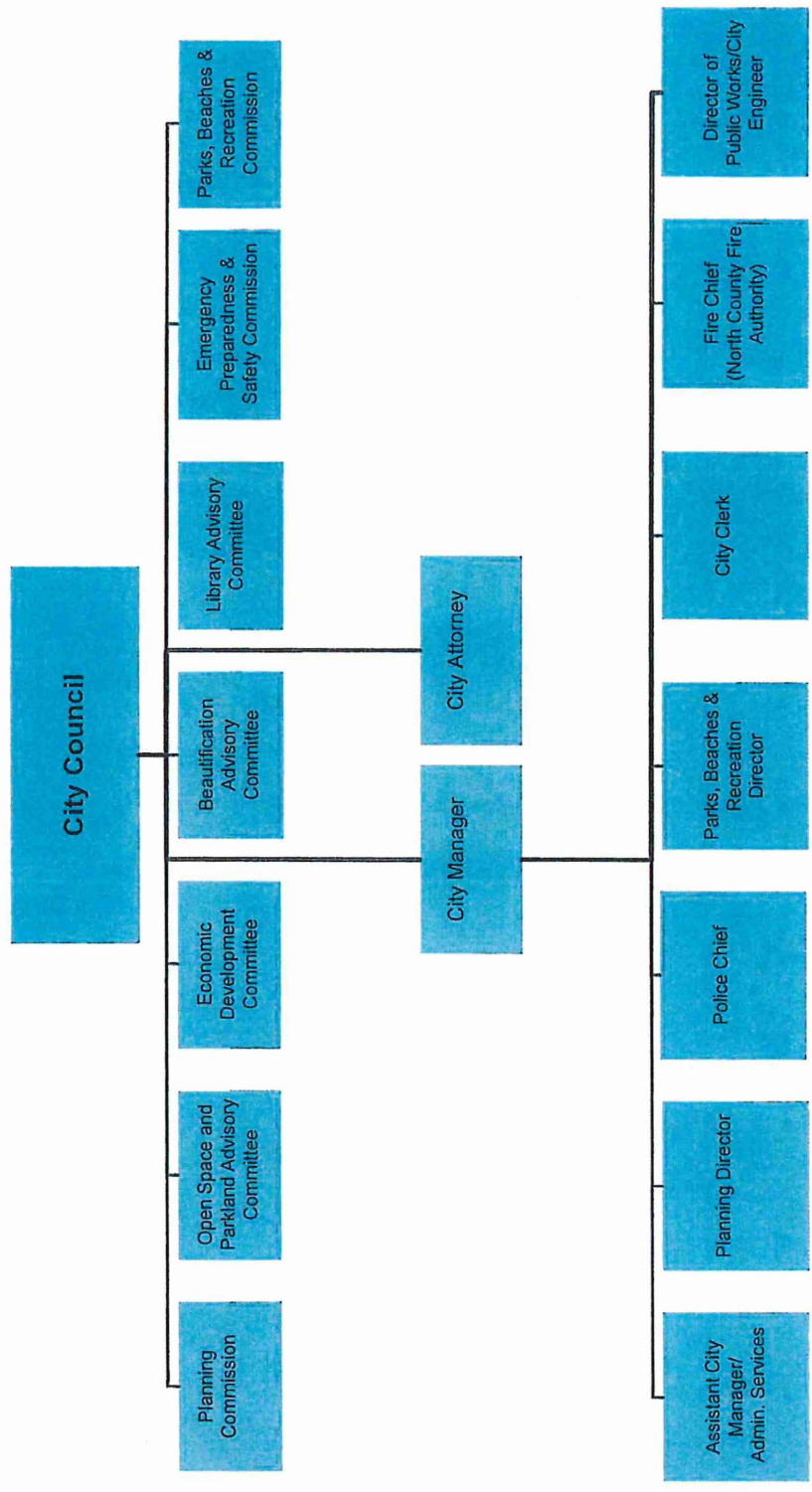
Kevin Woodhouse
City Manager



Lorenzo Hines Jr.
Assistant City Manager



Citizens of Pacifica



CITY OF PACIFICA, CALIFORNIA

MICHAEL O'NEILL
Mayor

JOHN KEENER
Mayor Pro Tem

SUE DIGRE SUE VATERLAUS
DEIRDRE MARTIN
Members of City Council

KEITH BRESKIN
Interim City Manager

MICHELLE MARCHETTA KENYON
City Attorney

OTHER ADMINISTRATIVE OFFICERS

| | |
|-------------------|--|
| LORENZO HINES JR. | Assistant City Manager |
| DAN STEIDLE | Police Chief |
| RON MYERS | Fire Chief |
| TINA WEHRMEISTER | Planning Director |
| VAN OCAMPO | Director of Public Works/City Engineer |
| MICHAEL PEREZ | Director of Parks, Beaches & Recreation |
| KATHY O'CONNELL | City Clerk |

OFFICIAL COMMISSIONS AND COMMITTEES

BEAUTIFICATION ADVISORY COMMITTEE

ECONOMIC DEVELOPMENT COMMITTEE

EMERGENCY PREPAREDNESS & SAFETY COMMISSION

LIBRARY ADVISORY COMMITTEE

OPEN SPACE AND PARKLAND ADVISORY COMMITTEE

PARKS, BEACHES AND RECREATION COMMISSION

PLANNING COMMISSION

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacifica, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2017, 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.

Maze & Associates

Pleasant Hill, California
January 10, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Pacifica

Management's Discussion and Analysis

For the year ended June 30, 2017

The management staff of the City of Pacifica (City), offers readers of the City's financial statements this narrative overview and analysis of City financial activities for the fiscal year ended June 30, 2017. It has been designed in accordance with standards established by the Governmental Accounting Standards Board. Please read this overview in conjunction with the accompanying financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which are comprised of three components:

- **Government-Wide Financial Statements** – These statements provide information about the activities of the City as a whole and about the overall financial condition of the City. The *Statement of Net Position* and *Statement of Activities and Changes in Net Position* statements includes all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.
- **Fund Financial Statements** – These statements provide additional information about the City's major funds, how services were financed in the short term and fund balances available for financing future projects.
- **Notes to the Financial Statements** – The notes provide additional detail that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, including budgetary comparison information on the City's General Fund, which is intended to furnish additional detail to support the basic financial statements themselves.

FINANCIAL HIGHLIGHTS

Financial highlights of the year ended June 30, 2017 include the following:

Government-wide:

- The City's total net position was \$62.5 million at June 30, 2017 of which \$36.7 million was in Governmental Activities and \$25.8 million was in Business-type Activities. Of the total net position, \$72.6 million relates to the City's net investment in capital assets and is not available for future appropriation (see tables 1 and 4 for additional information).
- Total City revenues were \$52.8 million, of which \$39.6 million was derived from Governmental Activities; \$13.2 million was derived from Business-type Activities (see tables 2 and 5 for additional information).
- Total City expenses were \$46.9 million, of which Governmental Activities incurred \$34.5 million and Business-type Activities incurred \$12.4 million (see tables 2 and 5 for additional information).



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FINANCIAL HIGHLIGHTS, Continued

Fund Level:

Governmental fund balances totaled \$24.1 million, the Enterprise funds had a \$25.8 million net position, and there was a cumulative net position of \$5.3 million in the Internal Service Funds, of which \$1.7 million relates to the City's Internal Service Funds net investment in capital assets.

- Proprietary Fund operating revenues were \$13.2 million in the Enterprise Funds and \$2.5 million in the Internal Service Funds.
- Proprietary Fund operating expenses were \$11.5 million in the Enterprise funds and \$2.7 million in the Internal Service Funds.
- Net non-operating expenses were approximately \$720,233 in the Enterprise Funds and net non-operating revenues were \$12,826 in the Internal Service Funds.



General Fund:

- General Fund revenues were \$30.4 million and expenditures were \$28.8 million.
- Net transfers out of the General Fund were \$1.1 million.
- The fund balance of the General Fund was \$10.3 million at June 30, 2017, all of which has been classified in accordance with Governmental Accounting Standards Board No. 54.

General Capital Improvement Fund:

- Fund revenues were \$0.2 million and expenditures were \$1.3 million.
- Net transfers into the Fund were \$0.9 million.
- The fund balance of the Fund is a deficit of approximately \$434,000 at June 30, 2017.

Gas Tax Fund:

- Fund revenues were \$0.7 million and expenditures were \$0.9 million.
- Net transfers out of the Fund were \$0.1 million.
- The fund balance of the Fund was \$0.3 million at June 30, 2017; the total amount is classified as restricted for allowable street expenditures under the California Street and Highway Code.

Davies Trust Fund:

- Fund revenues were \$1,725 and expenditures were \$0.
- There were no transfers into or out of the Fund.
- The fund balance of the Fund was \$3.5 million at June 30, 2017; the total amount is classified as restricted for use to help acquire, build, remodel, improve, support and maintain the equipment, building, grounds, yard, gardens and landscaped areas of the various parks, beaches, and recreational areas located in Pacifica and to conduct related educational and recreation programs for the benefit of the general public.

Debt Service Fund:

- Fund revenues were \$2.3 million and expenditures were \$3.2 million.
- Net transfers into the Fund were \$1.7 million.
- The fund balance of the Fund was \$2.0 million at June 30, 2017; the total amount is classified as restricted for debt service.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These government-wide financial statements include all assets and liabilities of the City using the accrual basis of accounting. All current year revenues and expenses are accounted for regardless of when the cash is paid or received.

These statements report the City's net position and how it has changed. Net position, the difference between assets, liabilities and deferred inflows/outflows of resources, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are among indicators used to assess whether the financial condition of the City is improving or deteriorating. It is also important to consider other non-financial factors, such as changes in the City's property tax values and sales tax outlets, and the condition of the City's infrastructure (i.e. parks and streets), to accurately assess the overall health of the City.

The Government-wide statements present information about the City's activities. These include services provided by police, fire, community development, public works and parks, beaches, and recreations. These services are funded from monies received from property, sales and other taxes, direct charges for services provided, grants, contributions from other agencies and impact fees collected from new development. The following analysis focuses on net position and how it has changed, within the City's Governmental Activities (Tables 1, 2 and 3) and Business-Type Activities (Tables 4 and 5) as presented in the Government-wide *Statement of Net Position* and *Statement of Activities and Changes in Net Position*.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities

Net position, representing the difference between total assets and total liabilities, of the City's governmental activities was \$36.7 million at June 30, 2017, an increase of (16.1%) from the total at June 30, 2016. The table below summarizes the City's net position.

The City implemented new pension accounting standards during 2014-15, following guidance from the Government Accounting Standards Board. The Net Pension Liability of \$43.3 million has been recorded as of June 30, 2017. These new pension accounting standards respond to public interest about government pensions and provide new transparency about the City's considerable pension obligations and their funding progress. Comparative financial information is presented below to provide the reader with highlights of changes from the prior year.

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

| | 2017 | 2016 |
|---------------------------------------|----------------|----------------|
| Cash and investments | \$ 23.1 | \$ 22.8 |
| Other assets | 7.7 | 5.1 |
| Capital assets | 73.6 | 73.9 |
| Total assets | 104.4 | 101.8 |
| Deferred Outflows of Resources | 16.7 | 3.8 |
| Current liabilities | 6.2 | 6.7 |
| Non-current liabilities | 73.3 | 61.6 |
| Total liabilities | 79.5 | 68.3 |
| Deferred Inflows of Resources | 4.8 | 5.7 |
| Net Position | | |
| Net investment in capital assets | 56.6 | 56.9 |
| Restricted | 17.0 | 13.8 |
| Unrestricted | (37.0) | (39.1) |
| Total net position | \$ 36.6 | \$ 31.6 |



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

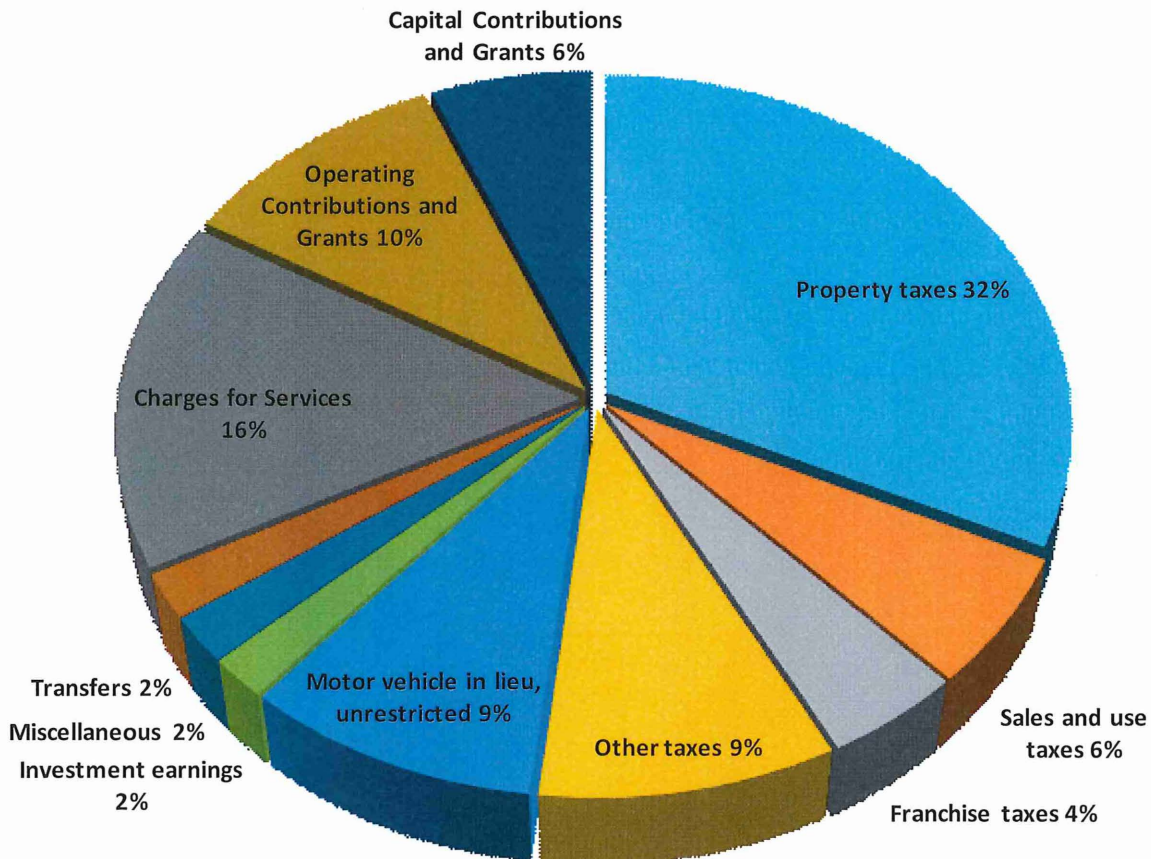
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

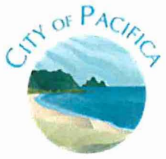
Of the City's total net position, \$56.6 million reflects its net investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The City's total liabilities of \$79.5 million represent outstanding obligations for operations, capital projects, and deposits held for development projects and long-term debt.

Governmental Activities

The charts below summarize general City revenues available for funding all City programs and major expenditure program categories, as well as program revenues used to fund specific expenditure programs. For fiscal year 2016-17, total revenues and transfers from all sources relating to governmental activities were \$39.6 million and total expenditures for all City programs relating to governmental activities were \$34.5 million.

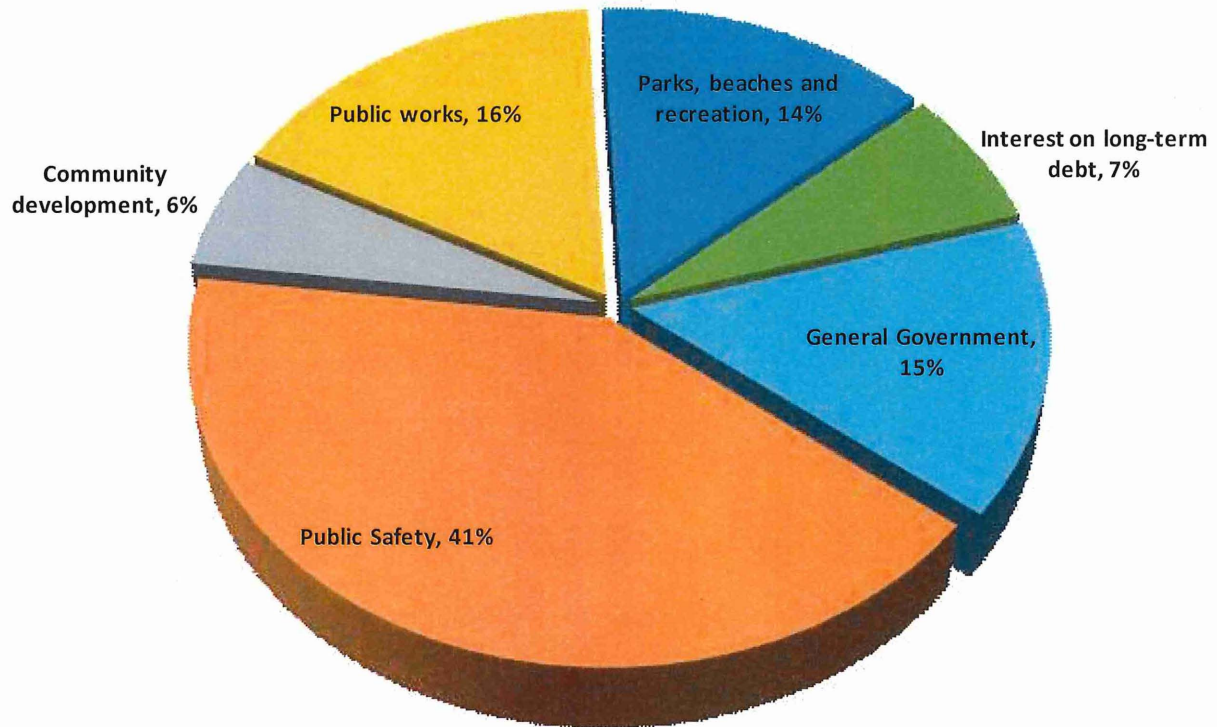
Governmental Activities - Sources of Revenues
FY 2016-2017
\$39.6M

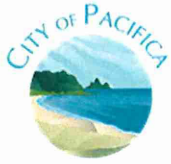




City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

Governmental Activities - Sources of Expenses
FY2016-2017
\$34.5M





City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Table 2
Change in Net Position - Governmental Activities for fiscal year ended June 30,
(In Millions)

| Revenues | 2017 | 2016 |
|---|------------------------------|------------------------------|
| Program revenues | | |
| Charges for service | \$ 6.3 | \$ 7.8 |
| Operating contributions and grants | 4.1 | 3.9 |
| Capital grants | 2.5 | 4.9 |
| Total program revenues | <u>12.9</u> | <u>16.6</u> |
| General revenues | | |
| Taxes: | | |
| Property | 12.7 | 12.4 |
| Sales and use | 2.4 | 2.0 |
| Franchise | 1.7 | 1.7 |
| Other taxes | 3.8 | 3.7 |
| Miscellaneous | 1.6 | 1.4 |
| Motor Vehicle In Lieu | 3.7 | 3.5 |
| Transfers | 0.8 | 1.0 |
| Total general revenues and transfers | <u>26.7</u> | <u>25.8</u> |
| Total revenues | <u>39.6</u> | <u>42.4</u> |
| Expenses | | |
| Public safety | 14.3 | 15.9 |
| Public works | 5.7 | 4.7 |
| Community development | 2.0 | 1.6 |
| Parks, beaches and recreation | 4.9 | 4.3 |
| General government | 5.1 | 4.6 |
| Interest on long-term debt | 2.5 | 1.7 |
| Total expenses | <u>34.5</u> | <u>32.7</u> |
| Transfer of capital assets | - | - |
| Change in net position - Governmental Activities | <u>5.1</u> | <u>9.7</u> |
| Net position - beginning | <u>\$ 31.6</u> | <u>\$ 21.9</u> |
| Net position - ending | <u><u>\$ 36.7</u></u> | <u><u>\$ 31.6</u></u> |



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Table 2, presented on the prior page, shows that governmental expenses, which totaled \$34.5 million, were offset in part by program revenues for governmental activities of \$12.9 million. These program revenues included \$6.3 million in charges for services, \$4.1 million in operating grants and contributions, and \$2.5 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for parks, beaches, and recreational events. Operating grants and contributions include amounts that can only go toward operations-related expenses, while capital grants and contributions are required to go toward capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program generated revenues.



Table 3 presents the program revenues and net expense of each of the City's largest programs. Net expense is defined as total program cost less the revenues generated or contributions received by those specific activities.

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

| | Program Revenues | | Net (Expense) Revenue | |
|--------------------------------|------------------|----------------|-----------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| General government | \$ 2.4 | \$ 3.4 | \$ (2.7) | \$ (1.2) |
| Public Safety | 1.3 | 1.3 | (13.0) | (14.5) |
| Community development | 2.3 | 3.6 | 0.4 | 2.0 |
| Public works | 3.6 | 5.1 | (2.1) | 0.3 |
| Parks, beaches, and recreation | 3.3 | 3.2 | (1.7) | (1.1) |
| Debt Service | - | - | (2.4) | (1.7) |
| Interest on long-term debt | - | - | - | - |
| Totals | \$ 12.9 | \$ 16.6 | \$ (21.6) | \$ (16.2) |

Business-type Activities

The net position of the City's business-type activities was \$25.8 million at June 30, 2017. Assets included a total of \$8.9 million in cash and investments, \$25.9 million in cash and investments with fiscal agents, \$40.9 million in capital assets, Deferred Outflows of \$0.9 million, and \$2.7 million in other assets. Liabilities include \$49.9 million in long-term liabilities, \$0.2 million in Deferred Inflows, and \$3.4 million in current liabilities. Total revenues for business-type activities totaled \$13.2 million for fiscal year 2016-17 while expenses totaled \$12.3 million.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

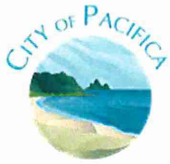
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued
Business-type Activities, Continued

Table 4
Business -Type Statement of Net Position at June 30,
(In Millions)

| | 2017 | 2016 |
|---|----------------|----------------|
| Cash and investments | \$ 8.9 | \$ 10.6 |
| Other assets | 28.6 | 1.9 |
| Capital assets | 40.9 | 42.1 |
| Total assets | 78.4 | 54.6 |
| Total Deferred Outflows of Resources | 0.1 | 0.5 |
| Current Liabilities | 3.4 | 3.4 |
| Non-Current Liabilities | 49.9 | 25.9 |
| Total liabilities | 53.3 | 29.3 |
| Deferred related to pensions | 0.4 | 0.4 |
| Total Deferred Inflows of Resources | 0.2 | 0.4 |
| Net Position | | |
| Net investment in capital assets | 16.0 | 16.0 |
| Unrestricted | 9.8 | 9.7 |
| Total net position | \$ 25.8 | \$ 25.7 |

Table 5
Change in Net Position - Business-type Activities for fiscal year ended June 30,
(In Millions)

| | 2017 | 2016 |
|--|----------------|----------------|
| Revenues | | |
| Program revenues | | |
| Charges for service | \$ 13.2 | \$ 13.5 |
| Capital grants | - | - |
| Total program revenues | 13.2 | 13.5 |
| Total revenues | 13.2 | 13.5 |
| Expenses | | |
| Sewer Operations | 11.8 | 10.8 |
| Beach Parking | 0.5 | 0.5 |
| Total expenses | 12.3 | 11.3 |
| Excess (deficiency) before transfers | 0.9 | 2.2 |
| Transfers | (0.8) | (0.9) |
| Change in net position - Business-Type Activities | \$ 0.1 | \$ 1.3 |
| Net position - beginning | \$ 25.7 | \$ 24.4 |
| Net position - ending | \$ 25.8 | \$ 25.7 |



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements provide more detailed information about the City's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has twenty governmental funds, of which six are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's six major funds are - the General Fund, the Gas Tax Fund, the General Capital Improvement Fund, the Davies Trust Fund, the Disaster Accounting Fund, and the Debt Service Fund. The City has classified these funds as major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided in the Required Supplementary Information section for these funds that demonstrates compliance with their budgets.

Proprietary funds

The City maintains two types of proprietary funds, Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses two enterprise funds; the Sewer Utility which accounts for the operation and maintenance of the City's wastewater collection system, (this fund is classified as major funds in the City's Statement of Net Position), and the Beach Parking Fund, which accounts for the operation and maintenance of the City's beach parking facilities. The Beach Parking Fund was established during the 2014-15 fiscal year. Internal service funds are used to accumulate and allocate costs internally among the City's various functions and to build up reserves for future replacement of capital assets. The City uses internal service funds to account for its fleet of vehicles and equipment.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Proprietary funds, Continued

Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected which await payment as directed. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the Agency Funds Statement of Assets and Liabilities. These activities are excluded from the City's other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City's fiduciary funds include a private-purpose trust fund to account for the activities of the City of Pacifica Successor Agency.

Summary Analysis of Governmental Funds

At June 30, 2017, the City's governmental fund balances were \$24.1 million. The following describe the specifics related to this variance:

- An increase of \$0.5 million in the General Fund, primarily due to slight increases in revenues including property tax (\$0.2 million), sales tax (\$0.4 million), and intergovernmental revenues (\$0.1 million), netted against increases in expenditures;
- An increase of \$15 thousand in the Disaster Accounting Fund due to increased expenditures due to the City's response to the winter storms of 2015-2016. Please note that the Disaster Accounting Fund has been added to the Major Funds group;
- An increase of \$3.0 million in the Other Governmental Funds category primarily due to receipts in the Excess Educational Revenue Augmentation Fund (ERAF) of \$1.6 million and decrease in capital outlay for the Highway 1 improvement.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Governmental Funds, Continued

Table 6
Change in Fund Balance- Governmental Funds for the fiscal year ended June 30,
(In Millions)

| Revenues | 2017 | 2016 |
|--------------------------------|-------------|-------------|
| Taxes | \$ 22.4 | \$ 22.3 |
| Licenses and permits | 0.8 | 0.8 |
| Fines and forfeitures | 0.2 | 0.2 |
| Use of money and property | 1.0 | 1.7 |
| Intergovernmental | 6.6 | 7.4 |
| Charges for current services | 2.7 | 2.8 |
| Recreation programs | 0.9 | 0.9 |
| Other revenue | 4.2 | 3.7 |
| Transfers | | |
| Total revenues | \$ 38.8 | \$ 39.8 |
| | | |
| Expenditures | | |
| General government | \$ 4.5 | \$ 4.3 |
| Public safety* | 15.5 | 14.6 |
| Community development | 1.9 | 1.8 |
| Public works | 4.6 | 3.7 |
| Parks, beaches, and recreation | 4.4 | 4.3 |
| Capital outlay | 1.9 | 3.4 |
| Debt service | 3.8 | 3.8 |
| Transfers (net) | 0.7 | 0.3 |
| Total expenditures | \$ 37.3 | \$ 36.2 |



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund

General Fund

The General Fund is the chief operating fund of the City. For the year ending June 30, 2017, the total fund balance was \$10.3 million, just over 47.6% of which is non-spendable or has been committed or assigned to cover contingencies, claims, advances to other funds and other City projects.

Revenues were down slightly by \$0.5 million in 2016-17 compared to last fiscal year, a decrease of 1.7%. Expenditures increased \$1.4 million in fiscal year 2016-17 compared to last fiscal year, a change of 5.2%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:



General Fund Revenues

Property Tax increased by \$234,000 (1.9%) compared to the prior year resulting from increases in property tax from the distribution of residual payments from real property transfer tax revenues generated from the sale of property within the City, and higher assessed property valuations.

Sales and All Other Taxes increased \$441,000 (5.9%) from the prior year primarily due to increases in transient occupancy tax, sales tax, franchise tax, utility users tax, and business license tax from the improvement in the local economy and tourism.

Intergovernmental revenues increased \$122,000 (2.4%) from fiscal year 2015-16 due to the increase in the amounts received for state motor vehicle license revenues and supplemental tax netted and state and county grants for childcare, seniors, and police.

Charges for Services revenues decreased by \$106,000 (3.8%) from prior fiscal year mainly due to the decrease in volume of development and renovation projects for planning, engineering, and building review and processing, and reimbursement for fire services.

Licenses, Permits and Fees revenues also decreased by \$33,000 (4.0%) compared to the prior fiscal year due to the decrease of the volume of permits including building, plumbing, electrical and home occupation permit fees.

Fines, Forfeitures, And Penalties and All Other Revenues increased by \$11,000 (7.7%) from the prior fiscal year; the majority of this increase is due to other revenues including parking in lieu fees, parkland dedication fees and donations.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Detailed Analysis of Major Governmental Funds by Fund, Continued

General Fund Expenditures

Public Safety expenditures consisting of the Police and Fire departments increased \$898,000 (6.2%).

Public Works expenditures increased \$282,000 (11.9%) compared to the prior year.

Planning Department expenditures increased \$59,000 (3.3%) from fiscal year 2015-16.

Parks, Beaches, And Recreation expenditures decreased by \$12,000 (0.3%) from the prior year.

General Government expenditures increased \$206,000 (4.8%) from the prior year.

General Capital Improvement Fund

The Capital Improvement Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2017, its fund deficit was \$434,000.

Gas Tax Special Revenue Fund

The Gas Tax Special Revenue Fund was established to receive and expend the City's allocation of the State Gasoline Taxes. Expenditures are restricted for street related purposes, including construction or purchasing of right-of-ways on minor streets and street engineering. As of June 30, 2017, its fund balance of \$312,000 is restricted for street related purposes.





City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued
Detailed Analysis of Major Governmental Funds by Fund, Continued

Davies Trust Fund

The Davies Trust Fund accounts 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 equipments, buildings, grounds, yards, gardens, and landscaped areas of the various parks, beaches, and recreational area located in Pacifica and to conduct related educational and recreational programs for the benefit of the general public. As of June 30, 2017, its fund balance was approximately \$3.5 million.

Debt Service Fund

The Debt Service Fund for the accumulation and disbursement of funds from the financing of various long-term debt liabilities. As of June 30, 2017, its fund balance was approximately \$2.0 million. This fund balance is typically restricted or assigned for the payment of long term debt that the City has incurred.

Disaster Accounting Fund

The Disaster Accounting Fund accounts for both revenues (from grants and other reimbursements) and expenditures associated with catastrophic events occurring in the City. As of June 30, 2017, its fund deficit was approximately \$2.1 million. However, the City does expect some level of reimbursement for Disaster related expenditures from third parties, thus mitigating this deficit in the future.

Summary Analysis of Proprietary Funds

As of June 30, 2017, the Enterprise Fund had a net position balance of \$25.8 million, representing a \$0.1 million (1%) increase. The majority of the net position (62%) is held for the net investment in capital assets.

The net position balance of the Internal Service Funds is \$5.3 million, an increase of approximately \$0.1 million (2%) from the previous fiscal year.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS, Continued

Summary Analysis of Proprietary Funds, Continued

Table 7
Change in Fund Net Position - Proprietary Funds for the year ended June 30,
(In Millions)

| | <u>Total Enterprise Funds</u> | | <u>Total Internal Service Funds</u> | |
|---|-------------------------------|---------------|-------------------------------------|---------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Operating revenues | \$ 13.2 | \$ 13.5 | \$ 2.5 | \$ 2.2 |
| Operating expenses | 11.5 | 11.0 | 2.7 | 2.7 |
| Operating income (loss) | <u>1.7</u> | <u>2.5</u> | <u>(0.2)</u> | <u>(0.5)</u> |
| Non-operating revenues (expenses) | (0.7) | (0.4) | 0.0 | 0.0 |
| Net income (loss) before contributions and operating transfers | <u>1.0</u> | <u>2.1</u> | <u>(0.2)</u> | <u>(0.5)</u> |
| Transfers in (out) | (0.8) | (0.9) | 0.3 | 0.7 |
| Change in net position | <u>\$ 0.1</u> | <u>\$ 1.2</u> | <u>\$ 0.1</u> | <u>\$ 0.2</u> |

Sewer Utility Enterprise Funds

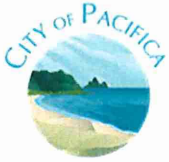
This fund accounts for the operation and maintenance of the City's wastewater collection system, including the operating costs of the wastewater collection system and water recycling plant. Of the total net position, \$16.0 million was invested in capital assets, net of related debt.

Parking Enterprise Fund

This fund accounts for the operation and maintenance of the City's parking facilities. The fund was established during the 2014-15 fiscal year.

BUDGETARY HIGHLIGHTS OF THE CITY'S GENERAL FUND

Over the course of the year, the City Council revised the City's budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were more than the final budget by \$0.1 million (1%). General Fund actual expenditures were approximately \$1.0 million (3.4%) under the final budget.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

GASB 34 requires the City to record all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if actual historical cost was not available. In addition, donated fixed assets have been valued at their estimated fair market value on the date donated.

Table 8
Capital Assets at June 30,
(In Millions)

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|-----------------------|-----------------------|
| Governmental activities | | |
| Land | \$ 39.8 | \$ 39.8 |
| Construction in progress | 1.7 | 0.8 |
| Building and improvements | 16.0 | 16.0 |
| Machinery and equipment | 2.7 | 2.7 |
| Vehicles | 6.9 | 6.6 |
| Infrastructure | 34.2 | 33.7 |
| Less accumulated depreciation | (27.6) | (25.6) |
| Totals | <u>\$ 73.7</u> | <u>\$ 74.0</u> |
| Business-type activities | | |
| Land | \$ 4.0 | \$ 4.0 |
| Construction in progress | 1.3 | 0.4 |
| Buildings | 77.2 | 77.2 |
| Collection Systems | 12.7 | 12.4 |
| Machinery and equipment | 1.7 | 1.5 |
| Less accumulated depreciation | (56.0) | (53.5) |
| Totals | <u>\$ 40.9</u> | <u>\$ 42.0</u> |

At June 30, 2017 the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 above.

At June 30, 2017, the City had \$73.7 million, net of depreciation, invested in a broad range of capital assets used in governmental activities and \$40.9 million, also net of depreciation, invested in Business-type activities assets, as shown in the table above.

The City depreciates all its capital assets on a straight-line basis over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets may be found in Notes 1 and 5.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

CAPITAL ASSETS AND LONG TERM DEBT, Continued

Long Term Debt

At June 30, 2017 the City's Governmental Activities had debt outstanding in the amount of approximately \$27.4 million, all backed by the full faith and credit of the government. More information on long-term debt activity may be found in Note 6 of the Notes to the Basic Financial Statements.

Table 9
Outstanding Debt at June 30,
(In Millions)

| | <u>2017</u> | <u>2016</u> |
|--|---------------------------|---------------------------|
| Governmental activities | | |
| 2008 Certificate of Participation | | \$ 16.2 |
| 2016 Certificate of Participation | \$ 17.0 | |
| Capital Lease Payable | 0.7 | 0.8 |
| 2010 Pension Obligation Bond | 9.7 | 11.3 |
| Notes Payable | - | - |
| Total Debt Outstanding | <u>\$ 27.4</u> | <u>\$ 28.3</u> |
| Total Bonded Debt Outstanding | <u><u>\$ 27.4</u></u> | <u><u>\$ 28.3</u></u> |

The City has made all required debt service payments on the issues listed above. The City maintains an "AA-" rating from Standard and Poor's on the General Obligation debt.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

As the City looks ahead to fiscal year 2017-2018, management remains encouraged by the relatively strong growth in our regional economy.

The City has a promising future buoyed by vision, innovation and partnerships. To assist in the development of the 2017-2018 Budget and to improve the City's fiscal health, the City Council has reviewed the City's Long Term Financial Plan for the last four fiscal years. This practice will continue into the FY 2017-18 fiscal year as well.

While revenues remain stable, expenditure pressures to maintain existing services, infrastructure and facilities are substantial. Increases in employee benefit costs are expected to rise for the existing retirement and health care systems provided as part of overall compensation strategies to attract and retain high performing individuals to serve our community.

The City is able to achieve a balanced budget for fiscal year 2017-18 and maintain reserves for the General Fund through a combination of measures, including the following:

- ❖ **Cost Recovery.** With the completion of the Cost Allocation Plan and Fee Study, the City began to have a better understanding of the true cost of delivering services and has moved toward recovering those costs in appropriate ways.



City of Pacifica
Management's Discussion and Analysis, Continued
For the year ended June 30, 2017

ECONOMIC OUTLOOK AND MAJOR INITIATIVES (continued)

- ❖ Budget annual expenses at or below annual revenues to ensure the City is living within its means.
- ❖ Align one-time money to cover one-time expenses rather than ongoing operations. This is a direction that the City has implemented.
- ❖ Increase financial transparency. In recent budget communications, staff has been focused on sharing financial information in such a way as to engender trust in how the City manages the public's money. Sharing the assumptions in the City's financial projections is a key example of this emphasis on transparency, as is translating numbers and spreadsheets into a meaningful, easy to read, document at the conclusion of the budget process.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to Lorenzo Hines Jr., Assistant City Manager at City of Pacifica, City Manager's Office, 170 Santa Maria Avenue, Pacifica, California 94044.

A copy of this financial report is also located at the City's website at <http://www.cityofpacifica.org>, by selecting "Departments/Administrative Services/Finance/Comprehensive Annual Financial Report" and then selecting the "year".

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CITY OF PACIFICA
STATEMENT OF NET POSITION
JUNE 30, 2017

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash and investments (Note 3) | \$23,092,964 | \$8,863,264 | \$31,956,228 |
| Cash and investments with fiscal agents (Note 3) | 349,312 | 25,898,457 | 26,247,769 |
| Restricted cash and investments (Note 3) | 3,461,055 | | 3,461,055 |
| Taxes receivable | 1,292,759 | | 1,292,759 |
| Accounts receivable, net of allowance | 560,545 | 30,930 | 591,475 |
| Interest receivable | 16,494 | | 16,494 |
| Grants receivable | 107,961 | | 107,961 |
| Prepaid items | 154,540 | 361,326 | 515,866 |
| Inventories | 32,849 | 228,551 | 261,400 |
| Receivable from successor agency (Note 11) | 3,792,721 | | 3,792,721 |
| Capital assets, not being depreciated (Note 5) | 41,488,238 | 5,333,317 | 46,821,555 |
| Capital assets, being depreciated, net of accumulated depreciation (Note 5) | 32,134,974 | 35,590,153 | 67,725,127 |
| Internal balances (Note 10) | <u>(2,127,437)</u> | <u>2,127,437</u> | |
| Total Assets | <u>104,356,975</u> | <u>78,433,435</u> | <u>182,790,410</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding of debt | 1,454,738 | 317,209 | 1,771,947 |
| Related to pension (Note 8) | <u>15,213,980</u> | <u>561,603</u> | <u>15,775,583</u> |
| Total Deferred Outflows of Resources | <u>16,668,718</u> | <u>878,812</u> | <u>17,547,530</u> |
| LIABILITIES | | | |
| Accounts payable | 1,717,680 | 706,954 | 2,424,634 |
| Interest payable | 857,586 | 101,539 | 959,125 |
| Refundable deposits | 1,046,875 | | 1,046,875 |
| Unearned revenue | 3,500 | | 3,500 |
| Claims payable due within one year (Note 9) | 160,592 | | 160,592 |
| Net OPEB obligation, due in more than one year (Note 7) | 3,468,565 | | 3,468,565 |
| Compensated absences (Note 1M): | | | |
| Due within one year | 832,292 | 198,783 | 1,031,075 |
| Due in more than one year | 705,613 | 142,497 | 848,110 |
| Long term debt (Note 6): | | | |
| Due within one year | 1,552,061 | 2,432,461 | 3,984,522 |
| Due in more than one year | 25,873,542 | 48,622,162 | 74,495,704 |
| Net pension liability, due in more than one year (Note 8) | <u>43,317,515</u> | <u>1,082,543</u> | <u>44,400,058</u> |
| Total Liabilities | <u>79,535,821</u> | <u>53,286,939</u> | <u>132,822,760</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pension (Note 8) | 4,835,416 | 227,128 | 5,062,544 |
| Total Deferred Inflows of Resources | <u>4,835,416</u> | <u>227,128</u> | <u>5,062,544</u> |
| NET POSITION (Note 12) | | | |
| Net investment in capital assets | <u>56,601,988</u> | <u>15,985,969</u> | <u>72,587,957</u> |
| Restricted for: | | | |
| Construction of capital assets | 8,841,253 | | 8,841,253 |
| Streets, highways, and other related purposes | 3,933,922 | | 3,933,922 |
| Parks, beaches and recreation | 3,555,731 | | 3,555,731 |
| Stormwater operations | 721,556 | | 721,556 |
| Public safety | 204,442 | | 204,442 |
| Unrestricted | <u>(37,204,436)</u> | <u>9,812,211</u> | <u>(27,392,225)</u> |
| Total Net Position | <u>\$36,654,456</u> | <u>\$25,798,180</u> | <u>\$62,452,636</u> |

See accompanying notes to financial statements

CITY OF PACIFICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Governmental Activities: | | | | |
| General government | \$5,196,272 | \$74,899 | \$2,311,613 | \$985 |
| Public safety | 14,310,434 | 987,163 | 270,972 | 20,000 |
| Community development | 1,964,355 | 2,333,796 | 74,247 | |
| Public works | 5,698,841 | 743,700 | 433,252 | 2,437,974 |
| Parks, beaches and recreation | 4,938,859 | 2,231,797 | 1,034,415 | |
| Interest on long-term debt | 2,442,966 | | | |
| Total Governmental Activities | 34,551,727 | 6,371,355 | 4,124,499 | 2,458,959 |
| Business-type Activities: | | | | |
| Sewer | 11,893,663 | 12,715,024 | | |
| Beach Parking | 502,373 | 493,850 | | |
| Total Business-type Activities | 12,396,036 | 13,208,874 | | |
| Total | \$46,947,763 | \$19,580,229 | \$4,124,499 | \$2,458,959 |

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Franchise taxes
- Other taxes

- Motor vehicle in lieu, unrestricted
- Investment earnings
- Miscellaneous
- Transfers

Total General Revenues and Transfer

Change in Net Position

Net Position at beginning of year

Net Position at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|---------------------|
| (\$2,808,775) | | (\$2,808,775) |
| (13,032,299) | | (13,032,299) |
| 443,688 | | 443,688 |
| (2,083,915) | | (2,083,915) |
| (1,672,647) | | (1,672,647) |
| (2,442,966) | | (2,442,966) |
| <u>(21,596,914)</u> | | <u>(21,596,914)</u> |
| | \$821,361 | 821,361 |
| | (8,523) | (8,523) |
| | <u>812,838</u> | <u>812,838</u> |
| <u>(21,596,914)</u> | 812,838 | <u>(20,784,076)</u> |
| 12,679,059 | | 12,679,059 |
| 2,374,505 | | 2,374,505 |
| 1,748,266 | | 1,748,266 |
| 3,749,159 | | 3,749,159 |
| 3,731,337 | | 3,731,337 |
| 743,630 | 145,621 | 889,251 |
| 846,648 | | 846,648 |
| 818,500 | (818,500) | |
| <u>26,691,104</u> | <u>(672,879)</u> | <u>26,018,225</u> |
| 5,094,190 | 139,959 | 5,234,149 |
| <u>31,560,266</u> | <u>25,658,221</u> | <u>57,218,487</u> |
| <u>\$36,654,456</u> | <u>\$25,798,180</u> | <u>\$62,452,636</u> |

CITY OF PACIFICA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

| | Special Revenue Funds | | |
|---|------------------------------|------------------|---------------------|
| | General | Gas Tax | Davies Trust |
| Assets | | | |
| Cash and investments (Note 3) | \$5,348,925 | \$352,465 | |
| Cash and investments with fiscal agents (Note 3) | | | |
| Restricted cash and investments (Note 3) | | | \$3,461,055 |
| Receivables: | | | |
| Taxes | 1,206,256 | 80,253 | |
| Accounts | 559,022 | | |
| Interest | 16,493 | | |
| Grants | 107,961 | | |
| Due from other funds (Note 10) | 3,026,888 | | |
| Prepaid items | 149,540 | | |
| Inventories | 3,763 | | |
| Receivable from RDA successor agency (Note 10) | 3,792,721 | | |
| Advance to other funds (Note 10) | 75,000 | | |
| | \$14,286,569 | \$432,718 | \$3,461,055 |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$778,636 | \$120,967 | |
| Refundable deposits | 1,046,875 | | |
| Due to other funds (Note 10) | | | \$216 |
| Unearned revenue | 3,500 | | |
| Advance from other funds (Note 10) | 2,127,437 | | |
| | 3,956,448 | 120,967 | 216 |
| Fund balances (Note 12): | | | |
| Non-spendable | 4,021,024 | | |
| Restricted | | 311,751 | 3,460,839 |
| Assigned | 904,240 | | |
| Unassigned | 5,404,857 | | |
| | 10,330,121 | 311,751 | 3,460,839 |
| Total Fund Balances | 10,330,121 | 311,751 | 3,460,839 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$14,286,569 | \$432,718 | \$3,461,055 |

See accompanying notes to financial statements

| <u>Special Revenue Fund</u> | <u>General Capital Improvement Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|-------------------------------------|--|----------------------------------|---|--|
| <u>Disaster Accounting</u> | | | | |
| \$942,037 | \$1,795,238 13,415 | \$1,701,715 335,897 | \$8,975,256 | \$19,115,636 349,312 3,461,055 |
| | 1 | | 6,250 | 1,292,759 559,022 16,494 107,961 3,026,888 |
| | | 5,000 | | 154,540 3,763 3,792,721 |
| | | | 1,849,619 | 1,924,619 |
| <u>\$942,037</u> | <u>\$1,808,654</u> | <u>\$2,042,612</u> | <u>\$10,831,125</u> | <u>\$33,804,770</u> |
| \$57,928 | \$392,622 | \$3,000 | \$253,460 | \$1,606,613 1,046,875 3,026,888 3,500 |
| 3,026,672 | | | | |
| | 1,849,619 | | 75,000 | 4,052,056 |
| <u>3,084,600</u> | <u>2,242,241</u> | <u>3,000</u> | <u>328,460</u> | <u>9,735,932</u> |
| | | | | 4,021,024 16,314,867 904,240 2,828,707 |
| <u>(2,142,563)</u> | <u>(433,587)</u> | <u>2,039,612</u> | <u>10,502,665</u> | <u>24,068,838</u> |
| <u>(2,142,563)</u> | <u>(433,587)</u> | <u>2,039,612</u> | <u>10,502,665</u> | <u>24,068,838</u> |
| <u>\$942,037</u> | <u>\$1,808,654</u> | <u>\$2,042,612</u> | <u>\$10,831,125</u> | <u>\$33,804,770</u> |

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CITY OF PACIFICA
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2017

Fund Balance - Governmental Funds \$24,068,838

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. 71,877,361

Deferred charge on refunding, net of accumulated amortization has not been reported in the governmental funds. This was capitalized and amortized over the life of the new debt or old debt whichever is shorter in the Statement of Net Position. 1,454,738

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

| | |
|--------------------------------------|--------------|
| Compensated Absences | (1,495,401) |
| Long term debt | (27,258,905) |
| Interest payable | (857,073) |
| Net OPEB obligation | (3,468,565) |
| Net Pension Liability | (43,317,515) |
| Deferred inflows related to pension | (4,835,416) |
| Deferred outflows related to pension | 15,213,980 |

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.

5,272,414

Net Position of Governmental Activities

\$36,654,456

See accompanying notes to financial statements

CITY OF PACIFICA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Special Revenue Fund</u> | | |
|--|-----------------------------|------------------|---------------------|
| | <u>General</u> | <u>Gas Tax</u> | <u>Davies Trust</u> |
| REVENUES | | | |
| Taxes | \$18,902,942 | \$739,562 | |
| Licenses and permits | 788,546 | | |
| Fines and forfeitures | 161,023 | | |
| Use of money and property | 262,721 | 1,150 | \$1,725 |
| Intergovernmental | 5,100,995 | | |
| Charges for current services | 2,722,206 | | |
| Recreation programs | 837,733 | | |
| Other | 1,660,028 | 63 | |
| | <u>30,436,194</u> | <u>740,775</u> | <u>1,725</u> |
| Total Revenues | | | |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 4,538,451 | | |
| Public safety | 15,396,398 | | |
| Community development | 1,826,837 | | |
| Public works | 2,651,997 | 934,728 | |
| Parks, beaches, and recreation | 4,320,655 | | |
| Capital outlay | 46,247 | 10,963 | |
| Debt service: | | | |
| Principal | | | |
| Interest and fiscal charges | | | |
| Bond issuance costs | | | |
| | <u>28,780,585</u> | <u>945,691</u> | |
| Total Expenditures | | | |
| Excess (Deficit) of Revenues over Expenditures | <u>1,655,609</u> | <u>(204,916)</u> | <u>1,725</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in (Note 10) | 899,000 | | |
| Transfers out (Note 10) | (2,036,718) | (123,000) | |
| Proceeds from issuance of long-term debt | | | |
| Payment to refunded escrow agent | | | |
| | <u>(1,137,718)</u> | <u>(123,000)</u> | |
| Total Other Financing Sources (Uses) | | | |
| Net Changes in Fund Balances | 517,891 | (327,916) | 1,725 |
| Fund Balances (Deficits) at beginning of year | <u>9,812,230</u> | <u>639,667</u> | <u>3,459,114</u> |
| Fund Balances (Deficits) at end of year | <u>\$10,330,121</u> | <u>\$311,751</u> | <u>\$3,460,839</u> |

See accompanying notes to financial statements

| <u>Special Revenue Fund</u> | <u>General Capital Improvement Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|-------------------------------------|--|----------------------------------|---|---------------------|
| <u>Disaster Accounting</u> | | | | |
| | | | \$2,768,503 | \$22,411,007 |
| | \$23,257 | | | 811,803 |
| | 3,856 | \$4,839 | 705,733 | 161,023 |
| \$7,501 | 166,842 | | 1,336,780 | 980,024 |
| | | | | 6,612,118 |
| | | | | 2,722,206 |
| | | | | 837,733 |
| | | 2,274,955 | 348,052 | 4,283,098 |
| <u>7,501</u> | <u>193,955</u> | <u>2,279,794</u> | <u>5,159,068</u> | <u>38,819,012</u> |
| | | | | 4,538,451 |
| | | | 55,922 | 15,452,320 |
| 13,334 | 46,386 | | 33,514 | 1,906,737 |
| | | | 997,049 | 4,597,108 |
| 8,846 | 629,476 | | 98,623 | 4,419,278 |
| | | | 1,256,856 | 1,952,388 |
| | | 1,666,940 | | 1,666,940 |
| | 630,919 | 1,326,572 | | 1,957,491 |
| | | 293,398 | | 293,398 |
| <u>22,180</u> | <u>1,306,781</u> | <u>3,286,910</u> | <u>2,441,964</u> | <u>36,784,111</u> |
| <u>(14,679)</u> | <u>(1,112,826)</u> | <u>(1,007,116)</u> | <u>2,717,104</u> | <u>2,034,901</u> |
| | 2,405,000 | 1,528,650 | 1,358,440 | 6,191,090 |
| | (1,476,940) | | (2,028,650) | (5,665,308) |
| | | 17,092,462 | | 17,092,462 |
| | | (16,794,392) | | (16,794,392) |
| | <u>928,060</u> | <u>1,826,720</u> | <u>(670,210)</u> | <u>823,852</u> |
| (14,679) | (184,766) | 819,604 | 2,046,894 | 2,858,753 |
| <u>(2,127,884)</u> | <u>(248,821)</u> | <u>1,220,008</u> | <u>8,455,771</u> | <u>21,210,085</u> |
| <u>(\$2,142,563)</u> | <u>(\$433,587)</u> | <u>\$2,039,612</u> | <u>\$10,502,665</u> | <u>\$24,068,838</u> |

CITY OF PACIFICA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current asset and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

| | |
|----------------------------|-------------|
| Net Change in fund balance | \$2,858,753 |
|----------------------------|-------------|

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

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

| | |
|---|-------------|
| Capital outlay expenditures are therefore added back to fund balances | 1,412,440 |
| Depreciation expense | (1,751,395) |
| Successor Agency transfer of land to City | 985 |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

| | |
|--|--------------|
| Repayment of debt principal | 1,640,344 |
| Interest expense | (161,727) |
| Payment to refunded escrow agent | 16,794,392 |
| Proceeds from issuance of long-term debt | (17,092,462) |

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

| | |
|------------------------------------|-----------|
| Compensated absences (net change) | (91,304) |
| Net pension liability (net change) | 1,853,814 |
| Net OPEB obligation | (472,429) |

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

| | |
|--|--------------------|
| | <u>102,779</u> |
| Changes in net position of governmental activities | <u>\$5,094,190</u> |

See accompanying notes to financial statements

CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

| | Business-Type Activities | | | Governmental |
|--|---|---|------------------------------|------------------------------|
| | Major Enterprise Fund Sewer Utility | Non-major Enterprise Fund Beach Parking | Total Enterprise Funds | Internal Service Funds |
| Assets: | | | | |
| Current Assets: | | | | |
| Cash and investments (Note 3) | \$8,828,152 | \$35,112 | \$8,863,264 | \$3,977,328 |
| Cash and investments with fiscal agents (Note 3) | 25,898,457 | | 25,898,457 | |
| Accounts receivable | 28,317 | 2,613 | 30,930 | 1,523 |
| Prepaid items | 361,326 | | 361,326 | |
| Inventory | 228,551 | | 228,551 | 29,086 |
| Total Current Assets | <u>35,344,803</u> | <u>37,725</u> | <u>35,382,528</u> | <u>4,007,937</u> |
| Noncurrent Assets: | | | | |
| Advance to other funds (Note 10) | 2,127,437 | | 2,127,437 | |
| Capital assets, not being depreciated (Note 5) | 5,333,317 | | 5,333,317 | 258,774 |
| Capital assets, being depreciated, net of accumulated depreciation (Note 5) | 35,590,153 | | 35,590,153 | 1,487,077 |
| Total Noncurrent assets | <u>43,050,907</u> | | <u>43,050,907</u> | <u>1,745,851</u> |
| Total Assets | <u>78,395,710</u> | <u>37,725</u> | <u>78,433,435</u> | <u>5,753,788</u> |
| Deferred Outflows of Resources | | | | |
| Deferred charge on refunding (Note 6) | 317,209 | | 317,209 | |
| Related to pension (Note 8) | 561,603 | | 561,603 | |
| Total Deferred Outflows of Resources | <u>878,812</u> | | <u>878,812</u> | |
| Liabilities: | | | | |
| Accounts payable | 703,158 | 3,796 | 706,954 | 111,067 |
| Interest payable | 101,539 | | 101,539 | 513 |
| Claims payable (Note 9): | | | | |
| Due within one year | | | | 160,592 |
| Compensated absences (Note 1M): | | | | |
| Due within one year | 185,999 | 12,784 | 198,783 | 27,937 |
| Due in more than one year | 135,956 | 6,541 | 142,497 | 14,567 |
| Long term debt (Note 6): | | | | |
| Due within one year | 2,432,461 | | 2,432,461 | 26,596 |
| Due in more than one year | 48,622,162 | | 48,622,162 | 140,102 |
| Net pension liability: | | | | |
| Due in more than one year (Note 8) | 1,082,543 | | 1,082,543 | |
| Total Liabilities | <u>53,263,818</u> | <u>23,121</u> | <u>53,286,939</u> | <u>481,374</u> |
| Deferred Inflows of Resources: | | | | |
| Related to pension (Note 8) | 227,128 | | 227,128 | |
| Net Position: | | | | |
| Net investment in capital assets | 15,985,969 | | 15,985,969 | 1,745,851 |
| Unrestricted | 9,797,607 | 14,604 | 9,812,211 | 3,526,563 |
| Total Net Position | <u>\$25,783,576</u> | <u>\$14,604</u> | <u>\$25,798,180</u> | <u>\$5,272,414</u> |

See accompanying notes to financial statements

CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

| | Business-Type Activities | | | Governmental Activities |
|--|--|--|---------------------------------------|---------------------------------------|
| | Major Enterprise Fund Sewer Utility | Non-major Enterprise Fund Beach Parking | Total Enterprise Funds | Internal Service Funds |
| Operating Revenues: | | | | |
| Charges for services | \$12,640,870 | \$493,850 | \$13,134,720 | \$1,519,031 |
| Other operating income | 74,154 | | 74,154 | 956,147 |
| Total Operating Revenues | 12,715,024 | 493,850 | 13,208,874 | 2,475,178 |
| Operating Expenses: | | | | |
| Personnel services | 3,826,597 | 416,423 | 4,243,020 | 503,323 |
| Administration | 1,002,928 | 61,035 | 1,063,963 | 46,317 |
| Supplies and materials | 981,705 | 9,215 | 990,920 | 302,056 |
| Insurance | 311,901 | | 311,901 | 954,952 |
| Outside contractors | 99,979 | | 99,979 | 8,325 |
| Maintenance | 565,098 | 15,700 | 580,798 | 80,234 |
| Utilities | 1,655,703 | | 1,655,703 | |
| Insurance claims | | | | 272,411 |
| Depreciation (Note 5) | 2,583,898 | | 2,583,898 | 510,325 |
| Total Operating Expenses | 11,027,809 | 502,373 | 11,530,182 | 2,677,943 |
| Operating Income (Loss) | 1,687,215 | (8,523) | 1,678,692 | (202,765) |
| Non-operating revenues (Expenses): | | | | |
| Investment earnings | 145,621 | | 145,621 | 7,420 |
| Gain on sale of capital assets | | | | 9,160 |
| Interest and fiscal charges | (847,936) | | (847,936) | (3,754) |
| Amortization | (17,918) | | (17,918) | |
| Total Non-Operating Revenues (Expenses) | (720,233) | | (720,233) | 12,826 |
| Income (Loss) Before Transfers | 966,982 | (8,523) | 958,459 | (189,939) |
| Transfers: | | | | |
| Transfers in (Note 10) | 1,506,000 | | 1,506,000 | 292,718 |
| Transfers out (Note 10) | (2,324,500) | | (2,324,500) | |
| Changes in Net Position | 148,482 | (8,523) | 139,959 | 102,779 |
| Net Position, Beginning of Year | 25,635,094 | 23,127 | 25,658,221 | 5,169,635 |
| Net Position, End of Year | \$25,783,576 | \$14,604 | \$25,798,180 | \$5,272,414 |

See accompanying notes to financial statements

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CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

| | Business-Type Activities | | | Governmental |
|--|----------------------------------|----------------------------------|---------------------|--------------------|
| | Major | Non-major | Total | Internal |
| | Enterprise Fund Sewer Utility | Enterprise Fund Beach Parking | Enterprise Funds | Service Funds |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$12,692,154 | \$495,585 | \$13,187,739 | \$2,479,106 |
| Payments to suppliers | (4,494,860) | (92,852) | (4,587,712) | (1,383,412) |
| Payments for claims | | | | (356,595) |
| Payments to and on behalf of employees | (3,847,600) | (416,734) | (4,264,334) | (501,330) |
| Net Cash Provided (Used) by Operating Activities | <u>4,349,694</u> | <u>(14,001)</u> | <u>4,335,693</u> | <u>237,769</u> |
| Cash Flows from Noncapital and Related Financing Activities: | | | | |
| Interfund (payment) | | | (3,118,299) | |
| Transfers in | 1,506,000 | | 1,506,000 | 292,718 |
| Net Cash Provided (Used) by Noncapital and Related Financing Activities | <u>(1,612,299)</u> | | <u>(1,612,299)</u> | <u>292,718</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Purchase of capital assets | (1,456,222) | | (1,456,222) | (572,055) |
| Proceeds from sale of capital assets | | | | 9,160 |
| Proceeds from issuance of debt | 26,179,353 | | 26,179,353 | |
| Principal payments on bonds and notes | (2,632,046) | | (2,632,046) | (26,596) |
| Interest paid | (822,852) | | (822,852) | (3,754) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>21,268,233</u> | | <u>21,268,233</u> | <u>(593,245)</u> |
| Cash Flows from Investing Activities: | | | | |
| Interest received | 145,621 | | 145,621 | 7,420 |
| Net Cash Provided by Investing Activities | <u>145,621</u> | | <u>145,621</u> | <u>7,420</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 24,151,249 | (14,001) | 24,137,248 | (55,338) |
| Cash and Cash Equivalents at the Beginning of the Fiscal year | 10,575,360 | 49,113 | 10,624,473 | 4,032,666 |
| Cash and Cash Equivalents at the End of the Fiscal Year | <u>\$34,726,609</u> | <u>\$35,112</u> | <u>\$34,761,721</u> | <u>\$3,977,328</u> |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Position: | | | | |
| Cash and investments | \$8,828,152 | \$35,112 | \$8,863,264 | |
| Cash and investments with fiscal agents | 25,898,457 | | 25,898,457 | \$3,977,328 |
| Total Cash and Cash Equivalents | <u>\$34,726,609</u> | <u>\$35,112</u> | <u>\$34,761,721</u> | <u>\$3,977,328</u> |

(Continued)

See accompanying notes to financial statements

CITY OF PACIFICA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

| | Business-Type Activities | | | Governmental |
|--|--|--|---------------------------------------|---------------------------------------|
| | Major Enterprise Fund Sewer Utility | Non-major Enterprise Fund Beach Parking | Total Enterprise Funds | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating Income (loss) | \$1,687,215 | (\$8,523) | \$1,678,692 | (\$202,765) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 2,583,898 | | 2,583,898 | 510,325 |
| (Increase) Decrease in Operating Assets: | | | | |
| Accounts Receivable | (2,738) | 1,735 | (1,003) | 360 |
| Prepaid Items | (8,654) | | (8,654) | |
| Inventories | (11,478) | | (11,478) | 3,568 |
| Increase (Decrease) in Operating Liabilities: | | | | |
| Accounts payable | 122,454 | (6,902) | 115,552 | 8,422 |
| Accrued liabilities | | | | 50 |
| Claims payable | | | | (84,184) |
| Net Pension Liability, Deferred Inflows and Deferred Outflows | (104,998) | | (104,998) | |
| Compensated Absences | 83,995 | (311) | 83,684 | 1,993 |
| Net Cash Provided (Used) by Operating Activities | \$4,349,694 | (\$14,001) | \$4,335,693 | \$237,769 |
| Noncash Transactions | | | | |
| Amortization of bond premium | (\$17,918) | | | |

See accompanying notes to financial statements

CITY OF PACIFICA
 SUCCESSOR AGENCY
 PRIVATE PURPOSE TRUST FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2017

| | |
|--|-----------------------------|
| Assets: | |
| Cash and investments (Note 3) | \$486,466 |
| Cash and investments with fiscal agents (Note 3) | <u>220,668</u> |
| Total Assets | <u>707,134</u> |
| Liabilities: | |
| Interest payable | 35,662 |
| Loan payable to the City - due in more than one year (Note 11) | 3,792,721 |
| Long-term debt: | |
| Due within one year (Note 14) | 55,000 |
| Due in more than one year (Note 14) | <u>1,200,000</u> |
| Total Liabilities | <u>5,083,383</u> |
| Net Position: | |
| Restricted for debt service | 50,000 |
| Unrestricted | <u>(4,426,249)</u> |
| Total Net Position (Deficit) | <u><u>(\$4,376,249)</u></u> |

See accompanying notes to financial statements

CITY OF PACIFICA
 SUCCESSOR AGENCY
 PRIVATE PURPOSE TRUST FUND
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

| | |
|---|---------------|
| Additions: | |
| Investment revenue | \$1,168 |
| Taxes and assessments | 214,895 |
| | 216,063 |
| Deductions: | |
| Interest expense | 140,896 |
| Community development expense | 13,001 |
| | 153,897 |
| Change in Net Position | 62,166 |
| Net Position (Deficit) at Beginning of Year | (4,438,415) |
| Net Position (Deficit) at End of Year | (\$4,376,249) |

See accompanying notes to financial statements

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**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

The City participates in the ABAG Plan Corporation, a public entity risk pool, whose financial activities are not included in the basic financial statements as it is administered by a board, separate from and independent, of the City (See Note 9).

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

B. Basis of Presentation

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

B. Basis of Presentation (Continued)

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

C. Government-wide and Fund Financial Statements

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

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board No.34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments ("GASB No. 34") in 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 Changes in Net Position, and a Statement of Cash Flows for all proprietary funds. The internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

D. Financial Statements (Continued)

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

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

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

E. Major Funds

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

- **General Fund** – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, community development, and parks, beaches, and recreation, which are not required to be accounted for in another fund.
- **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.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

E. Major Funds (Continued)

- **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.
- **Disaster Accounting Special Revenue Fund** – This fund is used to account for all revenues received and expenditures incurred due to natural and man-made disasters.
- **General Capital Improvement Capital Projects Fund** – This fund is used to account for revenues derived from fees and apportionments from General Fund to be used for the acquisition, construction, and improvement of major capital facilities of the City.
- **Debt Service Fund** – This fund is used to account for the accumulated and the disbursement of account for expenditures and financing of various long-term debt liabilities.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

F. Basis of Accounting

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

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

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

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

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

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*

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

J. *Inventories and Prepaid Items*

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

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

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

K. *Capital Assets*

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

L. Encumbrances

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

M. Compensated Absences

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

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

Changes in compensated absences for the year ended June 30, 2017, were as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------|----------------------------|-----------------------------|--------------------|
| Beginning Balance | \$1,444,608 | \$257,596 | \$1,702,204 |
| Additions | 961,408 | 296,506 | 1,257,914 |
| Payments | (868,111) | (212,822) | (1,080,933) |
| Ending Balance | <u>\$1,537,905</u> | <u>\$341,280</u> | <u>\$1,879,185</u> |
| Current Portion | <u>\$832,292</u> | <u>\$198,783</u> | <u>\$1,031,075</u> |
| Non-current Portion | <u>\$705,613</u> | <u>\$142,497</u> | <u>\$848,110</u> |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

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

N. Property Tax Revenues

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

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

| | <u>Secured</u> | <u>Unsecured</u> |
|------------------|--|------------------|
| Valuation dates | January 1 | January 1 |
| Lien/Levy dates | July 1 | July 1 |
| Due dates | 50% on November 1 50% on February 1 | July 1 |
| Delinquent as of | December 10 April 10 | August 31 |

The term "Unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on property being taxed.

O. Use of Estimates

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

P. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Q. Expenditures in Excess of Appropriations

The following funds incurred departmental expenditures in excess of appropriations:

| Fund/Department | Excess of Expenditures Over Appropriations |
|--|--|
| Major Funds: | |
| General Fund | |
| Parks, Beaches and Recreation | \$44,949 |
| Gas Tax Special Revenue Fund | 31,210 |
| Disaster Accounting Special Revenue Fund | 964,217 |
| Non-Major Funds: | |
| Street Construction Special Revenue Fund | 228,335 |
| Excess ERAF Special Revenue Fund | 557,507 |
| Parks, Beaches and Recreation Special Revenue Fund | 105,982 |
| Parks and Playfields Capital Project Fund | 17,126 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 - Stewardship, Compliance, and Accountability:

Budgetary information

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

The appropriated budget is prepared by fund, function, and department. The City Manager is authorized to transfer budget appropriations within departments in conformance with the adopted policies set by the City Council. All other transfers must be approved by the City Council. Any revisions that alter the total expenditures of any department must be approved by the City Council. Expenditures are budgeted at, and may not legally exceed, the department level for the General Fund and the fund level for Special Revenue, Debt Service, Capital Projects and Internal Service Funds. Budgeted amounts shown are as originally adopted, or as amended by the City Council during the fiscal 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. The following capital projects funds are not budgeted annually: Aircraft Noise Project Fund, Parking In-lieu Fund, Excess ERAF Fund and Public Library Fund.

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

Deficit Fund Balances/Net Position

As of June 30, 2017, the following funds had a deficit net position/fund balance:

| | |
|---|-------------|
| Disaster Accounting Special Revenue Fund | \$2,142,563 |
| General Capital Improvement Capital Projects Fund | 433,587 |
| Successor Agency Private Purpose Trust Fund | 4,376,249 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

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, 2017 are classified in the accompanying financial statements as follows:

| | |
|--|----------------------------|
| <i>Statement of net position:</i> | |
| Cash and investments | \$31,956,228 |
| Cash and investments with fiscal agents | 26,247,769 |
| Restricted cash and investments | 3,461,055 |
| <i>Statement of fiduciary net position:</i> | |
| Cash and investments | 486,466 |
| Cash and investments with fiscal agents | <u>220,668</u> |
| Total cash and investments | <u><u>\$62,372,186</u></u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 - Cash and Investments (Continued):

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage/ Investment of Portfolio | Maximum Investment in One Issuer |
|--|------------------|------------------------|---|----------------------------------|
| Commercial Paper | 180 days | A-1 | 15% | None |
| Bankers Acceptances | 270 days | A-1+ | 40% | None |
| U.S. Treasury Obligations | 5 years | None | 50% | None |
| U.S. Government Agency Issues | 5 years | None | 50% | None |
| Certificates of Deposit | 5 years | None | 30% | None |
| State of California Local Agency Investment Funds (State Pool) | N/A | None | \$65,000,000 | \$65,000,000 |
| Banks and Savings and Loan Time Deposits | N/A | A-1+ | 30% | None |
| Repurchase Agreements | 1 year | None | 15% | None |
| Mutual Funds | 5 years | AAAm | 15% | None |

Investments Authorized by Debt Agreements

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

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 - Cash and Investments (Continued):

Disclosures Relating to Interest Rate Risk

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

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

| Investment Type | Remaining Maturity (in Months) | |
|--|--------------------------------|--------------|
| | 12 Months Or Less | Totals |
| California Local Agency Investment Fund Held by Trustees: | | |
| Money Market Fund | \$7,162,406 | \$7,162,406 |
| Total Investments | \$35,161,877 | 35,161,877 |
| Cash in Banks | | 27,206,364 |
| Petty Cash | | 3,945 |
| Total Cash | | 27,210,309 |
| Total Cash and Investments | | \$62,372,186 |

Money market mutual funds are available for withdrawal on demand at June 30, 2017, and have an average maturity of 0-1 day.

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 are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Fair Value Hierarchy

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

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

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 - Cash and Investments (Continued):

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

| Investment Type | Rating as of Fiscal Year End | | Total |
|---|------------------------------|--------------------|---------------------|
| | AAA | Not Rated | |
| California Local Agency Investment Fund | | \$7,162,406 | \$7,162,406 |
| Held by Trustees: | | | |
| Money Market Fund | \$27,999,471 | | 27,999,471 |
| Total Investments | <u>\$27,999,471</u> | <u>\$7,162,406</u> | <u>35,161,877</u> |
| Cash in Banks | | | 27,206,364 |
| Petty Cash | | | 3,945 |
| Total Cash | | | <u>27,210,309</u> |
| Total Cash and Investments | | | <u>\$62,372,186</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.

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.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 - Cash and Investments (Continued):

As of June 30, 2017, 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. At June 30, 2017, these investments have an average maturity of 190 days.

NOTE 4 - Notes Receivable and Note Payable

On October 6, 2015, the City entered into the HELP Loan Release Agreement with a California nonprofit public benefit corporation (nonprofit corporation). Under the release agreement, the City agreed to transfer the note receivable from NCR to the nonprofit corporation. In addition, the nonprofit corporation also agreed to repay in full the \$875,378 loan principal payable and accrued interest directly to CHFA. Lastly, the nonprofit corporation also agreed to repay the City \$292,083 and any accrued interest. As a result, the note receivable from NCR was deemed fully received; and the note payable to CHFA was deemed fully repaid.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 - Capital Assets:

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. GASB Statement No.34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense 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, 2017:

| | Balance June 30, 2016 | Additions | Deletions | Contribution from Successor Agency | Balance June 30, 2017 |
|--|--------------------------|--------------------|------------------|---------------------------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$39,786,694 | \$4,730 | | \$985 | \$39,792,409 |
| Construction in progress | 791,885 | 903,944 | | | 1,695,829 |
| Total capital assets not being depreciated | <u>40,578,579</u> | <u>908,674</u> | | <u>985</u> | <u>41,488,238</u> |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | 15,957,906 | | | | 15,957,906 |
| Vehicles | 6,598,744 | 572,055 | (\$286,591) | | 6,884,208 |
| Machinery and equipment | 2,700,734 | 14,359 | | | 2,715,093 |
| Infrastructure | 33,676,958 | 489,407 | | | 34,166,365 |
| Total capital assets being depreciated | <u>58,934,342</u> | <u>1,075,821</u> | <u>(286,591)</u> | | <u>59,723,572</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | (8,852,554) | (486,077) | | | (9,338,631) |
| Vehicles | (5,377,061) | (487,395) | 286,591 | | (5,577,865) |
| Machinery & equipment | (2,465,209) | (149,366) | | | (2,614,575) |
| Infrastructure | (8,918,645) | (1,138,882) | | | (10,057,527) |
| Total accumulated depreciation | <u>(25,613,469)</u> | <u>(2,261,720)</u> | <u>286,591</u> | | <u>(27,588,598)</u> |
| Depreciable capital assets, net | <u>33,320,873</u> | <u>(1,185,899)</u> | | | <u>32,134,974</u> |
| Total capital assets, net | <u>\$73,899,452</u> | <u>(\$277,225)</u> | | <u>\$985</u> | <u>\$73,623,212</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 - Capital Assets (Continued):

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

| | |
|--------------------------------------|--------------------|
| General government | \$131,503 |
| Public safety | 362,141 |
| Public works | 962,850 |
| Parks, beaches, and recreation | 294,901 |
| Internal Service Fund | 510,325 |
| | \$2,261,720 |
| Total Governmental Activities | \$2,261,720 |

The following is a summary of capital assets for business-type activities as of June 30, 2017:

| | Balance June 30, 2016 | Additions | Balance June 30, 2017 |
|--|--------------------------|---------------|--------------------------|
| Capital assets not being depreciated: | | | |
| Land | \$4,014,412 | | \$4,014,412 |
| Construction in progress | 441,289 | \$877,616 | 1,318,905 |
| | 4,455,701 | 877,616 | 5,333,317 |
| Total capital assets not being depreciated | | | |
| Depreciable capital assets: | | | |
| Buildings & improvements | 77,165,837 | 58,877 | 77,224,714 |
| Collection system | 12,376,440 | 301,765 | 12,678,205 |
| Machinery and equipment | 1,516,520 | 217,964 | 1,734,484 |
| | 91,058,797 | 578,606 | 91,637,403 |
| Total capital assets being depreciated | | | |
| Less accumulated depreciation for: | | | |
| Buildings & improvements | (47,391,396) | (1,917,584) | (49,308,980) |
| Collection system | (4,859,323) | (574,186) | (5,433,509) |
| Machinery & equipment | (1,212,633) | (92,128) | (1,304,761) |
| | (53,463,352) | (2,583,898) | (56,047,250) |
| Total accumulated depreciation | | | |
| Depreciable capital assets, net | 37,595,445 | (2,005,292) | 35,590,153 |
| Total capital assets, net | \$42,051,146 | (\$1,127,676) | \$40,923,470 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - Long-Term Debt:

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

Governmental Activities:

| | Balance July 1, 2016 | Additions | Retirements | Balance June 30, 2017 | Due in One Year |
|---|-------------------------|---------------------|-----------------------|--------------------------|------------------|
| Certificates of Participation: | | | | | |
| 2008 COP | \$16,210,000 | | (\$16,210,000) | | |
| 2016 COP | | \$14,680,000 | | \$14,680,000 | |
| Premium | | 2,412,462 | (114,879) | 2,297,583 | |
| Sub-total COP | 16,210,000 | 17,092,462 | (16,324,879) | 16,977,583 | |
| Capital Lease Payable: | | | | | |
| Energy retrofit lease | 811,224 | | (111,624) | 699,600 | \$116,134 |
| Pension Obligation Bonds: | | | | | |
| 2010 Pension obligation bond (88.622%) | 11,303,736 | | (1,555,316) | 9,748,420 | 855,202 |
| Total Governmental Activities | \$28,324,960 | \$17,092,462 | (\$17,991,819) | \$27,425,603 | \$971,336 |

Business-type Activities:

| | Balance July 1, 2016 | Additions | Retirements | Balance June 30, 2017 | Due in One year |
|--|-------------------------|---------------------|----------------------|--------------------------|--------------------|
| Revenue bonds: | | | | | |
| 2014 Wastewater Revenue Refunding | \$6,740,000 | | | \$6,740,000 | |
| Net Premium | 1,245,537 | | (\$118,623) | 1,126,914 | |
| 2017 Wastewater Revenue Bonds | | \$22,100,000 | | 22,100,000 | |
| Net Premium | | 4,079,353 | | 4,079,353 | |
| Sub-total Revenue bonds: | 7,985,537 | 26,179,353 | (118,623) | 34,046,267 | |
| Pension Obligation bonds: | | | | | |
| 2010 Pension obligation bond (11.378%) | 1,451,264 | | (199,684) | 1,251,580 | \$109,798 |
| Notes payable: | | | | | |
| State of California Water Resources Board | 12,395,511 | | (2,065,917) | 10,329,594 | 2,065,919 |
| Loan and Installment Agreement | 5,675,004 | | (247,822) | 5,427,182 | 256,744 |
| Total notes payable | 18,070,515 | | (2,313,739) | 15,756,776 | 2,322,663 |
| Total Business-Type Activities: | \$27,507,316 | \$26,179,353 | (\$2,632,046) | \$51,054,623 | \$2,432,461 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - Long-Term Debt (Continued):

6A. Governmental Activities Debt

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 interest rates ranging from 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. In October 2016, the 2008 Certificates of Participation were refunded by the 2016 Certificates of Participation as discussed below.

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

The City refunded the 2008 Certificates of Participation to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,079,552.

Accounting gains or losses resulting from advance refunding of long-term debt is deferred and amortized over the shorter of the life of the new debt or refunded debt. The deferred charge on refunding balance at June 30, 2017 was \$584,342 for the 2016 COP.

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|---------------------|--------------------|---------------------|
| 2018 | | \$661,850 | \$661,850 |
| 2019 | | 661,850 | 661,850 |
| 2020 | | 661,850 | 661,850 |
| 2021 | \$480,000 | 661,850 | 1,141,850 |
| 2022 | 725,000 | 637,850 | 1,362,850 |
| 2023 - 2027 | 3,830,000 | 2,636,250 | 6,466,250 |
| 2028 - 2032 | 4,520,000 | 1,608,500 | 6,128,500 |
| 2033 - 2037 | 5,125,000 | 526,000 | 5,651,000 |
| Total | <u>\$14,680,000</u> | <u>\$8,056,000</u> | <u>\$22,736,000</u> |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - Long-Term Debt (Continued):

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

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|------------------|-----------------|------------------|
| 2018 | \$116,134 | \$26,834 | \$142,968 |
| 2019 | 120,825 | 22,142 | 142,967 |
| 2020 | 125,707 | 17,261 | 142,968 |
| 2021 | 130,785 | 12,183 | 142,968 |
| 2022 | 136,069 | 6,899 | 142,968 |
| 2023 | 70,080 | 1,402 | 71,482 |
| Total | <u>\$699,600</u> | <u>\$86,721</u> | <u>\$786,321</u> |

2010 Taxable Pension Obligation Bonds: During May 2010, the City of Pacifica issued \$20,510,000 of Pension Obligation Bonds bearing interest between 1.425% and 6.899% and payable semiannually on June 1 and December 1 each year, commencing December 1, 2010. The bonds mature on June 1, 2030. These bonds were used to advance pay miscellaneous and safety employee pension obligations. Approximately 88.622% of the bond proceeds were allocated to governmental activities (including 1.71% to the Motor Pool internal service fund). This portion of the outstanding principal balance at June 30, 2017 is \$9,748,420.

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|--------------------|--------------------|---------------------|
| 2018 | \$855,202 | \$640,195 | \$1,495,397 |
| 2019 | 957,118 | 591,002 | 1,548,120 |
| 2020 | 372,212 | 534,035 | 906,247 |
| 2021 | 425,386 | 510,392 | 935,778 |
| 2022 | 487,421 | 483,372 | 970,793 |
| 2023 - 2027 | 3,544,881 | 1,851,553 | 5,396,434 |
| 2028 - 2030 | 3,106,200 | 432,568 | 3,538,768 |
| Total | <u>\$9,748,420</u> | <u>\$5,043,116</u> | <u>\$14,791,536</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - Long-Term Debt (Continued):

6B. Business Type Activities Debt

Loan and Installment Agreement: 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 (v) pay the costs incurred in connection with the execution of the Loan and Installment Sale. The outstanding principal balance at June 30, 2017 is \$5,427,182.

\$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.

Accounting gains or losses resulting from advance refunding of long-term debt is deferred and amortized over the shorter of the life of the new debt or refunded debt. The deferred charge on refunding balance at June 30, 2017 was \$59,238 for the Loan and Installment Sale.

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|---------------------------|---------------------------|---------------------------|
| 2018 | \$256,744 | \$190,757 | \$447,501 |
| 2019 | 265,986 | 181,348 | 447,334 |
| 2020 | 275,562 | 171,600 | 447,162 |
| 2021 | 285,482 | 161,501 | 446,983 |
| 2022 | 295,759 | 151,039 | 446,798 |
| 2023 - 2027 | 1,646,425 | 584,591 | 2,231,016 |
| 2028 - 2032 | 1,964,852 | 260,392 | 2,225,244 |
| 2033 | 436,372 | 7,855 | 444,227 |
| Total | <u>\$5,427,182</u> | <u>\$1,709,083</u> | <u>\$7,136,265</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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. Approximately 11.378% of the bond proceeds were allocated to business-type activities.

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|--------------------|------------------|--------------------|
| 2018 | \$109,798 | \$82,193 | \$191,991 |
| 2019 | 122,882 | 75,878 | 198,760 |
| 2020 | 47,788 | 68,564 | 116,352 |
| 2021 | 54,614 | 65,528 | 120,142 |
| 2022 | 62,579 | 62,059 | 124,638 |
| 2023-2027 | 455,120 | 237,717 | 692,837 |
| 2028-2030 | 398,799 | 55,536 | 454,335 |
| Total | <u>\$1,251,580</u> | <u>\$647,476</u> | <u>\$1,899,056</u> |

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

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

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Total</u> |
|--------------------------|---------------------|---------------------|
| 2018 | \$2,065,919 | \$2,065,919 |
| 2019 | 2,065,919 | 2,065,919 |
| 2020 | 2,065,919 | 2,065,919 |
| 2021 | 2,065,919 | 2,065,919 |
| 2022 | 2,065,918 | 2,065,918 |
| Total | <u>\$10,329,594</u> | <u>\$10,329,594</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - Long-Term Debt (Continued):

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

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

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

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|--------------------|--------------------|--------------------|
| 2018 | | \$337,000 | \$337,000 |
| 2019 | | 337,000 | 337,000 |
| 2020 | | 337,000 | 337,000 |
| 2021 | | 337,000 | 337,000 |
| 2022 | | 337,000 | 337,000 |
| 2023 - 2027 | \$6,740,000 | 718,000 | 7,458,000 |
| Total | <u>\$6,740,000</u> | <u>\$2,403,000</u> | <u>\$9,143,000</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - Long-Term Debt (Continued):

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

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

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

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|---------------------|---------------------|---------------------|
| 2018 | | \$825,689 | \$825,689 |
| 2019 | | 1,061,600 | 1,061,600 |
| 2020 | | 1,061,600 | 1,061,600 |
| 2021 | | 1,061,600 | 1,061,600 |
| 2022 | | 1,061,600 | 1,061,600 |
| 2023 - 2027 | \$3,455,000 | 4,893,125 | 8,348,125 |
| 2028-2032 | 4,435,000 | 3,912,375 | 8,347,375 |
| 2033-2037 | 5,550,000 | 2,792,900 | 8,342,900 |
| 2038-2042 | 7,030,000 | 1,321,250 | 8,351,250 |
| 2043 | 1,630,000 | 40,750 | 1,670,750 |
| Total | <u>\$22,100,000</u> | <u>\$18,032,489</u> | <u>\$40,132,489</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

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 towards the costs of their (OPEB) coverage:

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

In general, employees in the above groups may choose to receive their medical benefits from Union Trust Plans (except Public Safety – Firefighters and Police) or enroll in any of the CalPERS medical plans. For the retirees who do not participate in the CalPERS medical programs, the City does not make a contribution toward the cost of postemployment healthcare benefits.

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.

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

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

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 | \$637,000 |
| Interest on net OPEB obligation | 112,355 |
| Adjustment to annual required contribution | (164,000) |
| Annual OPEB cost (expense) | 585,355 |
| Contributions made | (112,926) |
| Increase in net OPEB obligation | 472,429 |
| Net OPEB obligation, beginning of year | 2,996,136 |
| Net OPEB obligation, end of year | \$3,468,565 |

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, 2017 and the two preceding fiscal years were as follows:

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------|---------------------|---|------------------------|
| 6/30/2015 | \$328,509 | 11.9% | \$2,762,313 |
| 6/30/2016 | 344,493 | 11.5% | 2,996,136 |
| 6/30/2017 | 585,355 | 16.9% | 3,468,565 |

Funded Status and Funding Progress

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.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

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 June 30, 2016 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 2.75 percent general inflation rate, a 3.75 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 4.5 percent, and a 3.00 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, on a closed basis. The remaining amortization period at June 30, 2017 was 18.8 years.

Most Recent Actuarial Studies – 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 Percentage of Covered Payroll [(a)-(b)/(c)] |
|-------------------|-----------------------------|--|--|-----------------------------|-------------------------------------|--|
| 7/01/2010 | \$3,443,589 | \$0 | \$3,443,589 | 0% | \$15,929,273 | 21.6% |
| 6/30/2013 | 3,701,000 | 0 | 3,701,000 | 0% | 13,745,000 | 26.9% |
| 6/30/2016 | 5,812,000 | 0 | 5,812,000 | 0% | 15,695,000 | 37.0% |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans:

A. General Information about the Pension Plans

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

California Public Employees Retirement System (CalPERS)

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

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

These plans are administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. Miscellaneous Plan

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | <u>Miscellaneous</u> |
|---|---------------------------------|
| Benefit formula | 2% @ 55 2.5% @ 55 2% @ 62 |
| Benefit vesting schedule | 5 years service |
| Benefit payments | monthly for life |
| Retirement age | 55-62 |
| Monthly benefits, as a % of eligible compensation | 2-2.5% |
| Required employee contribution rates | 7.911% |
| Required employer contribution rates | 16.694% |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

B. Miscellaneous Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability – The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2015 Measurement Date | \$84,992,395 | \$74,334,777 | \$10,657,618 |
| Changes in the year: | | | |
| Service cost | 1,495,380 | | 1,495,380 |
| Interest on the total pension liability | 6,346,516 | | 6,346,516 |
| Contribution - employer | | 1,256,738 | (1,256,738) |
| Contribution - employee | | 685,119 | (685,119) |
| Net investment income | | 382,638 | (382,638) |
| Changes in assumptions | | | |
| Difference between expected and actual experience | (755,420) | | (755,420) |
| Benefit payments, including refunds of employee contributions | (4,047,332) | (4,047,332) | |
| Administrative expense | | (45,303) | 45,303 |
| Net changes | 3,039,144 | (1,768,140) | 4,807,284 |
| Balance at June 30, 2016 Measurement Date | \$88,031,539 | \$72,566,637 | \$15,464,902 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

B. Miscellaneous Plan (Continued)

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

| | Miscellaneous |
|-----------------------|---------------|
| 1% Decrease | 6.65% |
| Net Pension Liability | \$26,879,199 |
| | |
| Current Discount Rate | 7.65% |
| Net Pension Liability | \$15,464,902 |
| | |
| 1% Increase | 8.65% |
| Net Pension Liability | \$6,003,678 |

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2017, the City recognized pension expense of \$488,796. At June 30, 2017, the City reported deferred outflows of resources related to pensions for the Plan from the following sources:

| | Miscellaneous | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$1,454,468 | |
| Differences between actual and expected experience | | \$469,769 |
| Changes in assumptions | | 192,849 |
| Net differences between projected and actual earnings on plan investments | 6,568,435 | 2,582,066 |
| Total | \$8,022,903 | \$3,244,684 |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

B. Miscellaneous Plan (Continued)

\$1,454,468 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2018 | (\$13,274) |
| 2019 | 452,276 |
| 2020 | 1,841,843 |
| 2021 | 1,042,906 |

Contributions, Actuarial assumptions and information regarding the discount rate are discussed in Note 8E below.

C. Safety Plan

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2015 measurement date were the same as those used for the June 30, 2016 measurement date.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

C. Safety Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | Safety-Police | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 57 |
| Monthly benefits, as a % of eligible compensation | 3% | 2-2.7% |
| Required employee contribution rates | 8.987% | 11.500% |
| Required employer contribution rates | 19.536% | 12.082% |

| | Safety-Fire | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 55 | 57 |
| Monthly benefits, as a % of eligible compensation | 2.4-3% | 2-2.7% |
| Required employee contribution rates | 8.981% | 11.500% |
| Required employer contribution rates | 17.689% | 12.082% |

Contributions, actuarial assumptions and information regarding the discount rate are discussed in Note 8E below.

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

C. Safety Plan (Continued)

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Safety Plan as \$27,461,120.

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

| | Safety |
|-----------------------|--------------|
| 1% Decrease | 6.65% |
| Net Pension Liability | \$41,847,266 |
| Current Discount Rate | 7.65% |
| Net Pension Liability | \$27,461,120 |
| 1% Increase | 8.65% |
| Net Pension Liability | \$15,651,569 |

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2015 was as follows:

| | |
|------------------------------|--------|
| Proportion - June 30, 2015 | 0.508% |
| Proportion - June 30, 2016 | 0.530% |
| Change - Increase (Decrease) | 0.022% |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

C. Safety Plan (Continued)

For the year ended June 30, 2017, the City recognized pension expense of \$1,062,430. At June 30, 2017, the City reported deferred outflows of resources related to pensions for the Plan from the following sources:

| | Safety | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$2,158,037 | |
| Differences between actual and expected experience | | \$149,713 |
| Changes in assumptions | | 652,760 |
| Net differences between projected and actual earnings on plan investments | 3,206,977 | |
| Differences between actual contributions and proportionate share of contributions | 623,645 | 983,833 |
| Change in proportion | 1,550,031 | |
| Total | \$7,538,690 | \$1,786,306 |

\$2,158,037 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2018 | \$735,988 |
| 2019 | 652,132 |
| 2020 | 1,371,357 |
| 2021 | 834,870 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

D. PARS Plan

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

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

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

Employees Covered – At June 30, 2017 there were 12 active employees covered by the benefit terms of the plan.

Changes in the Net Pension Liability – The net pension liability of the REP is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 projected forward to June 30, 2016, is as follows:

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2016 Measurement Date | \$3,306,511 | \$2,037,238 | \$1,269,273 |
| Changes in the year: | | | |
| Service cost | 56,725 | | 56,725 |
| Interest on the total pension liability | 238,515 | | 238,515 |
| Contribution - employer | | 123,391 | (123,391) |
| Net investment income | | 172,456 | (172,456) |
| Effect of economic/demographic gains or losses | | | |
| Effect of assumptions changes or inputs | 196,706 | | 196,706 |
| Administrative expenses | | (8,664) | 8,664 |
| Benefit payments, including refunds of employee contributions | (149,371) | (149,371) | |
| Net changes | <u>342,575</u> | <u>137,812</u> | <u>204,763</u> |
| Balance at June 30, 2017 Measurement Date | <u>\$3,649,086</u> | <u>\$2,175,050</u> | <u>\$1,474,036</u> |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

D. PARS Plan (Continued)

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

| | REP |
|-----------------------|-------------|
| 1% Decrease | 5.75% |
| Net Pension Liability | \$1,923,371 |
| | |
| Current Discount Rate | 6.75% |
| Net Pension Liability | \$1,474,036 |
| | |
| 1% Increase | 7.75% |
| Net Pension Liability | \$1,096,726 |

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

For the year ended June 30, 2017, the City recognized pension expense of \$204,280. At June 30, 2017, the City reported deferred outflows of resources related to pensions for the Plan from the following sources:

| | REP | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between actual and expected experience | | \$31,554 |
| Changes in assumptions | \$106,847 | |
| Net differences between projected and actual earnings on plan investments | 107,143 | |
| Total | \$213,990 | \$31,554 |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

D. PARS Plan (Continued)

The REP Measurement Date is the same as the fiscal year end date, therefore, the fiscal year 2017 contribution of \$123,391 was recognized as part of the pension expense during the year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2018 | \$120,037 |
| 2019 | 44,746 |
| 2020 | 22,851 |
| 2021 | (5,198) |

Contributions, Actuarial assumptions and information regarding the discount rate are discussed in Note 8E below.

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

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$1,039,805 in fiscal year 2017.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

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

For the year ended June 30, 2017, the contributions to all Plans were as follows:

| | Employer Contributions |
|---------------|---------------------------|
| CalPERS: | |
| Miscellaneous | \$1,454,468 |
| Safety | 2,158,037 |
| PARS REP | 123,391 |
| Total: | \$3,735,896 |

Actuarial Assumptions – For the measurement period ended June 30, 2016, the total pension liabilities were determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

| | CalPERS | PARS REP |
|----------------------------------|--|---|
| Valuation Date | June 30, 2015 | June 30, 2015 |
| Measurement Date | June 30, 2016 | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | |
| Actuarial Assumptions: | | |
| Discount Rate | 7.65% | 6.75% |
| Inflation | 2.75% | 2.75% |
| Payroll Growth | 3.0% | 3.0% |
| Projected Salary Increase | Varied by Entry Age and Service | Consistent with the rates used to value the Miscellaneous Agency CalPERS Pension Plans (Entry Age 30). |
| Investment Rate of Return | 7.65% (1) | 7.25% |
| Mortality | Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter | Pre-retirement: Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans. Post-retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA. Retirement rates of 30% per year starting at age 55 with required years of service. |
| Post Retirement Benefit Increase | | |

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - Pension Plans (Continued):

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

California Public Employees Retirement System Plans (CalPERS)

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

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 8 - Pension Plans (Continued):

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

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

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|-------------------------------|--------------------------------|--------------------------------|-----------------------------|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Fixed Income | 20.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 4.50% | 5.09% |
| Liquidity | 1.0% | -0.55% | -1.05% |
| Total | <u>100%</u> | | |

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Pension Liability - In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

PARS Retirement Enhancement Plan (REP)

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

| Asset Class | Target Allocation | Long-term Expected Arithmetic Real Rate of Return |
|----------------------------|----------------------|--|
| Cash | 3.38% | 0.36% |
| Core Fixed Income | 46.10% | 2.17% |
| Broad US Equities | 36.36% | 4.83% |
| Developed Foreign Equities | 9.37% | 5.76% |
| Emerging Market Equities | 3.30% | 8.06% |
| US REITs | 1.49% | 5.04% |
| Total | <u>100%</u> | |

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 9 – Risk Management:

Workers' Compensation

The City is a member of the Municipal Pooling Authority of Northern California, which pools risks under the terms of a joint-powers agreement with 31 other cities and governmental agencies. The City has no workers' compensation deductible for claims and the Authority covers claims up to \$500,000. The Authority purchases excess insurance from \$500,000 to the statutory limit. The City paid premiums of \$795,047 during fiscal year end June 30, 2017 for workers' compensation and excess workers' compensation coverage.

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

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

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

General Liability

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

The City paid premiums of \$407,036 during fiscal year end June 30, 2017 for general liability and property coverage in excess of the City's self-insured retention. Members may receive rebates when declared by ABAG or, in the event excess liability claims against ABAG exceed available resources, may be required to make additional contributions.

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 9 – Risk Management (Continued):

Dental

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

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

Changes in the total reported liability resulted from the following:

| | Fiscal Year ended in June 30, | |
|-----------------------------|-------------------------------|-----------|
| | 2016 | 2017 |
| July 1 Liability | \$124,919 | \$244,776 |
| Claims & change in estimate | 467,774 | 188,227 |
| Payments for claims | (347,917) | (272,411) |
| June 30 Liability | \$244,776 | \$160,592 |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 10 - Interfund Transactions:

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

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, 2017:

| <u>Funds</u> | <u>Due from other funds</u> | <u>Due to other funds</u> |
|---------------------------|-----------------------------|---------------------------|
| Major Governmental Funds: | | |
| General Fund | \$3,026,888 | |
| Special Revenue Funds: | | |
| Davies Trust Fund | | \$216 |
| Disaster Accounting | | 3,026,672 |
| Total | <u>\$3,026,888</u> | <u>\$3,026,888</u> |

Transfers

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

Internal Balances

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 10 - Interfund Transactions (Continued):

The following is a summary of transfers for the fiscal year ended June 30, 2017:

| Funds | Transfers In | Transfers Out |
|--|--------------|---------------|
| Major Governmental Funds: | | |
| General Fund | \$899,000 | \$2,036,718 |
| Gas Tax Fund | | 123,000 |
| General Capital Improvement Fund | 2,405,000 | 1,476,940 |
| Debt Service Fund | 1,528,650 | |
| Major Enterprise Funds: | | |
| Sewer Utility Fund | 1,506,000 | 2,324,500 |
| Nonmajor Governmental Funds: | | |
| NPDES Stormwater Speical Revenue Fund | 24,500 | 60,000 |
| Street Construction Speical Revenue Fund | 44,374 | 1,538,650 |
| Excess ERAF Speical Revenue Fund | | 405,000 |
| Parks and Playfield Capital Projects Fund | | 25,000 |
| Frontierland Remediation Capital Projects Fund | 1,289,566 | |
| Internal Service Fund: | | |
| Self Insurance Fund | 292,718 | |
| Total | \$7,989,808 | \$7,989,808 |

Advances

At June 30, 2017, the funds below had made advances that are not expected to be repaid within the next year. These long-term interfund advances are expected to be repaid out of future developer fees.

General Fund/Sewer Utility Enterprise Fund

- Per the repayment plan approved by the Pacifica City Council on June 23, 2014, repayment of this advance will begin in 2017-18 and conclude in 2020-21.

General Fund/NPDES Special Revenue Fund

- A repayment plan will be finalized by the 2017-18 fiscal year.

Street Construction Special Revenue Fund/General Capital Improvement Capital Projects Fund

- A repayment plan will be finalized by the 2017-18 fiscal year.

| Advance From Other Funds | Advance To Other Funds | Amount of Advance |
|----------------------------------|--------------------------|----------------------|
| General Fund | Sewer Utility Fund | \$2,127,437 |
| NPDES Stormwater | General Fund | 75,000 |
| General Capital Improvement Fund | Street Construction Fund | 1,849,619 |
| | Total | \$4,052,056 |

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 11 – Loan Receivable from Successor Agency Private-purpose Trust Fund:

Prior to the dissolution of the former redevelopment agency, the General Fund had loaned money to the former Redevelopment Agency Rockaway Beach Fund to carry out redevelopment activities. As a result of the dissolution, the loan receivable is now recorded as a loan receivable from the Successor Agency Private-purpose Trust Fund. Interest accrues on the original advance at the current Local Agency Investment Fund (LAIF) rate and effective September 22, 2015, calculated at a simple interest rate of 3%. At June 30, 2017, outstanding loans totaled \$3,792,721 (\$2,127,430 in principal and \$1,665,291 in accrued interest).

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.

B. Fund Balances

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

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

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

B. Fund Balances (Continued)

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

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

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

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

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

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

**CITY OF PACIFICA, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2017**

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

B. Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2017 are as follows:

| | General Fund | Gas Tax Fund | Davies Trust Fund | Disaster Accounting Fund | General Capital Improvement Fund | Debt Service Fund | Non-Major Governmental Fund | Total Governmental Funds |
|----------------------------------|---------------------|--------------------|-------------------------|--------------------------------|---|-------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | | | | | |
| Prepaid items | \$149,540 | | | | | | | \$149,540 |
| Inventory | 3,763 | | | | | | | 3,763 |
| Loan receivable | 3,792,721 | | | | | | | 3,792,721 |
| Advances | 75,000 | | | | | | | 75,000 |
| Subtotal | 4,021,024 | | | | | | | 4,021,024 |
| Restricted for: | | | | | | | | |
| Supplemental law enforcement | | | | | | | \$204,442 | 204,442 |
| Trust Activities | | | \$3,460,839 | | | | | 3,460,839 |
| Streets and roads | \$311,751 | | | | | | 3,858,537 | 4,170,288 |
| Housing | | | | | | | 3,433,904 | 3,433,904 |
| Parking | | | | | | | 123,300 | 123,300 |
| Debt services | | | | | | \$2,039,612 | | 2,039,612 |
| Stormwater operations | | | | | | | 79,693 | 79,693 |
| Capital projects | | | | | | | 2,802,789 | 2,802,789 |
| Subtotal | | 311,751 | 3,460,839 | | | 2,039,612 | 10,502,665 | 16,314,867 |
| Assigned for: | | | | | | | | |
| Administrative | 100,000 | | | | | | | 100,000 |
| Police services | 50,751 | | | | | | | 50,751 |
| Parks, beaches and recreation | 753,489 | | | | | | | 753,489 |
| Subtotal | 904,240 | | | | | | | 904,240 |
| Unassigned | 5,404,857 | | | (\$2,142,563) | (\$433,587) | | | 2,828,707 |
| Total | \$10,330,121 | \$311,751 | \$3,460,839 | (\$2,142,563) | (\$433,587) | \$2,039,612 | \$10,502,665 | \$24,068,838 |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 13 – Contingencies:

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

NOTE 14 – Successor Agency to Former Redevelopment Agency Activities:

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

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

Loan Payable to the City – Please see Note 11.

Long-term Debt – Long-term debt of the Successor Agency as of June 30, 2017, consisted of the following:

| | Balance July 01, 2016 | Retirements | Balance June 30, 2017 | Due in One Year |
|---------------------------|--------------------------|-------------|--------------------------|-----------------|
| 2004 Tax allocation bonds | \$1,310,000 | (\$55,000) | \$1,255,000 | \$55,000 |

**CITY OF PACIFICA, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 14 – Successor Agency to Former Redevelopment Agency Activities (Continued):

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

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

| <u>Fiscal year ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|--------------------|------------------|--------------------|
| 2018 | \$55,000 | \$69,866 | \$124,866 |
| 2019 | 60,000 | 66,788 | 126,788 |
| 2020 | 60,000 | 63,518 | 123,518 |
| 2021 | 65,000 | 60,040 | 125,040 |
| 2022 | 70,000 | 56,217 | 126,217 |
| 2023 - 2027 | 405,000 | 215,592 | 620,592 |
| 2028 - 2032 | 540,000 | 81,363 | 621,363 |
| Total | <u>\$1,255,000</u> | <u>\$613,384</u> | <u>\$1,868,384</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

Schedule of Changes in Net Pension Liability and Related Ratios

| | Miscellaneous | | |
|--|---------------------|---------------------|---------------------|
| | 6/30/2014 | 6/30/2015 | 6/30/2016 |
| Total Pension Liability | | | |
| Service Cost | \$1,445,205 | \$1,427,162 | \$1,495,380 |
| Interest | 5,862,583 | 6,123,624 | 6,346,516 |
| Differences between expected and actual experience | | (328,078) | (755,420) |
| Changes in assumptions | | (1,478,509) | - |
| Changes in benefits | | | |
| Benefit payments, including refunds of employee contributions | (3,440,758) | (3,784,383) | (4,047,332) |
| Net change in total pension liability | <u>3,867,030</u> | <u>1,959,816</u> | <u>3,039,144</u> |
| Total pension liability - beginning | 79,165,549 | 83,032,579 | 84,992,395 |
| Total pension liability - ending (a) | <u>\$83,032,579</u> | <u>\$84,992,395</u> | <u>\$88,031,539</u> |
| | | | |
| Plan fiduciary net position | | | |
| Contributions - employer | \$993,077 | \$1,081,227 | \$1,256,738 |
| Contributions - employee | 622,734 | 622,660 | 685,119 |
| Net investment income | 11,283,773 | 1,641,405 | 382,638 |
| Administrative expense | | (83,654) | (45,303) |
| Benefit payments, including refunds of employee contributions | (3,440,758) | (3,784,383) | (4,047,332) |
| Net change in plan fiduciary net position | <u>9,458,826</u> | <u>(522,745)</u> | <u>(1,768,140)</u> |
| Plan fiduciary net position - beginning | 65,398,696 | 74,857,522 | 74,334,777 |
| Plan fiduciary net position - ending (b) | <u>\$74,857,522</u> | <u>\$74,334,777</u> | <u>\$72,566,637</u> |
| | | | |
| Net pension liability - ending (a)-(b) | <u>\$8,175,057</u> | <u>\$10,657,618</u> | <u>\$15,464,902</u> |
| | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 90.15% | 87.46% | 82.43% |
| Covered payroll | \$7,815,500 | \$7,831,182 | \$8,736,078 |
| Net pension liability as percentage of covered-employee payroll | 104.60% | 136.09% | 177.02% |

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions -In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5% (net of administrative expenses) to 7.65% (without reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Years*

Schedule of Contributions

| Fiscal Year Ended June 30 | Miscellaneous | | |
|---|---------------|-------------|-------------|
| | 2015 | 2016 | 2017 |
| Actuarially determined contribution | \$1,081,226 | \$1,256,739 | \$1,454,468 |
| Contributions in relation to the actuarially determined contributions | (1,081,226) | (1,256,739) | (1,454,468) |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered payroll | \$7,831,182 | \$8,289,027 | \$8,736,078 |
| Contributions as a % of covered | 13.81% | 15.16% | 16.65% |
| Notes to Schedule | | | |
| Valuation date: | 6/30/2013 | 6/30/2014 | 6/30/2015 |

Methods and assumptions used to determine contribution rates:

| | |
|---------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Asset valuation method | Market Value of Assets |
| Inflation | 2.75% |
| Salary increases | Varies by entry age and service |
| Payroll Growth | 3.00% |
| Investment rate of return | 7.50%, net of pension plan investment expense and administrative expenses, includes inflation |
| Retirement age | The probabilities of retirement are based on the 2010 CalPERS experience study for the period 1997 to 2007. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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

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

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

| Measurement Date | Safety Plan | | |
|--|--------------------|------------------|------------------|
| | 6/30/2014 | 6/30/2015 | 6/30/2016 |
| Plan's proportion of the Net Pension Liability (Asset) | 0.50100% | 0.50800% | 0.53022% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$18,808,357 | \$20,914,148 | \$27,461,120 |
| Plan's Covered Payroll | \$6,196,651 | \$6,025,009 | \$6,395,333 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 303.52% | 347.12% | 429.39% |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 76.77% | 79.47% | 74.09% |

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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

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

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ended June 30 | Safety Plan | | |
|--|------------------------|------------------------|------------------------|
| | 2015 | 2016 | 2017 |
| Actuarially determined contributions | \$1,437,730 | \$1,364,845 | \$2,158,037 |
| Contributions in relation to the actuarially determined contributions | (1,437,730) | (1,364,845) | (2,158,037) |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Covered payroll | <u>\$6,025,009</u> | <u>\$6,162,891</u> | <u>\$6,395,333</u> |
| Contributions as a percentage of covered payroll | 23.86% | 22.15% | 33.74% |

* Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

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

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

Schedule of Changes in Net Pension Liability and Related Ratios

| | PARS | | |
|--|--------------------|--------------------|--------------------|
| | 6/30/2014 | 6/30/2015 | 6/30/2016 |
| Total Pension Liability | | | |
| Service Cost | \$97,626 | \$55,073 | \$56,725 |
| Interest | 218,058 | 228,048 | 238,515 |
| Differences between expected and actual experience | | | |
| Effect of economic/demographic gains or losses | | (136,732) | |
| Effect of assumptions changes or inputs | | 143,356 | 196,706 |
| Benefit payments, including refunds of employee contributions | (126,197) | (144,782) | (149,371) |
| Net change in total pension liability | 189,487 | 144,963 | 342,575 |
| Total pension liability - beginning | 2,972,061 | 3,161,548 | 3,306,511 |
| Total pension liability - ending (a) | <u>\$3,161,548</u> | <u>\$3,306,511</u> | <u>\$3,649,086</u> |
| Plan fiduciary net position | | | |
| Contributions - employer | \$159,573 | \$127,848 | \$123,391 |
| Net investment income | 44,261 | 7,840 | 172,456 |
| Investment expense | (8,227) | | |
| Benefit payments, including refunds of employee contributions | (126,197) | (144,782) | (149,371) |
| Administrative expenses | (8,448) | (9,150) | (8,664) |
| Net change in plan fiduciary net position | 60,962 | (18,244) | 137,812 |
| Plan fiduciary net position - beginning | 1,994,520 | 2,055,482 | 2,037,238 |
| Plan fiduciary net position - ending (b) | <u>\$2,055,482</u> | <u>\$2,037,238</u> | <u>\$2,175,050</u> |
| Net pension liability - ending (a)-(b) | <u>\$1,106,066</u> | <u>\$1,269,273</u> | <u>\$1,474,036</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 65.02% | 61.61% | 59.61% |
| Covered payroll | \$508,622 | \$548,377 | \$589,066 |
| Net pension liability as percentage of covered payroll | 217.46% | 231.46% | 250.23% |

Notes to Schedule:

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

Changes in assumptions - There were no changes in assumptions.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

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

PARS Retirement Enhance Plan (REP) Defined Benefit Pension Plan
Last 10 Years*

Schedule of Contributions

| Fiscal Year Ended June 30 | PARS | | |
|---|-----------|-----------|-----------|
| | 2015 | 2016 | 2017 |
| Actuarially determined contribution | \$220,169 | \$127,848 | \$123,391 |
| Contributions in relation to the actuarially determined contributions | (220,169) | (127,848) | (123,391) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 |
| | | | |
| Covered payroll | \$508,622 | \$548,377 | \$589,066 |
| Net Pension Liability as a percentage of covered payroll | 43.29% | 23.31% | 20.95% |

Notes to Schedule

| | | | |
|-----------------|-----------|-----------|-----------|
| Valuation date: | 6/30/2013 | 6/30/2014 | 6/30/2015 |
|-----------------|-----------|-----------|-----------|

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar of payroll, closed |
| Remaining amortization period | 17 years |
| Asset valuation method | None |
| Inflation | 2.75% |
| Salary increases | Consistent with the rates used to value the Miscellaneous Agency CalPERS Pension Plans (Entry Age 30) |
| Investment rate of return | 7.25% |
| Retirement | Retirement rates of 30% per year starting at age 55 with required years of service. |
| Mortality | Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans. |

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$10,488,541 | \$11,195,313 | \$11,031,012 | (\$164,301) |
| Sales | 2,375,561 | 2,348,688 | 2,374,505 | 25,817 |
| Franchise | 1,659,730 | 1,460,794 | 1,748,266 | 287,472 |
| Other | 3,729,531 | 3,568,379 | 3,749,159 | 180,780 |
| Licenses and permits | 1,282,064 | 822,090 | 788,546 | (33,544) |
| Fines and forfeitures | 159,250 | 159,250 | 161,023 | 1,773 |
| Use of money and property | 165,080 | 184,487 | 262,721 | 78,234 |
| Intergovernmental | 4,772,623 | 5,079,656 | 5,100,995 | 21,339 |
| Charges for current services | 2,740,440 | 2,978,438 | 2,722,206 | (256,232) |
| Recreation programs | 864,690 | 867,074 | 837,733 | (29,341) |
| Other | 1,574,491 | 1,609,399 | 1,660,028 | 50,629 |
| Total revenues | 29,812,001 | 30,273,568 | 30,436,194 | 162,626 |
| Expenditures: | | | | |
| Current | | | | |
| General Government: | | | | |
| City Council | 142,075 | 142,075 | 156,911 | (14,836) |
| City Manager | 1,174,500 | 1,270,534 | 1,166,913 | 103,621 |
| Human Resources | 661,450 | 661,450 | 583,501 | 77,949 |
| City Attorney | 499,600 | 499,600 | 800,061 | (300,461) |
| Finance | 1,455,375 | 1,455,375 | 1,288,097 | 167,278 |
| Non-departmental | 584,100 | 584,100 | 542,968 | 41,132 |
| Total General Government | 4,517,100 | 4,613,134 | 4,538,451 | 74,683 |
| Public Safety: | | | | |
| Police | 9,186,277 | 9,333,277 | 9,260,611 | 72,666 |
| Fire | 6,044,409 | 6,179,409 | 6,135,787 | 43,622 |
| Total Public Safety | 15,230,686 | 15,512,686 | 15,396,398 | 116,288 |
| Community development: | | | | |
| Planning | 2,695,040 | 2,456,040 | 1,822,261 | 633,779 |
| Code enforcement | | | 4,576 | (4,576) |
| Total Community Development | 2,695,040 | 2,456,040 | 1,826,837 | 629,203 |
| Public Works: | | | | |
| Engineering Services | 691,500 | 691,500 | 665,552 | 25,948 |
| Street and traffic maintenance | 527,850 | 527,850 | 530,093 | (2,243) |
| Building maintenance and improvement | 493,100 | 493,100 | 467,464 | 25,636 |
| Fishing pier/rest stop maintenance | 114,100 | 114,100 | 105,283 | 8,817 |
| City parks and playfields | 986,400 | 986,400 | 883,605 | 102,795 |
| Total Public Works | 2,812,950 | 2,812,950 | 2,651,997 | 160,953 |

(Continued)

CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures | | | | |
| Current: | | | | |
| Parks, Beaches, and Recreation: | | | | |
| Parks, beaches, and recreation | \$281,495 | \$281,495 | \$283,459 | (\$1,964) |
| Community center programs | 206,918 | 206,918 | 193,824 | 13,094 |
| Cultural arts | 11,900 | 11,900 | 11,165 | 735 |
| Elementary age recreation | 163,288 | 163,288 | 187,780 | (24,492) |
| Teens and j-teens recreation | 79,215 | 79,215 | 78,016 | 1,199 |
| Adult sports | 500 | 500 | 256 | 244 |
| Senior | 205,288 | 205,288 | 202,645 | 2,643 |
| Instructional class | 140,555 | 140,555 | 149,669 | (9,114) |
| Recreation swimming | 390,539 | 390,539 | 384,277 | 6,262 |
| Swim Team | 147,945 | 147,945 | 141,399 | 6,546 |
| Special community recreation | 79,215 | 79,215 | 86,236 | (7,021) |
| Special projects | <u>2,568,848</u> | <u>2,568,848</u> | <u>2,601,929</u> | <u>(33,081)</u> |
| Total Parks, Beaches and Recreation | <u>4,275,706</u> | <u>4,275,706</u> | <u>4,320,655</u> | <u>(44,949)</u> |
| Capital Outlay | <u>142,800</u> | <u>142,800</u> | <u>46,247</u> | <u>96,553</u> |
| Total Expenditures | <u>29,674,282</u> | <u>29,813,316</u> | <u>28,780,585</u> | <u>1,032,731</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>137,719</u> | <u>460,252</u> | <u>1,655,609</u> | <u>1,195,357</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 899,000 | 899,000 | 899,000 | |
| Transfers (out) | <u>(1,036,718)</u> | <u>(1,036,718)</u> | <u>(2,036,718)</u> | <u>(1,000,000)</u> |
| Total Other Financing Sources (Uses) | <u>(137,718)</u> | <u>(137,718)</u> | <u>(1,137,718)</u> | <u>(1,000,000)</u> |
| Net Change in Fund Balance | <u>\$1</u> | <u>\$322,534</u> | 517,891 | <u>\$195,357</u> |
| Fund Balance at Beginning of Year | | | <u>9,812,230</u> | |
| Fund Balance at End of Year | | | <u>\$10,330,121</u> | |

CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------------|-------------------------|---|
| Revenues: | | | |
| Taxes | \$794,386 | \$739,562 | (\$54,824) |
| Use of money and property | 250 | 1,150 | 900 |
| Other | | <u>63</u> | <u>63</u> |
| Total revenues | <u>794,636</u> | <u>740,775</u> | <u>(53,861)</u> |
| Expenditures: | | | |
| Current: | | | |
| Public works | 898,481 | 934,728 | (36,247) |
| Capital outlay | <u>16,000</u> | <u>10,963</u> | <u>5,037</u> |
| Total expenditures | <u>914,481</u> | <u>945,691</u> | <u>(31,210)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(119,845)</u> | <u>(204,916)</u> | <u>(85,071)</u> |
| Other financing sources (Uses): | | | |
| Transfers out | <u>(123,000)</u> | <u>(123,000)</u> | |
| Total other financing sources (uses) | <u>(123,000)</u> | <u>(123,000)</u> | |
| Net change in fund balance | <u><u>(\$242,845)</u></u> | (327,916) | <u><u>(\$85,071)</u></u> |
| Fund balance at beginning of year | | <u>639,667</u> | |
| Fund balance at end of year | | <u><u>\$311,751</u></u> | |

CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 DAVIES TRUST SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------------|---|
| Revenues: | | | |
| Use of money and property | <u>\$1,900</u> | <u>\$1,725</u> | <u>(\$175)</u> |
| Total Revenues | <u>1,900</u> | <u>1,725</u> | <u>(175)</u> |
| Net Change in Fund Balance | <u>\$1,900</u> | 1,725 | <u>(\$175)</u> |
| Fund Balance at beginning of year | | <u>3,459,114</u> | |
| Fund balance at end of year | | <u>\$3,460,839</u> | |

**CITY OF PACIFICA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2017**

1. BUDGETARY BASIS OF ACCOUNTING

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|--------------------------|---------------------------|---|
| Revenues: | | | |
| Use of money and property | \$1,300 | \$4,839 | \$3,539 |
| Other | <u>2,401,550</u> | <u>2,274,955</u> | <u>(126,595)</u> |
| Total Revenues | <u>2,402,850</u> | <u>2,279,794</u> | <u>(123,056)</u> |
| Expenditures: | | | |
| Debt Service: | | | |
| Principal | 2,446,624 | 1,666,940 | 779,684 |
| Interest and fiscal charges | 1,522,309 | 1,326,572 | 195,737 |
| Bond issuance costs | | <u>293,398</u> | <u>(293,398)</u> |
| Total expenditures | <u>3,968,933</u> | <u>3,286,910</u> | <u>682,023</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(1,566,083)</u> | <u>(1,007,116)</u> | <u>558,967</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 1,528,650 | 1,528,650 | |
| Proceeds from issuance of long-term debt | | 17,092,462 | 17,092,462 |
| Payment to refunded escrow agent | | <u>(16,794,392)</u> | <u>(16,794,392)</u> |
| Total Other Financing Sources (Uses) | <u>1,528,650</u> | <u>1,826,720</u> | <u>298,070</u> |
| Net change in fund balance | <u><u>(\$37,433)</u></u> | 819,604 | <u><u>\$857,037</u></u> |
| Fund balance at beginning of year | | <u>1,220,008</u> | |
| Fund balance at end of year | | <u><u>\$2,039,612</u></u> | |

CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL CAPITAL IMPROVEMENT
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|---------------------------|---------------------------|---|
| Revenues: | | | |
| Licenses and permits | \$50,000 | \$23,257 | (\$26,743) |
| Use of money and property | | 3,856 | 3,856 |
| Intergovernmental | <u>2,517,000</u> | <u>166,842</u> | <u>(2,350,158)</u> |
| Total revenues | <u>2,567,000</u> | <u>193,955</u> | <u>(2,373,045)</u> |
| Expenditures: | | | |
| Current: | | | |
| Community development | 45,670 | 46,386 | (716) |
| Capital Outlay | 3,272,000 | 629,476 | 2,642,524 |
| Interest and fiscal charges | | <u>630,919</u> | <u>(630,919)</u> |
| Total expenditures | <u>3,317,670</u> | <u>1,306,781</u> | <u>2,010,889</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(750,670)</u> | <u>(1,112,826)</u> | <u>(362,156)</u> |
| Other Financing sources (Uses) | | | |
| Transfers in | 755,000 | 2,405,000 | 1,650,000 |
| Transfers (out) | <u>(187,374)</u> | <u>(1,476,940)</u> | <u>(1,289,566)</u> |
| Total Other Financing Sources (Uses) | <u>567,626</u> | <u>928,060</u> | <u>360,434</u> |
| Net Change in Fund Balance | <u><u>(\$183,044)</u></u> | (184,766) | <u><u>(\$1,722)</u></u> |
| Fund balance (deficit) at beginning of year | | <u>(248,821)</u> | |
| Fund balance (deficit) at end of year | | <u><u>(\$433,587)</u></u> | |

CITY OF PACIFICA
 BUDGETARY COMPARISON SCHEDULE
 DISASTER ACCOUNTING SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------------|---------------|---|
| Revenues: | | | |
| Intergovernmental | | \$7,501 | \$7,501 |
| Total revenues | | 7,501 | \$7,501 |
| Expenditures: | | | |
| Current: | | | |
| Public works | | 13,334 | (13,334) |
| Capital outlay | | 8,846 | (8,846) |
| Total expenditures | | 22,180 | (22,180) |
| Excess (Deficiency) of Revenues over Expenditures | | (14,679) | 29,681 |
| Net change in fund balance | | (14,679) | (\$14,679) |
| Fund balance (deficit) at beginning of year | | (2,127,884) | |
| Fund balance (deficit) at end of year | | (\$2,142,563) | |

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CITY OF PACIFICA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2017

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.

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

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

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

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

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

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

CITY OF PACIFICA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2017

Capital Projects Funds

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

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

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

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

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

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

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CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

| | SPECIAL REVENUE FUNDS | | | |
|---|--|-------------------------|-------------------------|-------------------------|
| | Supplemental Law Enforcement Services | NPDES Stormwater | Housing In-Lieu | Parking In-Lieu |
| Assets: | | | | |
| Cash and investments | \$204,700 | \$173,174 | \$296,262 | \$123,300 |
| Receivable: | | | | |
| Taxes | | | | |
| Advance to other funds | | | | |
| Total Assets | <u><u>\$204,700</u></u> | <u><u>\$173,174</u></u> | <u><u>\$296,262</u></u> | <u><u>\$123,300</u></u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$258 | \$18,481 | | |
| Advance from other funds | | 75,000 | | |
| Total Liabilities | <u>258</u> | <u>93,481</u> | | |
| Fund Balances: | | | | |
| Restricted | <u>204,442</u> | <u>79,693</u> | <u>\$296,262</u> | <u>\$123,300</u> |
| Total Fund Balances (Deficits) | <u>204,442</u> | <u>79,693</u> | <u>296,262</u> | <u>123,300</u> |
| Total Liabilities, Deferred inflows of Resources and Fund Balances | <u><u>\$204,700</u></u> | <u><u>\$173,174</u></u> | <u><u>\$296,262</u></u> | <u><u>\$123,300</u></u> |

| <u>SPECIAL REVENUE FUNDS (Continued)</u> | | | | <u>CAPITAL PROJECTS FUNDS</u> | | |
|--|--------------------|--------------------------------------|------------------------------|--------------------------------|-------------------------------|----------------------------|
| <u>Street Construction</u> | <u>Excess ERAF</u> | <u>Parks, Beaches and Recreation</u> | <u>Highway 1 Improvement</u> | <u>Manor Drive Improvement</u> | <u>Aircraft Noise Project</u> | <u>Parks and Playfield</u> |
| \$822,061 | \$3,177,716 | \$96,925 | \$387,168 | \$967,416 | \$403 | \$149,331 |
| <u>1,849,619</u> | | | | | | |
| <u>\$2,671,680</u> | <u>\$3,177,716</u> | <u>\$96,925</u> | <u>\$387,168</u> | <u>\$967,416</u> | <u>\$403</u> | <u>\$149,331</u> |
| \$16,925 | \$40,074 | \$2,033 | \$150,802 | | | \$8,499 |
| <u>16,925</u> | <u>40,074</u> | <u>2,033</u> | <u>150,802</u> | | | <u>8,499</u> |
| <u>2,654,755</u> | <u>3,137,642</u> | <u>\$94,892</u> | <u>236,366</u> | <u>\$967,416</u> | <u>\$403</u> | <u>140,832</u> |
| <u>2,654,755</u> | <u>3,137,642</u> | <u>94,892</u> | <u>236,366</u> | <u>967,416</u> | <u>403</u> | <u>140,832</u> |
| <u>\$2,671,680</u> | <u>\$3,177,716</u> | <u>\$96,925</u> | <u>\$387,168</u> | <u>\$967,416</u> | <u>\$403</u> | <u>\$149,331</u> |

(Continued)

CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

| | CAPITAL PROJECTS FUNDS | | | |
|---|-------------------------------|---------------------|-----------------------------|---------------------|
| | Planned Local Drainage | Pacifica Library | Frontierland Remediation | Total |
| Assets: | | | | |
| Cash and investments | \$641,863 | \$501,022 | \$1,433,915 | \$9,917,293 |
| Receivable: | | | | |
| Taxes | | | 6,250 | 6,250 |
| Advance to other funds | | | | 1,849,619 |
| | <u>\$641,863</u> | <u>\$501,022</u> | <u>\$1,440,165</u> | <u>\$11,773,162</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | | | \$16,388 | \$253,460 |
| Advance from other funds | | | | 75,000 |
| | | | <u>16,388</u> | <u>328,460</u> |
| Fund Balances: | | | | |
| Restricted | \$641,863 | \$501,022 | 1,423,777 | 11,444,702 |
| | <u>641,863</u> | <u>501,022</u> | <u>1,423,777</u> | <u>11,444,702</u> |
| Total Liabilities, Deferred inflows of Resources and Fund Balances | <u>\$641,863</u> | <u>\$501,022</u> | <u>\$1,440,165</u> | <u>\$11,773,162</u> |

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CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

| | SPECIAL REVENUE FUNDS | | | |
|---|--|---------------------|--------------------|--------------------|
| | Supplemental Law Enforcement Services | NPDES Stormwater | Housing In-Lieu | Parking In-Lieu |
| Revenues: | | | | |
| Taxes: | | | | |
| Other taxes | | \$177,674 | | |
| Use of money and property | \$341 | 284 | \$605 | \$214 |
| Intergovernmental | 130,086 | | | |
| Other | | | | 102,000 |
| | <u>130,427</u> | <u>177,958</u> | <u>605</u> | <u>102,214</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | 55,922 | | | |
| Community development | | | | |
| Public works | | 100,331 | | |
| Recreation | | | | |
| Capital outlay | 258 | | 12,249 | |
| | <u>56,180</u> | <u>100,331</u> | <u>12,249</u> | |
| Excess (Deficit) of revenues over expenditures | <u>74,247</u> | <u>77,627</u> | <u>(11,644)</u> | <u>102,214</u> |
| Other financing sources (Uses) | | | | |
| Transfers in | | 24,500 | | |
| Transfers (out) | | (60,000) | | |
| Total Other Financing Sources (Uses) | | <u>(35,500)</u> | | |
| Net change in fund balances | 74,247 | 42,127 | (11,644) | 102,214 |
| Fund Balances (Deficits) at beginning of year | 130,195 | 37,566 | 307,906 | 21,086 |
| Fund Balances at end of year | <u>\$204,442</u> | <u>\$79,693</u> | <u>\$296,262</u> | <u>\$123,300</u> |

| SPECIAL REVENUE FUNDS (Continued) | | | CAPITAL PROJECTS FUNDS | | | |
|-----------------------------------|-------------|-------------------------------|------------------------|-------------------------|------------------------|----------------------|
| Street Construction | Excess ERAF | Parks, Beaches and Recreation | Highway 1 Improvement | Manor Drive Improvement | Aircraft Noise Project | Parks and Playfields |
| \$942,782 | \$1,648,047 | | | | | |
| 630,922 | 7,817 | \$60,188 | \$329 | \$1,955 | | \$207 |
| 293,240 | 297,238 | | 616,216 | | | |
| | | 11,578 | | 16,322 | \$120 | 143,032 |
| 1,866,944 | 1,953,102 | 71,766 | 616,545 | 18,277 | 120 | 143,239 |
| | | | | | | 17,126 |
| 285,998 | 585,091 | | 23,629 | 2,000 | | |
| | | 98,623 | | | | |
| | 914,453 | 7,359 | 322,537 | | | |
| 285,998 | 1,499,544 | 105,982 | 346,166 | 2,000 | | 17,126 |
| 1,580,946 | 453,558 | (34,216) | 270,379 | 16,277 | 120 | 126,113 |
| 44,374 | | | | | | |
| (1,538,650) | (405,000) | | | | | (25,000) |
| (1,494,276) | (405,000) | | | | | (25,000) |
| 86,670 | 48,558 | (34,216) | 270,379 | 16,277 | 120 | 101,113 |
| 2,568,085 | 3,089,084 | 129,108 | (34,013) | 951,139 | 283 | 39,719 |
| \$2,654,755 | \$3,137,642 | \$94,892 | \$236,366 | \$967,416 | \$403 | \$140,832 |

(Continued)

CITY OF PACIFICA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>CAPITAL PROJECTS FUNDS</u> | | | <u>Total</u> |
|---|---------------------------------------|-----------------------------|-------------------------------------|---------------------|
| | <u>Planned Local Drainage</u> | <u>Pacifica Library</u> | <u>Frontierland Remediation</u> | |
| Interest receivable | | | | |
| Taxes: | | | | |
| Other taxes | | | | \$2,768,503 |
| Use of money and property | \$1,306 | \$1,022 | \$543 | 705,733 |
| Intergovernmental | | | | 1,336,780 |
| Other | | | 75,000 | 348,052 |
| | <u>1,306</u> | <u>1,022</u> | <u>75,543</u> | <u>5,159,068</u> |
| Total Revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | | | | 55,922 |
| Community development | | | 16,388 | 33,514 |
| Public works | | | | 997,049 |
| Recreation | | | | 98,623 |
| Capital outlay | | | | 1,256,856 |
| | | | <u>16,388</u> | <u>2,441,964</u> |
| Total Expenditures | | | | |
| Excess (Deficit) of revenues over expenditures | <u>1,306</u> | <u>1,022</u> | <u>59,155</u> | <u>2,717,104</u> |
| Other financing sources (Uses) | | | | |
| Transfers in | | | 1,289,566 | 1,358,440 |
| Transfers (out) | | | | (2,028,650) |
| | | | <u>1,289,566</u> | <u>(670,210)</u> |
| Total Other Financing Sources (Uses) | | | | |
| Net change in fund balances | 1,306 | 1,022 | 1,348,721 | 2,046,894 |
| Fund Balances (Deficits) at beginning of year | <u>640,557</u> | <u>500,000</u> | <u>75,056</u> | <u>8,455,771</u> |
| Fund Balances at end of year | <u>\$641,863</u> | <u>\$501,022</u> | <u>\$1,423,777</u> | <u>\$10,502,665</u> |

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CITY OF PACIFICA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

| SPECIAL REVENUE FUNDS | | | | | | |
|---|--|------------------|------------------------------------|------------------|-----------------|------------------------------------|
| | Supplemental Law Enforcement Services | | | NPDES Stormwater | | |
| | Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | | | | |
| Taxes | | | | | | |
| Other taxes | | | | \$191,500 | \$177,674 | (\$13,826) |
| Use of money and property | | \$341 | \$341 | | 284 | 284 |
| Intergovernmental | \$100,000 | 130,086 | 30,086 | | | |
| Other | | | | | | |
| Total Revenues | <u>100,000</u> | <u>130,427</u> | <u>30,427</u> | <u>191,500</u> | <u>177,958</u> | <u>(13,542)</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public Safety | 69,000 | 55,922 | 13,078 | 135,500 | 100,331 | 35,169 |
| Community development | | | | | | |
| Public works | | | | | | |
| Parks, Beaches, and Recreation | | | | | | |
| Capital outlay | <u>58,861</u> | <u>258</u> | <u>58,603</u> | | | |
| Total Expenditures | <u>127,861</u> | <u>56,180</u> | <u>71,681</u> | <u>135,500</u> | <u>100,331</u> | <u>35,169</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(27,861)</u> | <u>74,247</u> | <u>102,108</u> | <u>56,000</u> | <u>77,627</u> | <u>21,627</u> |
| Other financing sources (Uses) | | | | | | |
| Transfers in | | | | | 24,500 | 24,500 |
| Transfers (out) | | | | (60,000) | (60,000) | |
| Total Other Financing Sources (Uses) | | | | <u>(60,000)</u> | <u>(35,500)</u> | <u>24,500</u> |
| Net change in fund balance | <u>(\$27,861)</u> | <u>74,247</u> | <u>\$102,108</u> | <u>(\$4,000)</u> | <u>42,127</u> | <u>\$46,127</u> |
| Fund Balance (Deficit) at beginning of year | | <u>130,195</u> | | | <u>37,566</u> | |
| Fund Balance at end of year | | <u>\$204,442</u> | | | <u>\$79,693</u> | |

SPECIAL REVENUE FUNDS

| Housing In-Lieu | | | Street Construction | | | Excess ERAF | | |
|-------------------|------------------|------------------------------|---------------------|--------------------|------------------------------|----------------------|--------------------|------------------------------|
| Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) |
| | \$605 | \$605 | \$943,000 | \$942,782 | (\$218) | | \$1,648,047 | \$1,648,047 |
| | | | | 630,922 | 630,922 | | 7,817 | 7,817 |
| | | | 157,300 | 293,240 | 135,940 | | 297,238 | 297,238 |
| | 605 | 605 | 1,100,300 | 1,866,944 | 766,644 | | 1,953,102 | 1,953,102 |
| | | | 321,742 | 285,998 | (263,349) | | 585,091 | (585,091) |
| \$15,000 | 12,249 | 2,751 | 2,700 | | 2,700 | | 914,453 | (914,453) |
| 15,000 | 12,249 | 2,751 | 324,442 | 285,998 | (260,649) | | 1,499,544 | (1,499,544) |
| (15,000) | (11,644) | 3,356 | 775,858 | 1,580,946 | 805,088 | | 453,558 | 453,558 |
| | | | | 44,374 | 44,374 | | | |
| | | | (538,650) | (1,538,650) | (1,000,000) | (\$1,476,940) | (405,000) | 1,071,940 |
| | | | (538,650) | (1,494,276) | (955,626) | (1,476,940) | (405,000) | 1,071,940 |
| <u>(\$15,000)</u> | <u>(11,644)</u> | <u>\$3,356</u> | <u>\$237,208</u> | <u>86,670</u> | <u>(\$150,538)</u> | <u>(\$1,476,940)</u> | <u>48,558</u> | <u>\$1,525,498</u> |
| | 307,906 | | | 2,568,085 | | | 3,089,084 | |
| | <u>\$296,262</u> | | | <u>\$2,654,755</u> | | | <u>\$3,137,642</u> | |

(Continued)

CITY OF PACIFICA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

| | <u>SPECIAL REVENUE FUND</u> | | | <u>CAPITAL PROJECTS FUND</u> | | |
|--|----------------------------------|-----------------|------------------------------------|------------------------------|------------------|------------------------------------|
| | Parks, Beaches and Recreation | | | Highway 1 Improvement | | |
| | Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | | | | |
| Taxes | | | | | | |
| Other taxes | | | | | | |
| Use of money and property | | \$60,188 | \$60,188 | | \$329 | \$329 |
| Intergovernmental | | 8,633 | 8,633 | \$1,000,000 | 616,216 | (383,784) |
| Other | | 2,945 | 2,945 | | | |
| Total Revenues | | <u>71,766</u> | <u>71,766</u> | <u>1,000,000</u> | <u>616,545</u> | <u>(383,455)</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public Safety | | | | | | |
| Community development | | | | | | |
| Public works | | | | 29,000 | 23,629 | 5,371 |
| | | 98,623 | (98,623) | | | |
| Capital outlay | | 7,359 | (7,359) | 971,000 | 322,537 | 648,463 |
| Total Expenditures | | <u>105,982</u> | <u>(105,982)</u> | <u>1,000,000</u> | <u>346,166</u> | <u>653,834</u> |
| Excess (Deficit) of Revenues over Expenditures | | <u>(34,216)</u> | <u>(34,216)</u> | | <u>270,379</u> | <u>270,379</u> |
| Other financing sources (Uses) | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| Net change in fund balance | | <u>(34,216)</u> | <u>(\$34,216)</u> | | <u>270,379</u> | <u>\$270,379</u> |
| Fund Balance (Deficit) at Beginning of Year | | <u>129,108</u> | | | <u>(34,013)</u> | |
| Fund Balance at End of Year | | <u>\$94,892</u> | | | <u>\$236,366</u> | |

CAPITAL PROJECTS FUNDS

| Manor Drive Improvement | | | Parks and Playfields | | | Planned Local Drainage | | |
|-------------------------|------------------|------------------------------|----------------------|------------------|------------------------------|------------------------|------------------|------------------------------|
| Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) | Final Budget | Actual | Variance Positive (Negative) |
| | | | \$200 | \$207 | \$7 | \$1,000 | \$1,306 | \$306 |
| \$1,000 | \$1,955 | \$955 | 378,200 | 143,032 | (235,168) | | | |
| | 16,322 | 16,322 | | | | | | |
| 1,000 | 18,277 | 17,277 | 378,400 | 143,239 | (235,161) | 1,000 | 1,306 | 306 |
| | | | | | | | | |
| 1,800 | 2,000 | (200) | | 17,126 | (17,126) | | | |
| | | | | | | 3,000 | | 3,000 |
| 528,250 | | 528,250 | | | | | | |
| 530,050 | 2,000 | 528,050 | | 17,126 | (17,126) | 3,000 | | 3,000 |
| | | | | | | | | |
| (529,050) | 16,277 | 545,327 | 378,400 | 126,113 | (252,287) | (2,000) | 1,306 | 3,306 |
| | | | | | | | | |
| | | | (25,000) | (25,000) | | | | |
| | | | (25,000) | (25,000) | | | | |
| <u>(\$529,050)</u> | 16,277 | <u>\$545,327</u> | <u>\$353,400</u> | 101,113 | <u>(\$252,287)</u> | <u>(\$2,000)</u> | 1,306 | <u>\$3,306</u> |
| | 951,139 | | | 39,719 | | | 640,557 | |
| | <u>\$967,416</u> | | | <u>\$140,832</u> | | | <u>\$641,863</u> | |

CITY OF PACIFICA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

| | Frontier Remediation | | |
|--|----------------------|-------------|------------------------------------|
| | Final Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | |
| Taxes | | | |
| Other taxes | | | |
| Use of money and property | | \$543 | \$543 |
| Intergovernmental | | | |
| Other | | 75,000 | 75,000 |
| | | | |
| Total Revenues | 385,816 | 16,388 | 444,971 |
| Expenditures: | | | |
| Current: | | | |
| Public Safety | | | |
| Community development | \$385,816 | 16,388 | |
| Public works | | | |
| Capital outlay | | | |
| | | | |
| Total Expenditures | 385,816 | 16,388 | 444,971 |
| Excess (Deficit) of Revenues over Expenditures | (385,816) | 59,155 | 444,971 |
| Other financing sources (Uses) | | | |
| Transfers in | | 1,289,566 | 1,289,566 |
| Transfers (out) | | | |
| | | | |
| Total Other Financing Sources (Uses) | 1,289,566 | 1,289,566 | 1,289,566 |
| Net change in fund balance | (\$385,816) | 1,348,721 | \$1,734,537 |
| Fund Balance (Deficit) at Beginning of Year | | 75,056 | |
| Fund Balance at End of Year | | \$1,423,777 | |

CITY OF PACIFICA, CALIFORNIA
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

| | Motor Pool | Self Insurance | Total |
|---|--------------------|--------------------|--------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and investments | \$1,292,262 | \$2,685,066 | \$3,977,328 |
| Receivable: | | | |
| Accounts | 1,523 | | 1,523 |
| Inventories | 29,086 | | 29,086 |
| Total Current Assets | 1,322,871 | 2,685,066 | 4,007,937 |
| Non-current assets: | | | |
| Capital assets, not being depreciated | 258,774 | | 258,774 |
| Capital assets, being depreciated, net of accumulated depreciation | 1,487,077 | | 1,487,077 |
| Total Noncurrent Assets | 1,745,851 | | 1,745,851 |
| Total Assets | 3,068,722 | 2,685,066 | 5,753,788 |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable | 77,163 | 33,904 | 111,067 |
| Accrued interest payable | 513 | | 513 |
| Claims payable | | 160,592 | 160,592 |
| Compensated absences | 27,937 | | 27,937 |
| Bonds payable | 26,596 | | 26,596 |
| Total Current Liabilities | 132,209 | 194,496 | 326,705 |
| Noncurrent Liabilities: | | | |
| Compensated absences | 14,567 | | 14,567 |
| Bonds payable | 140,102 | | 140,102 |
| Total Noncurrent Liabilities | 154,669 | | 154,669 |
| Total Liabilities | 286,878 | 194,496 | 481,374 |
| Net Position | | | |
| Net investment in capital assets | 1,745,851 | | 1,745,851 |
| Unrestricted | 1,035,993 | 2,490,570 | 3,526,563 |
| Total Net Position | \$2,781,844 | \$2,490,570 | \$5,272,414 |

CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

| | Motor Pool | Self Insurance | Total |
|--|--------------------|--------------------|--------------------|
| Operating revenues: | | | |
| Charges for services | \$1,308,537 | \$210,494 | \$1,519,031 |
| Other operating income | | 956,147 | 956,147 |
| Total operating revenues | 1,308,537 | 1,166,641 | 2,475,178 |
| Operating expenses: | | | |
| Personnel services | 503,323 | | 503,323 |
| Administration | 46,317 | | 46,317 |
| Supplies and materials | 302,056 | | 302,056 |
| Insurance expense | | 954,952 | 954,952 |
| Outside contractors | | 8,325 | 8,325 |
| Maintenance | 80,234 | | 80,234 |
| Insurance claims | | 272,411 | 272,411 |
| Depreciation | 510,325 | | 510,325 |
| Total operating expenses | 1,442,255 | 1,235,688 | 2,677,943 |
| Open Operating income (loss) | (133,718) | (69,047) | (202,765) |
| Non-operating revenues (expenses): | | | |
| Investment earnings | 2,631 | 4,789 | 7,420 |
| Interest and fiscal charges | (3,754) | | (3,754) |
| Gain on sale of capital assets | 9,160 | | 9,160 |
| Total non-operating revenues (expenses) | 8,037 | 4,789 | 12,826 |
| Income (Loss) Before Transfers | (125,681) | (64,258) | (189,939) |
| Transfers: | | | |
| Transfers in | | 292,718 | 292,718 |
| Change in net position | (125,681) | 228,460 | 102,779 |
| Net position at beginning of year | 2,907,525 | 2,262,110 | 5,169,635 |
| Net position at end of year | \$2,781,844 | \$2,490,570 | \$5,272,414 |

CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

| | Motor Pool | Self Insurance | Total |
|--|--------------------|--------------------|--------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$1,312,465 | \$1,166,641 | \$2,479,106 |
| Payments to suppliers and users | (425,514) | (957,898) | (1,383,412) |
| Payments for claims | | (356,595) | (356,595) |
| Payments to employees | (501,330) | | (501,330) |
| Net Cash Provided (Used) by Operating Activities | <u>385,621</u> | <u>(147,852)</u> | <u>237,769</u> |
| Cash Flows from Noncapital and Related Financing Activities | | | |
| Transfers in | | 292,718 | 292,718 |
| Net Cash Provided by Noncapital and Related Financing Activities | | <u>292,718</u> | <u>292,718</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Purchase of capital assets | (572,055) | | (572,055) |
| Proceeds from sale of capital assets | 9,160 | | 9,160 |
| Principal payments on bonds and notes | (26,596) | | (26,596) |
| Interest paid | (3,754) | | (3,754) |
| Net Cash Used by Capital and Related Financing Activities | <u>(593,245)</u> | | <u>(593,245)</u> |
| Cash Flows from Investing Activities: | | | |
| Interest received | 2,631 | 4,789 | 7,420 |
| Net Cash Provided by Investing Activities | <u>2,631</u> | <u>4,789</u> | <u>7,420</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (204,993) | 149,655 | (55,338) |
| Cash and Cash Equivalents at the Beginning of Fiscal Year | <u>1,497,255</u> | <u>2,535,411</u> | <u>4,032,666</u> |
| Cash and Cash Equivalents at End of Fiscal Year | <u>\$1,292,262</u> | <u>\$2,685,066</u> | <u>\$3,977,328</u> |

(Continued)

CITY OF PACIFICA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Motor Pool</u> | <u>Self Insurance</u> | <u>Total</u> |
|--|-----------------------|---------------------------|------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | (\$133,718) | (\$69,047) | (\$202,765) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 510,325 | | 510,325 |
| (Increase) Decrease in Operating Assets: | | | |
| Accounts receivable | 360 | | 360 |
| Inventories | 3,568 | | 3,568 |
| Increase (Decrease) in Operating Liabilities: | | | |
| Accounts payable | 3,043 | 5,379 | 8,422 |
| Accrued liabilities | 50 | | 50 |
| Claims payable | | (84,184) | (84,184) |
| Compensated absences | 1,993 | | 1,993 |
| Net Cash Provided (Used) by Operating Activities | <u>\$385,621</u> | <u>(\$147,852)</u> | <u>\$237,769</u> |

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STATISTICAL SECTION

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CITY OF PACIFICA, CALIFORNIA
STATISTICAL SECTION
FISCAL YEAR ENDED JUNE 30, 2017

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.

Financial Trends

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

Debt Capacity

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

Revenue Capacity

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

Demographic and Economic Information

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

Operating Information

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

Property Tax Information

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

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| <i>Governmental activities</i> | | | | |
| Net investment in capital assets | \$ 50,020,034 | \$ 50,142,311 | \$ 51,393,206 | \$ 54,212,344 |
| Restricted | 7,064,256 | 5,597,188 | 4,962,287 | 4,825,393 |
| Unrestricted | 5,799,437 | 8,728,875 | 4,867,264 | (634,699) |
| Total governmental activities net position | <u>\$ 62,883,727</u> | <u>\$ 64,468,374</u> | <u>\$ 61,222,757</u> | <u>\$ 58,403,038</u> |
| <i>Business-type activities</i> | | | | |
| Net investments in capital assets | \$ 11,483,688 | \$ 10,796,034 | \$ 11,247,270 | \$ 14,179,807 |
| Restricted | 1,075,760 | 689,514 | 562,485 | |
| Unrestricted | 2,341,086 | 5,776,571 | 7,139,231 | 5,545,190 |
| Total business-type activities net position | <u>\$ 14,900,534</u> | <u>\$ 17,262,119</u> | <u>\$ 18,948,986</u> | <u>\$ 19,724,997</u> |
| <i>Primary government</i> | | | | |
| Net investment in capital assets | \$ 61,503,722 | \$ 60,938,345 | \$ 62,640,476 | \$ 68,392,151 |
| Restricted | 8,140,016 | 6,286,702 | 5,524,772 | 4,825,393 |
| Unrestricted | 8,140,523 | 14,505,446 | 12,006,495 | 4,910,491 |
| Total primary government net position | <u>\$ 77,784,261</u> | <u>\$ 81,730,493</u> | <u>\$ 80,171,743</u> | <u>\$ 78,128,035</u> |

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 54,455,020 | \$ 56,461,478 | \$ 56,995,945 | \$ 56,431,400 | \$ 56,878,228 | \$ 56,601,988 |
| 8,216,813 | 7,944,025 | 9,049,015 | 11,517,455 | 13,808,573 | 17,256,904 |
| 4,681,456 | (13,421,330) | (14,105,441) | (46,030,272) | (39,126,535) | (37,204,436) |
| <u>\$ 67,353,289</u> | <u>\$ 50,984,173</u> | <u>\$ 51,939,519</u> | <u>\$ 21,918,583</u> | <u>\$ 31,560,266</u> | <u>\$ 36,654,456</u> |
| | | | | | |
| \$ 15,462,599 | \$ 15,963,759 | \$ 17,679,506 | \$ 15,266,626 | \$ 15,985,969 | \$ 15,985,969 |
| 5,935,174 | 5,238,849 | 5,663,853 | 9,163,991 | 9,672,252 | 9,812,211 |
| <u>\$ 21,397,773</u> | <u>\$ 21,202,608</u> | <u>\$ 23,343,359</u> | <u>\$ 24,430,617</u> | <u>\$ 25,658,221</u> | <u>\$ 25,798,180</u> |
| | | | | | |
| \$ 69,917,619 | \$ 72,425,237 | \$ 74,675,451 | \$ 71,698,026 | \$ 72,864,197 | \$ 72,587,957 |
| 8,216,813 | 7,944,025 | 9,049,015 | 11,517,455 | 13,808,573 | 17,256,904 |
| 10,616,630 | (8,182,481) | (8,441,588) | (36,866,281) | (29,454,283) | (27,392,225) |
| <u>\$ 88,751,062</u> | <u>\$ 72,186,781</u> | <u>\$ 75,282,878</u> | <u>\$ 46,349,200</u> | <u>\$ 57,218,487</u> | <u>\$ 62,452,636</u> |

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

| | 2008 | 2009 | 2010 | 2011 |
|--|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,952,782 | \$ 4,083,959 | \$ 4,625,471 | \$ 4,212,498 |
| Public safety | 14,985,013 | 15,306,306 | 15,149,459 | 14,460,040 |
| Community Development | 1,343,220 | 1,356,494 | 1,402,574 | 1,549,299 |
| Public Works | 4,154,717 | 4,422,332 | 4,801,291 | 4,881,082 |
| Parks, Beaches & Recreation | 4,155,877 | 4,035,233 | 3,681,863 | 3,919,199 |
| Interest on Long-term Debt | 987,156 | 2,225,220 | 1,777,280 | 2,174,281 |
| Total Governmental Activities Expenses | <u>\$ 30,578,765</u> | <u>\$ 31,429,544</u> | <u>\$ 31,437,938</u> | <u>\$ 31,196,399</u> |
| Business-type activities: | | | | |
| Sewer | \$ 8,095,219 | \$ 9,084,439 | \$ 9,658,229 | \$ 10,944,059 |
| Beach Parking | | | | |
| Total Business-Type Activities Expenses | <u>\$ 8,095,219</u> | <u>\$ 9,084,439</u> | <u>\$ 9,658,229</u> | <u>\$ 10,944,059</u> |
| Total Primary Government Expenses | <u>\$ 38,673,984</u> | <u>\$ 40,513,983</u> | <u>\$ 41,096,167</u> | <u>\$ 42,140,458</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General Government | \$ 110,868 | \$ 77,393 | \$ 69,853 | \$ 48,038 |
| Public Safety | 1,159,056 | 1,001,112 | 840,467 | 851,020 |
| Community Development | 792,532 | 606,991 | 568,871 | 631,767 |
| Public Works | 2,522,362 | 1,741,147 | 683,914 | 683,914 |
| Parks, Beaches & Recreation | 584,724 | 1,642,848 | 1,558,394 | 1,843,700 |
| Operating Grants and Contributions | 2,871,766 | 4,364,106 | 1,884,748 | 1,980,279 |
| Capital Grants and Contributions | 3,302,650 | 2,936,150 | 4,049,601 | 2,348,301 |
| Total Governmental Activities Program Revenues | <u>\$ 11,343,958</u> | <u>\$ 12,369,747</u> | <u>\$ 9,655,848</u> | <u>\$ 8,387,019</u> |
| Business-Type Activities: | | | | |
| Charges for services: | | | | |
| Sewer | \$ 10,181,406 | \$ 11,885,526 | \$ 11,367,645 | \$ 11,694,198 |
| Beach Parking | | | | |
| Total Business-Type Activities Program Revenues | <u>10,181,406</u> | <u>11,885,526</u> | <u>11,367,645</u> | <u>11,694,198</u> |
| Total Primary Government Program Revenues | <u>\$ 21,525,364</u> | <u>\$ 24,255,273</u> | <u>\$ 21,023,493</u> | <u>\$ 20,081,217</u> |
| Net Revenues (Expenses) | | | | |
| Governmental activities | \$ (19,234,807) | \$ (19,059,797) | \$ (21,782,090) | \$ (22,809,380) |
| Business-type activities | 2,086,187 | 2,801,087 | 1,709,416 | 750,139 |
| Total Net Revenues (Expenses) | <u>\$ (17,148,620)</u> | <u>\$ (16,258,710)</u> | <u>\$ (20,072,674)</u> | <u>\$ (22,059,241)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 9,623,522 | \$ 10,484,389 | \$ 10,603,749 | \$ 10,564,253 |
| Sales Taxes | 1,225,279 | 1,365,710 | 1,306,611 | 1,434,710 |
| Franchise Tax | 1,558,164 | 1,740,754 | 1,372,885 | 1,565,634 |
| Other Taxes | 3,652,373 | 2,787,716 | 2,604,443 | 2,712,005 |
| Motor vehicle in lieu - unrestricted | 3,068,643 | 3,184,538 | 3,107,767 | 3,195,730 |
| Investment earnings | 532,887 | 528,768 | 211,681 | 192,620 |
| Miscellaneous | 3,986,507 | 507,569 | 341,313 | 324,709 |
| Transfers | 45,000 | 45,000 | 45,000 | - |
| Total Governmental Activities | <u>\$ 23,692,375</u> | <u>\$ 20,644,444</u> | <u>\$ 19,593,449</u> | <u>\$ 19,989,661</u> |
| Business-type activities: | | | | |
| Investment Earnings | \$ 41,921 | \$ 23,667 | \$ 22,451 | \$ 25,872 |
| Miscellaneous | - | - | - | - |
| Transfers | (45,000) | (45,000) | (45,000) | - |
| Total Business-Type Activities | <u>\$ (3,079)</u> | <u>\$ (21,333)</u> | <u>\$ (22,549)</u> | <u>\$ 25,872</u> |
| Total Primary Government | <u>\$ 23,689,296</u> | <u>\$ 20,623,111</u> | <u>\$ 19,570,900</u> | <u>\$ 20,015,533</u> |
| Changes in Net Position before Extraordinary Item: | | | | |
| Governmental Activities | \$ 4,457,568 | \$ 1,584,647 | \$ (2,188,641) | \$ (2,819,719) |
| Business-type Activities | 2,083,108 | 2,779,754 | 1,686,867 | 776,011 |
| Total Primary Government before Extraordinary Item: | <u>\$ 6,540,676</u> | <u>\$ 4,364,401</u> | <u>\$ (501,774)</u> | <u>\$ (2,043,708)</u> |
| Extraordinary Item | | | | |
| Gain on transfer of assets and liabilities to successor agency | | | | |
| 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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ | 4,019,613 | \$ 4,294,792 | \$ 4,473,909 | \$ 4,324,645 | \$ 4,604,299 | \$5,196,272 |
| | 13,568,582 | 13,572,060 | 13,935,234 | 13,997,209 | 15,859,890 | 14,310,434 |
| | 1,631,678 | 1,378,014 | 1,250,419 | 1,089,881 | 1,629,555 | 1,964,355 |
| | 4,688,440 | 4,088,408 | 4,138,762 | 5,757,332 | 4,714,402 | 5,698,841 |
| | 4,005,189 | 3,880,586 | 3,921,499 | 3,894,017 | 4,329,044 | 4,938,859 |
| | 2,120,772 | 2,037,476 | 1,945,156 | 2,072,272 | 1,667,485 | 2,442,966 |
| \$ | <u>30,034,274</u> | <u>\$ 29,251,336</u> | <u>\$ 29,664,979</u> | <u>\$ 31,135,356</u> | <u>\$ 32,804,675</u> | <u>\$ 34,551,727</u> |
| \$ | 10,124,492 | \$ 10,231,084 | \$ 10,853,371 | \$ 11,897,495 | \$ 10,816,732 | \$ 11,893,663 |
| | | | | 515,915 | 532,102 | 502,373 |
| \$ | <u>10,124,492</u> | <u>\$ 10,231,084</u> | <u>\$ 10,853,371</u> | <u>\$ 12,413,410</u> | <u>\$ 11,348,834</u> | <u>\$ 12,396,036</u> |
| \$ | <u>40,158,766</u> | <u>\$ 39,482,420</u> | <u>\$ 40,518,350</u> | <u>\$ 43,548,766</u> | <u>\$ 44,153,509</u> | <u>\$ 46,947,763</u> |
| \$ | 12,512 | \$ 15,902 | \$ 18,796 | \$ 29,769 | \$ 126,156 | \$74,899 |
| | 681,205 | 836,279 | 999,209 | 938,379 | 1,043,155 | 987,163 |
| | 693,169 | 688,975 | 989,356 | 1,922,976 | 3,638,027 | 2,333,796 |
| | 701,012 | 701,012 | 791,041 | 743,700 | 786,000 | 743,700 |
| | 2,063,812 | 2,067,301 | 2,248,642 | 2,107,720 | 2,220,263 | 2,231,797 |
| | 1,726,522 | 1,817,278 | 2,153,345 | 4,321,012 | 3,923,126 | 4,124,499 |
| | 3,519,266 | 2,311,468 | 6,364,781 | 4,709,960 | 4,912,145 | 2,458,959 |
| \$ | <u>9,397,498</u> | <u>\$ 8,438,215</u> | <u>\$ 13,565,170</u> | <u>\$ 14,773,516</u> | <u>\$ 16,648,872</u> | <u>\$ 12,954,813</u> |
| \$ | 11,980,789 | \$ 12,500,814 | \$ 13,331,596 | \$ 13,721,346 | \$ 12,959,708 | \$ 12,715,024 |
| | | | | 537,192 | 533,952 | 493,850 |
| | 11,980,789 | 12,500,814 | 13,331,596 | 14,258,538 | 13,493,660 | 13,208,874 |
| \$ | <u>21,378,287</u> | <u>\$ 20,939,029</u> | <u>\$ 26,896,766</u> | <u>\$ 29,032,054</u> | <u>\$ 30,142,532</u> | <u>\$ 26,163,687</u> |
| \$ | (20,636,776) | \$ (20,813,121) | \$ (16,099,809) | \$ (16,361,840) | \$ (16,155,803) | \$ (21,596,914) |
| | 1,856,297 | 2,269,730 | 2,478,225 | 1,845,128 | 2,144,826 | 812,838 |
| \$ | <u>(18,780,479)</u> | <u>\$ (18,543,391)</u> | <u>\$ (13,621,584)</u> | <u>\$ (14,516,712)</u> | <u>\$ (14,010,977)</u> | <u>\$ (20,784,076)</u> |
| \$ | 10,434,510 | \$ 10,701,810 | \$ 11,275,518 | \$ 12,200,335 | \$ 12,445,509 | \$ 12,679,059 |
| | 1,519,978 | 1,588,277 | 1,686,593 | 1,754,568 | 1,983,930 | 2,374,505 |
| | 1,595,929 | 1,617,727 | 1,668,382 | 1,697,972 | 1,736,620 | 1,748,266 |
| | 3,005,388 | 3,152,723 | 3,329,647 | 3,529,485 | 3,710,615 | 3,749,159 |
| | 3,039,393 | 2,923,573 | 3,164,873 | 3,320,316 | 3,543,953 | 3,731,337 |
| | 334,475 | 164,114 | 184,700 | 29,979 | (44,457) | 743,630 |
| | 469,780 | 357,630 | 537,867 | 259,197 | 1,481,757 | 846,648 |
| | 200,000 | 410,000 | 15,715 | (150) | 939,559 | 818,500 |
| \$ | <u>20,599,453</u> | <u>\$ 20,915,854</u> | <u>\$ 21,863,295</u> | <u>\$ 22,791,702</u> | <u>\$ 25,797,486</u> | <u>\$ 26,691,104</u> |
| \$ | 16,479 | \$ 21,468 | \$ 19,808 | \$ 16,123 | \$ 22,337 | \$ 145,621 |
| | | 42,047 | | | | |
| | (200,000) | (410,000) | | 150 | (939,559) | (818,500) |
| \$ | <u>(183,521)</u> | <u>\$ (346,485)</u> | <u>\$ 19,808</u> | <u>\$ 16,273</u> | <u>\$ (917,222)</u> | <u>(672,879)</u> |
| \$ | <u>20,415,932</u> | <u>\$ 20,569,369</u> | <u>\$ 21,883,103</u> | <u>\$ 22,807,975</u> | <u>\$ 24,880,264</u> | <u>\$ 26,018,225</u> |
| \$ | (37,323) | \$ 102,733 | \$ 5,763,486 | \$ 6,429,862 | \$ 9,641,683 | \$ 5,094,190 |
| | 1,672,776 | 1,923,245 | 2,498,033 | 1,861,401 | 1,227,604 | 139,959 |
| \$ | <u>1,635,453</u> | <u>\$ 2,025,978</u> | <u>\$ 8,261,519</u> | <u>\$ 8,291,263</u> | <u>\$ 10,869,287</u> | <u>\$ 5,234,149</u> |
| \$ | 5,557,942 | \$ - | \$ - | \$ - | \$ - | \$ - |
| | 5,520,619 | 102,733 | 5,763,486 | 6,429,862 | 9,641,683 | 5,094,190 |
| | 1,672,776 | 1,923,245 | 2,498,033 | 1,861,401 | 1,227,604 | 139,959 |
| \$ | <u>7,193,395</u> | <u>\$ 2,025,978</u> | <u>\$ 8,261,519</u> | <u>\$ 8,291,263</u> | <u>\$ 10,869,287</u> | <u>\$ 5,234,149</u> |

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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|------------------|------------------|-----------------|---------------------|
| General Fund | | | | |
| Reserved | \$ 3,765 | \$ 3,951 | \$ 3,702 | |
| Unreserved | 6,051 | 5,135 | 3,377 | |
| Non Spendable | | | | \$ 2,518,609 |
| Committed | | | | 567,465 |
| Assigned | | | | 150,369 |
| Unassigned | | | | 841,392 |
| Total General Fund | <u>\$ 9,816</u> | <u>\$ 9,086</u> | <u>\$ 7,079</u> | <u>\$ 4,077,835</u> |
| Interest receivable | | | | |
| All Other Governmental Funds | | | | |
| Reserved | \$ 2,419 | \$ 2,881 | \$ 3,415 | |
| Unreserved | (5,160) | (1,771) | (2,313) | |
| Unreserved, reported in: | | | | |
| Special revenue fund | 1,858 | (714) | (1,076) | |
| Capital projects fund | 1,707 | 1,532 | 1,376 | |
| Debt service funds | - | - | - | |
| Restricted | | | | \$ 8,304,103 |
| Committed | | | | - |
| Assigned | | | | - |
| Unassigned | | | | (6,590,713) |
| Total All Other Governmental Funds | <u>\$ 824</u> | <u>\$ 1,928</u> | <u>\$ 1,402</u> | <u>\$ 1,713,390</u> |
| Total Governmental Funds | <u>\$ 10,640</u> | <u>\$ 11,014</u> | <u>\$ 8,481</u> | <u>\$ 5,791,225</u> |

| | Fiscal year June 30, | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| General Fund | | | | | | |
| Non Spendable | \$ 2,519,544 | \$ 2,522,197 | \$ 2,540,590 | \$ 3,996,158 | \$ 3,947,951 | \$4,021,024 |
| Committed | 743,683 | 899,051 | 907,519 | | | |
| Assigned | 130,858 | 117,873 | 168,197 | 904,240 | 904,240 | 904,240 |
| Unassigned | 227,012 | 127,980 | 1,341,251 | 1,893,507 | 4,960,039 | 5,404,857 |
| Total General Fund | <u>\$ 3,621,097</u> | <u>\$ 3,667,101</u> | <u>\$ 4,957,557</u> | <u>\$ 6,793,905</u> | <u>\$ 9,812,230</u> | <u>\$ 10,330,121</u> |
| All Other Governmental Funds: | | | | | | |
| Restricted | \$ 9,042,672 | \$ 8,230,761 | \$ 10,155,601 | \$ 11,503,439 | \$ 13,808,573 | \$ 17,256,904 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | 14,016 | | |
| Unassigned | (979,737) | (818,354) | (1,656,694) | (1,312,645) | (2,410,718) | (3,518,187) |
| Total All Other Governmental Funds | <u>8,062,935</u> | <u>7,412,407</u> | <u>8,498,907</u> | <u>10,204,810</u> | <u>11,397,855</u> | <u>13,738,717</u> |
| Total Governmental Funds | <u>\$ 11,684,032</u> | <u>\$ 11,079,508</u> | <u>\$ 13,456,464</u> | <u>\$ 16,998,715</u> | <u>\$ 21,210,085</u> | <u>\$ 24,068,838</u> |

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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|-----------------|----------------|-------------------|-------------------|
| Revenues | | | | |
| Taxes | \$ 16,057 | \$ 16,230 | \$ 16,391 | \$ 16,454 |
| Licenses and permits | 558 | 402 | 350 | 341 |
| Fines and forfeitures | 187 | 246 | 246 | 227 |
| Use of money and property | 432 | 679 | 390 | 154 |
| Intergovernmental revenues | 8,044 | 9,320 | 8,497 | 8,173 |
| Charges for Services | 3,100 | 2,777 | 1,592 | 1,676 |
| Recreation Programs | 612 | 597 | 445 | 654 |
| Other Revenues | 6,115 | 1,455 | 1,620 | 1,540 |
| Total Revenues: | <u>35,105</u> | <u>31,706</u> | <u>29,531</u> | <u>29,219</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,961 | 4,209 | 7,430 | 3,884 |
| Public safety | 14,970 | 14,896 | 16,575 | 14,096 |
| Community Development | 1,238 | 1,306 | 3,275 | 1,435 |
| Public Works | 3,726 | 3,722 | 8,888 | 4,041 |
| Parks, Beaches & Recreation | 3,744 | 3,929 | 8,725 | 3,581 |
| Non-departmental | 437 | | | |
| Capital outlay | 1,677 | 3,912 | 2,286 | 754 |
| Debt service: | | | | |
| Principal retirement | 35 | 35 | 550 | 1,482 |
| Interest and Other Chares | 1,140 | 2,340 | 1,540 | 2,256 |
| Bond issuance cost | | | | |
| Total Expenditures | <u>30,928</u> | <u>34,349</u> | <u>49,269</u> | <u>31,529</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,177</u> | <u>(2,643)</u> | <u>(19,738)</u> | <u>(2,310)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 815 | 2,391 | 1,489 | 3,387 |
| Transfers out | (1,072) | (2,846) | (1,869) | (3,767) |
| Other Sources/Uses: | | | | |
| Issuance of Debt | | 19,815 | 17,826 | |
| Issuance of Discount | | (596) | (241) | |
| Refunded to debt escrow agent | | (15,747) | - | |
| Proceeds of long-term debt | | | | |
| Total other financing sources (uses) | <u>(257)</u> | <u>3,017</u> | <u>17,205</u> | <u>(380)</u> |
| Net change in fund balances | <u>\$ 3,920</u> | <u>\$ 374</u> | <u>\$ (2,533)</u> | <u>\$ (2,690)</u> |
| Debt service as a percentage of noncapital expenditures | 3.9% | 7.4% | 4.4% | 13.5% |

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----|---------|-----------|-----------|-----------|----------|----------|
| \$ | 16,733 | \$ 17,238 | \$ 18,138 | \$ 21,216 | \$22,294 | \$22,411 |
| | 409 | 389 | 515 | 683 | 827 | 812 |
| | 174 | 179 | 301 | 153 | 150 | 161 |
| | 220 | 155 | 178 | 459 | 1,663 | 980 |
| | 8,029 | 7,233 | 10,614 | 8,567 | 7,439 | 6,605 |
| | 1,515 | 1,679 | 1,996 | 2,219 | 2,829 | 2,722 |
| | 786 | 820 | 813 | 897 | 898 | 845 |
| | 1,790 | 1,531 | 2,285 | 4,163 | 3,690 | 4,283 |
| | 29,656 | 29,224 | 34,840 | 38,357 | 39,790 | 38,819 |
| | 3,428 | 3,677 | 3,866 | 3,899 | 4,332 | 4,538 |
| | 12,544 | 12,452 | 12,940 | 14,199 | 14,555 | 15,452 |
| | 1,491 | 1,331 | 1,250 | 1,318 | 1,814 | 1,907 |
| | 3,583 | 3,356 | 3,347 | 4,259 | 3,707 | 4,597 |
| | 3,644 | 3,552 | 3,585 | 3,988 | 4,333 | 4,419 |
| | 2,843 | 2,659 | 3,529 | 3,077 | 3,393 | 1,952 |
| | 1,561 | 1,661 | 1,791 | 1,918 | 2,046 | 1,667 |
| | 2,250 | 1,912 | 1,878 | 1,777 | 1,686 | 1,957 |
| | | | | | | 293 |
| | 31,344 | 30,600 | 32,186 | 34,435 | 35,866 | 36,784 |
| | (1,688) | (1,376) | 2,654 | 3,922 | 3,924 | 2,035 |
| | 3,449 | 3,619 | 3,766 | 1,924 | 2,614 | 6,191 |
| | (4,504) | (4,017) | (4,146) | (2,304) | (2,327) | (5,665) |
| | | | | | | (16,794) |
| | | 1,169 | | | | 17,092 |
| | (1,055) | 771 | (380) | (380) | 287 | 824 |
| \$ | (2,743) | \$ (605) | \$ 2,274 | \$ 3,542 | \$ 4,211 | \$ 2,859 |
| | 13.8% | 13.22% | 12.87% | 11.66% | 11.49% | 11.0% |

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

| <u>Categories</u> | <u>Annual Years</u> | | | |
|--------------------------|---------------------|-------------------|-------------------|-------------------|
| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Food Stores | \$ 25,290 | \$ 25,359 | \$ 25,033 | \$ 24,665 |
| Eating & Drinking Places | 28,789 | 28,659 | 28,999 | 30,244 |
| Building Materials | 6,604 | 5,838 | 4,587 | 3,856 |
| Auto Dealers & Supplies | 4,360 | 3,953 | 3,655 | 3,637 |
| Service Stations | 40,146 | 44,064 | 34,149 | 39,755 |
| Other Retail Stores | 30,686 | 31,214 | 32,576 | 33,749 |
| All Other Outlets | 34,151 | 35,454 | 28,446 | 32,277 |
| Total | <u>\$ 170,026</u> | <u>\$ 174,541</u> | <u>\$ 157,445</u> | <u>\$ 168,183</u> |

Notes:

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

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

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

| | <u>2011</u> | <u>2012</u> | <u>Annual Years</u> | | <u>2015</u> | <u>2016*</u> |
|----|----------------|----------------|---------------------|----------------|----------------|----------------|
| | | | <u>2013</u> | <u>2014</u> | | |
| \$ | 25,723 | \$ 26,201 | \$ 26,938 | \$ 27,941 | \$ 27,953 | \$ 24,570 |
| | 30,168 | 33,666 | 39,443 | 45,038 | 49,449 | 50,501 |
| | 3,737 | 3,863 | 3,735 | 3,805 | 3,929 | 3,839 |
| | 3,819 | 4,095 | 4,385 | 4,685 | 4,534 | 4,520 |
| | 49,578 | 52,508 | 54,192 | 52,293 | 44,580 | 38,839 |
| | 34,195 | 34,441 | 35,602 | 34,111 | 35,469 | 42,975 |
| | 30,113 | 33,155 | 36,638 | 38,654 | 40,107 | 47,816 |
| | <u>177,333</u> | <u>187,929</u> | <u>200,933</u> | <u>206,527</u> | <u>206,021</u> | <u>213,060</u> |

**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> |
|--------------------|-------------------|-------------------------|------------------------------|----------------------------------|----------------------|--------------|
| 2008 | 5.25% | 0.75% | 1.75% | 0.50% | 0.00% | 8.25% |
| 2009 | 6.25% | 0.75% | 1.75% | 0.50% | 0.00% | 9.25% |
| 2010 | 6.25% | 0.75% | 1.75% | 0.50% | 0.00% | 9.25% |
| 2011 | 6.25% | 0.75% | 1.75% | 0.50% | 0.00% | 9.25% |
| 2012 | 5.25% | 0.75% | 1.75% | 0.50% | 0.00% | 8.25% |
| 2013 | 6.00% | 0.75% | 1.75% | 0.50% | 0.00% | 9.00% |
| 2014 | 6.00% | 0.75% | 1.75% | 0.50% | 0.00% | 9.00% |
| 2015 | 6.00% | 0.75% | 1.75% | 0.50% | 0.00% | 9.00% |
| 2016 | 6.00% | 0.75% | 1.75% | 0.50% | 0.00% | 9.00% |
| 2017 | 5.75% | 0.75% | 1.75% | 0.50% | 0.00% | 8.75% |

Notes:

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

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

Voters approved a San Mateo County Transactions and Use Tax of a 1/2 cent effective in 2013.

Source: State Board of Equalization & HdL Companies

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

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Licenses & Permits</u> | <u>Use of Money & Property</u> | <u>Inter-Governmental</u> | <u>Current Service Chgs.</u> | <u>Fines & Forfeitures</u> | <u>Other Revenues</u> | <u>TOTAL</u> |
|-----------------------|--------------|-------------------------------|------------------------------------|---------------------------|------------------------------|--------------------------------|-----------------------|--------------|
| 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 |
| 2013-2014 | 18,137,639 | 514,854 | 177,610 | 10,614,499 | 1,996,318 | 300,611 | 3,099,290 | 34,840,821 |
| 2014-2015 | 21,215,649 | 683,517 | 458,823 | 8,567,028 | 2,219,356 | 153,031 | 5,059,783 | 38,357,187 |
| 2015-2016 | 22,294,417 | 827,154 | 1,663,159 | 7,439,425 | 2,828,678 | 149,573 | 4,588,311 | 39,790,717 |
| 2016-2017 | 22,411,007 | 811,803 | 980,024 | 6,604,617 | 2,722,206 | 161,023 | 5,037,010 | 38,727,690 |
| % Change 2008-2017 | 39.57% | 45.47% | 126.92% | -17.89% | -26.67% | -13.71% | -17.64% | 10.32% |

Notes:

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

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

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

| Fiscal Year | LOCALLY ASSESSED | | | | | | TOTALS | | | | | | | |
|--------------------|------------------|--------------|-------------------|------------|--------------|-------------------|-------------------------|--------------|-------------------|-----------------------|----------------|----------|------------------|--------------------|
| | Secured | | | Unsecured | | | Total Before Exemptions | | | Exemptions/Net Totals | | | | |
| | Land Value | Improvements | Personal Property | Land Value | Improvements | Personal Property | Land Value | Improvements | Personal Property | Grand Total | (1) H.O.P.T.R. | Other | Total Exemptions | Net Subject To Tax |
| 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 |
| 2013-2014 | 2,174,610 | 2,534,526 | 2,615 | 4,906 | 19,263 | 19,445 | 2,179,516 | 2,553,789 | 22,060 | 4,755,365 | 56,906 | 58,966 | 115,872 | 4,639,493 |
| 2014-2015 | 2,294,249 | 2,647,779 | 2,352 | 5,041 | 21,781 | 22,507 | 2,299,290 | 2,669,560 | 24,859 | 4,993,709 | 56,151 | 61,142 | 117,293 | 4,876,416 |
| 2015-2016 | 2,460,040 | 2,815,656 | 2,172 | 4,108 | 22,270 | 31,051 | 2,464,148 | 2,837,928 | 33,223 | 5,335,299 | 55,523 | 65,832 | 121,355 | 5,213,944 |
| 2016-2017 | 2,622,536 | 2,952,932 | 2,132 | 4,041 | 18,948 | 21,509 | 2,626,577 | 2,971,880 | 23,641 | 5,622,098 | 54,982 | 52,206 | 107,198 | 5,514,900 |
| % Change 2008-2017 | 33.88% | 28.28% | -45.22% | -31.23% | -0.89% | 6.83% | 33.69% | 28.04% | -1.60% | 30.45% | -5.28% | -0.97% | -3.24% | 31.34% |

(1) Homeowner's Property Tax Relief

Notes:

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

Source: County Tax Rolls - The County has never provided a breakdown between Residential, Commercial and Industrial Property.

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

| Annual Year | City Direct Rate | | | Overlapping Rates | | | | | | Total Direct Rate |
|-------------|------------------|---------------------------------|---------------------------------|--------------------------|-----------------------------|---|--|---------------------|---------------------------------|-------------------|
| | City Basic Rate | General Obligation Debt Service | Redevelopment Debt Service Rate | Pacifica School District | South San Francisco Unified | Jefferson High School & Elementary School Districts | San Mateo Junior College & High School | Millbrae Elementary | San Mateo County as Distributor | |
| 2008 | 0% | 0% | 2.90% | 0.0411% | 0.0189% | 0.0701% | 0.0321% | 0.0000% | 1% | 2.9019% |
| 2009 | 0% | 0% | 2.90% | 0.0384% | 0.0162% | 0.0687% | 0.0463% | 0.0000% | 1% | 2.9019% |
| 2010 | 0% | 0% | 2.90% | 0.0417% | 0.0195% | 0.0749% | 0.0501% | 0.0185% | 1% | 2.9019% |
| 2011 | 0% | 0% | 2.90% | 0.0412% | 0.0196% | 0.0815% | 0.0515% | 0.0254% | 1% | 2.9019% |
| 2012 | 0% | 0% | 0.00% | 0.0422% | 0.0221% | 0.0829% | 0.0582% | 0.0295% | 1% | 0.0019% |
| 2013 | 0% | 0% | 0.00% | 0.0432% | 0.0327% | 0.0746% | 0.0575% | 0.0355% | 1% | 0.0020% |
| 2014 | 0% | 0% | 0.00% | 0.0403% | 0.0328% | 0.1287% | 0.0549% | 0.4280% | 1% | 0.0019% |
| 2015 | 0% | 0% | 0.00% | 0.0392% | 0.0000% | 0.1192% | 0.0190% | 0.0000% | 1% | 0.0019% |
| 2016 | 0% | 0% | 0.00% | 0.0311% | 0.0000% | 0.1480% | 0.0247% | 0.0000% | 1% | 0.0019% |
| 2017 | 0% | 0% | 0.00% | 0.0311% | 0.0467% | 0.1480% | 0.0662% | 0.0430% | 1% | 0.0019% |

Notes:

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

Source: County of San Mateo Controller's Office - 2007-2008 thru 2016-2017 Property Tax Rate Book & HdL Companies

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

| Taxpayer | 2017 | | | 2008 | | |
|-------------------------------------|------------------------|------|---|------------------------|------|---|
| | 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 | \$52,492 | 1 | 0.94% | \$19,584 | 4 | 0.44% |
| FPA BAF Lands End Associates | 49,482 | 2 | 0.89% | 47,542 | 1 | 1.07% |
| Linda Mar Shopping Center, LLP | 34,230 | 3 | 0.61% | 30,849 | 2 | 0.70% |
| PK III Fairmont Shopping Center | 29,718 | 4 | 0.53% | 29,573 | 3 | 0.67% |
| CRP/PSE Seaside Pacifica Owner | 24,134 | 5 | 0.43% | | | |
| Marymount Summit ,LLC | 19,914 | 6 | 0.36% | 17,947 | 5 | 0.40% |
| Tajirian Investments LLC | 16,800 | 7 | 0.30% | | | |
| Upsky Lighthouse Hotel LLC | 15,056 | 8 | 0.27% | | | |
| Bay Apartment Communities, Inc. | 14,964 | 9 | 0.27% | 13,163 | 8 | 0.30% |
| Oceanview Housing Associates LLC | 14,346 | 10 | 0.26% | | | |
| AIMCO Horizons West Apartments, LLC | | | | 15,382 | 6 | 0.35% |
| Harry B. Lewis, et al | | | | 13,906 | 7 | 0.31% |
| National Church Residences | | | | 12,871 | 9 | 0.29% |
| LBN Properties LP | | | | 12,566 | 10 | 0.28% |
| Total | \$ 271,136 | | 4.86% | \$ 213,383 | | 4.81% |

Notes:

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

Source: HdL Companies report and 2008 CAFR-Source: Tax Rolls provided by County Assessor's Office, County of San Mateo, California, March 1, 2008

**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 |
| 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 | 8,499 | 8,499 | 100.00% | 0 | 8,499 | 100.00% |
| 2011 | 8,532 | 8,532 | 100.00% | 0 | 8,532 | 100.00% |
| 2012 | 8,678 | 8,519 | 98.17% | 0 | 8,519 | 98.17% |
| 2013 | 8,688 | 8,641 | 99.46% | 0 | 8,641 | 99.46% |
| 2014 | 9,010 | 9,010 | 100.00% | 0 | 9,010 | 100.00% |
| 2015 | 9,738 | 9,738 | 100.00% | 0 | 9,738 | 100.00% |
| 2016 | 10,068 | 10,068 | 100.00% | 0 | 10,068 | 100.00% |
| 2017 | 10,795 | 10,810 | 100.14% | 0 | 10,810 | 100.14% |
| % Change 2008-2017 | 0.3197 | 0.3217 | | | 0.3222 | 0.0019 |

Notes:

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

Includes Homeowner's Tax Relief (HOPTR).

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

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

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

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

Governmental Activities

| Fiscal Year Ending | Pension Obligation Bond | Capital Lease Payable | Notes Payable | Certificates of Participation | Total Governmental Activities Debt |
|-----------------------------------|--|--------------------------------------|--------------------------|--|---|
| 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 | 33,810,455 |
| 2014 | 13,857,073 | 1,021,637 | 875,378 | 17,295,000 | 33,049,088 |
| 2015 | 12,712,826 | 918,514 | 875,378 | 16,740,000 | 31,246,718 |
| 2016 | 11,303,736 | 811,224 | - | 16,210,000 | 28,324,960 |
| 2017 | 9,748,420 | 699,600 | - | 16,977,583 | 27,425,603 |

Notes:

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

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

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

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

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

Sources: City's Comprehensive Annual Financial Reports 2008-2017.

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

Business-Type Activities

| Fiscal Year Ending | Sewer Bonds | Notes Payable | Total Business-Type Government | Total Primary Government | Estimated Median Personal Income | Population | Debt Per Capita | Estimated Median Personal Income | Debt as a Percentage of Personal Income |
|-------------------------------|------------------------|--------------------------|---|---|---|-------------------|--------------------------------|---|--|
| 2008 | \$13,530,000 | \$25,359,240 | \$38,889,240 | \$56,489,618 | \$58,567 | 39,616 | \$1,426 | \$42,256 | 0.07% |
| 2009 | 13,380,000 | 23,749,506 | 37,129,506 | 57,819,884 | 57,014 | 39,984 | 1,446 | 42,773 | 0.07% |
| 2010 | 15,558,627 | 22,112,004 | 37,670,631 | 76,027,382 | 63,500 | 40,431 | 1,880 | 41,153 | 0.05% |
| 2011 | 15,269,875 | 20,444,965 | 35,714,840 | 72,610,343 | 62,917 | 37,658 | 1,928 | 36,144 | 0.05% |
| 2012 | 15,018,978 | 18,747,852 | 33,766,830 | 69,128,230 | n/a | 37,948 | 1,822 | 39,648 | 0.06% |
| 2013 | 11,275,298 | 23,043,678 | 34,318,976 | 68,129,431 | n/a | 38,292 | 1,779 | 41,909 | 0.06% |
| 2014 | 11,172,927 | 21,406,345 | 32,579,272 | 65,628,360 | n/a | 38,315 | 1,713 | 42,099 | 0.06% |
| 2015 | 9,736,334 | 20,375,644 | 30,111,978 | 61,358,696 | n/a | 37,806 | 1,623 | 43,390 | 0.07% |
| 2016 | 9,436,801 | 18,070,515 | 27,507,316 | 55,832,276 | n/a | 38,124 | 1,464 | 45,452 | 0.08% |
| 2017 | 35,297,847 | 15,756,776 | 51,054,623 | 78,480,226 | n/a | 39,062 | 2,009 | 45,591 | 0.06% |

Notes:

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

Sources:

The City's Comprehensive Annual Financial Reports 2008-2017.

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

FISCAL YEAR ENDING JUNE 30

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assessed Valuation | \$4,199,006 | \$4,436,778 | \$ 4,353,684 | \$ 4,353,695 | \$ 4,398,866 | \$ 4,449,139 | \$ 4,696,398 | \$ 4,932,567 | \$ 5,213,945 | \$ 5,514,900 |
| Debt Limit | 157,463 | 166,379 | 163,263 | 163,264 | 164,957 | 166,843 | 176,115 | 184,971 | 195,523 | 206,809 |
| Total Net Debt Applicable to Limit | 15,725 | 19,815 | 37,481 | 36,020 | 34,486 | 32,936 | 33,049 | 31,247 | 28,325 | 27,426 |
| Legal Debt Margin | \$ 141,738 | \$ 146,564 | \$ 125,782 | \$ 127,244 | \$ 130,471 | \$ 133,907 | \$ 143,066 | \$ 153,724 | \$ 167,198 | \$ 179,383 |
| Total Net Debt applicable to the limit as a percentage of debt limit | 9.99% | 11.91% | 22.96% | 22.06% | 20.91% | 19.74% | 18.77% | 16.89% | 14.49% | 13.26% |

Notes:
Debt Limit is 3.75% of Assessed Value.

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

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

| Enterprise Fund Bonds | | | | | | | |
|------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------------|----------------------------------|-----------------|------|
| Fiscal Year | (1) | (2) | (3) | (4) | | | |
| Operating Revenues | Less Operating Expenses | Pledged Net Revenue | Bonded Debt Service | Other Parity Debt Service | Total Parity Debt Service | Coverage | |
| 2008 | \$10,181 | \$5,216 | \$4,965 | \$473 | \$2,413 | \$2,886 | 1.72 |
| 2009 | 11,886 | 5,839 | 6,047 | 473 | 2,418 | 2,891 | 2.09 |
| 2010 | 11,367 | 6,359 | 5,008 | 473 | 2,417 | 2,890 | 1.73 |
| 2011 | 11,694 | 6,389 | 5,305 | 473 | 2,416 | 2,889 | 1.84 |
| 2012 | 11,981 | 6,735 | 5,246 | 473 | 2,414 | 2,887 | 1.82 |
| 2013 | 12,501 | 6,704 | 5,797 | 473 | 2,405 | 2,878 | 2.01 |
| 2014 | 13,332 | 7,281 | 6,051 | 473 | 2,549 | 3,022 | 2.00 |
| 2015 | 13,721 | 7,663 | 6,058 | 359 | 2,514 | 2,873 | 2.11 |
| 2016 | 12,960 | 7,851 | 5,109 | 337 | 2,514 | 2,851 | 1.79 |
| 2017 | 12,715 | 8,444 | 4,271 | 337 | 2,514 | 2,851 | 1.50 |

Special Assessment Bonds

| Fiscal Year | Debt Service (000's) | |
|--------------------|-----------------------------|-----------------|
| | Principal | Interest |
| 2008 | 0 | 0 |
| 2009 | 0 | 0 |
| 2010 | 0 | 0 |
| 2011 | 0 | 0 |
| 2012 | 0 | 0 |
| 2013 | 0 | 0 |
| 2014 | 0 | 0 |
| 2015 | 0 | 0 |
| 2016 | 0 | 0 |
| 2017 | 0 | 0 |

Notes:

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

Source: City Financial Reports

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

| Calendar Year Ending | Population | Median Personal Income | Per Capita Personal Income | Unemployment Rate % |
|-------------------------------------|-------------------|---------------------------------------|---|--------------------------------|
| 2008 | 39,473 | 58,567 | 42,773 | 5.6 |
| 2009 | 39,984 | 57,014 | 41,153 | 9.8 |
| 2010 | 40,431 | 63,500 | 36,144 | 10.2 |
| 2011 | 37,658 | n/a | 39,648 | 9.1 |
| 2012 | 37,948 | n/a | 41,909 | 5.8 |
| 2013 | 38,292 | n/a | 42,099 | 4.9 |
| 2014 | 38,315 | n/a | 43,390 | 3.9 |
| 2015 | 37,806 | n/a | 45,452 | 3.1 |
| 2016* | 38,124 | n/a | 45,591 | 2.8 |

Notes and Data Sources:

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

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

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

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

*Most current information available.

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

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

| Employer | 2017 | | | 2008 | | |
|-----------------------------------|-----------------------|-------------|--|-----------------------|-------------|--|
| | # of Employees | Rank | Percentage of Total City Employment | # of Employees | Rank | Percentage of Total City Employment |
| Pacifica School District | 349 | 1 | N/A | 307 | 1 | N/A |
| Safeway (3) | 274 | 2 | N/A | 214 | 3 | N/A |
| City of Pacifica | 192 | 3 | N/A | 287 | 2 | N/A |
| Jefferson High School | 100 | 4 | N/A | 170 | 4 | N/A |
| Oceana Market | 55 | 5 | N/A | | | |
| Starbucks (3) | 50 | 6 | N/A | | | |
| Rite Aid (2) | 43 | 7 | N/A | 52 | 6 | N/A |
| Recology of the Coast | 33 | 8 | N/A | | | |
| Ross Dress for Less | 30 | 9 | N/A | 48 | 8 | N/A |
| North Coast County Water District | 21 | 10 | N/A | 22 | 9 | N/A |
| Lucky (Save Mart Supermarkets) | | | | 125 | 5 | N/A |
| Coastside Scavenger | | | | 50 | 7 | N/A |

Notes:

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

Source: City of Pacifica Research

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

| <u>Function/Program</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Administration | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 7 | 7 |
| Finance | 7.5 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6.5 | 7.5 |
| Parks | 39.75 | 37.75 | 37.75 | 58 | 58 | 58 | 53 | 54 | 65.5 | 53 |
| Planning & Building | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| Public Works | 24 | 24 | 26 | 26 | 18 | 18 | 20 | 21 | 19 | 22 |
| Engineering | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| Police | | | | | | | | | | |
| Officers | 40 | 40 | 36 | 36 | 33 | 33 | 33 | 34 | 29 | 33 |
| Civilians | 12.5 | 11.5 | 12.5 | 13 | 4 | 4 | 5 | 4 | 3 | 4 |
| Fire | | | | | | | | | | |
| Firefighters | 28 | 27 | 27 | 27 | 23 | 23 | 25 | 25 | 25 | 25 |
| Civilians | 1 | 1 | 1 | 1.5 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater Division | 19.75 | 19.75 | 19.75 | 19.75 | 24 | 24 | 24 | 26 | 24 | 26 |
| Total | 192.5 | 188 | 186 | 208.25 | 186 | 186 | 186 | 189 | 192 | 191.5 |
| Authorized Full-Time Positions | | | | | | | | | 159 | 161 |

Notes:

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

Source: City Financial Reports

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

FISCAL YEAR ENDING JUNE 30

| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Building Permits Issued | 1,220 | 970 | 967 | 1,036 | 1,279 | 1,514 | 1,501 | 1,587 | 1,682 | 1,921 |
| Building Inspections Conducted | 3,000 | 2,745 | 2,727 | 2,500 | 2,770 | 2,710 | 2,818 | 3,018 | 4,093 | 4,610 |
| Police | | | | | | | | | | |
| Physical Arrests | 986 | 1,102 | 1,105 | 932 | 803 | 812 | 812 | 923 | 864 | 702 |
| Parking Violations | 2,792 | 3,250 | 3,427 | 2,635 | 1,829 | 3,652 | 3,652 | 5,085 | 4,700 | 5,099 |
| Traffic Violations | 2,586 | 3,368 | 3,472 | 3,074 | 2,880 | 2,966 | 2,966 | 2,193 | 1,763 | 2,090 |
| Fire | | | | | | | | | | |
| Emergency Responses | 4,295 | 2,852 | 3,708 | 2,782 | 2,862 | 1,873 | 3,117 | 3,147 | 3,215 | 2,977 |
| Fires Extinguished | 175 | 139 | 104 | 87 | 90 | 101 | 96 | 106 | 88 | 77 |
| Inspections | 1,353 | 1,085 | 943 | 954 | 1,023 | 1,056 | 895 | 951 | 955 | 730 |
| Other Public Works | | | | | | | | | | |
| Street Re-surfacing (miles) | 1.25 | 3.07 | 2.02 | 1.05 | 0.00 | 0.00 | 0.00 | 0.90 | 0.00 | 0.00 |
| Potholes Repaired | 400 | 414 | 420 | 432 | 363 | 379 | 379 | 351 | 1,125 | 1,200 |
| Parks, Beaches & Recreation | estimated | estimated | estimated | estimated | estimated | estimated | estimated | estimated | estimated | estimated |
| Community Center Admissions | 105,000 | 105,000 | 100,000 | 96,000 | 94,000 | 98,000 | 91,000 | 95,730 | 89,654 | 98,480 |
| Enterprise Fund WWTP | | | | | | | | | | |
| Residential Sewer Accounts | 11,316 | 11,319 | 11,319 | 11,323 | 11,330 | 11,340 | 11,440 | 11,455 | 11,480 | 11,495 |
| Commercial Sewer Accounts | 318 | 318 | 318 | 318 | 318 | 318 | 316 | 340 | 345 | 347 |
| Total Accounts | 11,634 | 11,637 | 11,637 | 11,641 | 11,648 | 11,658 | 11,756 | 11,795 | 11,825 | 11,842 |
| New Connections | 6 | 30 | - | 3 | 4 | 7 | 1 | 4 | 10 | 17 |
| Avg Daily Sewage Treatment (Gallons) | 3,008,000 | 2,674,000 | 3,117,000 | 3,110,000 | 2,832,000 | 2,350,000 | 2,240,000 | 2,240,000 | 2,463,000 | 3,230,000 |

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 | | | | | | | | | |
|--|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Fire | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Works | | | | | | | | | | |
| Streets (miles) | 88.9 | 88.9 | 88.9 | 88.9 | 88.9 | 88.9 | 88.9 | 88.9 | 88.9 | 88.9 |
| Highways (miles) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Streetlights | 1,775 | 1,775 | 1,775 | 1,775 | 2,051 | 2,051 | 2,051 | 2,051 | 2,051 | 2,051 |
| Traffic Signals | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Parks, Beaches & Recreation | | | | | | | | | | |
| Acreage | 142.68 | 142.68 | 142.68 | 148.13 | 148.13 | 148.13 | 148.13 | 148.13 | 148.13 | 148.13 |
| Playgrounds | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Baseball Diamonds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Soccer/Football Fields | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 104 |
| Storm Sewers (miles) | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Treatment Capacity (gallons) | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |

Notes:

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

Source: Various City Departments

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

| Fiscal Year Ended June 30 | Minimum Annual Charge | Rate per 100 Cubic Feet |
|---------------------------------|-----------------------------|-------------------------------|
| 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 |
| 2014 | 567.18 | 11.81632 |
| 2015 | 583.26 | 12.15128 |
| 2016 | 600.42 | 12.50867 |
| 2017 | 626.14 | 13.04476 |

Notes:

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

Source: City Records

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