

CITY OF PACIFICA

CALIFORNIA

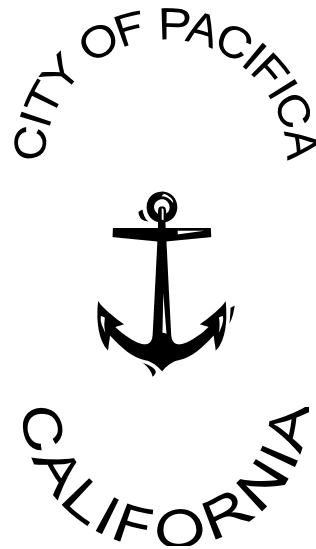
COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2008

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2008



PREPARED BY
THE FINANCE DEPARTMENT

ANN RITZMA
Administrative Services Director

SANDRA MCCLELLAN
Assistant Finance Director

GILLIAN CADGENE MANUEL FERRER
PAULA FORENCICH CAROL LUEBBEN
VIVIAN PENAREDONDO ED VANDEHEY

CITY OF PACIFICA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

Table of Contents

Introductory Section

Letter of Transmittal	v
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
Organization Chart	x
Directory of City Officials	xi

Financial Section

A. Independent Auditor's Report.....	1
B. Management's Discussion and Analysis	3
C. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	17
Statement of Activities.....	18
Governmental Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds	
Statement of Net Assets	27
Statement of Revenues, Expenses, and Changes in Fund Net Assets	28
Statement of Cash Flows.....	29
Fiduciary Funds	
Statement of Net Assets	31
Statement of Changes in Fiduciary Net Assets	32
Notes to the Basic Financial Statements	34
D. Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	62
E. Other Supplementary Information	
Budgetary Comparison Schedules	
General Capital Improvement Capital Projects Fund	66
Redevelopment Agency - Rockaway Beach Capital Projects Fund.....	67
Debt Service Fund	68
Combining Nonmajor Governmental Fund Statements and Schedules	
Combining Balance Sheet.....	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70
Combining Balance Sheet - Special Revenue Funds	72

CITY OF PACIFICA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

Table of Contents

Financial Section (Continued)

E. Other Supplementary Information (Continued)

Combining Nonmajor Governmental Fund Statements and Schedules (Continued)

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Special Revenue Funds 74

Combining Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Special Revenue Funds 76

Combining Balance Sheet - Capital Projects Funds 84

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Capital Projects Funds 86

Combining Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Capital Projects Funds 88

Combining Statement of Net Assets - Internal Service Funds..... 93

Combining Statement of Revenues, Expenses, and Changes
in Fund Net Assets - Internal Service Funds..... 94

Combining Statement of Cash Flows - Internal Service Funds 95

Statistical Section

A. Financial Trends Information

Net Assets by Component 100

Changes in Net Assets..... 101

Fund Balances of Governmental Funds 102

Changes in Fund Balances of Governmental Funds 103

Principal Sales Tax Remitters 104

Taxable Sales by Category 105

Direct and Overlapping Sales Tax Rates..... 106

Tax Revenues by Source..... 107

B. Revenue Capacity Information

Assessed Valuation, Tax Rate, and Tax Levies 108

C. Debt Capacity Information

Direct and Overlapping Property Tax Rates 109

Principal Property Tax Payers..... 110

Property Tax Levies and Collections..... 111

Ratios of Outstanding Debt by Type 112

Ratios of General Bonded Debt Outstanding..... 114

Direct and Overlapping Governmental Activities Debt..... 115

Legal Debt Margin Information..... 116

Pledged Revenue Coverage 117

Direct and Estimated Overlapping Bonded Debt 118

CITY OF PACIFICA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

Table of Contents

Statistical Section (Continued)

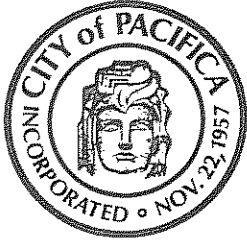
D. Demographic and Economic Information

Demographic and Economic Statistics	119
Principal Employers.....	120
Full Time Equivalent Employees by Function/Program	121

E. Operating Information

Operating Indicators by Function/Program	122
Capital Asset Statistics by Function/Program	123
Sewer Rates	124

THIS PAGE INTENTIONALLY LEFT BLANK



CITY HALL

170 Santa Maria Avenue • Pacifica, California 94044-2506

www.ci.pacifica.ca.us

Scenic Pacifica

January 29, 2009

CITY MANAGER'S OFFICE
TEL (650) 738-7301
FAX (650) 359-6038

CITY ATTORNEY
TEL (650) 738-7409
FAX (650) 359-8947

CITY CLERK
TEL (650) 738-7307
FAX (650) 359-6038

CITY COUNCIL
TEL (650) 738-7301
FAX (650) 359-6038

ENGINEERING
TEL (650) 738-3767
FAX (650) 738-3003

FINANCE
TEL (650) 738-7392
FAX (650) 738-7411

FIRE ADMINISTRATION
TEL (650) 991-8138
FAX (650) 991-8090

HUMAN RESOURCES
TEL (650) 738-7303
FAX (650) 359-6038

**PARKS, BEACHES
& RECREATION**
TEL (650) 738-7381
FAX (650) 738-2165

**PLANNING &
ECONOMIC DEVELOPMENT**
TEL (650) 738-7341
FAX (650) 359-5807
• Building (650) 738-7344
• Code
Enforcement (650) 738-7349

POLICE DEPARTMENT
TEL (650) 738-7314
FAX (650) 355-1172

PUBLIC WORKS
TEL (650) 738-3760
FAX (650) 738-9747

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Pacifica, California, for the fiscal year ended June 30, 2008 as prepared by the City's Finance Department.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the City of Pacifica for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and effectively organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

- Governmental Accounting Standards Board (GASB);
- American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing;

- Government Finance Officers Association of the United States and Canada; and
- California Society of Municipal Finance Officers.

The City's independent audit was meant to provide reasonable assurance that its financial statements are free of material misstatement. This audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The auditor has issued an unqualified opinion of the City's financial statements indicating they are fairly presented in conformity with GAAP.

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

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

CITY OF PACIFICA PROFILE

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

The City of Pacifica is a General Law City incorporated in 1957 and operates under the Council-Manager form of government. Legislative authority is vested in a five-member City Council elected at large for four-year overlapping terms. The Mayor is selected each year by a majority vote of the other Council members. The City Council members also serve as the governing board members of the Pacifica Redevelopment Agency, and the City Manager serves as its Executive Director. The Council appoints the City Manager and the City Attorney. Key advisory commissions include Planning and Parks, Beaches and Recreation.

The City provides the following services to its residents: public safety (police and fire), highways and streets, sanitation, parks, beaches, and recreation, social services, planning and zoning, and leadership through general administrative services.

The City is part of a countywide paramedic program that became fully operational during Fiscal Year 1998-99. Water, garbage, gas and electric utilities are provided directly through private agencies not under City operations.

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

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

Cash management - The City adheres to the provisions of the California Government Code section 53601 regarding investment of idle cash. The City Council annually reviews the investment policy and any changes thereto. The City of Pacifica's Investment Policy has received official certification by the Association of Public Treasurers, United States & Canada (APT US & C). The City maximizes its yield on short-term/low risk investments by pooling the cash of all funds. The Investment Policy allows any cash temporarily idle during the year to be invested in U.S. Government Agency securities and the State Local Agency Investment Fund. The portfolio yield at June 30, 2008 fiscal year end was approximately 2.9%.

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

The City Council conducts public hearings before adopting the budget, thus giving the public an opportunity to be heard. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of department balances are not released until additional appropriations are made available.

Open encumbrances are reported as reservations of fund balance at June 30, 2008. These encumbrances are re-approved by the Council and added to the budget for the upcoming fiscal year. Unexpended budget appropriations lapse at the end of the fiscal year with the exception of capital improvement projects.

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

Risk management - The city is exposed to numerous risks of loss related to tort claims, theft, damage and destruction of City assets and property, errors and omissions, injuries to employees and the public and natural disasters. A combination of self-insurance and commercial coverage is used by the City to manage its risk. During FY 2007-2008, the City maintained a risk management program for Workers' Compensation, employment, general liability and property damage. As part of the comprehensive plan, resources have been accumulated in the self-insurance (Internal Service) fund to meet potential losses. In addition, a safety committee of City employees meets and reviews all accidents and recommends preventive measures to minimize future accident-related losses. Further details on the types and amounts of coverage are addressed in Notes 8 and 9 of the notes to the financial statements.


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

ACKNOWLEDGEMENTS

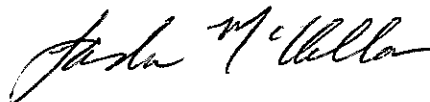
Preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the City of Pacifica Finance Department, including: Sandra McClellan, Assistant Finance Director; Ed Vandehey, Information Technology Manager; Gillian Cadgene, Administrative Assistant;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

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

Respectfully submitted,



Ann E. Ritzma
Administrative Services Director



Sandra McClellan
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pacifica
California

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

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



A handwritten signature in black ink, appearing to read "M. L. R. R. T.", written in a cursive style.

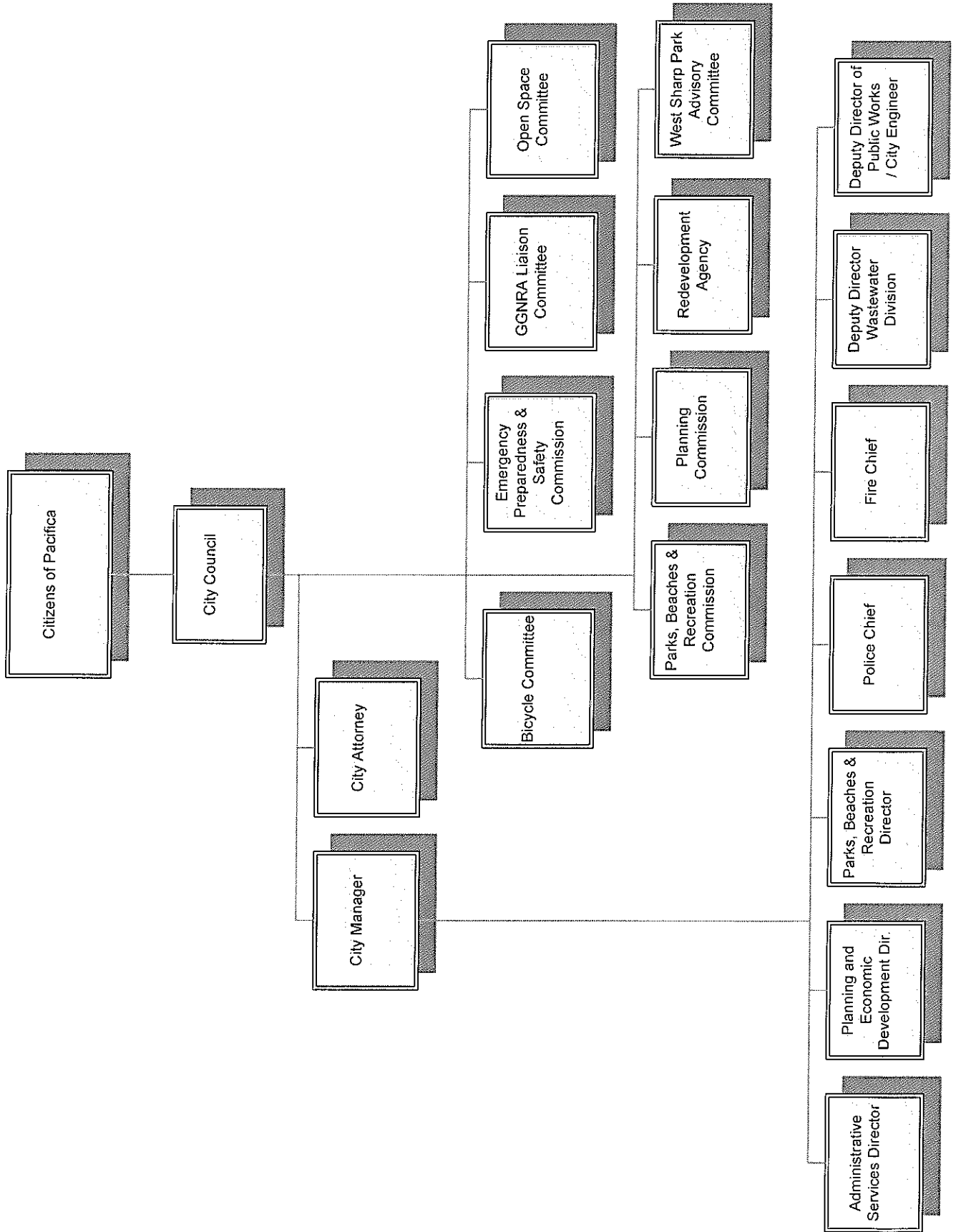
President

A handwritten signature in black ink, reading "Jeffrey R. Emer", written in a cursive style.

Executive Director

City of Pacifica, California

◀ Fiscal Year 2007-2008 ▶



CITY OF PACIFICA, CALIFORNIA

HONORABLE JAMES M. VREELAND, JR.
Mayor

JULIE LANCELLE
Mayor Pro Tem

PETER DEJARNATT SUE DIGRE
CALVIN HINTON
Members of City Council

* * * * *

STEPHEN RHODES
City Manager

* * * * *

OTHER ADMINISTRATIVE OFFICERS

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

* * * * *

OFFICIAL BOARDS AND COMMISSIONS

DISASTER PREPAREDNESS COMMISSION

PARKS, BEACHES AND RECREATION COMMISSION

PLANNING COMMISSION

HEALTH AND SAFETY COMMISSION

OPEN SPACE COMMITTEE

AIRPORT NOISE ABATEMENT COMMITTEE

WEST SHARP PARK ADVISORY COMMITTEE

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Pacifica
Pacifica, California

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacifica (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effectively July 1, 2007, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December xx, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Beverly Hills, California
January 29, 2009

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Pacifica provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Reporting the City as a Whole

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

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

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

Reporting the City's Most Significant Funds

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

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

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

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

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

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

to support the City's general fund programs. Accordingly, only assets and liabilities are reported for these funds.

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

Notes to the Financial Statements

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

The notes to the Financial Statements may be found on pages 35 to 60 of this report.

Economic Future:

The State of California declared a fiscal crisis and will be, over the coming months, determining how to deal with significant financial shortfalls. The City of Pacifica will inevitably be impacted by the State's crisis. There are several discussions regarding possible impacts that include the temporary reduction of each City's property taxes (Proposition 1A), loss of grant funding for social services, education and or public safety programming and reductions to County funding which may result in lost funding for cities. The most recent analysis from the California State Department of Finance and the League of California Cities on the Governor's Budget proposal suggests that the State may delay payments of the gas tax for the months of February through May to be paid in September to all cities. The result is the State will gain the interest on the gas tax and the cities will have to wait for their revenue. The City of Pacifica would "wait" for \$200,000 over the four month period.

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

The City began budget reductions in March of 2007 to address the FY 2006/07 deficit and continued modest reductions for 2007/08. Even after the cuts, the City continued a conservative approach to managing revenues and expenditures. The City's "soft hiring freeze" has forced vacant positions to remain open for several months to capture savings in salaries and benefits. Additionally, each department has been meeting quarterly with the City Manager and Administrative Services Director to insure that expenditures do not exceed the budget.

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Highlights of the past year are as follows:

- Total City assets exceeded its liabilities by \$77.8 million. Of this amount, \$8.1 million represents unrestricted net assets.
- Statement of governmental activities show revenues at \$35 million compared with total expenses of \$30.6 million resulting in an increase in total net assets from operations for the current fiscal year of approximately \$4.5 million.
- Total Governmental Fund balances were \$10.6 million at fiscal year-end, an increase of \$3.9 million from the previous year.
- General fund revenues were \$29.6 million compared with general fund expenses of \$24.6 million, transfers out of \$815 thousand, resulting in a net increase in fund balance of \$4.1 million, for an ending fund balance of \$9,815,801, as shown on page 24 of this report.

Analysis of Net Assets

Net assets are a measure of a government’s financial position and, over time, a trend of increasing or decreasing net assets is an indicator of the financial health of the organization. The City of Pacifica’s assets exceeded liabilities by \$77,784,261. A statement of net assets is presented in the following table.

Statement of Net Assets
June 30, 2008

Table 1

	Governmental Activities	Governmental Activities	Business - Type Activities	Business - Type Activities	Primary Government	Primary Government
	2007	2008	2007	2008	2007	2008
Current and other Assets	\$ 15,936,755	\$ 20,101,106	\$ 1,848,184	\$ 4,820,099	\$ 17,784,939	\$ 24,921,205
Capital Assets	66,198,007	65,680,473	50,576,583	49,594,195	116,774,590	115,274,668
Total Assets	82,134,762	85,781,579	52,424,767	54,414,294	134,559,529	140,195,873
Long-term Debt Outstanding	21,525,802	21,351,189	39,272,431	39,085,910	60,798,233	60,437,099
Other Liabilities	1,949,630	1,546,663	475,579	427,850	2,425,209	1,974,513
Total Liabilities	23,475,432	22,897,852	39,748,010	39,513,760	63,223,442	62,411,612
Net Assets:					-	-
Invested in Capital , Net of Debt	50,585,199	50,020,034	12,423,925	11,483,688	63,009,124	61,503,722
Restricted	7,370,411	7,064,256	953,800	1,075,760	8,324,211	8,140,016
Unrestricted	703,720	5,799,437	(700,968)	2,341,086	2,752	8,140,523
Total Net Assets	\$ 58,659,330	\$ 62,883,727	\$ 12,676,757	\$ 14,900,534	\$ 71,336,087	\$ 77,784,261

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$61,503,722 (page 17) represents the cost of these assets, less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided for from sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$8,140,016 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$8,140,523 may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Total Primary Government net assets increased by a total of \$6,448,174. This growth in the City's net assets is made up of an increase of \$4,457,568 minus a prior period adjustment of \$233,171 from governmental activities plus an increase of \$2,083,108 from business-type activities, and an increase of \$140,669 from a business-type prior period adjustment. The governmental activities net assets increased 7% from \$58,659,330 at June 30, 2007 to \$62,883,727 at the end of June 2008. The net assets of the City's business-type activities increased 18% from \$12,676,757 at June 30, 2007 to \$14,900,534 at June 30, 2008, as shown in Table 2 below. Net assets of Total Primary Government activities, which includes both Governmental Activities and Business-Type Activities, increased 9% from \$71,336,087 at June 30, 2007 to \$77,784,261 at June 30, 2008.

The net assets (financial position) of the City changed as a result of the revenue and expense fluctuations by \$6,448,174, which included a prior period adjustment of \$92,502, as shown in the table below for the governmental and business-type activities of the City.

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Activities and Changes in Net Assets - Year Ended June 30, 2008

Table 2

	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary	Total
	Activities	Activities	Activities	Activities	Government	Government	%
	2007	2008	2007	2008	2007	2008	Change
Program Revenues:							
Charges for Services	\$ 4,905,970	\$ 5,169,542	\$ 9,137,785	\$ 10,181,406	\$ 14,043,755	\$ 15,350,948	9%
Operating Grants	2,967,049	2,871,766			2,967,049	2,871,766	-3%
Capital Grants	3,639,686	3,302,650			3,639,686	3,302,650	-9%
General Revenues:							
Property Taxes	9,016,273	9,623,522			9,016,273	9,623,522	7%
Sales and Use Taxes	1,096,165	1,225,279			1,096,165	1,225,279	12%
Franchise Taxes	1,539,123	1,558,164			1,539,123	1,558,164	1%
Other Taxes	3,720,047	3,652,373			3,720,047	3,652,373	-2%
Licenses & Permits					-	-	
Fines & Forfeitures					-	-	
Use of Money & Property	568,021	532,887	14,881	41,921	582,902	574,808	-1%
Intergovernmental revenues - unrestricted					-	-	
Motor Vehicle in Lieu-unrestricted	2,917,076	3,068,643			2,917,076	3,068,643	5%
Intergovernmental revenues -restricted					-	-	
Other General Revenues	369,309	3,986,507	4,688		373,997	3,986,507	966%
Transfers	815,000	45,000	(815,000)	(45,000)	-	-	0%
Total Revenues	31,553,719	35,086,333	8,342,354	10,178,327	39,896,073	45,214,660	13%
Program Expenses							
General Government	5,798,391	4,952,782			5,798,391	4,952,782	-15%
Finance and Central Services					-	-	
Planning & Development	1,178,590	1,343,220			1,178,590	1,343,220	14%
Public Safety	14,980,984	14,985,013			14,980,984	14,985,013	0%
Public Works	4,264,011	4,154,717			4,264,011	4,154,717	-3%
Parks, Beaches & Recreation	3,405,149	4,155,877			3,405,149	4,155,877	22%
Sewer Operations			9,084,345	8,095,219	9,084,345	8,095,219	-11%
Debt Services	846,768	987,156			846,768	987,156	14%
Special Projects & Non-Departmental	-	-			-	-	
Total Expenses	30,473,893	30,578,765	9,084,345	8,095,219	39,558,238	38,673,984	-2%
Increase(Decrease) Net Assets	1,079,826	4,457,568	(741,991)	2,083,108	337,835	6,540,676	1836%
Prior period adjustments	127,675	(233,171)	(199,616)	140,669	(71,941)	(92,502)	29%
Beginning Net Assets	57,451,829	58,689,330	13,618,364	12,676,757	71,070,193	71,336,087	0%
Ending Net Assets	\$ 58,659,330	\$ 62,883,727	\$ 12,676,757	\$ 14,900,534	\$ 71,336,087	\$ 77,784,261	9%

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

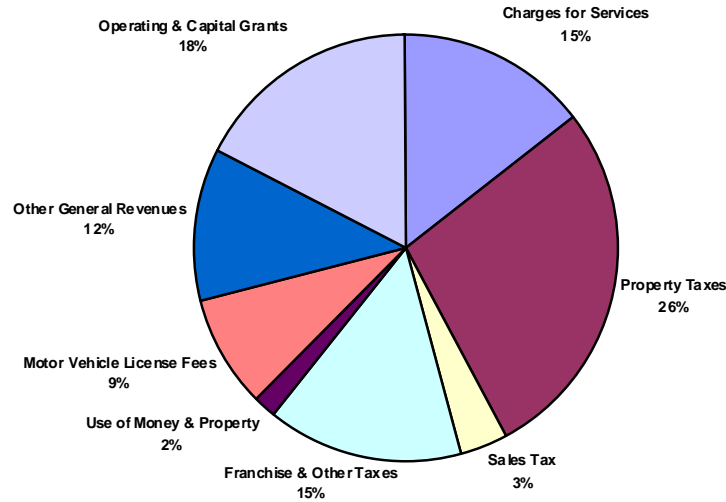
Revenues for the City's governmental activities increased by \$3,482,614 from \$31,553,719 in 2007 to \$35,036,333 in 2008. Total Primary Government revenue increased by \$5,318,587, from \$39,896,073 in 2007 to \$45,214,660 in 2008. Total governmental program expenses increased by \$104,872 from \$30,473,893 in 2007 to \$30,578,765 in 2008. The cost of all primary *governmental activities* in fiscal year 2006-2007 was \$39.6 million compared to \$38.7 million for the 2007-2008 year. The amount that taxpayers ultimately financed for these activities through City taxes was \$19.1 million, as some of the costs were paid for by those who directly benefited from the programs (\$15 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.1 million). The net changes in assets for both governmental and business type activities from the previous fiscal year amounted to a \$6,540,676 increase in total net assets.

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

- The City's "Property Taxes" came in \$607,249 higher than the previous year, a 6.7% increase which is a slight decline from the norm due to the decrease in reassessed property values. "Motor Vehicle License Fees" came in \$151,567 higher than the previous year, due to the prior years extra loan pay-back from the State. The City received ERAF refunds from the State that were \$608,000 over the amount budgeted which reflected a one-time correction from prior years.
- Capital Grant revenues were lower than the previous year by \$337,036. These funds fluctuate each year as they are directly linked to the level of Capital Projects.
- Operating Grant revenues were down about 3% or \$95,283 lower than the previous year due to funding cuts.
- Other Tax revenue came in about 2% or \$67,674 lower than the previous year.
- Public safety expenses came in only \$4,000 higher than the previous fiscal year.
- Planning program expenses were higher than the previous year by \$164,630. Public Works came in lower by \$109,294.
- Parks, beaches & recreation program expenses were higher than the previous year by \$750,728, due to increases in grant funded programs.
- General Government expenses, which includes General, with the addition of Finance and Central Services and Non-Departmental, was lower in total than the previous year by \$845,609.
- The Sewer Operations expenses came in lower than the previous year by \$989,126, primarily attributable to the elimination of the property tax in-lieu charge.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

GOVERNMENTAL ACTIVITIES REVENUE SOURCES



The chart of revenues by source above, illustrates that property taxes at 27% of total governmental activity revenue is the single largest source of operating revenue for the City. It is also one of the most stable and consistent growth revenues. The major components of this revenue category are: Property taxes, vehicle in-lieu, sales and use tax, franchise fees, utility user fees, charges for services, and grants and intergovernmental revenues.

GOVERNMENTAL ACTIVITIES EXPENSES

General Government	4,952,782.00
Planning & Development	1,343,220.00
Public Safety	14,985,013.00
Public Works	4,154,717.00
Parks, Beaches & Recreation	4,155,877.00
Debt Service	987,156.00
	30,578,765.00

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

The increase in business-type activities' net assets of \$2,223,777 represents \$2,083,108 current year activity and a prior period adjustment of \$140,669 in the Sewer Enterprise Fund. The principal source of revenue for this fund is charges for usage, which is assessed on the basis of equivalent residential units (ERU). Revenues from the City's sewer operations (see Table 3) increased by 11.4 percent (\$1,043,621) from \$9,137,785 in June 2007 to \$10,181,406 in 2008. There was a 9.2 percent increase in the sewer charge rate approved by Council in June 2007. Sewer expenses, including both operating and non-operating expenses, decreased \$989,126 from \$9,084,345 in 2007 to \$8,095,219 in 2008. This decrease in expenses is primarily attributable to the elimination of the property tax in-lieu charge. There is an inverse relationship between the level of consumption of water and the sewer rates. Bond interest expense and major maintenance expenses are recorded in this fund.

Enterprise Sewer Fund

Table 3

	2007	2008	Difference
Operating Revenues	\$9,137,785	\$10,181,406	\$1,043,621
Operating Expenses	\$9,084,345	\$8,095,219	(\$989,126)
Income(Loss)	\$ 53,440	\$2,086,187	\$2,032,747

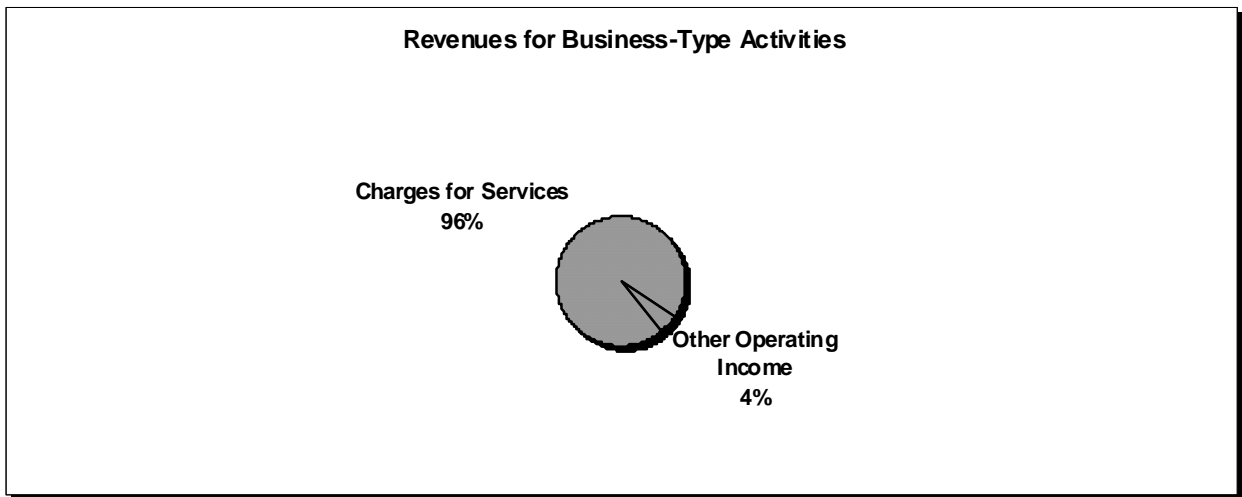
The internal service funds consist of motor pool and self-insurance general government costs.

Internal Service Funds

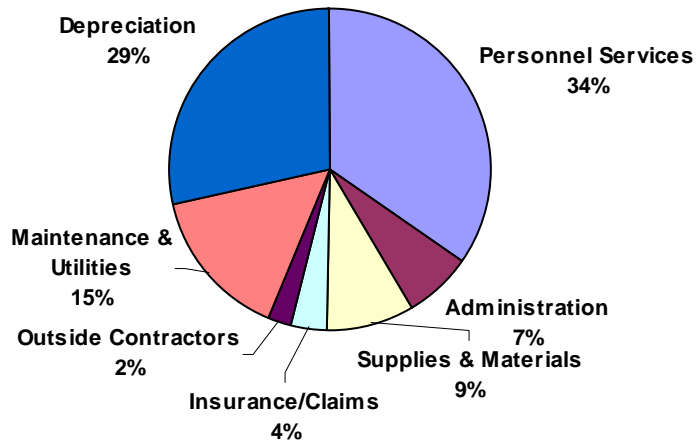
Table 4

	2007	2008	Difference
Operating Revenues	\$2,142,217	\$2,364,101	\$221,884
Operating Expenses	\$2,165,732	\$2,560,303	\$394,571
Income(Loss)	(\$ 23,515)	(\$ 196,202)	(\$172,687)

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS



Expenses for Business-Type Activities



MAJOR FUNDS

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

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the fiscal year 2007-2008, the City's governmental funds reported combined ending fund balances of \$10,639,578, including reserved and undesignated funds.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$9,815,801, representing a net change in general fund balance of \$4,149,759. As a measure of the general fund's liquidity, it is useful to compare undesignated fund balance to total fund expenditure, which shows that undesignated fund balance is 24.6 percent of general fund expenditures. Total "General Fund" revenue, as shown on page 24, this year was \$29,571,167 compared to \$23,808,000 in the prior year, a \$5,763,167 increase/difference. Some contributors of the increase/differences are described below:

- Property Taxes increased \$588,000, a 6.7% increase from home sales/reappraisals.
- Sales and Use Taxes increased \$129,000, a 12% increase due to increased gasoline taxes.
- Motor Vehicle License Fees increased 5% at \$151,600.
- Transient Occupancy Taxes increased 16% at \$127,000 due to increased collection of delinquencies.
- Utility Users Tax increased 12.7% at \$185,000 due to increased utility usage.
- Intergovernmental increased 10.7% at \$488,800 due to increased Childcare, Senior, and Police Grants.
- Other Revenues increase of \$4,047,200 was mainly due to a \$3.3 million legal fee reimbursement and an \$800,000 sale of property.
- Use of Money and Property decreased by \$38,000 due to the downward trend of interest rates.
- Charges for Current Services and Recreation Fees increased \$131,200 due to increased fees and patronage.

General Fund expenditures of \$24,606,608 decreased by \$254,069 over the previous year. Differences shown below:

- City Manager's expenditures decreased by \$159,800 partially due to the prior year containing overlap of city managers.
- Human Resources expenditures decreased by \$51,700 due to the merging of HR with Finance and sharing the costs of one director with Finance.
- Finance Division expenditures decreased by \$88,900 due to the merging of HR with Finance and sharing the costs of one director with HR.
- City Attorney expenditures decreased by \$177,200 due mainly to decreased outside litigation costs.
- Police Department expenditures increased by \$411,700 due to increased personnel costs and the filling of previously frozen vacancies.
- Fire Department expenditures decreased by \$781,400 due to position sharing with North County Fire Authority and reductions in ambulance service costs.
- Engineering Department expenditures increased by \$243,800 due to the filling of previously "frozen" vacancies in Streets and Parks.
- Parks, Beaches & Recreation expenditures increased by \$426,500 due to salary and benefit increases and expanding Childcare grant funded programs.
- General Government expenditures overall decreased by \$60,200 mainly due to reclassification to transfers out to the General Liability Insurance Fund.
- Planning & Development expenditures increased by \$243,800 due to increased personnel.

Total General Fund Revenues exceeded General Fund Expenditures by \$4,964,559.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

General Capital Improvement Fund

This fund accounts for construction financed by revenues derived from fees and apportionments from the General Fund. At the end of the current fiscal year, total fund balance of the General Capital Improvement Fund was \$1,217,335, \$1,022,829 reserved for capital projects and \$194,506 unreserved. Total fund balance decreased \$251,224 from the prior fiscal year. Total revenue for this fund was \$309,690, made up of Capital Improvement Fees of \$100,088, Investment Earnings of \$132,181, Intergovernmental Revenues of \$2,421, and Other Revenues of \$75,000, plus total transfers from the General fund of \$77,000. Total project construction cost expenditures were \$637,914.

Redevelopment Agency – Rockaway Beach

This fund accounts for the revenues and expenditures related to redevelopment projects in the RDA project area of Rockaway Beach. The Redevelopment Area consists of 600 square acres. The Quarry is approximately 85 square acres of the RDA. At the end of the current fiscal year, total fund balance of the Redevelopment Agency Fund was \$-5,354,881, all unreserved, representing a net decrease of \$107,023 from the prior fiscal year. Total revenues of \$256,437 were made up of \$244,444 of secured property taxes, \$10,050 of investment earnings, and \$1,943 of intergovernmental revenue. Total expenditures of \$363,460 included \$326,643 of debt service and \$36,817 of operating expenses.

Debt Service Fund

All governmental activities debt service costs are budgeted in the fund responsible for the debt and transferred to the Debt Service Fund for payment. Total governmental activities debt is \$17,380,000 with \$1,655,000 of Redevelopment Agency debt and \$15,725,000 of general fund debt. At the end of the current fiscal year, total fund balance of the Debt Service Fund was \$238,477, \$236,152 reserved for debt service, and \$2,325 reserved for prepaid items. The total fund balance represents a net decrease of \$111,162 from the prior fiscal year.

Enterprise Fund

Total net assets for the Sewer Fund at the end of the fiscal year were \$14,900,534. The total change in net assets for the Sewer Fund was \$2,223,777, including a prior period adjustment of \$140,669. Unrestricted net assets of the Enterprise Sewer Fund at the end of the year amounted to \$2,341,086. Restricted assets, which were specific to debt service, were \$1,075,760. Additional factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budget Modifications

Differences between the original fiscal year 2007-2008 budget and the final amended fiscal year 2007-2008 budget of the General Fund are as follows:

Revenues --

- Intergovernmental Revenues – increase of \$317,543 for additional grant funding in Parks, Beaches and Recreation, and Police.
- Charges for Current Services – increase of \$43,218 for additional services.
- Other Revenue – increase of \$4,150,000 for \$3,350,000 of reimbursed legal and \$800,000 of sale of property.

Expenditures --

- City Manager – increase of \$6,500 for an addition of trail maps.
- City Attorney – increase of \$197,000 for outside legal fees.
- Non-departmental – increase of \$632,728. Increase is a combination of the decrease of \$182,000 on the reclassification of General Liability Insurance, an increase of \$14,728 for the HEART membership, and an increase of \$800,000 for special services.
- Police – increase of \$279,500 for salaries and wages, contractual services and county charges.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

- Fire – net increase of \$155,900 for overtime salaries, contractual services and a reclassification to capital outlay.
- Community Development – increase of \$6,000 for part-time stenographer.
- Public Works – net difference of zero, with a \$2,500 reclassification between Fishing Pier and City Parks and Playfields.
- Community Center Programs – increase of \$3,000 for facility rental insurance.
- Teens and J-Teens Recreation – increase of \$1,000 for contractual services for DJ Teen dances.
- Special Projects – net increase of \$157,000 made up of \$192,000 increase for new preschool program and \$35,000 transferred to capital outlay.
- Capital Outlay – increase of \$41,100, \$35,000 from Special Projects reclassification and \$6,100 from Fire reclassification.

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

- General Government, including Non-Departmental Services - Budgeted \$4,491,364, expended \$3,924,761, under budget by \$566,603 – this is due to \$87,527 only being spent out of the \$800,000 budgeted for Special Studies.
- Public Safety - Budget \$13,873,527, expended \$14,025,527, over budget by \$152,000, which was mainly due to Fire and Police Emergency services overtime and benefits.
- Community Development - Budgeted \$1,047,662, expended \$1,217,917, over budget by \$170,255 for additional environmental work.

Total general fund final revenue budget was \$28,440,051 but came in at \$29,571,167, \$1,131,116 over budget. Total general fund final expenditure budget was \$24,706,218 with actual expenditures of \$24,606,608. Under budget expenditure deviation was \$99,610, for a total surplus of revenue over expenditures of \$1,230,726, before transfers in and out as shown on page 62 and 63 of this report.

Transfers

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

CAPITAL ASSETS

	Capital Assets (in thousands)					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Land and Improvements	\$ 40,136	\$39,047	\$ 4,014	\$4,014	\$ 44,150	\$43,061
Buildings and Improvements	15,657	15,777	74,197	75,008	89,854	90,785
Collection System	-	-	4,068	4,198	4,068	4,198
Machinery and Equipment	618	788	813	976	1,431	1,764
Vehicles and Equipment	4,812	4,438	-	-	4,812	4,438
Infrastructure	14,671	15,696	-	-	14,671	15,696
Construction in Progress	144	576	-	-	144	576
Depreciation	<u>(9,842)</u>	<u>(10,642)</u>	<u>(32,516)</u>	<u>(34,602)</u>	<u>(42,358)</u>	<u>(45,244)</u>
Total	<u>\$ 66,196</u>	<u>\$65,680</u>	<u>\$ 50,576</u>	<u>\$49,594</u>	<u>\$116,772</u>	<u>\$115,274</u>

Major additions to capital assets during the year ended June 30, 2008 included:

- *Palmetto Ave Pavement Rehabilitation—Phase II
- *Esplanade Trail
- *Community Center Roof

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Long-Term Debt

At the end of the current fiscal year, Governmental Activities had bonded debt outstanding in the amount of \$17,380,000, all backed by the full faith and credit of the government. For more detailed information on long-term debt activity, refer to the Notes to the Financial Statements, Note 6.

Outstanding Debt

2006 Certificate of Participation	\$15,725,000
2004 RDA Tax Allocation Bond	<u>1,655,000</u>
Total Bonded Debt Outstanding	<u>\$17,380,000</u>

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

The California government code provides for a legal debt limit of 15% of gross assessed valuation based on 25% of market value, or a legal debt limit of 3.75% based on market value. Based on the market valuation of \$4,199,005,979, the current debt limitation for the City is \$157,462,724 (3.75% of \$4,199,005,979), which is significantly more than the City’s outstanding general obligation debt of \$15,725,000 at the end of 2008.

Economic Factors and Next Year’s Budget

The City has developed a budget that protects the cores services and meets the community’s needs. It reflects an expenditure plan that maintains the City’s current level of services to residents and businesses and addresses the need for financial stability for years to come. The budget also provides for a continuation of the ongoing capital improvement program that will provide and maintain facilities and services for citizen use and enjoyment. One of the major challenges facing the City of Pacifica is to find ways to contain costs while at the same time maintain the current level of services to residents and businesses. During the budget process, staff addressed the increasing demand for services with limited financial resources. The City is faced with the challenge to look for additional revenue sources and identify cost containment measures to ensure future financial stability.

Contacting the City’s Financial Management

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

CITY OF PACIFICA
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 13,961,945	\$ 2,461,676	\$ 16,423,621
Cash and investments with fiscal agents	209,939	1,257,650	1,467,589
Taxes receivable	1,272,636		1,272,636
Accounts receivable	755,923	1,538	757,461
Interest receivable	259,654		259,654
Grants receivable	501,199		501,199
Notes receivable, net	600,000		600,000
Prepaid items	19,690	125	19,815
Deposits receivable	783,506		783,506
Inventories	17,052	320,377	337,429
Deferred charges - net of accumulated amortization	466,093	778,733	1,244,826
Deferred loss on refunding - net of accumulated amortization	1,253,469		1,253,469
Capital assets not being depreciated	39,622,986	4,014,412	43,637,398
Capital assets, net of accumulated depreciation	<u>26,057,487</u>	<u>45,579,783</u>	<u>71,637,270</u>
 Total assets	 <u>85,781,579</u>	 <u>54,414,294</u>	 <u>140,195,873</u>
LIABILITIES			
Accounts payable	330,142	173,069	503,211
Accrued liabilities	692,332	72,891	765,223
Interest payable	47,370	181,890	229,260
Refundable deposits	476,819		476,819
Noncurrent liabilities:			
Due within one year	2,925,817	1,951,359	4,877,176
Due in more than one year	<u>18,425,372</u>	<u>37,134,551</u>	<u>55,559,923</u>
 Total liabilities	 <u>22,897,852</u>	 <u>39,513,760</u>	 <u>62,411,612</u>
NET ASSETS			
Invested in capital assets, net of related debt	50,020,034	11,483,688	61,503,722
Restricted for:			
Restricted for construction of capital assets	1,869,221		1,869,221
Restricted for debt service	191,107	1,075,760	1,266,867
Restricted for streets, highways, and other related purposes	3,737,573		3,737,573
Restricted for low/mod housing	715,203		715,203
Restricted for public safety	551,152		551,152
Unrestricted	<u>5,799,437</u>	<u>2,341,086</u>	<u>8,140,523</u>
 Total net assets	 <u>\$ 62,883,727</u>	 <u>\$ 14,900,534</u>	 <u>\$ 77,784,261</u>

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

CITY OF PACIFICA
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 4,952,782	\$ 110,868	\$ 40,004	\$ -
Public safety	14,985,013	1,159,056	402,125	
Community development	1,343,220	792,532		
Public works	4,154,717	2,522,362	1,088,802	2,557,170
Parks, beaches, and recreation	4,155,877	584,724	1,340,835	745,480
Interest on long-term debt	987,156			
Total governmental activities	<u>30,578,765</u>	<u>5,169,542</u>	<u>2,871,766</u>	<u>3,302,650</u>
Business-type activities:				
Sewer	<u>8,095,219</u>	<u>10,181,406</u>		
Total business-type activities	<u>8,095,219</u>	<u>10,181,406</u>		
Total government	<u>\$ 38,673,984</u>	<u>\$ 15,350,948</u>	<u>\$ 2,871,766</u>	<u>\$ 3,302,650</u>

General Revenues
Taxes
 Property taxes
 Sales and use taxes
 Franchise taxes
 Other taxes
Motor vehicle in lieu - unrestricted
Investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2007
Prior Period Adjustments
Net Assets, July 1, 2007, Restated,

Net Assets, June 30, 2008

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Totals
\$ (4,801,910)	\$ -	\$ (4,801,910)
(13,423,832)		(13,423,832)
(550,688)		(550,688)
2,013,617		2,013,617
(1,484,838)		(1,484,838)
(987,156)		(987,156)
<u>(19,234,807)</u>		<u>(19,234,807)</u>
	2,086,187	2,086,187
	2,086,187	2,086,187
<u>(19,234,807)</u>	2,086,187	<u>(17,148,620)</u>
9,623,522		9,623,522
1,225,279		1,225,279
1,558,164		1,558,164
3,652,373		3,652,373
3,068,643		3,068,643
532,887	41,921	574,808
3,986,507		3,986,507
45,000	(45,000)	
<u>23,692,375</u>	<u>(3,079)</u>	<u>23,689,296</u>
<u>4,457,568</u>	<u>2,083,108</u>	<u>6,540,676</u>
58,659,330	12,676,757	71,336,087
(233,171)	140,669	(92,502)
<u>58,426,159</u>	<u>12,817,426</u>	<u>71,243,585</u>
<u>\$ 62,883,727</u>	<u>\$ 14,900,534</u>	<u>\$ 77,784,261</u>

**CITY OF PACIFICA
Balance Sheet
Governmental Funds
June 30, 2008**

	General	Capital Projects Funds		Debt Service Fund
		General Capital Improvement	Redevelopment Agency Rockaway Beach	Debt Service
Assets				
Cash and investments	\$ 4,861,217	\$ 3,331,852	\$ 181,405	\$ 236,150
Cash and investments with fiscal agents			209,937	2
Taxes receivable	833,266	18,625		
Accounts receivable	360,444			
Interest receivable	110,440	16,902		
Grants receivable	204,223	108,226		
Notes receivable, net				
Due from other funds	1,374,404			
Prepaid items	17,245			2,325
Deposits receivable	783,506			
Inventories	2,381			
Advances receivable	5,993,040			
Total Assets	\$ 14,540,166	\$ 3,475,605	\$ 391,342	\$ 238,477
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 145,328	\$ 38,412	\$ 9,325	\$ -
Accrued liabilities	625,553	1,158		
Refundable deposits	476,819			
Due to other funds		2,218,700		
Deferred revenue	3,476,665			
Advances payable			5,736,898	
Total Liabilities	4,724,365	2,258,270	5,746,223	
Fund Balances:				
Reserved for encumbrances	28,504			
Reserved for prepaid items	17,245			2,325
Reserved for medical equipment	5,000			
Reserved for inventories	2,381			
Reserved for notes and loans				
Reserved for advances	2,516,375			
Reserved for general operations	1,022,908			
Reserved for NARC forfeiture	39,054			
Reserved for capital projects		1,022,829		
Reserved for debt service				236,152
Reserved for equipment				
Reserved for vehicle replacement				
Reserved for community programs and services	133,425			
Unreserved	6,050,909	194,506	(5,354,881)	
Unreserved, reported in nonmajor:				
Special revenue funds				
Capital projects funds				
Total Fund Balances	9,815,801	1,217,335	(5,354,881)	238,477
Total Liabilities and Fund Balances	\$ 14,540,166	\$ 3,475,605	\$ 391,342	\$ 238,477

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

Other Governmental Funds	Totals
\$ 2,962,907	\$ 11,573,531
	209,939
420,745	1,272,636
288,129	648,573
132,312	259,654
188,750	501,199
600,000	600,000
2,218,700	3,593,104
120	19,690
	783,506
	2,381
	5,993,040
<u>\$ 6,811,663</u>	<u>\$ 25,457,253</u>
\$ 102,755	\$ 295,820
52,064	678,775
	476,819
1,374,404	3,593,104
303,452	3,780,117
256,142	5,993,040
<u>2,088,817</u>	<u>14,817,675</u>
	28,504
120	19,690
	5,000
	2,381
600,000	600,000
	2,516,375
	1,022,908
	39,054
	1,022,829
	236,152
77,484	77,484
480,084	480,084
	133,425
	890,534
1,858,340	1,858,340
1,706,818	1,706,818
<u>4,722,846</u>	<u>10,639,578</u>
<u>\$ 6,811,663</u>	<u>\$ 25,457,253</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PACIFICA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2008

Fund Balances - Governmental Funds \$ 10,639,578

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

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

Capital assets	\$ 71,191,805	
Less: accumulated depreciation	<u>(7,023,790)</u>	
		64,168,015

Interest accrued on notes and advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the governmental funds. 3,608,977

Under the modified accrual basis of accounting used in governmental funds, revenues are not recognized for transactions that do not represent available financial resources. In the statement of net assets and statement of activities, however, revenues and assets are reported regardless of when financial resources are available.

Deferred revenue, grant receivable		171,140
------------------------------------	--	---------

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

Deferred charges - 2004 Tax Allocation Bond - net of accumulated amortization	82,630	
Deferred charges - 2006 Certificates of Participation - net of accumulated amortization	<u>383,463</u>	
		466,093

Deferred loss on refunding, net of accumulated amortization has not been reported in the governmental funds. This was capitalized and amortized over the life of the new debt or old debt whichever is shorter in the Statement of Net Assets. 1,253,469

Interest payable on long-term debt is not a required current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds. (47,370)

The liabilities below are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Compensated absences	(1,297,096)	
2001 CHFA Loan	(875,378)	
2004 Tax Allocation Bond	(1,655,000)	
2006 Certificates of Participation	<u>(15,725,000)</u>	
		(19,552,474)

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 Assets. 2,176,299

Net Assets of Governmental Activities \$ 62,883,727

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

CITY OF PACIFICA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>Capital Projects Funds</u>			<u>Debt Service Fund</u>
	<u>General</u>	<u>General Capital Improvement</u>	<u>Redevelopment Agency Rockaway Beach</u>	<u>Debt Service</u>
Revenues				
Taxes	\$15,751,353	\$ -	\$ 244,444	\$ -
Licenses and permits	457,980	100,088		
Fines and forfeitures	186,600			
Use of money and property	181,487	132,181	10,050	2,977
Intergovernmental	5,045,900	2,421	1,943	
Charges for current services	1,732,893			
Recreation programs	611,876			
Other	5,603,078	75,000		
Total Revenues	<u>29,571,167</u>	<u>309,690</u>	<u>256,437</u>	<u>2,977</u>
Expenditures				
Current				
General government	3,924,761		36,817	
Public safety	14,025,527			
Community development	1,217,917	2,033		
Public works	1,531,273			
Parks, beaches, and recreation	3,744,188			
Non-departmental				
Capital outlay	162,942	635,881		
Debt service				
Principal			35,000	
Interest and fiscal charges			291,643	831,939
Total Expenditures	<u>24,606,608</u>	<u>637,914</u>	<u>363,460</u>	<u>831,939</u>
Excess (Deficit) of Revenues over Expenditures	<u>4,964,559</u>	<u>(328,224)</u>	<u>(107,023)</u>	<u>(828,962)</u>
Other Financing Sources (Uses)				
Transfers in		77,000		717,800
Transfers out	(814,800)			
Total Other Financing Sources (Uses)	<u>(814,800)</u>	<u>77,000</u>		<u>717,800</u>
Net Changes in Fund Balances	<u>4,149,759</u>	<u>(251,224)</u>	<u>(107,023)</u>	<u>(111,162)</u>
Fund Balances, July 1, 2007	5,666,042	1,468,559	(5,247,858)	349,639
Prior Period Adjustment				
Fund Balances, July 1, 2007, restated	<u>5,666,042</u>	<u>1,468,559</u>	<u>(5,247,858)</u>	<u>349,639</u>
Fund Balances, June 30, 2008	<u>\$ 9,815,801</u>	<u>\$ 1,217,335</u>	<u>\$ (5,354,881)</u>	<u>\$ 238,477</u>

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

Other Governmental Funds	Totals
\$ 61,111	\$16,056,908
	558,068
	186,600
105,185	431,880
2,993,469	8,043,733
1,367,570	3,100,463
	611,876
<u>437,433</u>	<u>6,115,511</u>
<u>4,964,768</u>	<u>35,105,039</u>
	3,961,578
944,072	14,969,599
17,659	1,237,609
2,194,821	3,726,094
	3,744,188
436,795	436,795
878,403	1,677,226
	35,000
<u>16,757</u>	<u>1,140,339</u>
<u>4,488,507</u>	<u>30,928,428</u>
<u>476,261</u>	<u>4,176,611</u>
20,000	814,800
<u>(257,000)</u>	<u>(1,071,800)</u>
<u>(237,000)</u>	<u>(257,000)</u>
<u>239,261</u>	<u>3,919,611</u>
4,607,975	6,844,357
<u>(124,390)</u>	<u>(124,390)</u>
<u>4,483,585</u>	<u>6,719,967</u>
<u>\$ 4,722,846</u>	<u>\$10,639,578</u>

CITY OF PACIFICA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

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

Net change in fund balances \$ 3,919,611

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

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

Capital outlay expenditures are therefore added back to fund balances	\$ 2,149,549	
Depreciation expense not reported in governmental funds	<u>(1,012,388)</u>	1,137,161

Interest in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 233,758

Certain receivables are offset by deferred revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which current deferred revenue exceeded prior year. 46,750

Governmental funds only report the disposal of assets to the extent proceeds are received from sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the cost of the capital assets disposed. There were \$800,000 of proceeds. (1,089,087)

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

Issuance cost and discount amortized during the period	(17,795)	
Repayment of debt principal	<u>35,000</u>	17,205

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

Deferred loss on refunding amortized during the period	(64,835)	
Interest payable	20,055	
Compensated absences	<u>48,146</u>	3,366

The internal service fund is 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 fund is reported with governmental activities. 188,804

Change in net assets of governmental activities \$ 4,457,568

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

CITY OF PACIFICA
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	
Assets		
Current Assets:		
Cash and investments	\$ 2,461,676	\$ 2,388,414
Cash and investments with fiscal agents	1,257,650	
Accounts receivable	1,538	107,350
Prepaid items	125	
Inventories	320,377	14,671
Total Current Assets	4,041,366	2,510,435
Noncurrent Assets:		
Deferred charges (net of accumulated amortization)	778,733	
Capital assets, not being depreciated	4,014,412	258,774
Capital assets, being depreciated (net of accumulated depreciation)	45,579,783	1,253,684
Total Noncurrent Assets	50,372,928	1,512,458
Total Assets	54,414,294	4,022,893
Liabilities		
Current Liabilities:		
Accounts payable	173,069	34,322
Accrued liabilities	72,891	13,557
Interest payable	181,890	
Claims payable		1,589,207
Compensated absences	191,625	
Loans payable	1,609,734	
Bonds payable	150,000	
Total Current Liabilities	2,379,209	1,637,086
Noncurrent Liabilities:		
Claims payable		195,381
Compensated absences	5,045	14,127
Loans payable	23,749,506	
Bonds payable	13,380,000	
Total Noncurrent Liabilities	37,134,551	209,508
Total Liabilities	39,513,760	1,846,594
Net Assets		
Invested in capital assets, net of related debt	11,483,688	1,512,458
Restricted for debt service	1,075,760	
Unrestricted	2,341,086	663,841
Total Net Assets	\$ 14,900,534	\$ 2,176,299

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

CITY OF PACIFICA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended 30, 2008

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Sewer Utility</u>	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Operating Revenues		
Charges for services	\$ 9,726,728	\$ 1,323,876
Other operating income	454,678	1,040,225
Total Operating Revenues	<u>10,181,406</u>	<u>2,364,101</u>
Operating Expenses		
Personnel services	2,544,781	345,062
Administration	486,551	7,456
Supplies and materials	634,569	441,638
Insurance	215,000	1,021,326
Outside contractors	161,502	122,038
Maintenance	191,806	7,253
Utilities	929,680	
Insurance claims	51,683	255,393
Depreciation	2,086,288	360,137
Total Operating Expenses	<u>7,301,860</u>	<u>2,560,303</u>
Operating Income (Loss)	<u>2,879,546</u>	<u>(196,202)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	41,921	83,006
Interest and fiscal charges	(695,510)	
Amortization	(97,849)	
Total Non-Operating Revenues (Expenses)	<u>(751,438)</u>	<u>83,006</u>
Income (Loss) Before Transfers	2,128,108	(113,196)
Transfers		
Transfers in		302,000
Transfers out	(45,000)	
Changes in Net Assets	<u>2,083,108</u>	<u>188,804</u>
Net Assets, July 1, 2007	12,676,757	1,987,495
Prior Period Adjustments	140,669	
Net Assets, July 1, 2007, Restated	<u>12,817,426</u>	<u>1,987,495</u>
Net Assets, June 30, 2008	<u>\$ 14,900,534</u>	<u>\$ 2,176,299</u>

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

CITY OF PACIFICA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	
Cash Flows from Operating Activities		
Receipts from customers	\$ 10,525,806	\$ 2,257,858
Payments to suppliers and users	(2,718,908)	(1,605,038)
Payments for claims	(51,683)	(351,333)
Payments to employees	(2,566,273)	(336,761)
	<u>5,188,942</u>	<u>(35,274)</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Noncapital Financing Activities		
Interfund loans	(700,000)	
Transfers in		302,000
Transfers out	(45,000)	
	<u>(745,000)</u>	<u>302,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(1,103,903)	(27,700)
Principal payments on bonds and notes	(140,000)	
Interest paid	(684,178)	
	<u>(1,928,081)</u>	<u>(27,700)</u>
Net Cash (Used) by Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Interest received	41,921	83,006
	<u>41,921</u>	<u>83,006</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	2,557,782	322,032
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>1,161,544</u>	<u>2,066,382</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 3,719,326</u>	<u>\$ 2,388,414</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:		
Cash and investments	\$ 2,461,676	\$ 2,388,414
Cash and investments with fiscal agents	1,257,650	
	<u>\$ 3,719,326</u>	<u>\$ 2,388,414</u>
Total Cash and Cash Equivalents		

(Continued)

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

CITY OF PACIFICA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008
(Continued)

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
by Operating Activities:		
Operating income (loss)	\$ 2,879,546	\$ (196,202)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Depreciation	2,086,288	360,137
(Increase) Decrease in Operating Assets:		
Accounts receivable	344,400	(106,243)
Prepaid items	(25)	
Inventories	(15,685)	2,979
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(84,090)	(8,306)
Accrued liabilities	25,029	3,828
Claims payable		(95,940)
Compensated absences	(46,521)	4,473
	<u>\$ 5,188,942</u>	<u>\$ (35,274)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,188,942</u>	<u>\$ (35,274)</u>

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

**CITY OF PACIFICA
Fiduciary Fund
Statement of Net Assets
For the Fiscal Year Ended June 30, 2008**

	Davies Trust Fund
Assets	
Cash and investments	\$ 3,838,489
Prepaid expenses	500
Accounts receivable	7,303
Total assets	3,846,292
Liabilities	
Accounts payable	51,693
Total liabilities	51,693
Net Assets	
Unrestricted	3,794,599
Total net assets	\$ 3,794,599

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

**CITY OF PACIFICA
Fiduciary Fund
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2008**

	Davies Trust Fund
Additions:	
Investment revenue	\$ 165,553
Other revenue	168,660
Total additions	334,213
Deductions:	
Parks, beaches, and recreation	560,667
Total deductions	560,667
Change in net assets	(226,454)
Net Assets - July 1, 2007	4,021,053
Net Assets - June 30, 2008	\$ 3,794,599

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

C. Government-wide Financial Statements

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

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

The governmental fund financial statements provide information about the City's funds, including blended component units. Separate statements for each fund category—*governmental, 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 Assets, a Statement of Revenues, Expenses, and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds. The internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

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

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

D. Financial Statements (Continued)

Fiduciary Fund Financial Statements include a statement of net assets and a statement of changes in fiduciary net assets. Fiduciary funds represent trust funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has only one fiduciary fund, the Davies Trust fund.

E. Major Funds

GASB 34 defines major funds and requires that the City's major governmental funds be identified and presented separately in the Fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. Major funds are defined as funds which have either assets, liabilities, revenues or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. Although no such funds were selected in fiscal year 2007, the City may select other funds it believes should be presented as major funds. The major funds of the City are:

- **General Fund** – The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, community development, and parks, beaches, and recreation, which are not required to be accounted for in another fund.
- **General Capital Improvement Capital Projects Fund** - This fund is used to account for revenues derived from fees and apportionments from General Fund to be used for the acquisition, construction, and improvement of major capital facilities of the City.
- **Redevelopment Agency Rockaway Beach Capital Project Fund** – This fund is used to account for expenditures and financing of various redevelopment agency projects.
- **Debt Service Fund** - This fund is used to account for the accumulation and the disbursement of monies needed to comply with the interest and redemption requirements of the City's debt.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

- **The Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The 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 Self Insurance Fund accounts for the employee dental, workers' compensation, general liability, property, and automobile liability insurance.
- **The Trust Fund** is used to account for a donation by a private individual which is restricted for specific purposes. These funds are not included in the government-wide financial statements. 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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

F. Basis of Accounting

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

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

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

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

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

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

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

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

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

J. Inventories and Prepaid Items

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

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

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

K. Deferred Charges and Deferred Loss on Refunding

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

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

L. Capital Assets

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

M. Deferred Revenues

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

N. Compensated Absences

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

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

O. Property Tax Revenues

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

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

O. Property Tax Revenues (Continued)

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

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

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

P. Net Assets

Government-wide Net Assets consist of the following:

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

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

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

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

Q. Use of Estimates

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

R. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 48

For the fiscal year ended June 30, 2008, the City implemented *Governmental Accounting Standards Board (GASB) Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues"*. The Statement is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

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

R. New Accounting Pronouncements (Continued):

apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. Implementation of GASB Statement No. 48 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2008.

Governmental Accounting Standards Board Statement No. 50

For the fiscal year ended June 30, 2008, the City implemented *Governmental Accounting Standards Board (GASB) Statement No. 50, "Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27"*. The Statement is effective for periods beginning after June 15, 2007. This Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions.

NOTE 2 - Stewardship, Compliance, and Accountability:

Budgetary information

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

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

Budgets for General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (USGAAP). Except for Capital Project Funds, appropriations lapse at fiscal year end and are rebudgeted for the coming year. Capital Projects are budgeted for on a project basis rather than an annual basis; unexpended project authority is carried forward until the project is completed.

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

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

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2008, expenditures exceeded the budgeted expenditures in the following funds:

<u>Funds</u>	<u>Expenditures in excess of budget</u>
Major Funds	
General Fund:	
Public safety	\$ 152,000
Community development	170,255
Public works	5,404
Parks, beaches, and recreation	86,330
Capital outlay	53,004
Debt Service Fund:	
Debt service: Interest and fiscal charges	115,705
Nonmajor Funds	
Special Revenue Funds	
Disaster Accounting:	
non-departmental	341,795
Capital Project Funds	
Parks and Playfield:	
Capital outlay	5,037

The excess expenditures were funded by available financial resources.

NOTE 3 - Cash and Investments:

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 16,423,621
Cash and investments with fiscal agents	1,467,589
Statement of fiduciary net assets:	
Cash and investments	<u>3,838,489</u>
Total cash and investments	<u>\$ 21,729,699</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - Cash and Investments (Continued):

Cash and investments as of June 30, 2008 consist of the following:

Petty cash	\$	3,545
Deposits with financial institutions		279,649
Investments		<u>21,446,505</u>
 Total cash and investments	 \$	 <u>21,729,699</u>

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

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

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

Investments Authorized by Debt Agreements

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - Cash and Investments (Continued):

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Totals	Remaining Maturity (in Months)	
		12 Months Or Less	13 Months Or More
State Investment Pool Held by Trustees:	\$ 16,528,919	\$ 16,528,919	\$ -
Money Market Funds	<u>4,917,586</u>	<u>4,917,586</u>	<u> </u>
Totals	<u>\$ 21,446,505</u>	<u>\$ 21,446,505</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - Cash and Investments (Continued):

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End	
				AAA	Not Rated
State Investment Pool Held by Trustees:	\$ 16,528,919	N/A	\$ -	\$ -	\$ 16,528,919
Money Market Funds	<u>4,917,586</u>	N/A		<u>4,917,586</u>	
Totals	<u>\$ 21,446,505</u>		<u>\$ -</u>	<u>\$ 4,917,586</u>	<u>\$ 16,528,919</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2008, \$336,348 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - Cash and Investments (Continued):

Investment in State Investment Pool

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

NOTE 4 - Notes Receivable:

Notes receivable at June 30, 2008 consist of the following:

	Note Receivable Balance	Accrued Interest Balance
Senior note, secured by second deed of trust, due on August 25, 2035	\$ 250,000	\$ 58,130
Junior note, secured by fourth deed of trust, due on August 25, 2035	350,000	74,182
Total, secured	600,000	132,312
Note receivable, unsecured	1,034,348	
Less allowance for doubtful account	(1,034,348)	
Total, unsecured		
Total, net	\$ 600,000	\$ 132,312

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

In addition, the City has a note due from NCR totaling \$1,034,348. This note is unsecured, bears annual interest at 3% simple, and is repayable in annual installments which commenced on August 1, 2001 and end on August 1, 2010. Repayments vary from \$85,000 to \$260,000. The City received \$0 during the current fiscal year. The City has recorded an allowance for the total amount of this note as of June 30, 2008.

NOTE 5 - Capital Assets:

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

GASB Statement No.34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 - Capital Assets (Continued):

each year represents that year's pro-rata share of the cost of the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value of \$5,000 or more are capitalized.

The City has assigned the useful lives listed below to capital assets: Buildings and improvements (25-30 years); Police Vehicles (4 years); Other Vehicles (5-25 years); 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, 2008:

	Governmental Activities	Internal Service	Total
Capital assets not being depreciated:			
Land	\$ 38,788,118	\$ 258,774	\$ 39,046,892
Construction in progress	576,094		576,094
	<u>39,364,212</u>	<u>258,774</u>	<u>39,622,986</u>
Depreciable capital assets:			
Buildings and improvements	15,437,786	339,928	15,777,714
Vehicles		4,438,267	4,438,267
Machinery and equipment	693,847	94,070	787,917
Infrastructure	15,695,960		15,695,960
Total	<u>31,827,593</u>	<u>4,872,265</u>	<u>36,699,858</u>
Less: accumulated depreciation	<u>(7,023,790)</u>	<u>(3,618,581)</u>	<u>(10,642,371)</u>
Depreciable capital assets, net	<u>24,803,803</u>	<u>1,253,684</u>	<u>26,057,487</u>
Total capital assets, net	<u>\$ 64,168,015</u>	<u>\$ 1,512,458</u>	<u>\$ 65,680,473</u>

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

	Balance June 30, 2007	Increases	Decreases	Prior Period Adjustments	Balance June 30, 2008
Capital assets not being depreciated:					
Land	\$ 40,135,979	\$ -	\$ (1,089,087)	\$ -	\$ 39,046,892
Construction in progress	143,894	432,200			576,094
	<u>40,279,873</u>	<u>432,200</u>	<u>(1,089,087)</u>		<u>39,622,986</u>
Depreciable capital assets:					
Buildings and improvements	15,656,974	522,093		(401,353)	15,777,714
Vehicles	4,812,517	20,518	(30,477)	(364,291)	4,438,267
Machinery and equipment	617,612	170,305			787,917
Infrastructure	14,671,008	1,024,952			15,695,960
Total	<u>35,758,111</u>	<u>1,737,868</u>	<u>(30,477)</u>	<u>(765,644)</u>	<u>36,699,858</u>
Less: accumulated depreciation for					
Buildings and improvements	(4,432,544)	(525,923)		168,182	(4,790,285)
Vehicles	(3,446,931)	(336,235)	30,477	364,291	(3,388,398)
Machinery and equipment	(387,009)	(78,863)			(465,872)
Infrastructure	(1,575,344)	(422,472)			(1,997,816)
	<u>(9,841,828)</u>	<u>(1,363,493)</u>	<u>30,477</u>	<u>532,473</u>	<u>(10,642,371)</u>
Depreciable capital assets, net	<u>25,916,283</u>	<u>374,375</u>		<u>(233,171)</u>	<u>26,057,487</u>
Total capital assets, net	<u>\$ 66,196,156</u>	<u>\$ 806,575</u>	<u>\$ (1,089,087)</u>	<u>\$ (233,171)</u>	<u>\$ 65,680,473</u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 - Capital Assets (Continued):

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

Governmental activities:

General government	\$ 51,051
Public safety	15,414
Community development	105,611
Public works	428,623
Parks, beaches, and recreation	<u>411,689</u>
	<u>\$ 1,012,388</u>

The following is a summary of capital assets for business-type activities as of June 30, 2008:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 4,014,412	\$ -	\$ -	\$ 4,014,412
	<u>4,014,412</u>			<u>4,014,412</u>
Depreciable capital assets:				
Buildings and improvements	74,197,108	810,680		75,007,788
Collection system	4,067,542	130,033		4,197,575
Machinery and equipment	813,181	163,187		976,368
Total	<u>79,077,831</u>	<u>1,103,900</u>		<u>80,181,731</u>
Less: accumulated depreciation for:				
Buildings and improvements	(30,320,519)	(1,861,836)		(32,182,355)
Collection system	(1,810,590)	(157,134)		(1,967,724)
Machinery and equipment	(384,551)	(67,318)		(451,869)
	<u>(32,515,660)</u>	<u>(2,086,288)</u>		<u>(34,601,948)</u>
Depreciable capital assets, net	<u>46,562,171</u>	<u>(982,388)</u>		<u>45,579,783</u>
Total capital assets, net	<u>\$ 50,576,583</u>	<u>\$ (982,388)</u>	<u>\$ -</u>	<u>\$ 49,594,195</u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 - Long-Term Debt:

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

<u>Governmental Activities</u>	Balance, June 30, 2007	Additions	Retirements	Balance, June 30, 2008	Due in One year
<u>Certificates of Participation:</u>					
2006 COP	\$ 15,725,000	\$ -	\$ -	\$ 15,725,000	\$ 325,000
Total COP payable	15,725,000			15,725,000	325,000
<u>Tax allocation bonds:</u>					
2004 Tax allocation bonds	1,690,000		35,000	1,655,000	35,000
<u>Note payable:</u>					
2001 CHFA Loan	875,378			875,378	
<u>Other liabilities:</u>					
Claims payable	1,880,528	31,996	127,936	1,784,588	1,589,207
Compensated absences	1,354,896	932,937	976,610	1,311,223	976,610
Total other liabilities	3,235,424	964,933	1,104,546	3,095,811	2,565,817
	<u>\$ 21,525,802</u>	<u>\$ 964,933</u>	<u>\$ 1,139,546</u>	<u>\$ 21,351,189</u>	<u>\$ 2,925,817</u>

<u>Business-type Activities</u>	Balance, June 30, 2007	Additions	Retirements	Balance, June 30, 2008	Due in One year
<u>Revenue bonds:</u>					
2004 Wastewater					
Revenue Refunding	\$ 9,250,000	\$ -	\$ -	\$ 9,250,000	\$ -
2001B Water & Wastewater					
Revenue Refunding	4,420,000		140,000	4,280,000	150,000
Total revenue bonds	13,670,000		140,000	13,530,000	150,000
<u>Note payable:</u>					
State Water Resources					
Control Board	25,359,240			25,359,240	1,609,734
<u>Other liabilities:</u>					
Compensated absences	243,191	145,104	191,625	196,670	191,625
	<u>\$ 39,272,431</u>	<u>\$ 145,104</u>	<u>\$ 331,625</u>	<u>\$ 39,085,910</u>	<u>\$ 1,951,359</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - Long-Term Debt (Continued):

The following is a list of long-term debt issues outstanding at June 30, 2008:

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

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

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

The City defeased the 1999, 2000, and 2003 COPs by placing the proceeds of the new COP in an irrevocable trust to provide for all future debt service payments on the old COPs. Accordingly, the trust account assets and the liability for the defeased COPs are not included in the City's financial statements.

At June 30, 2008, the 1999, 2000, and 2003 COPs outstanding balances which are considered defeased were \$4,310,000, \$5,245,000, and \$2,395,000 respectively.

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

Fiscal year Ended	Principal	Interest	Total
2009	\$ 325,000	\$ 579,092	\$ 904,092
2010	275,000	627,416	902,416
2011	350,000	558,027	908,027
2012	350,000	596,231	946,231
2013	325,000	530,816	855,816
2014-2018	1,950,000	2,552,573	4,502,573
2019-2023	2,375,000	2,134,936	4,509,936
2024-2028	2,925,000	1,658,593	4,583,593
2029-2033	3,500,000	1,007,479	4,507,479
2034-2037	3,350,000	272,651	3,622,651
	\$ 15,725,000	\$ 10,517,814	\$ 26,242,814

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - Long-Term Debt (Continued):

2004 Tax Allocation Bonds: During August 2004, the Redevelopment Agency of the City of Pacifica issued \$1,725,000 in Rockaway Beach Redevelopment Project 2004 Tax Allocation Bonds at interest rates varying from 2.9% to 5.75%. The net proceeds of the bonds were issued to refinance redevelopment activities by repaying a portion of the loan made by the City to the Agency and to establish a reserve fund. Interest on the bonds will be payable semiannually on January 1 and July 1 each year, commencing January 1, 2005. The bonds mature on July 1, 2031. The bonds are payable exclusively from pledged tax revenues to be derived from the project area and from the amounts on deposits in certain funds and accounts, including the reserve account and the revenue account. The balance at June 30, 2008 is \$1,655,000.

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

Fiscal year Ended	Principal	Interest	Total
2009	\$ 35,000	\$ 89,191	\$ 124,191
2010	40,000	87,696	127,696
2011	40,000	86,026	126,026
2012	40,000	84,286	124,286
2013	45,000	82,340	127,340
2014-2018	255,000	376,176	631,176
2019-2023	330,000	298,651	628,651
2024-2028	425,000	191,828	616,828
2029-2032	445,000	53,044	498,044
	<u>\$ 1,655,000</u>	<u>\$ 1,349,238</u>	<u>\$ 3,004,238</u>

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

Fiscal year Ended	Principal	Interest	Total
2009	\$ -	\$ -	\$ -
2010	875,378	64,574	939,952
	<u>\$ 875,378</u>	<u>\$ 64,574</u>	<u>\$ 939,952</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - Long-Term Debt (Continued):

2004 Wastewater Revenue Refunding Bonds: During July 2004, the City of Pacifica issued \$9,250,000 in 2004 Wastewater Revenue Refunding Bonds at interest rates varying from 5% to 5.25%. The net proceeds of the bonds were issued to refund a portion of the State of California Water Resource Control Board Loan (payments due through July 31, 2007) and to establish a reserve fund. The bonds were issued with an original issue premium which is being amortized over the term of the bonds. Interest on the bonds will be payable semiannually on April 1 and October 1 each year, commencing April 1, 2005. The bonds mature on October 1, 2026. The bonds will be paid from and secured by the net revenues of the wastewater collection system of the City. The balance at June 30, 2008 is \$9,250,000.

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

Fiscal year Ended	Principal	Interest	Total
2009	\$ -	\$ 472,588	\$ 472,588
2010		472,588	472,588
2011		472,588	472,588
2012		472,588	472,588
2013		472,588	472,588
2014-2018		2,362,937	2,362,937
2019-2023	1,965,000	2,311,356	4,276,356
2024-2027	7,285,000	634,713	7,919,713
	<u>\$ 9,250,000</u>	<u>\$ 7,671,946</u>	<u>\$ 16,921,946</u>

2001B Sewer Revenue Bonds: The City of Pacifica Financing Authority refinanced \$4,635,000 of outstanding 1996 Sewer Revenue Bonds by issuing \$4,970,000 in new bonds at interest rates varying from 3.00% to 5.125%. The economic gain realized on the refinancing had a net present value of \$342,973 or 7.2664% of par on the prior issue at the time of refinancing. The original bonds were issued to partly finance the City's new Wastewater Treatment Plant. The remaining long term financing was arranged through the State's Revolving Loan Fund. The bonds are callable in full, without premium, on any interest date on or after October 1, 2012. The bonds will be paid from the net revenues (pledged revenue) of the sewer fund operations. The balance at June 30, 2008 is \$4,280,000.

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

Fiscal year Ended	Principal	Interest	Total
2009	\$ 150,000	\$ 201,864	\$ 351,864
2010	155,000	196,106	351,106
2011	160,000	189,961	349,961
2012	165,000	183,379	348,379
2013	170,000	176,341	346,341
2014-2018	985,000	753,451	1,738,451
2019-2023	1,245,000	478,422	1,723,422
2024-2028	1,250,000	128,750	1,378,750
	<u>\$ 4,280,000</u>	<u>\$ 2,308,274</u>	<u>\$ 6,588,274</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - Long-Term Debt (Continued):

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

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

For financial reporting purposes, the portion of loan payments that are due through July 1, 2007 has been considered defeased and therefore removed as a liability from the City. As of June 30, 2008, the amount of defeased debt outstanding but removed from the long-term debt was \$0.

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

Fiscal year Ended	Principal	Interest	Total
2009	\$ 1,609,734	\$ 456,185	\$ 2,065,919
2010	1,637,502	428,417	2,065,919
2011	1,667,041	398,878	2,065,919
2012	1,697,111	368,808	2,065,919
2013	1,727,727	338,192	2,065,919
2014-2018	9,117,524	1,212,068	10,329,592
2019-2022	7,902,601	359,532	8,262,133
	<u>\$ 25,359,240</u>	<u>\$ 3,562,080</u>	<u>\$ 28,921,320</u>

NOTE 7 - Employee Retirement Plans:

Plan Description:

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

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 - Employee Retirement Plans (Continued):

Funding Policies:

Active plan members in the Miscellaneous Plan, the Safety Fire Plan and the Safety Police Plan are required to contribute 7%, 9% and 9%, respectively, of their annual covered salary. The City "picks up" the tax deferred contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal 2007/08 are as follows: 15.083% for miscellaneous employees; 32.188% for fire employees and 37.279% for police employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year 2007/08, the City's combined annual pension cost was \$4,827,892, the City actually contributed \$3,565,569 and members contributed \$1,262,323.

Miscellaneous Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 1,323,153	100%	\$ -
6/30/2007	\$ 1,172,639	100%	\$ -
6/30/2008	\$ 1,218,778	100%	\$ -

Fire Safety Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 1,003,805	100%	\$ -
6/30/2007	\$ 1,060,739	100%	\$ -
6/30/2008	\$ 997,879	100%	\$ -

Police Safety Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 1,120,895	100%	\$ -
6/30/2007	\$ 1,320,044	100%	\$ -
6/30/2008	\$ 1,348,911	100%	\$ -

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 8 - Public Entity Risk Pool:

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

ABAG PLAN CORPORATION

On July 1, 1986, the City became a member of the Association of Bay Area Governments (ABAG) Pooled Liability Assurance Network (PLAN). PLAN is a not-for-profit organization established to provide certain levels of liability insurance coverage, claims and risk management services, and legal defense to thirty San Francisco Bay Area cities. PLAN is governed by a Board of Directors comprised of officials appointed by each participating member and is administered by the Association of Bay Area Governments (ABAG).

The City paid premiums of \$569,421 during fiscal year 2007-2008 for general liability and property coverage in excess of the City's self-insured retention as described in Note 9. Members may receive rebates when declared by ABAG or, in the event excess liability claims against ABAG exceed available resources, may be required to make additional contributions.

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

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

NOTE 9 - Self Insurance Fund:

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

The City's general liability, property damage, employment, and workers' compensation claims are insured by participation in public risk-sharing pools (ABAG PLAN Corporation, Note 8, and Municipal Pooling Authority), both of which are subject to the City's self-insurance retention which varies by type of coverage. The coverages are as follows:

<u>Self-Insured Coverage</u>	<u>Policy Limit</u>	<u>Retention</u>
General Liability & Property Damage	\$ 10,000,000	\$ 50,000
Workers Compensation	\$500,000*	\$4.5 million excess of \$500,000 per occurrence*
Employment	\$1,000,000	

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 9 - Self Insurance Fund (Continued):

* Workers' Compensation coverage is currently pooled with a 22 city Insurance JPA. Settled claims have not exceeded the City's policy limits in any of the past three fiscal years.

The City maintains an internal service fund to account for these insurance programs. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Accrued insurance losses of \$860,852 and \$923,736 were recorded at June 30, 2008 for the workers' compensation and general liability programs respectively.

Changes in the total reported liability resulted from the following:

	Fiscal Year Ended June 30,	
	2007	2008
July 1 liability	\$ 2,100,156	\$ 1,880,528
Claims & change in estimate	454,271	31,996
Payments for claims	(673,899)	(127,936)
June 30 Liability	\$ 1,880,528	\$ 1,784,588

NOTE 10 - Interfund Transactions:

Due To/From Other Funds

Current interfund balances arise in the normal course of business, to fund projects until the borrowing fund receives revenues to repay the lending fund and to assist funds with negative cash balance at the fiscal year end. The following is a summary of Interfund balances as of June 30, 2008:

Funds	Due from other funds	Due to other funds
Major Governmental Funds		
General Fund	\$ 1,374,404	\$ -
General Capital Improvement Fund		2,218,700
Nonmajor Governmental Funds		
Special Revenue Funds		
Supplemental Law Enforcement Service		4,391
Gas Tax Fund	2,218,700	307,281
NPDES Stormwater Fund		329,816
Disaster Accounting		732,916
Total	\$ 3,593,104	\$ 3,593,104

Advances Receivable/Payable

The City of Pacifica loans money to the Redevelopment Agency Rockaway Beach Fund to be used for any expenses necessary or incidental to carrying out the Redevelopment Plan. At June 30, 2008, outstanding loans totaling \$5,736,898 (\$2,341,185 in advances and \$3,395,713 of accrued interest) have been made from the General Fund and are to be repaid as practical to the City from incremental tax revenues of the project area and sales of redevelopment property. Interest accrues on the original advance at 8.5%.

The City of Pacifica participated in the financing of a low-cost senior apartment complex during fiscal year 2000-2001. The Agency made a \$600,000 long-term loan through the RDA Low/Mod Housing Fund to

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 10 - Interfund Transactions (Continued):

National Church Residences (see Note 4). Since the Housing Fund did not have the full \$600,000, the City's General Fund had loaned the Housing Fund \$258,000 at a variable simple interest rate dependent upon the State of California's investment pool rate. The current loan interest rate between the City's General Fund and the Housing Fund is 7%. The total balance at June 30, 2008 is \$256,142 (\$175,190 in advances and \$80,952 in accrued interest).

Transfers

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

The following is a summary of transfers for the fiscal year ended June 30, 2008:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 814,800
General Capital Improvement Fund	77,000	
Debt Service Fund	717,800	
Nonmajor Governmental Funds:		
Special Revenue Funds		
Planned Local Drainage	20,000	
Gas Tax		257,000
Major Enterprise Fund:		
Sewer Utility Fund		45,000
Internal Service Fund:		
Self Insurance Fund	302,000	
	<u>\$ 1,116,800</u>	<u>\$ 1,116,800</u>

NOTE 11 - Net Assets and Fund Balances:

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

The government-wide statement of net assets for governmental activities reports \$7,064,256 of restricted net assets and the government-wide statement of net assets for business-type activities reports \$1,075,760 of restricted net assets.

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 11 - Net Assets and Fund Balances (Continued):

Funds with Deficit Fund Balances/Net Assets

Major Governmental Fund:	
RDA-Rockaway Beach	\$ (5,354,881)
Nonmajor Governmental Funds:	
Special Revenue Funds	
Supplemental Law Enforcement Services Fund	(6,416)
NPDES Stormwater Fund	(338,876)
Disaster Accounting Fund	(461,780)
Internal Service Fund:	
Self Insurance	(372,637)

NOTE 12 - Contingencies:

The City is a defendant in two lawsuits which, when aggregated, could result in a substantial loss to the City. In North Pacifica LLC v. City of Pacifica, San Mateo Superior Court Case No. CIV 419325, plaintiff challenges the City's processing and imposition of conditions on a development project. In North Pacifica LLC v. City of Pacifica, U.S. District Court ND Cal C03-4108SI, plaintiff challenges a number of conditions imposed on a development project. As of June 30, 2008, both cases were inactive. It is presently impossible to predict the outcome of these cases.

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

NOTE 13 - Prior Period Adjustments:

Government-wide statements

Governmental activities:

<u>Amounts</u>	
<u>\$ 233,171</u>	Overstatement of fixed assets
<u>\$ 233,171</u>	

Business-type activities:

<u>Amounts</u>	
<u>\$ 140,669</u>	Understatement of inventory
<u>\$ 140,669</u>	

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 - Prior Period Adjustments (Continued):

Governmental fund statements

Nonmajor Funds Statements:

Funds	Amounts	
Highway 1 Improvement Fund:	\$ (124,390)	Understatement of deferred revenues
Total Nonmajor Funds	\$ (124,390)	

Proprietary Fund Statements:

Funds	Amounts	
Sewer Utility Fund:	\$ 140,669	Understatement of inventory
Total Proprietary Funds	\$ 140,669	

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes:				
Property	\$ 8,925,000	\$ 8,925,000	\$ 9,317,967	\$ 392,967
Sales	1,200,000	1,200,000	1,225,279	25,279
Franchise	1,550,000	1,550,000	1,558,164	8,164
Other	3,445,000	3,445,000	3,649,943	204,943
Licenses and permits	326,400	326,400	457,980	131,580
Fines and forfeitures	200,000	200,000	186,600	(13,400)
Use of money and property	421,000	421,000	181,487	(239,513)
Intergovernmental	4,759,850	\$ 5,077,393	5,045,900	(31,493)
Charges for current services	1,237,700	1,280,918	1,732,893	451,975
Recreation programs	561,000	561,000	611,876	50,876
Other	1,303,340	5,453,340	5,603,078	149,738
Total Revenues	<u>23,929,290</u>	<u>28,440,051</u>	<u>29,571,167</u>	<u>1,131,116</u>
Expenditures				
Current:				
General government				
City council	136,850	136,850	158,928	(22,078)
City manager	427,320	433,820	382,623	51,197
Human resources	375,790	375,790	424,271	(48,481)
City attorney	743,105	940,105	982,989	(42,884)
Finance	956,140	956,140	958,574	(2,434)
Non-departmental	1,015,931	1,648,659	1,017,376	631,283
Total General Government	<u>3,655,136</u>	<u>4,491,364</u>	<u>3,924,761</u>	<u>566,603</u>
Public safety				
Police	8,371,950	8,651,450	8,697,425	(45,975)
Fire	5,066,177	5,222,077	5,328,102	(106,025)
Total Public Safety	<u>13,438,127</u>	<u>13,873,527</u>	<u>14,025,527</u>	<u>(152,000)</u>
Community development				
Planning	1,033,652	1,039,652	1,209,374	(169,722)
Code enforcement	4,510	4,510	4,602	(92)
Economic development	3,500	3,500	3,941	(441)
Total Community Development	<u>1,041,662</u>	<u>1,047,662</u>	<u>1,217,917</u>	<u>(170,255)</u>
Public works				
Engineering services	340,542	340,542	323,070	17,472
Street and traffic maintenance	231,499	231,499	199,730	31,769
Building maintenance and improvement	358,703	358,703	366,813	(8,110)
Fishing pier/rest stop maintenance	132,789	130,289	126,771	3,518
City parks and playfields	462,336	464,836	514,889	(50,053)
Total Public Works	<u>1,525,869</u>	<u>1,525,869</u>	<u>1,531,273</u>	<u>(5,404)</u>

Continued

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
Continued

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Parks, beaches, and recreation				
Parks, beaches, and recreation	\$ 232,050	\$ 232,050	\$ 219,241	\$ 12,809
Community center programs	182,645	185,645	190,408	(4,763)
Cultural arts	17,890	17,890	17,972	(82)
Elementary age recreation	107,624	107,624	112,428	(4,804)
Teens and j-teens recreation	75,290	76,290	74,986	1,304
Adult sports	16,745	16,745	16,314	431
Senior	140,824	140,824	141,279	(455)
Instructional class	148,080	148,080	158,934	(10,854)
Recreation swimming	244,665	244,665	247,457	(2,792)
Swim team	150,020	150,020	156,449	(6,429)
Special community recreation	78,440	78,440	74,777	3,663
Special projects	2,102,585	2,259,585	2,333,943	(74,358)
Total Parks, Beaches, and Recreation	<u>3,496,858</u>	<u>3,657,858</u>	<u>3,744,188</u>	<u>(86,330)</u>
Capital outlay	<u>68,838</u>	<u>109,938</u>	<u>162,942</u>	<u>(53,004)</u>
Total Expenditures	<u>23,226,490</u>	<u>24,706,218</u>	<u>24,606,608</u>	<u>99,610</u>
Excess (Deficit) of Revenues over Expenditures	<u>702,800</u>	<u>3,733,833</u>	<u>4,964,559</u>	<u>1,230,726</u>
Other Financing Sources (Uses)				
Transfers out	<u>(702,800)</u>	<u>(814,800)</u>	<u>(814,800)</u>	
Total Other Financing Sources (Uses)	<u>(702,800)</u>	<u>(814,800)</u>	<u>(814,800)</u>	
Net Change in Fund Balance		2,919,033	4,149,759	1,230,726
Fund Balance, July 1, 2007	<u>5,666,042</u>	<u>5,666,042</u>	<u>5,666,042</u>	
Fund Balance, June 30, 2008	<u>\$ 5,666,042</u>	<u>\$ 8,585,075</u>	<u>\$ 9,815,801</u>	<u>\$ 1,230,726</u>

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER SUPPLEMENTARY INFORMATION

CITY OF PACIFICA
Budgetary Comparison Schedule
General Capital Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Licenses and permits	\$ 55,000	\$ 100,088	\$ 45,088
Use of money and property	102,000	132,181	30,181
Intergovernmental	334,872	2,421	(332,451)
Other	657,000	75,000	(582,000)
Total Revenues	<u>1,148,872</u>	<u>309,690</u>	<u>(839,182)</u>
Expenditures			
Current			
Community Development	2,033	2,033	
Capital outlay	4,106,138	635,881	3,470,257
Total Expenditures	<u>4,108,171</u>	<u>637,914</u>	<u>3,470,257</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,959,299)</u>	<u>(328,224)</u>	<u>2,631,075</u>
Other Financing Sources			
Transfers in	167,000	77,000	(90,000)
Total Other Financing Sources	<u>167,000</u>	<u>77,000</u>	<u>(90,000)</u>
Net Change in Fund Balance	(2,792,299)	(251,224)	2,541,075
Fund Balance, July 1, 2007	<u>1,468,559</u>	<u>1,468,559</u>	
Fund Balance, June 30, 2008	<u>\$ (1,323,740)</u>	<u>\$ 1,217,335</u>	<u>\$ 2,541,075</u>

CITY OF PACIFICA
Budgetary Comparison Schedule
Redevelopment Agency - Rockaway Beach Capital Projects Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes			
Property taxes	\$ 238,125	\$ 244,444	\$ 6,319
Use of money and property	8,700	10,050	1,350
Intergovernmental	20,000	1,943	(18,057)
Total Revenues	266,825	256,437	(10,388)
Expenditures			
Current			
General Government	289,839	36,817	253,022
Debt service			
Principal	35,000	35,000	
Interest and fiscal charges	318,361	291,643	26,718
Total Expenditures	643,200	363,460	279,740
Net Change in Fund Balance	(376,375)	(107,023)	269,352
Fund Balance, July 1, 2007	(5,247,858)	(5,247,858)	
Fund Balance, June 30, 2008	<u>\$ (5,624,233)</u>	<u>\$ (5,354,881)</u>	<u>\$ 269,352</u>

CITY OF PACIFICA
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Use of money and property	\$ 3,000	\$ 2,977	\$ (23)
Total Revenues	<u>3,000</u>	<u>2,977</u>	<u>(23)</u>
Expenditures			
Debt service			
Interest and fiscal charges	716,234	831,939	(115,705)
Total Expenditures	<u>716,234</u>	<u>831,939</u>	<u>(115,705)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(713,234)</u>	<u>(828,962)</u>	<u>(115,728)</u>
Other Financing Sources			
Transfers in	72,800	717,800	645,000
Total Other Financing Sources	<u>72,800</u>	<u>717,800</u>	<u>645,000</u>
Net Change in Fund Balance	(640,434)	(111,162)	529,272
Fund Balance, July 1, 2007	<u>349,639</u>	<u>349,639</u>	
Fund Balance, June 30, 2008	<u>\$ (290,795)</u>	<u>\$ 238,477</u>	<u>\$ 529,272</u>

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 1,241,428	\$ 1,721,479	\$ 2,962,907
Receivables:			
Taxes	420,745		420,745
Accounts	288,129		288,129
Interest	132,312		132,312
Grants	17,610	171,140	188,750
Notes, net	600,000		600,000
Due from other funds	2,218,700		2,218,700
Prepaid items	120		120
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,919,044</u>	<u>\$ 1,892,619</u>	<u>\$ 6,811,663</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 89,369	\$ 13,386	\$ 102,755
Accrued liabilities	50,789	1,275	52,064
Due to other funds	1,374,404		1,374,404
Deferred revenue	132,312	171,140	303,452
Advances payable	256,142		256,142
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,903,016</u>	<u>185,801</u>	<u>2,088,817</u>
Fund Balances:			
Reserved for prepaid items	120		120
Reserved for notes and loans	600,000		600,000
Reserved for equipment	77,484		77,484
Reserved for vehicle equipment	480,084		480,084
Unreserved	1,858,340	1,706,818	3,565,158
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>3,016,028</u>	<u>1,706,818</u>	<u>4,722,846</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 4,919,044</u>	<u>\$ 1,892,619</u>	<u>\$ 6,811,663</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property taxes	\$ 61,111	\$ -	\$ 61,111
Use of money and property	28,751	76,434	105,185
Intergovernmental	2,993,469		2,993,469
Charges for current services	1,367,570		1,367,570
Other	33,606	403,827	437,433
Total Revenues	4,484,507	480,261	4,964,768
Expenditures			
Current			
Public safety	944,072		944,072
Community development		17,659	17,659
Public works	2,153,255	41,566	2,194,821
Non-departmental	436,795		436,795
Capital outlay	640,210	238,193	878,403
Debt service			
Interest and fiscal charges	16,757		16,757
Total Expenditures	4,191,089	297,418	4,488,507
Excess (Deficit) of Revenues over Expenditures	293,418	182,843	476,261
Other Financing Sources (Uses)			
Transfers in	20,000		20,000
Transfers out	(257,000)		(257,000)
Total Other Financing Sources (Uses)	(237,000)		(237,000)
Net Change in Fund Balances	56,418	182,843	239,261
Fund Balances, July 1, 2007	2,959,610	1,648,365	4,607,975
Prior Period Adjustment		(124,390)	(124,390)
Fund Balances, July 1, 2007, restated	2,959,610	1,523,975	4,483,585
Fund Balances, June 30, 2008	\$ 3,016,028	\$ 1,706,818	\$ 4,722,846

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Supplemental Law Enforcement Services	Fire Assessment	Gas Tax	NPDES Stormwater
Assets				
Cash and investments	\$ -	\$ 576,968	\$ -	\$ -
Receivables:				
Taxes			420,745	
Accounts			250	
Interest				
Grants			17,610	
Notes, net				
Due from other funds			2,218,700	
Prepaid items			120	
Total Assets	\$ -	\$ 576,968	\$ 2,657,425	\$ -
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 72,004	\$ 622
Accrued liabilities	2,025	19,400	20,926	8,438
Due to other funds	4,391		307,281	329,816
Deferred revenue				
Advances payable				
Total Liabilities	6,416	19,400	400,211	338,876
Fund Balances:				
Reserved for prepaid items			120	
Reserved for notes and loans				
Reserved for equipment		77,484		
Reserved for vehicle replacement		480,084		
Unreserved	(6,416)		2,257,094	(338,876)
Total Fund Balances	(6,416)	557,568	2,257,214	(338,876)
Total Liabilities and Fund Balances	\$ -	\$ 576,968	\$ 2,657,425	\$ -

Planned Local Drainage	Redevelopment Agency Low/Mod Housing	Disaster Accounting	Total
\$ 425,427	\$ 239,033	\$ -	\$ 1,241,428
			420,745
		287,879	288,129
	132,312		132,312
			17,610
	600,000		600,000
			2,218,700
			120
<u>\$ 425,427</u>	<u>\$ 971,345</u>	<u>\$ 287,879</u>	<u>\$ 4,919,044</u>
\$ -	\$ -	\$ 16,743	\$ 89,369
			50,789
		732,916	1,374,404
	132,312		132,312
	256,142		256,142
	<u>388,454</u>	<u>749,659</u>	<u>1,903,016</u>
			120
	600,000		600,000
			77,484
			480,084
<u>425,427</u>	<u>(17,109)</u>	<u>(461,780)</u>	<u>1,858,340</u>
<u>425,427</u>	<u>582,891</u>	<u>(461,780)</u>	<u>3,016,028</u>
<u>\$ 425,427</u>	<u>\$ 971,345</u>	<u>\$ 287,879</u>	<u>\$ 4,919,044</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Supplemental Law Enforcement Services	Fire Assessment	Gas Tax	NPDES Stormwater
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	414	13,018	655	(8,293)
Intergovernmental	100,000		2,112,030	18,418
Charges for current services		1,036,951		176,078
Other			1,345	298
Total Revenues	<u>100,414</u>	<u>1,049,969</u>	<u>2,114,030</u>	<u>186,501</u>
Expenditures				
Current				
Public safety	99,297	844,775		
Public works			1,811,603	333,197
Non-departmental				
Capital outlay			640,210	
Debt service				
Interest and fiscal charges				
Total Expenditures	<u>99,297</u>	<u>844,775</u>	<u>2,451,813</u>	<u>333,197</u>
Excess (Deficit) of Revenues over Expenditures	<u>1,117</u>	<u>205,194</u>	<u>(337,783)</u>	<u>(146,696)</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out			(257,000)	
Total Other Financing Sources (Uses)			<u>(257,000)</u>	
Net Change in Fund Balances	1,117	205,194	(594,783)	(146,696)
Fund Balances, July 1, 2007	<u>(7,533)</u>	<u>352,374</u>	<u>2,851,997</u>	<u>(192,180)</u>
Fund Balances, June 30, 2008	<u>\$ (6,416)</u>	<u>\$ 557,568</u>	<u>\$ 2,257,214</u>	<u>\$ (338,876)</u>

Planned Local Drainage	Redevelopment Agency Low/Mod Housing	Disaster Accounting	Total
\$ -	\$ 61,111	\$ -	\$ 61,111
15,007	7,950		28,751
	486	762,535	2,993,469
154,541			1,367,570
		31,963	33,606
<u>169,548</u>	<u>69,547</u>	<u>794,498</u>	<u>4,484,507</u>
			944,072
8,455			2,153,255
		436,795	436,795
			640,210
	<u>16,757</u>		<u>16,757</u>
<u>8,455</u>	<u>16,757</u>	<u>436,795</u>	<u>4,191,089</u>
<u>161,093</u>	<u>52,790</u>	<u>357,703</u>	<u>293,418</u>
20,000			20,000
			(257,000)
<u>20,000</u>			<u>(237,000)</u>
181,093	52,790	357,703	56,418
<u>244,334</u>	<u>530,101</u>	<u>(819,483)</u>	<u>2,959,610</u>
<u>\$ 425,427</u>	<u>\$ 582,891</u>	<u>\$ (461,780)</u>	<u>\$ 3,016,028</u>

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Supplemental Law Enforcement Services		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Use of money and property	3,000	414	(2,586)
Intergovernmental	100,000	100,000	
Charges for current services			
Other			
Total Revenues	<u>103,000</u>	<u>100,414</u>	<u>(2,586)</u>
Expenditures:			
Current:			
Public safety	101,898	99,297	2,601
Public works			
Non-departmental			
Capital outlay			
Debt service			
Interest and fiscal charges			
Total Expenditures	<u>101,898</u>	<u>99,297</u>	<u>2,601</u>
Excess (Deficit) of Revenues over Expenditures	<u>1,102</u>	<u>1,117</u>	<u>15</u>
Other Financing Sources (Uses):			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	1,102	1,117	15
Fund Balances, July 1, 2007	<u>(7,533)</u>	<u>(7,533)</u>	
Fund Balances, June 30, 2008	<u>\$ (6,431)</u>	<u>\$ (6,416)</u>	<u>\$ 15</u>

Fire Assessment			Gas Tax		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
400	13,018	12,618	26,000	655	(25,345)
1,020,000	1,036,951	16,951	2,378,000	2,112,030	(265,970)
				1,345	1,345
1,020,400	1,049,969	29,569	2,404,000	2,114,030	(289,970)
1,013,689	844,775	168,914	2,139,264	1,811,603	327,661
			947,814	640,210	307,604
1,013,689	844,775	168,914	3,087,078	2,451,813	635,265
6,711	205,194	198,483	(683,078)	(337,783)	345,295
			(257,000)	(257,000)	
			(257,000)	(257,000)	
6,711	205,194	198,483	(940,078)	(594,783)	345,295
352,374	352,374		2,851,997	2,851,997	
<u>\$ 359,085</u>	<u>\$ 557,568</u>	<u>\$ 198,483</u>	<u>\$ 1,911,919</u>	<u>\$ 2,257,214</u>	<u>\$ 345,295</u>

(Continued)

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008
(Continued)

	NPDES Stormwater		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Use of money and property		(8,293)	(8,293)
Intergovernmental	33,000	18,418	(14,582)
Charges for current services	176,000	176,078	78
Other		298	298
Total Revenues	<u>209,000</u>	<u>186,501</u>	<u>(22,499)</u>
Expenditures:			
Current:			
Public safety			
Public works	384,215	333,197	51,018
Non-departmental			
Capital outlay			
Debt service			
Interest and fiscal charges			
Total Expenditures	<u>384,215</u>	<u>333,197</u>	<u>51,018</u>
Excess (Deficit) of Revenues over Expenditures	<u>(175,215)</u>	<u>(146,696)</u>	<u>28,519</u>
Other Financing Sources (Uses):			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(175,215)	(146,696)	28,519
Fund Balances, July 1, 2007	<u>(192,180)</u>	<u>(192,180)</u>	
Fund Balances, June 30, 2008	<u>\$ (367,395)</u>	<u>\$ (338,876)</u>	<u>\$ 28,519</u>

Planned Local Drainage			Redevelopment Agency Low/Mod Housing		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 60,000	\$ 61,111	\$ 1,111
5,500	15,007	9,507	4,300	7,950	3,650
	154,541	154,541	5,000	486	(4,514)
<u>5,500</u>	<u>169,548</u>	<u>164,048</u>	<u>69,300</u>	<u>69,547</u>	<u>247</u>
248,855	8,455	240,400			
			<u>17,000</u>	<u>16,757</u>	<u>243</u>
<u>248,855</u>	<u>8,455</u>	<u>240,400</u>	<u>17,000</u>	<u>16,757</u>	<u>243</u>
<u>(243,355)</u>	<u>161,093</u>	<u>404,448</u>	<u>52,300</u>	<u>52,790</u>	<u>490</u>
20,000	20,000				
<u>20,000</u>	<u>20,000</u>				
<u>(223,355)</u>	<u>181,093</u>	<u>404,448</u>	<u>52,300</u>	<u>52,790</u>	<u>490</u>
<u>244,334</u>	<u>244,334</u>		<u>530,101</u>	<u>530,101</u>	
<u>\$ 20,979</u>	<u>\$ 425,427</u>	<u>\$ 404,448</u>	<u>\$ 582,401</u>	<u>\$ 582,891</u>	<u>\$ 490</u>

(continued)

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008
(Continued)

	Disaster Accounting		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Use of money and property			
Intergovernmental		762,535	762,535
Charges for current services			
Other		31,963	31,963
Total Revenues		794,498	794,498
Expenditures:			
Current:			
Public safety			
Public works			
Non-departmental	95,000	436,795	(341,795)
Capital outlay			
Debt service			
Interest and fiscal charges			
Total Expenditures	95,000	436,795	(341,795)
Excess (Deficit) of Revenues over Expenditures	(95,000)	357,703	452,703
Other Financing Sources (Uses):			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(95,000)	357,703	452,703
Fund Balances, July 1, 2007	(819,483)	(819,483)	
Fund Balances, June 30, 2008	\$ (914,483)	\$ (461,780)	\$ 452,703

Total		
Final Budget	Actual	Variance Positive (Negative)
\$ 60,000	\$ 61,111	\$ 1,111
39,200	28,751	(10,449)
2,516,000	2,993,469	477,469
1,196,000	1,367,570	171,570
	33,606	33,606
<u>3,811,200</u>	<u>4,484,507</u>	<u>673,307</u>
1,115,587	944,072	171,515
2,772,334	2,153,255	619,079
95,000	436,795	(341,795)
947,814	640,210	307,604
<u>17,000</u>	<u>16,757</u>	<u>243</u>
<u>4,947,735</u>	<u>4,191,089</u>	<u>756,646</u>
<u>(1,136,535)</u>	<u>293,418</u>	<u>1,429,953</u>
20,000	20,000	
<u>(257,000)</u>	<u>(257,000)</u>	
<u>(237,000)</u>	<u>(237,000)</u>	
(1,373,535)	56,418	1,429,953
<u>2,959,610</u>	<u>2,959,610</u>	
<u>\$ 1,586,075</u>	<u>\$ 3,016,028</u>	<u>\$ 1,429,953</u>

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008

	<u>Highway 1 Improvement</u>	<u>Manor Drive Improvement</u>	<u>Aircraft Noise Project</u>	<u>Parks and Playfield</u>
Assets				
Cash and investments	\$ 396,160	\$ 1,084,314	\$ 5,948	\$ 235,057
Receivable:				
Grants	<u>171,140</u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 567,300</u></u>	<u><u>\$ 1,084,314</u></u>	<u><u>\$ 5,948</u></u>	<u><u>\$ 235,057</u></u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,951	\$ 2,230	\$ 607	\$ 8,598
Accrued liabilities	973		302	
Deferred revenue	<u>171,140</u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>174,064</u>	<u>2,230</u>	<u>909</u>	<u>8,598</u>
Fund Balances:				
Unreserved	<u>393,236</u>	<u>1,082,084</u>	<u>5,039</u>	<u>226,459</u>
Total Fund Balances	<u>393,236</u>	<u>1,082,084</u>	<u>5,039</u>	<u>226,459</u>
Total Liabilities and Fund Balances	<u><u>\$ 567,300</u></u>	<u><u>\$ 1,084,314</u></u>	<u><u>\$ 5,948</u></u>	<u><u>\$ 235,057</u></u>

Total

\$ 1,721,479

171,140

\$ 1,892,619

\$ 13,386

1,275

171,140

185,801

1,706,818

1,706,818

\$ 1,892,619

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008

	Highway 1 Improvement	Manor Drive Improvement	Aircraft Noise Project	Parks and Playfield
Revenues				
Use of money and property	\$ 25,643	\$ 39,459	\$ 304	\$ 11,028
Other	44,878	151,888	120	206,941
Total Revenues	<u>70,521</u>	<u>191,347</u>	<u>424</u>	<u>217,969</u>
Expenditures				
Current				
Community development			3,338	14,321
Public works	41,566			
Capital outlay	63,156			175,037
Total Expenditures	<u>104,722</u>		<u>3,338</u>	<u>189,358</u>
Net Change in Fund Balances	<u>(34,201)</u>	<u>191,347</u>	<u>(2,914)</u>	<u>28,611</u>
Fund Balances, July 1, 2007	551,827	890,737	7,953	197,848
Prior Period Adjustment	<u>(124,390)</u>			
Fund Balances, July 1, 2007, restated	<u>427,437</u>	<u>890,737</u>	<u>7,953</u>	<u>197,848</u>
Fund Balances, June 30, 2008	<u>\$ 393,236</u>	<u>\$ 1,082,084</u>	<u>\$ 5,039</u>	<u>\$ 226,459</u>

Total

\$ 76,434
403,827
480,261

17,659
41,566
238,193

297,418

182,843

1,648,365

(124,390)

1,523,975

\$ 1,706,818

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008

	Highway 1 Improvement		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 25,000	\$ 25,643	\$ 643
Intergovernmental	1,980,000		(1,980,000)
Other	83,000	44,878	(38,122)
Total Revenues	<u>2,088,000</u>	<u>70,521</u>	<u>(2,017,479)</u>
Expenditures:			
Current:			
Community development			
Public works	74,690	41,566	33,124
Capital outlay	<u>2,075,210</u>	<u>63,156</u>	<u>2,012,054</u>
Total Expenditures	<u>2,149,900</u>	<u>104,722</u>	<u>2,045,178</u>
Net Change in Fund Balances	<u>(61,900)</u>	<u>(34,201)</u>	<u>27,699</u>
Fund Balances, July 1, 2007	551,827	551,827	
Prior Period Adjustment		<u>(124,390)</u>	<u>(124,390)</u>
Fund Balances, July 1, 2007, restated	<u>551,827</u>	<u>427,437</u>	<u>(124,390)</u>
Fund Balances, June 30, 2008	<u>\$ 489,927</u>	<u>\$ 393,236</u>	<u>\$ (96,691)</u>

Manor Drive Improvement			Aircraft Noise Project		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 25,000	\$ 39,459	\$ 14,459	\$ -	\$ 304	\$ 304
140,000	151,888	11,888		120	120
165,000	191,347	26,347		424	424
480,000		480,000	7,500	3,338	4,162
480,000		480,000	7,500	3,338	4,162
(315,000)	191,347	506,347	(7,500)	(2,914)	4,586
890,737	890,737		7,953	7,953	
890,737	890,737		7,953	7,953	
<u>\$ 575,737</u>	<u>\$ 1,082,084</u>	<u>\$ 506,347</u>	<u>\$ 453</u>	<u>\$ 5,039</u>	<u>\$ 4,586</u>

(Continued)

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2008
(Continued)

	Parks and Playfield		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 11,028	\$ 11,028
Intergovernmental			
Other	88,500	206,941	118,441
Total Revenues	88,500	217,969	129,469
Expenditures:			
Current:			
Community development	15,020	14,321	699
Public works			
Capital outlay	170,000	175,037	(5,037)
Total Expenditures	185,020	189,358	(4,338)
Net Change in Fund Balances	(96,520)	28,611	125,131
Fund Balances, July 1, 2007	197,848	197,848	
Prior Period Adjustment			
Fund Balances, July 1, 2007, restated	197,848	197,848	
Fund Balances, June 30, 2008	<u>\$ 101,328</u>	<u>\$ 226,459</u>	<u>\$ 125,131</u>

Total		
Final Budget	Actual	Variance Positive (Negative)
\$ 50,000	\$ 76,434	\$ 26,434
1,980,000		(1,980,000)
<u>311,500</u>	<u>403,827</u>	<u>92,327</u>
<u>2,341,500</u>	<u>480,261</u>	<u>(1,861,239)</u>
22,520	17,659	4,861
554,690	41,566	513,124
<u>2,245,210</u>	<u>238,193</u>	<u>2,007,017</u>
<u>2,822,420</u>	<u>297,418</u>	<u>2,525,002</u>
<u>(480,920)</u>	<u>182,843</u>	<u>663,763</u>
1,648,365	1,648,365	
	<u>(124,390)</u>	<u>(124,390)</u>
<u>1,648,365</u>	<u>1,523,975</u>	<u>(124,390)</u>
<u>\$ 1,167,445</u>	<u>\$ 1,706,818</u>	<u>\$ 539,373</u>

INTERNAL SERVICE FUNDS

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

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

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

CITY OF PACIFICA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	Motor Pool	Self Insurance	Total
Assets			
Current Assets:			
Cash and investments	\$ 1,049,800	\$ 1,338,614	\$ 2,388,414
Receivable:			
Accounts		107,350	107,350
Inventories	14,671		14,671
Total Current Assets	1,064,471	1,445,964	2,510,435
Noncurrent Assets:			
Capital assets, not being depreciated	258,774		258,774
Capital assets, being depreciated (net of accumulated depreciation)	1,253,684		1,253,684
Total Noncurrent Assets	1,512,458		1,512,458
Total Assets	2,576,929	1,445,964	4,022,893
Liabilities			
Current Liabilities:			
Accounts payable	1,449	32,873	34,322
Accrued liabilities	12,417	1,140	13,557
Claims payable	1,589,207	1,589,207	1,589,207
Total Current Liabilities	13,866	1,623,220	1,637,086
Noncurrent Liabilities:			
Claims payable		195,381	195,381
Compensated absences	14,127		14,127
Total Noncurrent Liabilities	14,127	195,381	209,508
Total Liabilities	27,993	1,818,601	1,846,594
Net Assets			
Invested in capital assets, net of related debt	1,512,458		1,512,458
Unrestricted	1,036,478	(372,637)	663,841
Total Net Assets	\$ 2,548,936	\$ (372,637)	\$ 2,176,299

CITY OF PACIFICA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	Motor Pool	Self Insurance	Total
Operating Revenues			
Charges for services	\$ 1,163,238	\$ 160,638	\$ 1,323,876
Other operating income	24,267	1,015,958	1,040,225
Total Operating Revenues	1,187,505	1,176,596	2,364,101
Operating Expenses			
Personnel services	345,062		345,062
Administration	7,456		7,456
Supplies and materials	441,638		441,638
Insurance		1,021,326	1,021,326
Outside contractors		122,038	122,038
Maintenance	7,253		7,253
Insurance claims		255,393	255,393
Depreciation	360,137		360,137
Total Operating Expenses	1,161,546	1,398,757	2,560,303
Operating Income (Loss)	25,959	(222,161)	(196,202)
Non-Operating Revenues (Expenses)			
Investment earnings	35,489	47,517	83,006
Total Non-Operating Revenues (Expenses)	35,489	47,517	83,006
Income (Loss) Before Transfers	61,448	(174,644)	(113,196)
Transfers			
Transfers in		302,000	302,000
Changes in Net Assets	61,448	127,356	188,804
Net Assets, July 1, 2007	2,487,488	(499,993)	1,987,495
Net Assets, June 30, 2008	\$ 2,548,936	\$ (372,637)	\$ 2,176,299

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,188,612	\$ 1,069,246	\$ 2,257,858
Payments to suppliers and users	(480,538)	(1,124,500)	(1,605,038)
Payments for claims		(351,333)	(351,333)
Payments to employees	(337,901)	1,140	(336,761)
Net Cash Provided (Used) by Operating Activities	<u>370,173</u>	<u>(405,447)</u>	<u>(35,274)</u>
Cash Flows from Noncapital Financing Activities			
Transfers in		302,000	302,000
Net Cash Provided by Noncapital Financing Activities		<u>302,000</u>	<u>302,000</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(27,700)		(27,700)
Net Cash (Used) by Capital and Related Financing Activities	<u>(27,700)</u>		<u>(27,700)</u>
Cash Flows from Investing Activities			
Interest received	35,489	47,517	83,006
Net Cash Provided by Investing Activities	<u>35,489</u>	<u>47,517</u>	<u>83,006</u>
Net Increase (decrease) in Cash and Cash Equivalents	377,962	(55,930)	322,032
Cash and Cash Equivalents at the Beginning of the Fiscal Year	671,838	1,394,544	2,066,382
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 1,049,800</u>	<u>\$ 1,338,614</u>	<u>\$ 2,388,414</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:			
Cash and investments	\$ 1,049,800	\$ 1,338,614	\$ 2,388,414
Total Cash and Cash Equivalents	<u>\$ 1,049,800</u>	<u>\$ 1,338,614</u>	<u>\$ 2,388,414</u>

(Continued)

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008
(Continued)

	Motor Pool	Self Insurance	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 25,959	\$ (222,161)	\$ (196,202)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	360,137		360,137
(Increase) Decrease in Operating Assets:			
Accounts receivable	1,107	(107,350)	(106,243)
Inventories	2,979		2,979
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(27,170)	18,864	(8,306)
Accrued liabilities	2,688	1,140	3,828
Claims payable		(95,940)	(95,940)
Compensated absences	4,473		4,473
	<u>\$ 370,173</u>	<u>\$ (405,447)</u>	<u>\$ (35,274)</u>
Net Cash Provided (Used) by Operating Activities			

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed Value of Taxable Property

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

STATISTICAL SECTION (Continued)
--

Operating Information

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

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

Sources

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 42,946,985	\$ 45,118,985	\$ 46,962,267	\$ 50,585,199	\$ 50,020,034
Restricted	378,983	486,190	6,738,596	7,370,411	7,064,256
Unrestricted	<u>6,293,586</u>	<u>5,309,223</u>	<u>3,750,966</u>	<u>703,720</u>	<u>5,799,437</u>
Total governmental activities net assets	<u>\$ 49,619,554</u>	<u>\$ 50,914,398</u>	<u>\$ 57,451,829</u>	<u>\$ 58,659,330</u>	<u>\$ 62,883,727</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 16,322,393	\$ 7,143,196	\$ 14,632,714	\$ 12,423,925	\$ 11,483,688
Restricted	-	7,064,036	946,455	953,800	1,075,760
Unrestricted	<u>(1,693,848)</u>	<u>354,381</u>	<u>(1,960,805)</u>	<u>(700,968)</u>	<u>2,341,086</u>
Total business-type activities net assets	<u>\$ 14,628,545</u>	<u>\$ 14,561,613</u>	<u>\$ 13,618,364</u>	<u>\$ 12,676,757</u>	<u>\$ 14,900,534</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 59,269,378	\$ 52,262,181	\$ 61,594,981	\$ 63,009,124	\$ 61,503,722
Restricted	378,983	7,550,226	7,685,051	8,324,211	8,140,016
Unrestricted	<u>4,599,738</u>	<u>5,663,604</u>	<u>1,790,161</u>	<u>2,752</u>	<u>8,140,523</u>
Total primary government net assets	<u>\$ 64,248,099</u>	<u>\$ 65,476,011</u>	<u>\$ 71,070,193</u>	<u>\$ 71,336,087</u>	<u>\$ 77,784,261</u>

Notes:

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

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

Source: City Comprehensive Annual Financial Report

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:					
Governmental Activities:					
General Government	\$ 3,537,595	\$ 4,875,872	\$ 5,923,892	\$ 5,798,391	\$ 4,952,782
Public Safety	12,272,560	12,929,514	13,639,116	14,980,984	14,985,013
Planning & Development	1,098,731	1,300,773	1,799,035	1,178,590	1,343,220
Public Works	2,974,028	2,941,376	3,606,841	4,264,011	4,154,717
Parks, Beaches & Recreation	3,288,100	3,515,702	3,084,327	3,405,149	4,155,877
Interest on Long-term Debt	1,053,184	900,171	811,419	846,768	987,156
Total Governmental Activities Expenses	<u>\$ 24,224,198</u>	<u>\$ 26,463,408</u>	<u>\$ 28,864,630</u>	<u>\$ 30,473,893</u>	<u>\$ 30,578,765</u>
Business-Type Activities:					
Sewer	8,325,027	8,922,794	9,453,272	9,084,345	8,095,219
Total Business-Type Activities Expenses	<u>\$ 8,325,027</u>	<u>\$ 8,922,794</u>	<u>\$ 9,453,272</u>	<u>\$ 9,084,345</u>	<u>\$ 8,095,219</u>
Total Primary Government Expenses	<u>\$ 32,549,225</u>	<u>\$ 35,386,202</u>	<u>\$ 38,317,902</u>	<u>\$ 39,558,238</u>	<u>\$ 38,673,984</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 286,777	\$ 732,954	\$ 80,269	\$ 96,106	\$ 110,868
Public Safety	890,685	1,031,754	922,034	1,157,322	1,159,056
Planning & Development	212,137	342,241	599,540	732,372	792,532
Public Works	120,281	147,094	1,529,607	1,376,379	2,522,362
Parks, Beaches & Recreation	1,336,628	1,347,009	1,506,836	1,543,791	584,724
Operating Grants & Contributions	1,902,808	1,311,733	2,626,473	2,967,049	2,871,766
Capital Grants & Contributions	4,258,677	2,272,460	3,338,214	3,639,686	3,302,650
Total Governmental Activities Program Revenues	<u>\$ 9,007,993</u>	<u>\$ 7,185,245</u>	<u>\$ 10,602,973</u>	<u>\$ 11,512,705</u>	<u>\$ 11,343,958</u>
Business-Type Activities:					
Charges for Services:					
Sewer	\$ 7,067,579	\$ 8,108,045	\$ 8,721,125	\$ 9,137,785	\$ 10,181,406
Total Business-Type Activities Program Revenue	<u>\$ 7,067,579</u>	<u>\$ 8,108,045</u>	<u>\$ 8,721,125</u>	<u>\$ 9,137,785</u>	<u>\$ 10,181,406</u>
Total Primary Government Program Revenues	<u>\$ 16,075,572</u>	<u>\$ 15,293,290</u>	<u>\$ 19,324,098</u>	<u>\$ 20,650,490</u>	<u>\$ 21,525,364</u>
Net Revenues (Expenses):					
Governmental Activities	\$ (15,216,205)	\$ (19,278,163)	\$ (18,261,657)	\$ (18,961,188)	\$ (19,234,807)
Business-Type Activities	(1,257,448)	(814,749)	(732,147)	53,440	2,086,187
Total Net Revenues (Expenses)	<u>\$ (16,473,653)</u>	<u>\$ (20,092,912)</u>	<u>\$ (18,993,804)</u>	<u>\$ (18,907,748)</u>	<u>\$ (17,148,620)</u>
General Revenues and Other Change in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	6,621,915	7,409,350	8,126,936	9,016,273	9,623,522
Sales Tax	1,317,336	1,330,597	1,116,191	1,096,165	1,225,279
Franchise Tax	1,345,348	1,131,838	1,458,418	1,539,123	1,558,164
Other Taxes	3,699,996	5,310,469	4,552,287	3,720,047	3,652,373
Motor vehicle in lieu - unrestricted	1,738,636	2,370,539	3,522,799	2,917,076	3,068,643
Use of Money/Property	367,649	233,313	321,272	568,021	532,887
Miscellaneous	1,647,146	3,028,201	868,120	369,309	3,986,507
Transfers			290,000	815,000	45,000
Total Governmental Activities	<u>\$ 16,738,026</u>	<u>\$ 20,814,307</u>	<u>\$ 20,256,023</u>	<u>\$ 20,041,014</u>	<u>\$ 23,692,375</u>
Business-Type Activities:					
Use of Money/Property	\$ 3,988	\$ 54,158	\$ 26,569	\$ 14,881	\$ 41,921
Miscellaneous	244,864	100,126	17,116	4,688	-
Transfers			(290,000)	(815,000)	(45,000)
Total Business-Type Activities	<u>\$ 248,852</u>	<u>\$ 154,284</u>	<u>\$ (246,315)</u>	<u>\$ (795,431)</u>	<u>\$ (3,079)</u>
Total Primary Government	<u>\$ 16,986,878</u>	<u>\$ 20,968,591</u>	<u>\$ 20,009,708</u>	<u>\$ 19,245,583</u>	<u>\$ 23,689,296</u>
Changes in Net Assets:					
Governmental Activities	\$ 1,521,821	\$ 1,536,144	\$ 1,994,366	\$ 1,079,826	\$ 4,457,568
Business-Type Activities	(1,008,596)	(660,465)	(978,462)	(741,991)	2,083,108
Total Primary Government	<u>\$ 513,225</u>	<u>\$ 875,679</u>	<u>\$ 1,015,904</u>	<u>\$ 337,835</u>	<u>\$ 6,540,676</u>

Notes:

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

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

Source: City Financial Reports

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

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

Notes:

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

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

Source: City Financial Reports

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
REVENUES					
Taxes	\$ 12,984	\$ 15,183	\$ 14,025	\$ 14,913	\$ 16,057
Licenses and Permits	416	400	335	471	558
Fines and Forfeitures	187	144	139	218	187
Use of Money and Property	347	233	317	464	432
Intergovernmental Revenues	6,604	5,875	9,194	8,601	8,044
Charges for Services	2,018	3,057	2,630	2,883	3,100
Recreation Programs			565	559	612
Other Revenues	2,802	2,664	3,328	2,530	6,115
Total Revenues	<u>\$ 25,358</u>	<u>\$ 27,556</u>	<u>\$ 30,533</u>	<u>\$ 30,639</u>	<u>\$ 35,105</u>
EXPENDITURES					
Current:					
General Government	\$ 3,383	\$ 4,692	\$ 5,356	\$ 4,673	\$ 3,961
Public Safety	11,365	12,120	13,182	14,567	14,970
Community Development	1,080	1,284	1,751	1,127	1,238
Public Works	2,346	2,190	3,285	3,471	3,726
Parks, Beaches & Recreation	3,073	2,916	3,009	3,318	3,744
Non-departmental				1,027	437
Capital Outlay	4,536	3,003	3,303	2,595	1,677
Debt Service:					
Principal Retirement	314	347	375	194	35
Interest and Other Charges	1,050	813	1,393	989	1,140
Total Expenditures	<u>\$ 27,147</u>	<u>\$ 27,365</u>	<u>\$ 31,654</u>	<u>\$ 31,961</u>	<u>\$ 30,928</u>
Excess of Revenues Over/(Under) expenditures	<u>\$ (1,789)</u>	<u>\$ 191</u>	<u>\$ (1,121)</u>	<u>\$ (1,322)</u>	<u>\$ 4,177</u>
Other financing sources (uses):					
Transfers In	\$ 1,057	\$ 1,830	\$ 4,631	\$ 3,898	\$ 815
Transfers (Out)	(1,057)	(2,030)	(4,931)	(3,503)	(1,072)
Other Sources/Uses:					
Issuance of Debt		1,725	15,725		
Issuance Discount			(106)		
Refunded to debt escrow agent			(13,299)		
Debt Issuance Cost		(97)			
Proceeds of long-term debt	185				
Total other financing sources (uses)	<u>\$ 185</u>	<u>\$ 1,428</u>	<u>\$ 2,020</u>	<u>\$ 395</u>	<u>\$ (257)</u>
Net change in fund balances	<u>\$ (1,604)</u>	<u>\$ 1,619</u>	<u>\$ 899</u>	<u>\$ (927)</u>	<u>\$ 3,920</u>
Debt serviced as a percentage of noncapital expenditures	6.03%	4.76%	6.24%	4.03%	4.02%

Notes:

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

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

Source: Annual Financial Statements, City of Pacifica

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

**CITY OF PACIFICA
PRINCIPAL SALES TAX REMITTERS
CURRENT YEAR AND NINE YEARS AGO
(In \$000's)**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Apparel Stores	\$ 9,410	5	6%	\$ 6,464	5	6%
General Merchandise	19	8	0%	2	8	0%
Food Stores	23,562	3	16%	21,029	2	18%
Eating & Drinking Places	26,160	2	17%	22,495	1	19%
Building Materials	6,714	6	4%	4,756	6	4%
Auto Dealers and Supplies	3,868	7	3%	1,683	7	1%
Service Stations	33,303	1	22%	19,537	3	17%
Other Retail Stores	19,709	4	13%	17,341	4	15%
All Other Outlets	29,144	9	19%	22,795	9	20%
Total	151,889		100%	116,102		100%

Notes:

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

The Categories presented are intended to provide alternative information regarding the sources of the City's tax revenues.

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

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

<u>Categories</u>	<u>Annual Years</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Apparel Stores	\$ 5,951	\$ 5,561	\$ 7,479	\$ 8,277	\$ 8,598	\$ 8,518	\$ 9,013	\$ 9,410	\$ 8,833	\$ 9,410
General Merchandise	3	2	3	33	57	75	100	19	144	267
Food Stores	21,127	22,409	23,518	24,830	24,258	23,864	23,801	23,562	22,334	25,256
Eating & Drinking Places	20,106	20,729	23,608	23,807	24,310	24,750	25,378	26,160	26,981	27,885
Building Materials	4,594	5,329	6,034	6,618	7,601	7,156	6,869	6,714	6,750	6,498
Auto Dealers & Supplies	1,622	1,840	1,848	2,281	2,188	3,196	3,207	3,868	4,116	4,375
Service Stations	18,261	21,850	25,716	16,178	21,392	24,641	27,470	33,303	37,620	40,023
Other Retail Stores	17,017	17,334	20,120	18,371	18,448	18,002	17,416	19,709	21,097	20,366
All Other Outlets	23,878	26,571	26,482	27,012	25,979	25,323	28,147	19,144	28,968	34,242
Total	<u>\$ 112,559</u>	<u>\$ 121,625</u>	<u>\$ 134,808</u>	<u>\$ 127,407</u>	<u>\$ 132,831</u>	<u>\$ 135,525</u>	<u>\$ 141,401</u>	<u>\$ 141,889</u>	<u>\$ 156,843</u>	<u>\$ 168,322</u>

105

Notes:

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

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

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

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

<u>Annual Year</u>	<u>State Rate</u>	<u>City Direct Rate</u>	<u>San Mateo County Rate</u>	<u>City/County Public Safety</u>	<u>District Rate</u>	<u>Total</u>
1999	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2000	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2001	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2002	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2003	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2004	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2005	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2006	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2007	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%
2008	5.25%	0.75%	0.75%	0.50%	1.00%	8.25%

Notes:

Sales tax in San Mateo County is 8.25%.

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

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

Source: State Board of Equalization & HdL

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

<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>
1998-1999	\$ 8,342,790	\$ 566,411	\$ 478,265	\$ 10,739,990	\$ 1,958,396	\$ 156,041	\$ 1,497,922	\$ 23,739,815
1999-2000	9,142,581	848,485	826,036	6,622,396	2,317,991	189,076	1,237,584	21,184,149
2000-2001	10,401,898	446,571	1,647,115	6,539,373	2,465,226	142,788	1,229,183	22,872,154
2001-2002	10,302,020	563,462	944,882	8,728,620	2,048,225	213,319	3,791,031	26,591,559
2002-2003	10,944,812	400,446	566,880	7,284,231	2,761,520	175,551	1,827,612	23,961,052
2003-2004	11,253,260	319,270	399,500	2,926,988	1,894,700	160,000	1,984,500	18,938,218
2004-2005	12,301,959	338,400	127,000	3,473,559	1,476,774	140,000	2,218,606	20,076,298
2005-2006	13,655,933	308,500	410,000	4,744,585	1,388,600	135,000	3,460,325	24,102,943
2006-2007	14,855,725	470,947	337,904	5,466,565	2,213,594	217,699	2,021,496	25,583,930
2007-2008	16,056,908	558,068	431,880	8,043,733	3,712,339	186,600	6,115,511	35,105,039
% Change 1999-2008	92.46%	-1.47%	-9.70%	-25.10%	89.56%	19.58%	308.27%	47.87%

107

Notes:

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

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

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

Fiscal Year	LOCALLY ASSESSED						TOTALS								
	Secured			Unsecured			Total Before Exemptions			Exemptions/Net Totals			Net Subject To Tax		
	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	
1998-1999	\$ 818,968	\$ 1,216,283	\$ 1,768	\$ 1,421	\$ 11,173	\$ 12,694	\$ 820,389	\$ 1,227,456	\$ 14,462	\$ 2,062,308	\$ 61,541	\$ 16,807	\$ 78,348	\$ 1,983,960	
1999-2000	916,784	1,318,129	1,357	1,421	12,117	13,542	918,205	1,330,246	14,899	2,263,350	61,736	20,003	81,739	2,181,611	
2000-2001	1,010,655	1,420,407	1,496	5,338	12,973	18,615	1,015,993	1,433,380	20,111	2,469,484	61,254	21,562	82,816	2,386,668	
2001-2002	1,112,535	1,528,239	2,218	4,889	13,169	17,313	1,117,424	1,541,408	19,531	2,678,363	62,857	21,269	84,126	2,594,237	
2002-2003	1,220,448	1,631,688	2,535	5,057	12,296	16,333	1,225,505	1,643,983	18,868	2,888,356	60,594	40,812	101,406	2,786,951	
2003-2004	1,326,705	1,757,984	2,126	5,463	14,228	29,749	1,332,169	1,772,211	31,874	3,136,254	60,723	39,150	99,873	3,036,382	
2004-2005	1,447,923	1,874,276	1,971	5,429	16,341	19,159	1,453,352	1,890,618	21,130	3,365,099	59,325	40,452	99,778	3,265,322	
2005-2006	1,601,167	2,018,013	1,775	5,641	17,610	18,927	1,606,808	2,035,623	20,702	3,663,133	58,989	43,835	102,824	3,560,309	
2006-2007	1,798,645	2,157,278	3,106	5,628	17,463	19,243	1,804,274	2,174,741	22,349	4,001,364	58,740	49,975	108,715	3,892,649	
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	
% Change 1999-2008	139.18%	89.26%	120.14%	313.51%	71.11%	58.61%	139.48%	89.10%	66.13%	108.98%	-5.65%	213.68%	41.40%	111.65%	

801

(1) Homeowner's Property Tax Relief

Notes:

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

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

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

Annual Year	City Direct Rate			Overlapping Rates			Total Direct Rate
	City Basic Rate	General Obligation Debt Service	Redevelopment Debt Service Rate	Pacifica School District	Jefferson School District	San Mateo County as Distributor	
1999	0%	0%	0.0%	0.0658%	0.0193%	1%	0.0000%
2000	0%	0%	0.0%	0.0607%	0.0370%	1%	0.0000%
2001	0%	0%	0.0%	0.0589%	0.0181%	1%	0.0000%
2002	0%	0%	0.0%	0.0344%	0.0194%	1%	0.0000%
2003	0%	0%	0.0%	0.0259%	0.0187%	1%	0.0000%
2004	0%	0%	2.90%	0.0244%	0.0170%	1%	2.9000%
2005	0%	0%	2.90%	0.0417%	0.0153%	1%	2.9000%
2006	0%	0%	2.90%	0.0457%	0.0174%	1%	2.9000%
2007	0%	0%	2.90%	0.0411%	0.0361%	1%	2.9000%
2008	0%	0%	2.90%	0.0384%	0.0333%	1%	2.9000%

109

Notes:

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

Source: City Financial Reports

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

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
ERP Operating Ltd. Partnership				\$ 19,175	1	0.70%
Western Pacific Housing				14,603	2	0.53%
Pan Pacific Realty Corporation				11,947	3	0.44%
Bay Apartment Communities, Inc.	\$ 13,163	8	0.30%	11,029	4	0.40%
Lyan Seng Ngo, et al				10,528	5	0.38%
Demartini / Linda Mar LLC				10,359	6	0.38%
Perry S & Demmie B Acosta				9,352	7	0.34%
Pacifica GSPT, LLC				8,292	8	0.30%
Marymount Gateway Apt., LLC				7,446	9	0.27%
Shiuh-Kai Lee & Shu-Yin Jesse Wei				6,415	10	0.23%
FPA BAF Lands End Associates	47,542	1	1.07%			
Linda Mar Shopping Center, LLP	30,849	2	0.70%			
PK III Fairmont Shopping Center	29,573	3	0.67%			
AIMCO Park Pacifica Apartments	19,584	4	0.44%			
Marymount Summit ,LLC	17,947	5	0.40%			
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	\$ 213,383		4.81%	\$ 109,146		3.99%

Notes:

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

Source:

City of Pacifica from Tax Rolls provided by County Assessor's Office, County of San Mateo, California; March 1, 2008 and April 1, 1999

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

<u>Fiscal Year Ending June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1999	4,159	4,052	97.43%	64	4,116	98.97%
2000	4,537	4,454	98.17%	58	4,512	99.45%
2001	4,907	4,816	98.15%	59	4,875	99.35%
2002	5,304	5,226	98.53%	59	5,285	99.64%
2003	5,659	5,513	97.42%	57	5,570	98.43%
2004	6,120	6,090	99.51%	57	6,147	100.44%
2005	6,610	6,540	98.94%	(3)	6,537	98.90%
2006	7,064	6,924	98.02%	(0.5)	6,924	98.01%
2007	7,620	7,667	100.62%	(28.0)	7,639	100.25%
2008	8,180	8,228	100.59%	(3)	8,225	100.55%
% Change 1999-2008	4,021	4,176	0	(67)	4,109	0

111

Notes:

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

Includes Homeowner's Tax Relief (HOPTR).

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

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

Source: City Financial Reports

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

Governmental Activities					
Fiscal Year Ending	Bank Loan	Notes Payable	Special Assessment	Certificates of Participation	Total Governmental Activities Debt
1999	\$ 690,000	\$ 15,946	\$ 125,000	\$ 5,000,000	\$ 5,830,946
2000	-	-	-	11,000,000	11,000,000
2001	-	1,450,000	-	10,875,000	12,325,000
2002	-	1,408,000	-	10,710,000	12,118,000
2003	-	1,350,755	-	13,170,000	14,520,755
2004	-	1,271,278	-	12,960,000	14,231,278
2005	-	1,164,416	1,000,000	12,720,000	14,884,416
2006	-	1,034,348	1,000,000	15,725,000	17,759,348
2007	-	875,378	1,000,000	15,725,000	17,600,378
2008	-	875,378	1,000,000	15,725,000	17,600,378

Notes:

Details regarding the city's debt can be found in the notes to the financial statements.
The City issued a total of \$13,630,000 of new certificates of participation in 1999, 2000 and 2003.

Sources: City's Comprehensive Annual Financial Reports 1999-2008

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

<u>Business-Type Activities</u>						
<u>Fiscal Year Ending</u>	<u>Sewer Bonds</u>	<u>Notes Payable</u>	<u>Total Business-Type Government</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
1999	\$ 4,875,000	\$ -	\$ 4,875,000	\$ 10,705,946	0.58%	\$ 263
2000	4,800,000	-	4,800,000	15,800,000	0.82%	385
2001	4,720,000	-	4,720,000	17,045,000	0.92%	444
2002	4,776,000	34,279,000	39,055,000	51,173,000	2.64%	1,311
2003	4,764,000	32,915,605	37,679,605	52,200,360	2.64%	1,352
2004	4,825,000	31,513,886	36,338,886	50,570,164	2.51%	1,324
2005	13,945,000	30,019,447	43,964,447	58,848,863	2.80%	1,522
2006	13,810,000	25,359,240	39,169,240	56,928,588	2.63%	1,470
2007	13,670,000	25,359,240	39,029,240	56,629,618	2.47%	1,443
2008	13,530,000	25,359,240	38,889,240	56,489,618	2.43%	1,426

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 1999-2008.

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

Fiscal Year Ending	<u>General Bonded Debt Outstanding</u>			Percent of Assessed Value	Per Capita
	Net Bonded Debt	Redevelopment Bonds	Total		
1999	\$ 357	\$ -	\$ 357	0.018%	\$ 9
2000	10,522	-	10,522	0.482%	256
2001	10,206	-	10,206	0.428%	266
2002	10,194	-	10,194	0.393%	261
2003	12,790	-	12,790	0.459%	331
2004	12,400	1,725	14,125	0.465%	370
2005	11,999	1,725	13,724	0.420%	354
2006	15,725	1,725	17,450	0.489%	450
2007	15,725	1,690	17,415	0.446%	443
2008	15,725	1,655	17,380	0.414%	439
% Change 1999-2007	4304.76%		4768.35%	2199.48%	4905.70%

Notes:

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

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

Source: City Financial Reports

**CITY OF PACIFICA
PROPERTY TAX RATES - DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
as of June 30, 2008
(Per \$100 of Assessed Valuation)**

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>San Mateo County</u>		<u>City of Pacifica</u>		<u>Pacifica School District</u>		<u>Jefferson School District</u>		<u>San Mateo Junior College</u>		<u>County Water District</u>		<u>TOTAL</u>	
1998-1999	1.0000	%	---	%	0.0677	%	0.0148	%	---	%	---	%	1.0825	%
1999-2000	1.0000		---		0.0658		0.0193		---		---		1.0851	
2000-2001	1.0000		---		0.0607		0.0370		---		---		1.0977	
2001-2002	1.0000		---		0.0589		0.0181		---		---		1.0770	
2002-2003	1.0000		---		0.0344		0.0194		0.0079		---		1.0617	
2003-2004	1.0000		---		0.0259		0.0187		0.0065		---		1.0511	
2004-2005	1.0000		---		0.0244		0.0170		0.0065		---		1.0479	
2005-2006	1.0000		---		0.0417		0.0153		0.0065		---		1.0635	
2006-2007	1.0000		---		0.0457		0.0174		0.0184		---		1.0815	
2007-2008	1.0000		---		0.0384		0.0333		0.0165		---		1.0822	

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

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

FISCAL YEAR ENDING JUNE 30

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed Valuation	\$1,983,960	\$2,181,611	\$2,386,668	\$2,594,237	\$2,786,951	\$3,036,382	\$ 3,265,322	\$3,560,309	\$3,892,648	\$4,199,006
Debt Limit	74,399	81,810	89,500	97,284	104,511	113,864	122,450	133,512	145,974	157,463
Total Net Debt Applicable to Limit	357	10,522	10,206	10,194	12,790	14,125	13,724	17,415	15,725	15,725
Legal Debt Margin	\$ 74,042	\$ 71,288	\$ 79,294	\$ 87,090	\$ 91,721	\$ 99,739	\$ 108,726	\$ 116,097	\$ 130,249	\$ 141,738
Total Net Debt applicable to the limit as a percentage of debt limit	0.48%	12.86%	11.40%	10.48%	12.24%	12.41%	11.21%	13.04%	10.77%	9.99%

116

Notes:

Debt Limit is 3.75% of Assessed Value.

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

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

Enterprise Fund Bonds

<u>Fiscal Year</u>	<u>Basic Rate</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Services</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1999	\$ 5,403	\$ 3,774	\$ 1,629	\$ 75	\$ 293	4.43
2000	5,652	4,016	1,636	75	290	4.48
2001	6,120	5,045	1,075	80	287	2.93
2002	6,228	6,881	(653)	85	283	-1.77
2003	6,328	7,953	(1,625)	1,488	821	-0.70
2004	7,252	6,750	502	125	225	1.43
2005	8,262	6,326	1,936	130	788	2.11
2006	8,898	6,231	2,667	135	1,229	1.96
2007	9,046	7,767	1,279	140	689	1.54
2008	9,727	7,302	2,425	140	684	2.94

Special Assessment Bonds

<u>Fiscal Year</u>	<u>Debt Service (000's)</u>	
	<u>Principal</u>	<u>Interest</u>
1999	125	13
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	0	0
2005	0	0
2006	0	0
2007	0	0
2008	0	0

Notes:

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

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

Source: City Financial Reports

CITY OF PACIFICA, CALIFORNIA

DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT

June 30, 2008

2008 Population Estimate	39,616
2007-2008 Assessed Valuation	\$4,199,005,979

	<u>Percent Applicable</u>	<u>Date Applicable June 30, 2008</u>
Direct Debt:		
2006 Certificates of Participation	100.00%	\$ 15,725,000
Total Direct Debt		<u>\$ 15,725,000</u>
Overlapping Debt:		
Pacifica School District S-1 Loan		\$ 27,231,365
Jefferson Union High School 95A - Refinanced		18,660,000
Jefferson Union High School 95E		5,155,000
Jefferson Union High School 2006 Series A		50,000,000
San Mateo Community College District		<u>650,619,994</u>
Total Overlapping Debt:		<u>\$ 751,666,359</u>
Total Direct and Overlapping Debt:		<u>\$ 767,391,359</u>

<u>Ratios to Assessed Valuation</u>		<u>Per Capita</u>	
Direct Debt	0.374%	Assessed Valuation	\$ #####
		Direct Debt	396.94
Total Debt	18.276%	Total Debt	\$ 19,370.74

Source: County Controller, County of San Mateo, California

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

Calendar Year Ending	Population	Median Personal Income	Per Capita Personal Income	Unemployment Rate %
1999	40,719	45,511	30,183	2.0
2000	41,028	46,876	31,088	1.6
2001	38,390	48,283	32,021	2.9
2002	39,046	49,731	32,982	5.0
2003	38,609	51,223	33,971	5.1
2004	38,186	52,760	34,990	5.0
2005	38,678	54,343	36,040	4.3
2006	38,739	55,973	37,121	4.2
2007	39,251	58,327	37,095	4.8
2008	39,616	58,567	37,298	5.0

Notes:

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

This information has not been tracked and the information provided here is extrapolated from the Census 2000. Population data is from the State of California Department of Finance.

The unemployment rates are from San Mateo County overall.

Source: U.S. Census Bureau 2000 and the State of California Department of Finance.

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

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pacifica School District	307	1	N/A	Not Available		
City of Pacifica	287	2	N/A			
Safeway (2)	214	3	N/A			
Jefferson Union High School District	170	4	N/A			
Lucky (Save Mart Supermarkets)	125	5	N/A			
Rite Aid (2)	52	6	N/A			
Coastside Scavenger	50	7	N/A			
Ross Dress for Less	48	8	N/A			
North Coast County Water District	22	9	N/A			

120

Notes:

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

Source: Business Registration Research

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

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government										
Administration	7	7	8.2	8.2	8.2	7	7	7	6.5	7
Finance	6.5	7.5	8	8	8	7	8	8	7.5	7.5
Parks	51.76	51.75	51.75	51.75	54.75	54	38.75	38.75	39.75	39.75
Planning & Building	5	5.5	4.8	5.8	4.8	4.8	7.8	8.8	9	9
Public Works	34	38	36	33	34	28.75	29	29	29	24
Engineering	2	2	1	4	4	4	4	4	4	4
Police										
Officers	42	43	40	41	42	37	37	36	38	40
Civilians	13.5	15.5	16.5	16.5	16.5	15.5	15.5	15.5	13.5	12.5
Fire										
Firefighters	30	31	30	30	32	32	31	31	30	28
Civilians	4.5	5	5	5	5.5	5.5	1.5	1.5	1.5	1
Redevelopment	0	0	0	0	0	0	0	0	0	0
Wastewater Division	22.5	20.5	20.5	20.5	21	21	19.75	19.75	19.75	19.75
Total	218.76	226.75	221.75	223.75	230.75	216.55	199.3	199.3	198.5	192.5

Notes:

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2080.

Source: City Financial Reports

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

FISCAL YEAR ENDING JUNE 30

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building Permits Issued	1,546	1,431	1,409	1,408	1,380	1,360	1,219	1,200	1,263	1,220
Building Inspections Conducted	3,434	3,400	3,200	3,061	2,838	3,001	2,970	3,000	2,550	3,000
Police										
Physical Arrests	978	920	925	1,010	1,046	1,328	1,017	1,147	1,071	986
Parking Violations	3,544	3,445	6,680	8,024	5,745	4,955	3,511	3,624	2,998	2,792
Traffic Violations	4,131	3,668	2,679	3,000	4,878	3,846	2,502	2,271	2,531	2,586
Fire										
Emergency Responses	NA	NA	NA	NA	NA	NA	3,615	3,465	3,185	4,295
Fires Extinguished	NA	NA	NA	NA	NA	NA	85	135	136	175
Inspections	NA	NA	NA	NA	NA	NA	1,413	1,442	1,453	1,353
Other Public Works										
Street Re-surfacing (miles)	0.7	4.8	6.1	7.5	4.3	-	-	-	0.6	1.25
Potholes Repaired	400	400	400	400	400	400	400	400	360	400
Parks, Beaches & Recreation										
Community Center Admissions	NA	NA	NA	NA	NA	NA	estimated 115,000	estimated 120,000	estimated 130,000	estimated 125,000
Enterprise Fund WWTP										
New Connections	57.0	27.0	38.0	39.5	14.5	21.5	106.5	9.0	7.0	6.0
Avg Daily Sewage Treatment (Gallons)	3,300,000	3,457,000	3,668,000	3,604,000	3,630,000	3,507,000	3,830,000	3,920,000	3,500,000	3,008,000

Notes:

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

Source: Various City Departments

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

FISCAL YEAR ENDING JUNE 30

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	10	10	13	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	1770	1770	1770	1770	1770	1770	1770	1770	1775	1775
Traffic Signals	5	5	5	5	5	5	5	5	5	5
Parks, Beaches & Recreation										
Acreage	145.48	145.48	145.48	142.68	142.68	142.68	142.68	142.68	142.68	142.68
Playgrounds	13	13	13	13	13	13	13	13	13	13
Baseball Diamonds	5	5	5	5	5	5	5	5	5	5
Soccer/Football Fields	2	2	2	2	2	2	2	2	3	3
Community Centers	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary Sewers (miles)	130	130	130	130	130	165	165	165	165	165
Storm Sewers (miles)	90	90	90	90	90	90	90	90	90	90
Treatment Capacity (gallons)	3,300,000	3,457,000	3,668,000	3,604,000	3,630,000	3,507,000	3,830,000	3,920,000	4,000,000	4,000,000

123

Notes:

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

Source: Various City Departments

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

Fiscal Year Ended 6/30	Minimum Annual Charge	Rate per 100 Cubic Feet
1999	190.28	3.96437
2000	210.24	4.37985
2001	205.18	4.27433
2002	224.36	4.67424
2003	225.48	4.69754
2004	258.54	5.38619
2005	310.98	6.47862
2006	333.16	6.94083
2007	352.08	7.33488
2008	384.50	8.01056

Notes:

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

Source: City Records