

**CITY OF PACIFICA**

**CALIFORNIA**

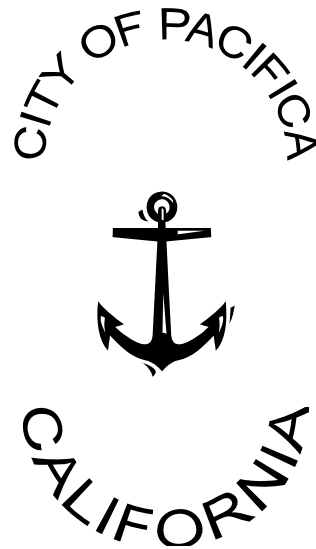
**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2009

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For Fiscal Year Ended June 30, 2009**



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, 2009**

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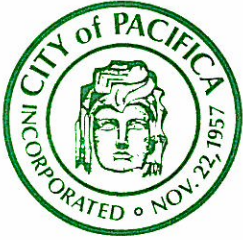
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*Scenic Pacifica*

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CITY HALL

170 Santa Maria Avenue • Pacifica, California 94044-2506

www.ci.pacifica.ca.us

**MAYOR**  
Sue Digre

**MAYOR PRO TEM**  
Mary Ann Nihart

**COUNCIL**  
Peter DeJarnatt  
James M. Vreeland, Jr.  
Julie Lancelle

March 31, 2010

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, 2009 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, LLP, 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, 2008. 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;

**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

**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**  
TEL (650) 738-7344  
• **Code Enforcement**  
TEL (650) 738-7343

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

**PUBLIC WORKS**  
TEL (650) 738-3760  
FAX (650) 738-9747  
• **Engineering**  
TEL (650) 738-3767  
FAX (650) 738-3003  
• **Field Services**  
TEL (650) 738-3760  
FAX (650) 738-9747



- 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 3.9 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, 2009 fiscal year end was approximately 1.2%.

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.

In September 2008, the City Council established the Financing City Services Task Force comprised of 15 community members and two Councilmembers. Initially, the Task Force focused on short term revenue solutions for the expiration of a fire assessment. In 2009, the mission of the Financing City Service Task Force was revised by the City Council to 1) work with staff to review service levels and expenditures; 2) explore ways to reduce costs and achieve efficiencies in City operations and 3) examine revenues and explore the need for additional or revised methods to finance City services. The Task Force will develop and recommend to the City Council a Five Year Financial Plan that will incorporate the results of the Task Force's review of expenditures and revenues and establish a method for resolving the structural deficit. The Five Year Financial Plan is expected to be complete in 2010.



The City of Pacifica has continued to be fiscally conservative in both financial investments per the City's Investment Policy as well as decisions regarding use of reserves. The City Council's fiscally conservative approach as well as the development of a Five Year Financial Plan has provided the City with a sound financial base.

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, 2009. 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 2008-2009, 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 last decade, the City will be absorbing a significant ongoing annual unfunded liability contribution for the foreseeable future. The City has initiated a Pension Obligation Bond proceeding and completed the Validation Process in December 2008. The City has been waiting for a favorable bond market to restructure the existing unfunded liability. 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, 2008

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 stylized, handwritten signature in black ink.

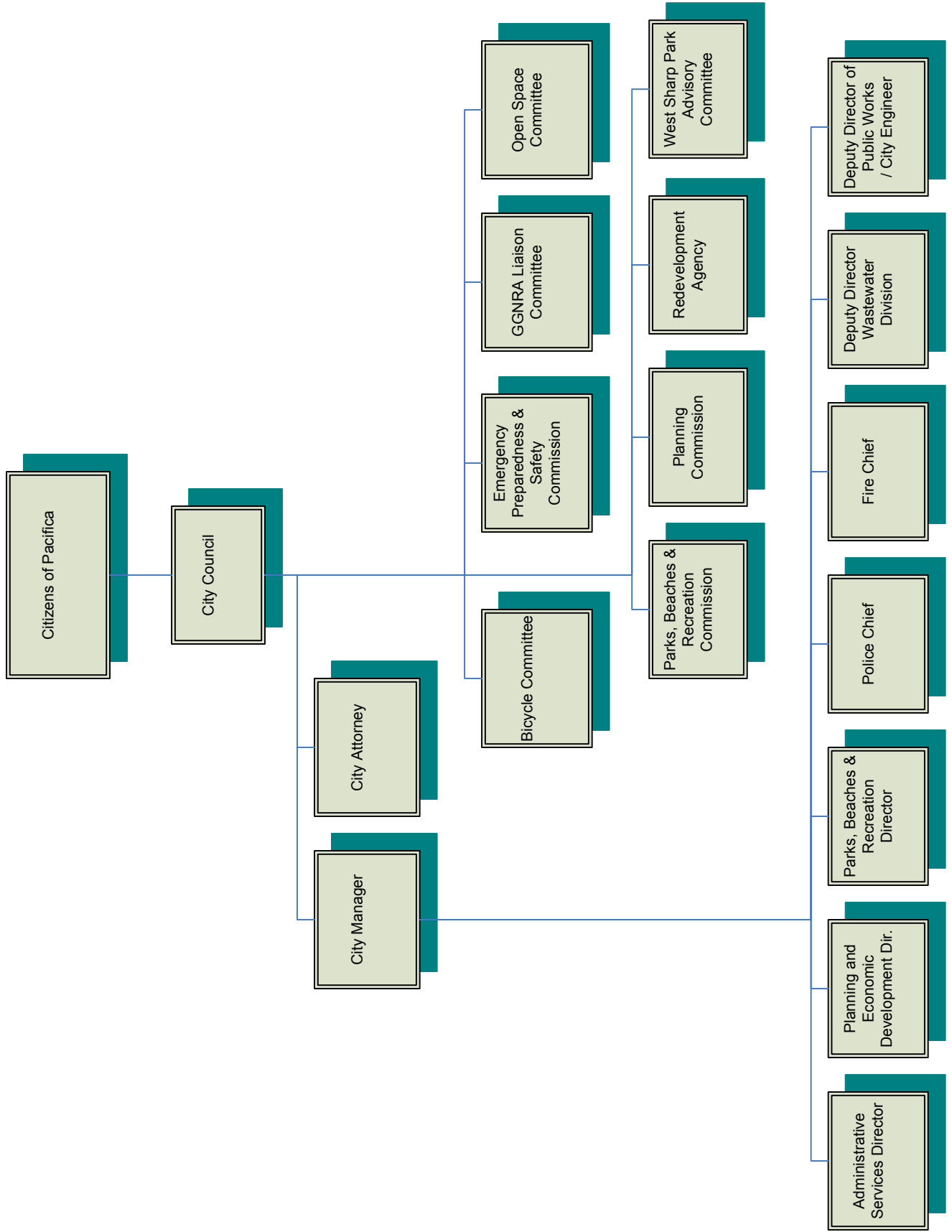
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# City of Pacifica, California

◀ Fiscal Year 2008-2009 ▶



**CITY OF PACIFICA, CALIFORNIA**

HONORABLE JULIE LANCELLE  
Mayor

SUE DIGRE  
Mayor Pro Tem

PETER DEJARNATT MARY ANN NIHART  
JAMES M. VREELAND, JR.  
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
VAN OCAMPO	Director of Public Works/City Engineer
MICHAEL PEREZ	Director of Parks, Beaches & Recreation
DAVE GROMM	Director of Wastewater Plant & Collections

\* \* \* \* \*

**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



## **FINANCIAL SECTION**



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, 2009, 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, 2009 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 effective July 1, 2008, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, 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, general fund budgetary comparison schedule, and gas tax fund budgetary comparison schedule) are not required parts of the basic financial statements but are 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, internal service fund statements, introductory section, and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The general capital improvement capital projects fund budgetary comparison schedule, redevelopment agency - Rockaway Beach capital projects fund budgetary comparison schedule, the combining and individual nonmajor fund financial statements and schedules, and the internal service fund statements 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  
March 31, 2010

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2009. 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 & 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**

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

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

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

**Reporting the City's Most Significant Funds**

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. City Council establishes many other funds to help control and manage money for particular purposes, or to show that administrative responsibilities are being met for using certain taxes, grants, or other money. The City's 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 & Changes in Net Assets, and *governmental funds* as reported in the Statement of Net Assets, in a reconciliation of governmental funds statement.

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

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

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

- *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**

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to support the City's general fund programs. Accordingly, only assets and liabilities and changes in fiduciary net assets 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 33 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 were several actions taken by the State that impacted the City's finances. The State's budget included Proposition 1A, a temporary reduction of each City's property taxes to be paid back in three years or participation in a securitization financing offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of counties, where the proceeds of a bond issue would be paid to the participating Cities on a payment schedule similar to the property tax payment schedule, with the State to pay the bondholders back. There was a delay of gas tax payments ranging from one month to four months by the State during the fiscal 08/09 year essentially resulting in a transfer of interest earnings by the City to the State.

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 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 are assessed at lower property values and non-transferred property reassessments are completed 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 and 2008/09. 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 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 and completed the validation process in 2008. The City is waiting for a favorable bond market. 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 PG&E 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**

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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 \$81.7 million. Of this amount, \$14.5 million represents unrestricted net assets.
- Statement of governmental activities show revenues at \$33 million compared with total expenses of \$31.4 million resulting in an increase in total net assets from operations for the current fiscal year of approximately \$1.6 million.
- Total Governmental Fund balances were \$11 million at fiscal year-end, an increase of \$374 thousand from the previous year.
- General fund revenues were \$25.7 million compared with general fund expenses of \$25.3 million, transfers out of \$1.1 million, resulting in a net decrease in fund balance of \$730 thousand, for an ending fund balance of \$9.1 million, 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 \$81,730,493. A statement of net assets is presented in the following table.

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statement of Net Assets**  
**June 30, 2009**

**Table 1**

	Governmental Activities	Governmental Activities	Business - Type Activities	Business - Type Activities		Primary Government	Primary Government
	2008	2009	2008	2009		2008	2009
Current and other Assets	\$ 20,101,106	\$ 23,457,177	\$ 4,820,099	\$ 7,634,645		\$ 24,921,205	\$ 31,091,822
Capital Assets	65,680,473	68,488,706	49,594,195	47,925,540		115,274,668	116,414,246
Total Assets	<b>85,781,579</b>	<b>91,945,883</b>	<b>54,414,294</b>	<b>55,560,185</b>		<b>140,195,873</b>	<b>147,506,068</b>
Long-term Debt Outstanding	21,351,189	23,849,241	39,085,910	37,348,723		60,437,099	61,197,964
Other Liabilities	1,546,663	3,628,268	427,850	949,343		1,974,513	4,577,611
Total Liabilities	<b>22,897,852</b>	<b>27,477,509</b>	<b>39,513,760</b>	<b>38,298,066</b>		<b>62,411,612</b>	<b>65,775,575</b>
Net Assets:						-	-
Invested in Capital , Net of Debt	50,020,034	50,142,311	11,483,688	10,796,034		61,503,722	60,938,345
Restricted	7,064,256	5,597,188	1,075,760	689,514		8,140,016	6,286,702
Unrestricted	5,799,437	8,728,875	2,341,086	5,776,571		8,140,523	14,505,446
Total Net Assets	<b>\$ 62,883,727</b>	<b>\$ 64,468,374</b>	<b>\$ 14,900,534</b>	<b>\$ 17,262,119</b>		<b>\$ 77,784,261</b>	<b>\$ 81,730,493</b>

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$60,938,345 (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 \$6,286,702 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$14,505,446 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 \$3,946,232. This growth in the City's net assets is made up of an increase of \$1,584,647 from governmental activities plus an increase of \$2,779,754 from business-type activities, and a decrease of \$418,169 from a business-type prior period adjustment. The governmental activities net assets increased 2.5% from \$62,883,727 at June 30, 2008 to \$64,468,374 at the end of June 2009. The net assets of the City's business-type activities increased 15.8% from \$14,900,534 at June 30, 2008 to \$17,262,119 at June 30, 2009, as shown in Table 2 below. Net assets of Total Primary Government activities, which includes both Governmental Activities and Business-Type Activities, increased 5% from \$77,784,261 at June 30, 2008 to \$81,730,493 at June 30, 2009.

The net assets (financial position) of the City changed as a result of the revenue and expense fluctuations by \$3,946,232, which included a prior period adjustment of -\$418,169, as shown in the table below for the governmental and business-type activities of the City.

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Activities & Changes in Net Assets - Year Ended June 30, 2009**

**Table 2**

	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary	Total
	Activities	Activities	Activities	Activities	Government	Government	%
	2008	2009	2008	2009	2008	2009	Change
<b>Program Revenues:</b>							
Charges for Services	\$ 5,169,542	\$ 5,069,491	\$ 10,181,406	\$ 11,885,526	\$ 15,350,948	\$ 16,955,017	10%
Operating Grants	2,871,766	4,364,106			2,871,766	4,364,106	52%
Capital Grants	3,302,650	2,936,150			3,302,650	2,936,150	-11%
<b>General Revenues:</b>							
Property Taxes	9,623,522	10,484,389			9,623,522	10,484,389	9%
Sales and Use Taxes	1,225,279	1,365,710			1,225,279	1,365,710	11%
Franchise Taxes	1,558,164	1,740,754			1,558,164	1,740,754	12%
Other Taxes	3,652,373	2,787,716			3,652,373	2,787,716	-24%
Licenses & Permits					-	-	
Fines & Forfeitures					-	-	
Use of Money & Property	532,887	528,768	41,921	23,667	574,808	552,435	-4%
Intergovernmental revenues - unrestricted					-	-	
Motor Vehicle in Lieu-unrestricted	3,068,643	3,184,538			3,068,643	3,184,538	4%
Intergovernmental revenues -restricted					-	-	
Other General Revenues	3,986,507	507,569			3,986,507	507,569	-87%
Transfers	45,000	45,000	(45,000)	(45,000)	-	-	0%
<b>Total Revenues</b>	<b>35,036,333</b>	<b>33,014,191</b>	<b>10,178,327</b>	<b>11,864,193</b>	<b>45,214,660</b>	<b>44,878,384</b>	<b>-1%</b>
<b>Program Expenses</b>							
General Government	4,952,782	4,083,959			4,952,782	4,083,959	-18%
Finance and Central Services					-	-	
Planning & Development	1,343,220	1,356,494			1,343,220	1,356,494	1%
Public Safety	14,985,013	15,306,306			14,985,013	15,306,306	2%
Public Works	4,154,717	4,422,332			4,154,717	4,422,332	6%
Parks, Beaches & Recreation	4,155,877	4,035,233			4,155,877	4,035,233	-3%
Sewer Operations			8,095,219	9,084,439	8,095,219	9,084,439	12%
Debt Services	987,156	2,225,220			987,156	2,225,220	125%
Special Projects & Non-Departmental	-	-			-	-	
<b>Total Expenses</b>	<b>30,578,765</b>	<b>31,429,544</b>	<b>8,095,219</b>	<b>9,084,439</b>	<b>38,673,984</b>	<b>40,513,983</b>	<b>5%</b>
Increase(Decrease) Net Assets	4,457,568	1,584,647	2,083,108	2,779,754	6,540,676	4,364,401	-33%
Prior period adjustment	(233,171)	-	140,669	(418,169)	(92,502)	(418,169)	352%
Beginning Net Assets	58,659,330	62,883,727	12,676,757	14,900,534	71,336,087	77,784,261	9%
Ending Net Assets	\$ <b>62,883,727</b>	\$ <b>64,468,374</b>	\$ <b>14,900,534</b>	\$ <b>17,262,119</b>	\$ <b>77,784,261</b>	\$ <b>81,730,493</b>	<b>5%</b>

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### Governmental Activities

Revenues for the City's governmental activities decreased by \$2,022,142 from \$35,036,333 in 2008 to \$33,014,191 in 2009. Total Primary Government revenue decreased by \$336,276, from \$45,214,660 in 2008 to \$44,878,384 in 2009. Total governmental program expenses increased by \$850,779 from \$30,578,765 in 2008 to \$31,429,544 in 2009. The cost of all primary *governmental activities* in fiscal year 2007-2008 was \$38.7 million compared to \$40.5 million for the 2008-2009 year. The amount that taxpayers ultimately financed for these activities through City taxes was \$19.6 million, as some of the costs were paid for by those who directly benefited from the programs (\$17 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.3 million). The net changes in assets for both governmental and business type activities amounted to a \$3,946,232 increase in total net assets.

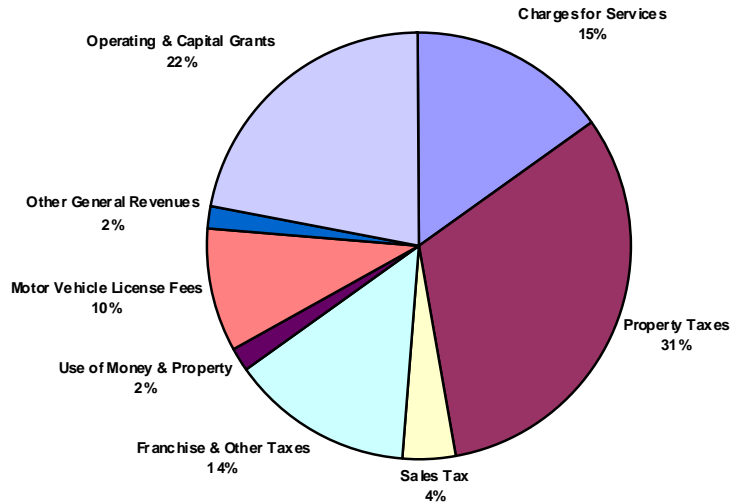
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- Charges for Services were down by \$100,051 from the previous year due to a decrease in demand for charged services within a slow economy.
- Operating Grant revenues were up by \$1,492,340 over the previous year due to transfers in from the Debt Service Fund of \$1.5 million to cover Capital Projects in the Street Construction Fund and the General Capital Improvement Fund.
- Capital Grant revenues were lower than the previous year by \$366,500. These funds fluctuate each year as they are directly linked to the level of Capital Projects, their completion dates, and the guidelines of the grant reimbursements.
- The City's Property Taxes came in \$860,867 higher than the previous year, an increase which is a reflective of their relative share of total revenues as property taxes have been less volatile in this recession to date.
- ERAF refunds from the State came in at \$608,000 higher than the amount budgeted due to one time corrections from the prior year's payment.
- Sales and Use Taxes came in \$140,431 higher than the previous year due to the addition of the 1/2 cent Public Safety Sales Tax of \$193,396 to this category. Non-Public Safety Sales Tax was down \$52,965 from the prior year.
- Franchise Taxes reflect an increase of \$182,590 over the previous year, due to make-up payments from the previous year. This increase also includes a total of \$325,882 of deferred revenue.
- Other Taxes came in \$864,657 lower than the previous year due to economic decline.
- Motor Vehicle License Fees came in \$115,895 higher than the previous year, due to the prior years extra loan pay-back from the State. Other General Revenues are \$3.5 million lower due to a \$3.3 million legal fee reimbursement and an \$800,000 sale of property in the prior year.
- General Government expenses, which includes Finance, Central Services and Non-Departmental, was lower in total than the previous year by \$868,823.
- Public safety expenses came in \$321,293 higher than the previous fiscal year, due to personnel costs.
- Public Works came in \$267,615 higher than the previous fiscal year due to reallocations from the Street Construction Fund, Gas Tax Fund, and the NPDES Stormwater Funds to the General Fund.
- Parks, beaches & recreation program expenses were lower than the previous year by \$120,644, due to decreased spending.
- The Sewer Operations expenses came in higher than the previous year by \$989,220, due to the interest on bond payments and personnel costs.

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

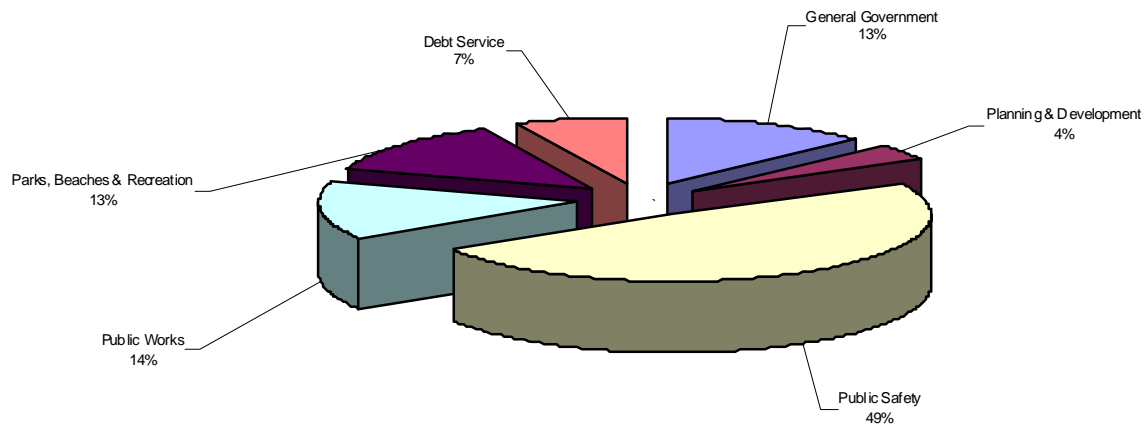
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**GOVERNMENTAL ACTIVITIES REVENUE SOURCES**



The chart of revenues by source above, illustrates that property taxes at 31% of total governmental activity revenue is the single largest source of operating revenue for the City. It is also one of the most stable and consistent growth revenues. The major components of the governmental activity revenue sources are: Property taxes, vehicle in-lieu, sales and use tax, franchise fees, utility user fees, charges for services, grants and intergovernmental revenues.

**GOVERNMENTAL ACTIVITIES EXPENSES**



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

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Business-Type Activities**

The increase in business-type activities' net assets of \$2,361,585 represents \$2,779,754 current year activity and a prior period adjustment of -\$418,169 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 16.7 percent (\$1,704,120) from \$10,181,406 in June 2008 to \$11,885,526 in 2009. There was an 18.78 percent increase in the sewer charge rate approved by Council in June 2008. There is an inverse relationship between the level of consumption of water and the sewer rates. Sewer expenses, including both operating and non-operating expenses, increased \$989,220 from \$8,095,219 in 2008 to \$9,084,439 in 2009. This increase in expenses is primarily attributable to the interest on the bond payment and personnel costs. Bond interest expense and major maintenance expenses are recorded in this fund.

**Enterprise Sewer Fund**

**Table 3**

	2008	2009	Difference
Operating Revenues	\$10,181,406	\$11,885,526	\$1,704,120
Operating Expenses	\$ 8,095,219	\$ 9,084,439	\$ 989,220
Income(Loss)	\$ 2,086,187	\$ 2,779,754	\$ 714,900

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

**Internal Service Funds**

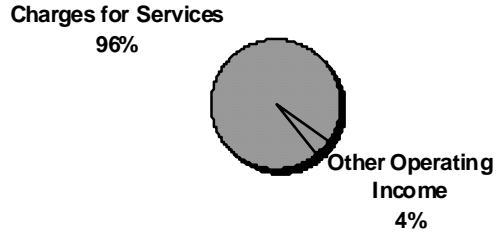
**Table 4**

	2008	2009	Difference
Operating Revenues	\$2,364,101	\$2,892,378	\$528,277
Operating Expenses	\$2,560,303	\$2,524,205	(\$ 36,098)
Income(Loss)	(\$ 196,202)	\$ 368,173	\$564,375

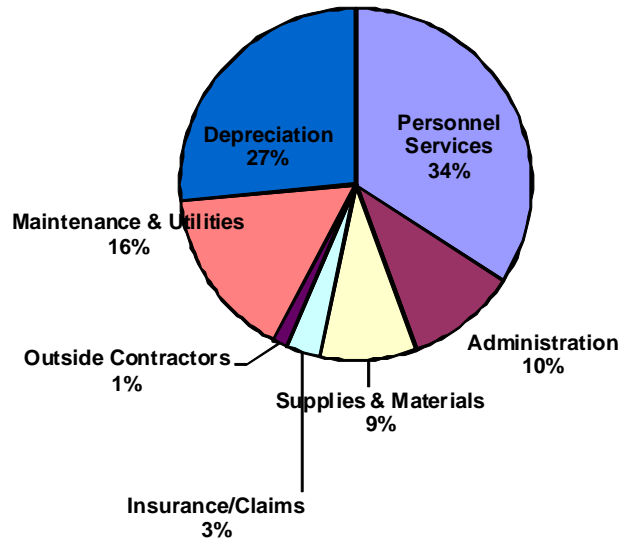


**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Revenues for Business-Type Activities**



**Expenses for Business-Type Activities**



**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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.

At the end of the fiscal year 2008-2009, the City's governmental funds reported combined ending fund balances of \$11,013,790, 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 \$9,086,020, representing a net decrease in general fund balance of \$729,781. 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 21.2 percent of general fund expenditures. Total "General Fund" revenue, as shown on page 24, this year was \$25,682,126 compared to \$29,571,167 in the prior year, a \$3,889,041 decrease. Some contributors of the decrease/differences are described below:

- Property Taxes increased \$464 thousand, a 4.8% increase, from home sales/reappraisals. The percentage is less than the norm due to the depressed housing market and lowered property values on reappraisals.
- Sales and Use Taxes, including the Motor Vehicle in Lieu Sales Tax and the ½ cent Public Safety Sales Tax, decreased \$113 thousand, a 7.3% decrease due to the economic down turn.
- Motor Vehicle License Fees increased \$159 thousand, a 5.6% increase.
- Transient Occupancy Taxes decreased \$79 thousand, an 8.6% decrease due to a decrease in tourism.
- Utility Users Tax decreased \$141 thousand, an 8.6% decrease due to decreased utility usage.
- Intergovernmental Revenue increased \$131 thousand, a 2.7% increase due to the Cities ability to provide additional subsidized Childcare programs, and increase Senior and Public Safety programs.
- Other Revenues decrease of \$4,262,660 was mainly due to a \$3.3 million legal fee reimbursement and an \$800,000 sale of property in the prior year.
- Use of Money and Property increased by \$101 thousand due to better cash flow for added interest earnings.
- Charges for Current Services and Recreation Fees decreased slightly at \$2,500 due to slightly decreased attendance.

General Fund expenditures of \$25,323,341 increased by \$716,733 over the previous year. Differences shown below:

- City Council expenditures increased by \$5 thousand due to a change in Council representatives and associated benefits.
- City Manager's expenditures increased by \$205 thousand mainly due to election costs of \$132,500, an increase in contractual services of \$15 thousand and an increase in personnel costs of \$56 thousand.
- Human Resources expenditures increased by \$44 thousand due to \$14 thousand increase in personnel costs, \$7,600 increase in City-wide employee training, increase of \$8,800 in departmental expenses, \$9,500 increase in contractual services, \$30 thousand increase in recruitment costs, and a decrease of \$25 thousand in legal costs.
- Finance Division expenditures increased by \$67 thousand due to a \$60 thousand increase in personnel costs, and an overall increase of \$7 thousand in other expenses.

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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- City Attorney expenditures decreased by \$204 thousand due to decreased outside litigation costs of \$227 thousand and increased personnel costs of \$23 thousand.
  - Police Department expenditures increased by \$460 thousand due to \$410 thousand of increased personnel costs, increased capital outlay of \$76,500, a decrease in departmental expenses of \$41 thousand, an increase of County fees of \$4 thousand, and an increase in other expenses of \$10,500.
  - Fire Department expenditures decreased by \$415 thousand due to \$366 thousand decrease in personnel costs from position sharing with North county Fire Authority, \$37 thousand decrease in other costs, \$19 thousand decrease in capital outlay, and a \$7 thousand increase in departmental.
  - Planning & Community Development expenditures increased by \$243,800 due to increased personnel.
  - Public Works Department expenditures increased by \$272 thousand due to the reallocation from other funds of personnel costs of \$226 thousand, increased departmental expenditures of \$7 thousand, increased capital outlay of \$4 thousand, and an increase of other expenses of \$35 thousand.
  - Parks, Beaches & Recreation expenditures increased by \$176 thousand due to increased personnel costs of \$202 thousand, increased other expenditures of \$68 thousand, decrease of departmental expenses by \$22 thousand and a decrease in capital outlay of \$72 thousand.
  - General Government expenditures overall decreased by \$49 thousand due to a general decrease in expenditures.

Total General Fund Revenues exceeded General Fund Expenditures by \$358,785.

**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 \$1,271,857. The balance includes \$783,173 reserved for capital projects and \$488,684 unreserved. Total fund balance increased \$54,522 from the prior fiscal year. Total revenue for this fund was \$397,995, made up of Capital Improvement Fees of \$30,041, Investment Earnings of \$69,854, and Other Revenues of \$50,600, plus total transfers from the General fund of \$247,500. Total project construction cost expenditures were \$343,473.

**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 \$-5,342,182, representing a net positive change of \$77,301 from the prior fiscal year. Total revenues of \$270,379 were made up of \$244,325 of secured property taxes, \$6,976 of unsecured property taxes, \$13,950 of investment earnings, and \$5,128 of intergovernmental revenue. Total expenditures of \$347,680 included \$325,365 of debt service and \$22,315 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 \$21,435,000 with \$1,620,000 of Redevelopment Agency debt and \$19,815,000 of general fund debt. At the end of the current fiscal year, total fund balance of the Debt Service Fund was \$940,144, all reserved for debt service. The total fund balance represents a net increase of \$701,667 from the prior fiscal year.

**Enterprise Fund**

Total net assets for the Sewer Fund at the end of the fiscal year were \$17,262,119. The total change in net assets for the Sewer Fund was \$2,779,754, including a prior period adjustment of \$-418,169. Unrestricted net assets of the Enterprise Sewer Fund at the end of the year amounted to \$5,776,571. Restricted assets, which were specific to debt service, were \$689,514. Additional factors relating to the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budget Modifications**

Differences between the original fiscal year 2008-2009 budget and the final amended fiscal year 2008-2009 budget of the General Fund are as follows:

Revenues --

- There were no General Fund Revenue Budget Adjustments.

Expenditures --

- City Manager – increase of \$30,000 for expenses related to the City Services Financing Task Force public opinion research for a revenue measure.
- Non-departmental – increase of \$77,385 for General Plan Update services.

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 \$4,859,130, expended \$4,187,165, under budget by \$671,965. The majority of savings came from Non-Departmental Services spending \$467,328 less on the General Plan and the City Attorney's Department spending \$206,107 less on Contract Legal Services.
- Public Safety - Budget \$14,798,850, expended \$13,992,657, under budget savings of \$806,193, mainly due to lower personnel costs from unfilled, vacant positions.
- Community Development - Budgeted \$1,182,025, expended \$1,229,446, over budget by \$47,421, mainly due to higher personnel costs.

Total general fund final revenue budget was \$24,899,433 but came in at \$25,682,126, \$782,693 over budget. Total general fund final expenditure budget was \$26,439,900 with actual expenditures of \$25,323,341. Under budget expenditure deviation was \$1,116,559, for a total surplus of revenue over expenditures of \$1,899,252, before transfers in and out as shown on page 63 and 64 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>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land and Improvements	\$ 39,047	\$39,047	\$ 4,014	\$4,014	\$ 43,061	\$43,061
Buildings and Improvements	15,777	15,955	75,008	75,341	90,785	91,296
Collection System	-	-	4,198	4,288	4,198	4,288
Machinery and Equipment	788	1,004	976	992	1,764	1,996
Vehicles and Equipment	4,438	4,938	-	-	4,438	4,938
Infrastructure	15,696	19,243	-	-	15,696	19,243
Construction in Progress	576	629	-	-	576	629
Depreciation	<u>(10,642)</u>	<u>(12,327)</u>	<u>(34,602)</u>	<u>(36,709)</u>	<u>(45,244)</u>	<u>(49,036)</u>
Total	<u>\$ 65,680</u>	<u>\$68,489</u>	<u>\$ 49,594</u>	<u>\$47,926</u>	<u>\$115,274</u>	<u>\$116,415</u>

Major additions to capital assets during the year ended June 30, 2009 included:

Various Pavement Rehabilitation, FEMA related Big Bend Drive, FEMA related Beach Blvd/Seawall, FEMA related Pier Rehab, FEMA related Hickey Slide, and Police vehicles.

**CITY OF PACIFICA, CALIFORNIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Long-Term Debt**

At the end of the current fiscal year, Governmental Activities had bonded debt outstanding in the amount of \$21,435,000, 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**

2008 Certificate of Participation	\$19,815,000
2004 RDA Tax Allocation Bond	<u>1,620,000</u>
Total Bonded Debt Outstanding	<u>\$21,435,000</u>

The City maintains an “AA” 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 \$4,436,778,511, the current debt limitation for the City is \$166,379,194 (3.75% of \$4,436,778,511), which is significantly more than the City’s outstanding general obligation debt of \$19,815,000 at the end of 2009.

**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. 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.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF PACIFICA**  
**Statement of Net Assets**  
**June 30, 2009**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 12,223,766	\$ 5,154,558	\$ 17,378,324
Cash and investments with fiscal agents	4,495,240	1,250,964	5,746,204
Taxes receivable	1,442,808		1,442,808
Accounts receivable	256,211	134,537	390,748
Interest receivable	220,205		220,205
Grants receivable	1,908,549		1,908,549
Notes receivable, net	600,000		600,000
Prepaid items	12,445		12,445
Inventories	20,908	357,819	378,727
Deferred charges, net of accumulated amortization	1,053,728	736,767	1,790,495
Deferred loss on refunding, net of accumulated amortization	1,223,317		1,223,317
Capital assets, not being depreciated	39,675,787	4,014,412	43,690,199
Capital assets, being depreciated, net of accumulated depreciation	28,812,919	43,911,128	72,724,047
	<u>91,945,883</u>	<u>55,560,185</u>	<u>147,506,068</u>
<b>Total Assets</b>			
<b>LIABILITIES</b>			
Accounts payable	1,377,433	304,780	1,682,213
Accrued liabilities	625,561	83,113	708,674
Interest payable	88,658	561,450	650,108
Refundable deposits	497,130		497,130
Claims payable	1,039,486		1,039,486
Noncurrent liabilities:			
Due within one year	2,294,846	1,893,650	4,188,496
Due in more than one year	21,554,395	35,455,073	57,009,468
	<u>27,477,509</u>	<u>38,298,066</u>	<u>65,775,575</u>
<b>Total Liabilities</b>			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	50,142,311	10,796,034	60,938,345
Restricted for:			
Restricted for construction of capital assets	1,968,230		1,968,230
Restricted for debt service	851,486	689,514	1,541,000
Restricted for streets, highways, and other related purposes	1,269,438		1,269,438
Restricted for low/mod housing	766,555		766,555
Restricted for public safety	741,479		741,479
Unrestricted	8,728,875	5,776,571	14,505,446
	<u>\$ 64,468,374</u>	<u>\$ 17,262,119</u>	<u>\$ 81,730,493</u>
<b>Total Net Assets</b>			

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, 2009**

	<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	\$ 4,083,959	\$ 77,393	\$ 105,146	\$ -
Public safety	15,306,306	1,001,112	352,154	
Community development	1,356,494	606,991		266,369
Public works	4,422,332	1,741,147	2,480,778	2,669,781
Parks, beaches, and recreation	4,035,233	1,642,848	1,426,028	
Interest on long-term debt	2,225,220			
<b>Total Governmental Activities</b>	<b>31,429,544</b>	<b>5,069,491</b>	<b>4,364,106</b>	<b>2,936,150</b>
Business-type Activities:				
Sewer	9,084,439	11,885,526		
<b>Total Business-type Activities</b>	<b>9,084,439</b>	<b>11,885,526</b>		
<b>Total Government</b>	<b>\$ 40,513,983</b>	<b>\$ 16,955,017</b>	<b>\$ 4,364,106</b>	<b>\$ 2,936,150</b>

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, 2008

Prior Period Adjustments

Net Assets, July 1, 2008, Restated

Net Assets, June 30, 2009

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
\$ (3,901,420)	\$ -	\$ (3,901,420)
(13,953,040)		(13,953,040)
(483,134)		(483,134)
2,469,374		2,469,374
(966,357)		(966,357)
<u>(2,225,220)</u>		<u>(2,225,220)</u>
<u>(19,059,797)</u>		<u>(19,059,797)</u>
	<u>2,801,087</u>	<u>2,801,087</u>
	<u>2,801,087</u>	<u>2,801,087</u>
<u>(19,059,797)</u>	<u>2,801,087</u>	<u>(16,258,710)</u>
10,484,389		10,484,389
1,365,710		1,365,710
1,740,754		1,740,754
2,787,716		2,787,716
3,184,538		3,184,538
528,768	23,667	552,435
507,569		507,569
45,000	<u>(45,000)</u>	
<u>20,644,444</u>	<u>(21,333)</u>	<u>20,623,111</u>
<u>1,584,647</u>	<u>2,779,754</u>	<u>4,364,401</u>
62,883,727	14,900,534	77,784,261
	(418,169)	(418,169)
<u>62,883,727</u>	<u>14,482,365</u>	<u>77,366,092</u>
<u>\$ 64,468,374</u>	<u>\$ 17,262,119</u>	<u>\$ 81,730,493</u>

**CITY OF PACIFICA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	<u>Capital Projects Funds</u>			<u>Special Revenue Fund</u>
	<u>General</u>	<u>Redevelopment</u>		<u>Gas Tax</u>
		<u>Improvement</u>	<u>Agency Rockaway Beach</u>	
<b>Assets</b>				
Cash and investments	\$ 4,901,507	\$ 1,123,285	\$ 91,125	\$ -
Cash and investments with fiscal agents		2,349,868	214,115	1,400,000
Taxes receivable	1,109,187	43,750		289,871
Accounts receivable	212,058	(125)		250
Interest receivable	61,437	8,456		
Grants receivable	222,902	94,704		517,079
Notes receivable, net				
Due from other funds	2,131,582			2,218,700
Prepaid items	12,445			
Inventories	3,366			
Advances receivable	5,993,040			
<b>Total Assets</b>	<u>\$ 14,647,524</u>	<u>\$ 3,619,938</u>	<u>\$ 305,240</u>	<u>\$ 4,425,900</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 737,103	\$ 102,323	\$ 524	\$ 162,519
Accrued liabilities	549,723	2,058		34,460
Refundable deposits	497,130			
Due to other funds		2,218,700		1,056,551
Deferred revenue	3,777,548	25,000		
Advances payable			5,736,898	
<b>Total Liabilities</b>	<u>5,561,504</u>	<u>2,348,081</u>	<u>5,737,422</u>	<u>1,253,530</u>
<b>Fund Balances:</b>				
Reserved for encumbrances	45,386			
Reserved for prepaid items	12,445			
Reserved for medical equipment	5,000			
Reserved for inventories	3,366			
Reserved for notes and loans				
Reserved for advances	2,516,375			
Reserved for general operations	1,022,908			
Reserved for NARC forfeiture	22,803			
Reserved for capital projects		783,173		
Reserved for debt service				
Reserved for equipment				
Reserved for vehicle replacement				
Reserved for community programs and services	87,341			
Unreserved	5,370,396	488,684	(5,432,182)	3,172,370
Unreserved, reported in nonmajor:				
Special revenue funds				
Capital projects funds				
<b>Total Fund Balances</b>	<u>9,086,020</u>	<u>1,271,857</u>	<u>(5,432,182)</u>	<u>3,172,370</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 14,647,524</u>	<u>\$ 3,619,938</u>	<u>\$ 305,240</u>	<u>\$ 4,425,900</u>

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

<b>Debt Service Fund</b>		
<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ 408,887	\$ 2,987,357	\$ 9,512,161
531,257		4,495,240
		1,442,808
	44,028	256,211
	150,312	220,205
	1,073,864	1,908,549
	600,000	600,000
		4,350,282
		12,445
		3,366
		5,993,040
<u>\$ 940,144</u>	<u>\$ 4,855,561</u>	<u>\$ 28,794,307</u>
\$ -	\$ 326,973	\$ 1,329,442
	27,658	613,899
		497,130
	1,075,031	4,350,282
	1,194,176	4,996,724
	256,142	5,993,040
	<u>2,879,980</u>	<u>17,780,517</u>
		45,386
		12,445
		5,000
		3,366
	600,000	600,000
		2,516,375
		1,022,908
		22,803
		783,173
940,144		940,144
	77,484	77,484
	480,084	480,084
		87,341
		3,599,268
	(713,895)	(713,895)
	<u>1,531,908</u>	<u>1,531,908</u>
<u>940,144</u>	<u>1,975,581</u>	<u>11,013,790</u>
<u>\$ 940,144</u>	<u>\$ 4,855,561</u>	<u>\$ 28,794,307</u>

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**CITY OF PACIFICA**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2009**

Fund Balances - Governmental Funds \$ 11,013,790

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	\$ 75,150,575	
Less: accumulated depreciation	<u>(8,312,946)</u>	
		66,837,629

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. 3,626,977

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		1,043,864
Deferred revenue, tax receivable		325,883

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

Deferred charges - 2004 Tax Allocation Bond - net of accumulated amortization	79,037	
Deferred charges - 2008 Certificates of Participation - net of accumulated amortization	<u>974,691</u>	
		1,053,728

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. 1,223,317

Interest payable on long-term debt is not a required current financial resource. Therefore, interest payable is not reported as a liability in the governmental funds. (88,658)

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

Compensated absences	(1,353,901)	
2001 CHFA Loan	(875,378)	
2004 Tax Allocation Bond	(1,620,000)	
2008 Certificates of Participation	<u>(19,815,000)</u>	
		(23,664,279)

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. 3,096,123

Net Assets of Governmental Activities \$ 64,468,374

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, 2009**

	<u>Capital Projects Funds</u>			<u>Special Revenue Fund</u>
	<u>General</u>	<u>Redevelopment</u>		<u>Gas Tax</u>
		<u>Capital Improvement</u>	<u>Agency Rockaway Beach</u>	
<b>Revenues</b>				
Taxes	\$15,738,559	\$ -	\$ 251,301	\$ -
Licenses and permits	372,598	30,041		
Fines and forfeitures	245,675			
Use of money and property	523,046	69,854	13,950	(8,038)
Intergovernmental	5,133,722		5,128	2,652,125
Charges for current services	1,732,906			
Recreation programs	596,792			
Other	1,338,828	50,600		(172)
<b>Total Revenues</b>	<u>25,682,126</u>	<u>150,495</u>	<u>270,379</u>	<u>2,643,915</u>
<b>Expenditures</b>				
Current:				
General government	4,187,165		22,315	
Public safety	13,992,657			
Community development	1,229,446	51,340		
Public works	1,800,982			1,718,118
Parks, beaches, and recreation	3,928,661			
Capital outlay	184,430	292,133		1,162,895
Debt service:				
Principal			35,000	
Interest and fiscal charges			290,365	
Cost of debt issuance				
<b>Total Expenditures</b>	<u>25,323,341</u>	<u>343,473</u>	<u>347,680</u>	<u>2,881,013</u>
Excess (Deficit) of Revenues over Expenditures	<u>358,785</u>	<u>(192,978)</u>	<u>(77,301)</u>	<u>(237,098)</u>
<b>Other Financing Sources (Uses)</b>				
Certificates of participation issued				
Certificates of participation discount				
Payment to refunded debt escrow agent				
Transfers in		247,500		1,409,254
Transfers out	(1,088,566)			(257,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,088,566)</u>	<u>247,500</u>		<u>1,152,254</u>
Net Changes in Fund Balances	(729,781)	54,522	(77,301)	915,156
Fund Balances, July 1, 2008	<u>9,815,801</u>	<u>1,217,335</u>	<u>(5,354,881)</u>	<u>2,257,214</u>
Fund Balances, June 30, 2009	<u>\$ 9,086,020</u>	<u>\$ 1,271,857</u>	<u>\$ (5,432,182)</u>	<u>\$ 3,172,370</u>

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

<b>Debt Service Fund</b>		
<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 240,206	\$ 16,230,066
		402,639
		245,675
29,718	50,947	679,477
	1,529,137	9,320,112
	1,043,873	2,776,779
		596,792
	65,497	1,454,753
<u>29,718</u>	<u>2,929,660</u>	<u>31,706,293</u>
		4,209,480
	903,400	14,896,057
	24,959	1,305,745
	202,949	3,722,049
		3,928,661
	2,272,285	3,911,743
		35,000
1,642,870	17,930	1,951,165
411,657		411,657
<u>2,054,527</u>	<u>3,421,523</u>	<u>34,371,557</u>
<u>(2,024,809)</u>	<u>(491,863)</u>	<u>(2,665,264)</u>
19,815,000		19,815,000
(595,524)		(595,524)
(15,725,000)		(15,725,000)
732,000	1,812	2,390,566
(1,500,000)		(2,845,566)
<u>2,726,476</u>	<u>1,812</u>	<u>3,039,476</u>
701,667	(490,051)	374,212
238,477	2,465,632	10,639,578
<u>\$ 940,144</u>	<u>\$ 1,975,581</u>	<u>\$ 11,013,790</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, 2009**

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 \$ 374,212

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	\$ 3,958,770	
Depreciation expense not reported in governmental funds	<u>(1,289,156)</u>	2,669,614

Interest in the statement of activities that does not provide current financial resources are not reported as revenues in the governmental funds. 18,000

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. 1,198,607

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 of long term debt	(19,815,000)	
Issuance cost and discount incurred during the period	2,230,498	
Issuance cost and discount amortized during the period	(419,546)	
Repayment of debt principal	<u>35,000</u>	(17,969,048)

In Governmental Funds, payments to refunded debt escrow are recognized as other financing uses. In the Government-wide Statements, payments to refunded debt escrow are reported as a reduction of long-term debt. 15,725,000

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	(1,253,469)	
Interest payable	(41,288)	
Compensated absences	<u>(56,805)</u>	(1,351,562)

The internal service funds are used by management to charge costs of certain activities such as, insurance and central garage, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. 919,824

Change in net assets of governmental activities \$ 1,584,647

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

**CITY OF PACIFICA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<b>Sewer Utility</b>	
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 5,154,558	\$ 2,711,605
Cash and investments with fiscal agents	1,250,964	
Accounts receivable	134,537	
Inventories	357,819	17,542
Total Current Assets	6,897,878	2,729,147
Noncurrent Assets:		
Deferred charges, net of accumulated amortization	736,767	
Capital assets, not being depreciated	4,014,412	258,774
Capital assets, being depreciated, net of accumulated depreciation	43,911,128	1,392,303
Total Noncurrent Assets	48,662,307	1,651,077
Total Assets	55,560,185	4,380,224
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	304,780	47,991
Accrued liabilities	83,113	11,662
Interest payable	561,450	
Claims payable		1,039,486
Compensated absences	101,149	
Loans payable	1,637,501	
Bonds payable	155,000	
Total Current Liabilities	2,842,993	1,099,139
Noncurrent Liabilities:		
Claims payable		158,392
Compensated absences	118,068	26,570
Loans payable	22,112,005	
Bonds payable	13,225,000	
Total Noncurrent Liabilities	35,455,073	184,962
Total Liabilities	38,298,066	1,284,101
<b>Net Assets</b>		
Invested in capital assets, net of related debt	10,796,034	1,651,077
Restricted for debt service	689,514	
Unrestricted	5,776,571	1,445,046
Total Net Assets	\$ 17,262,119	\$ 3,096,123

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, 2009**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<b>Sewer Utility</b>	
Operating Revenues:		
Charges for services	\$ 11,402,792	\$ 1,374,802
Other operating income	482,734	1,517,576
Total Operating Revenues	11,885,526	2,892,378
Operating Expenses:		
Personnel services	2,721,603	359,635
Administration	808,442	10,215
Supplies and materials	705,711	398,386
Insurance	244,000	1,001,672
Outside contractors	111,021	61,230
Maintenance	229,749	1,772
Utilities	1,018,384	
Insurance claims		270,836
Depreciation	2,107,010	420,459
Total Operating Expenses	7,945,920	2,524,205
Operating Income (Loss)	3,939,606	368,173
Non-Operating Revenues (Expenses):		
Investment earnings	23,667	48,224
Gain on sale of capital assets		3,427
Interest and fiscal charges	(1,096,552)	
Amortization	(41,967)	
Total Non-Operating Revenues (Expenses)	(1,114,852)	51,651
Income (Loss) Before Transfers	2,824,754	419,824
Transfers:		
Transfers in	508,000	500,000
Transfers out	(553,000)	
Changes in Net Assets	2,779,754	919,824
Net Assets, July 1, 2008	14,900,534	2,176,299
Prior Period Adjustments	(418,169)	
Net Assets, July 1, 2008, Restated	14,482,365	2,176,299
Net Assets, June 30, 2009	\$ 17,262,119	\$ 3,096,123

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, 2009**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<b>Sewer Utility</b>	
Cash Flows from Operating Activities:		
Receipts from customers	\$ 11,752,527	\$ 2,999,728
Payments to suppliers and users	(3,022,913)	(1,462,477)
Payments for claims		(857,546)
Payments to employees	(2,688,834)	(349,087)
	<u>6,040,780</u>	<u>330,618</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Noncapital Financing Activities:		
Transfers in	508,000	500,000
Transfers out	(553,000)	
	<u>(45,000)</u>	<u>500,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(438,350)	(559,078)
Proceeds from sale of capital assets		3,427
Principal payments on bonds and notes	(1,759,734)	
Interest paid	(1,135,167)	
	<u>(3,333,251)</u>	<u>(555,651)</u>
Net Cash (Used) by Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest received	23,667	48,224
	<u>23,667</u>	<u>48,224</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	2,686,196	323,191
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>3,719,326</u>	<u>2,388,414</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 6,405,522</u>	<u>\$ 2,711,605</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:		
Cash and investments	\$ 5,154,558	\$ 2,711,605
Cash and investments with fiscal agents	1,250,964	
	<u>\$ 6,405,522</u>	<u>\$ 2,711,605</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, 2009**  
**(Continued)**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<b>Sewer Utility</b>	<b>Funds</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
by Operating Activities:		
Operating income (loss)	\$ 3,939,606	\$ 368,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,107,010	420,459
(Increase) Decrease in Operating Assets:		
Accounts receivable	(132,999)	107,350
Prepaid items	125	
Inventories	(37,442)	(2,871)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	131,711	13,669
Accrued liabilities	10,222	(1,895)
Claims payable		(586,710)
Compensated absences	22,547	12,443
	<u>\$ 6,040,780</u>	<u>\$ 330,618</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,040,780</u>	<u>\$ 330,618</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, 2009**

	<b>Davies Trust Fund</b>
<b>Assets</b>	
Cash and investments	\$ 3,684,356
Accounts receivable	25,330
Total assets	3,709,686
<b>Liabilities</b>	
Accounts payable	43,424
Total liabilities	43,424
<b>Net Assets</b>	
Unrestricted	3,666,262
Total net assets	\$ 3,666,262

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, 2009**

	<b>Davies Trust Fund</b>
<b>Additions:</b>	
Investment revenue	\$ 50,590
Other revenue	39,217
Total additions	89,807
<b>Deductions:</b>	
Parks, beaches, and recreation	218,144
Total deductions	218,144
Change in net assets	(128,337)
Net Assets - July 1, 2008	3,794,599
Net Assets - June 30, 2009	\$ 3,666,262

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, 2009**

**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, 2009**

**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, 2009**

**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. For the fiscal year ended June 30, 2009 the City selected the General Capital Improvement Capital Projects Fund to be presented as a major fund, even though it did not qualify as one. 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.
- **Gas Tax Special Revenue Fund** – This fund was established to receive and expend the City's allocation of the State Gasoline Taxes. Each City is allocated funds on a population basis in accordance with Section 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 \$6000 per year is granted the City for street engineering.
- **Debt Service Fund** – This fund is used to account for the accumulated and the disbursement of account for expenditures and financing of various redevelopment agency projects.

The City reports the following major proprietary fund:

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

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**Major Funds (Continued)**

Additionally, the City reports the following fund types:

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

**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.

**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**F. Basis of Accounting (Continued)**

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

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

**G. Cash and Cash Equivalents**

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

**H. Investments**

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

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

**I. Receivables and Payables**

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

All 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.

**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**J. Inventories and Prepaid Items (Continued)**

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

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

**K. Deferred Charges and Deferred Loss on Refunding**

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

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

**L. Capital Assets**

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

**M. 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 vacation until the employee terminates employment. Sick leave is compensated in cash only upon an employee's retirement. Maximum limit per employee is \$3,000 or one quarter of employee's sick leave credit, whichever is lower. Two employee groups have elected to participate in a retirement health savings program and have directed vacation and limited sick leave cash out to separation of this program. It is the City's policy to allow employees to accumulate compensatory time instead of drawing overtime. This accumulation may subsequently be 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.

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**O. Property Tax Revenues**

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

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

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

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

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

**P. 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.



**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**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**

The City has implemented the requirements of GASB Statement No. 45, No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

*GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*

This Statement is effective for periods beginning after July 1, 2008 for a Phase 2 government (1999 total revenues less the \$100 million and more than \$10 million). This Statement establishes standards for accounting and financial reporting for state and local government employees that offer “Other Postemployment Benefits” (OPEB) and requires accrual basis measurement and recognition of OPEB expenses and liabilities that will result in recognition of expenses over periods that approximate employees’ years of service. This Statement had no effect on the financial statements.

*GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations*

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. This Statement had no effect on the financial statements.

*GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments*

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This Statement had no effect on the financial statements.

*GASB Statement No. 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board’s authoritative literature. The “GAAP hierarchy” consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. This Statement had no effect on the financial statements.

**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**R. New Accounting Pronouncements (Continued)**

GASB Statement No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. This Statement had no effect on the financial statements.

**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, 2009**

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

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2009, expenditures exceeded the budgeted expenditures in the following funds:

Funds	Expenditures in excess of budget
Major Funds	
General Fund:	
Community development	\$ 47,241
Public works	57,907
Parks, beaches, and recreation	136,341
Capital outlay	119,930
Debt Service Fund:	
Interest and fiscal charges	934,870
Cost of debt issuance	411,657
Nonmajor Funds	
Special Revenue Funds	
NPDES Stormwater:	
Public works	11,842
Fire Assessment:	
Capital outlay	13,697
Redevelopment Agency Low/Mod Housing:	
Interest and fiscal charges	930
Disaster Accounting:	
Public works	8,195
Capital Outlay	1,929,552
Capital Project Fund	
Aircraft Noise Project:	
Community development	3,225

The excess expenditures were funded by available financial resources.

**NOTE 3 - Cash and Investments:**

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 17,378,324
Cash and investments with fiscal agents	5,746,204
Statement of fiduciary net assets:	
Cash and investments	<u>3,684,356</u>
Total cash and investments	<u>\$ 26,808,884</u>

**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 3 - Cash and Investments (Continued):**

Cash and investments as of June 30, 2009 consist of the following:

Petty cash	\$	3,545
Deposits with financial institutions		4,805,971
Investments		<u>21,999,368</u>
 Total cash and investments		 <u>\$ 26,808,884</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, 2009**

**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:	\$ 18,503,031	\$ 18,503,031	\$ -
Money Market Funds	<u>3,496,337</u>	<u>3,496,337</u>	<u>                    </u>
Totals	<u>\$ 21,999,368</u>	<u>\$ 21,999,368</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, 2009**

**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:	\$ 18,503,031	N/A	\$ -	\$ -	\$ 18,503,031
Money Market Funds	<u>3,496,337</u>	N/A		<u>3,496,337</u>	
Totals	<u>\$ 21,999,368</u>		<u>\$ -</u>	<u>\$ 3,496,337</u>	<u>\$ 18,503,031</u>

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

As of June 30, 2009, \$293,873 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, 2009**

**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, 2009 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	\$ 62,630
Junior note, secured by fourth deed of trust, due on August 25, 2035	350,000	87,682
Total, secured	600,000	150,312
Note receivable, unsecured	1,034,348	
Less allowance for doubtful account	(1,034,348)	
Total, unsecured		
Total, net	\$ 600,000	\$ 150,312

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, 2009.

**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, 2009**

**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, 2009:

	Governmental Activities	Internal Service	Total
Capital assets not being depreciated:			
Land	\$ 38,788,118	\$ 258,774	\$ 39,046,892
Construction in progress	628,895		628,895
	<u>39,417,013</u>	<u>258,774</u>	<u>39,675,787</u>
Depreciable capital assets:			
Buildings and improvements	15,615,513	339,928	15,955,441
Vehicles		4,938,290	4,938,290
Machinery and equipment	875,333	128,382	1,003,715
Infrastructure	19,242,716		19,242,716
Total	<u>35,733,562</u>	<u>5,406,600</u>	<u>41,140,162</u>
Less: accumulated depreciation	<u>(8,312,946)</u>	<u>(4,014,297)</u>	<u>(12,327,243)</u>
Depreciable capital assets, net	<u>27,420,616</u>	<u>1,392,303</u>	<u>28,812,919</u>
Total capital assets, net	<u>\$ 66,837,629</u>	<u>\$ 1,651,077</u>	<u>\$ 68,488,706</u>

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

	Balance July 1, 2008	Increases	Decreases	Transfers	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 39,046,892	\$ -	\$ -	\$ -	\$ 39,046,892
Construction in progress	576,094	57,801		(5,000)	628,895
	<u>39,622,986</u>	<u>57,801</u>		<u>(5,000)</u>	<u>39,675,787</u>
Depreciable capital assets:					
Buildings and improvements	15,777,714	172,727		5,000	15,955,441
Vehicles	4,438,267	524,766	(24,743)		4,938,290
Machinery and equipment	787,917	215,798			1,003,715
Infrastructure	15,695,960	3,546,756			19,242,716
Total	<u>36,699,858</u>	<u>4,460,047</u>	<u>(24,743)</u>	<u>5,000</u>	<u>41,140,162</u>
Less: accumulated depreciation for					
Buildings and improvements	(4,790,285)	(514,860)			(5,305,145)
Vehicles	(3,388,398)	(398,726)	24,743		(3,762,381)
Machinery and equipment	(465,872)	(110,458)			(576,330)
Infrastructure	(1,997,816)	(685,571)			(2,683,387)
	<u>(10,642,371)</u>	<u>(1,709,615)</u>	<u>24,743</u>		<u>(12,327,243)</u>
Depreciable capital assets, net	<u>26,057,487</u>	<u>2,750,432</u>		<u>5,000</u>	<u>28,812,919</u>
Total capital assets, net	<u>\$ 65,680,473</u>	<u>\$ 2,808,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,488,706</u>



**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 5 - Capital Assets (Continued):**

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

Governmental activities:	
General government	\$ 126,418
Public safety	620,478
Community development	50,749
Public works	805,398
Parks, beaches, and recreation	<u>106,572</u>
	<u>\$ 1,709,615</u>

The following is a summary of capital assets for business-type activities as of June 30, 2009:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
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	75,007,791	332,882		75,340,673
Collection system	4,197,576	90,007		4,287,583
Machinery and equipment	976,369	15,461		991,830
Total	<u>80,181,736</u>	<u>438,350</u>		<u>80,620,086</u>
Less: accumulated depreciation for:				
Buildings and improvements	(32,182,355)	(1,876,716)		(34,059,071)
Collection system	(1,967,724)	(161,433)		(2,129,157)
Machinery and equipment	(451,869)	(68,861)		(520,730)
	<u>(34,601,948)</u>	<u>(2,107,010)</u>		<u>(36,708,958)</u>
Depreciable capital assets, net	<u>45,579,788</u>	<u>(1,668,660)</u>		<u>43,911,128</u>
Total capital assets, net	<u>\$ 49,594,200</u>	<u>\$ (1,668,660)</u>	<u>\$ -</u>	<u>\$ 47,925,540</u>

**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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.

<b><u>Governmental Activities</u></b>	Balance, July 1, 2008	Additions	Retirements	Balance, June 30, 2009	Due in One year
<b><u>Certificates of participation:</u></b>					
2006 COP	\$ 15,725,000	\$ -	\$ 15,725,000	\$ -	\$ -
2008 COP		19,815,000		19,815,000	510,000
Total COP payable	<u>15,725,000</u>	<u>19,815,000</u>	<u>15,725,000</u>	<u>19,815,000</u>	<u>510,000</u>
<b><u>Tax allocation bonds:</u></b>					
2004 Tax allocation bonds	1,655,000		35,000	1,620,000	40,000
<b><u>Note payable:</u></b>					
2001 CHFA Loan	875,378			875,378	875,378
<b><u>Other liabilities:</u></b>					
Claims payable	1,784,588		586,710	1,197,878	1,039,486
Compensated absences	1,311,223	938,716	869,468	1,380,471	869,468
Total other liabilities	<u>3,095,811</u>	<u>938,716</u>	<u>1,456,178</u>	<u>2,578,349</u>	<u>1,908,954</u>
	<u>\$ 21,351,189</u>	<u>\$ 20,753,716</u>	<u>\$ 17,216,178</u>	<u>\$ 24,888,727</u>	<u>\$ 3,334,332</u>

<b><u>Business-type Activities</u></b>	Balance, July 1, 2008	Additions	Retirements	Balance, June 30, 2009	Due in One year
<b><u>Revenue bonds:</u></b>					
2004 Wastewater					
Revenue Refunding	\$ 9,250,000	\$ -	\$ -	\$ 9,250,000	\$ -
2001B Sewer					
Revenue Refunding	4,280,000		150,000	4,130,000	155,000
Total revenue bonds	<u>13,530,000</u>		<u>150,000</u>	<u>13,380,000</u>	<u>155,000</u>
<b><u>Note payable:</u></b>					
State of California Water Resources Control Board					
	25,359,240		1,609,734	23,749,506	1,637,502
<b><u>Other liabilities:</u></b>					
Compensated absences	196,670	123,696	101,149	219,217	101,149
	<u>\$ 39,085,910</u>	<u>\$ 123,696</u>	<u>\$ 1,860,883</u>	<u>\$ 37,348,723</u>	<u>\$ 1,893,651</u>

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6 - Long-Term Debt (Continued):**

**2008 Certificates of Participation:** On July 28, 2008, the City of Pacifica issued Certificates of Participation (COP) in the amount of \$19,815,000 (par value) payable annually beginning January 1, 2010 and with a variable interest rate of 3.000% to 5.375%, payable each July 1 and January 1, beginning January 1, 2009. The COP matures on July 1, 2029. The purpose of the COP is to (i) fund an escrow to cause the mandatory tender of all outstanding certificates for the 2006 issue, (ii) provide funds relating to the acquisition, construction, and equipping of certain City public street improvement projects, (iii) fund certain costs relating to termination of a swap agreement relating to the 2006 COP, (iv) fund capitalized interest, (v) fund or provide for satisfaction of the Reserve Fund Requirement, and (vi) pay the costs incurred in connection with the execution, delivery, and sale of the 2008 COPs.

The lease payments, swap payments and additional payments due under the lease agreement are payable from any source of available funds of the City and the City has determined that 25.235% of each lease payment is allocable to the refinancing of the City's obligations under the 2006 COP. The portion of lease payments and the corresponding portion of the swap payments which are allocable to the 2006 COP are payable from and are ratably secured by a pledge of and lien on the Gas Tax revenues.

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

The City defeased the 2006 COP by placing the proceeds of the 2008 COP in an irrevocable trust to provide for all future debt service payments on the 2006 COP. Accordingly, the trust account assets and the liability for the defeased COP is not included in the City's financial statements. At June 30, 2009, the 2006 COP outstanding balance which is considered defeased was \$0, as the entire balance was redeemed.

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

Fiscal year Ended	Principal	Interest	Total
2010	\$ 510,000	\$ 977,818	\$ 1,487,818
2011	455,000	962,519	1,417,519
2012	525,000	947,731	1,472,731
2013	525,000	924,106	1,449,106
2014	505,000	900,481	1,405,481
2015-2019	2,845,000	4,143,750	6,988,750
2020-2024	3,250,000	3,453,750	6,703,750
2025-2029	3,800,000	2,590,781	6,390,781
2030-2034	4,390,000	1,535,100	5,925,100
2035-2037	3,010,000	325,994	3,335,994
	<u>\$ 19,815,000</u>	<u>\$ 16,762,030</u>	<u>\$ 36,577,030</u>

**2006 Certificates of Participation:**

\$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.

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6 - Long-Term Debt (Continued):**

**2006 Certificates of Participation (Continued):**

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, 2009, the 1999, 2000, and 2003 COPs outstanding balances which are considered defeased were \$4,310,000, \$5,245,000, and \$2,395,000 respectively.

**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, 2009 is \$1,620,000.

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

Fiscal year Ended	Principal	Interest	Total
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	45,000	80,214	125,214
2015-2019	270,000	362,752	632,752
2020-2024	345,000	279,672	624,672
2025-2029	450,000	166,731	616,731
2030-2032	345,000	30,332	375,332
	<u>\$ 1,620,000</u>	<u>\$ 1,260,049</u>	<u>\$ 2,880,049</u>

**2001 CHFA Loan:** During August 2001, the City (along with State and County agencies) entered into an agreement to lend and borrow funds to assist with the purchase of land and buildings suitable for the utilization of low-income senior housing (Oceanview Apartments). The property was purchased by the City and immediately transferred to National Church Residences (NCR), a non-profit organization. The City loaned \$600,000, and also acted as the pass-through agency for a loan totaling \$1,450,000 from the California Housing Financing Agency (CHFA). The loan from CHFA is technically a loan to the City, and will be repaid by the City with payments received from NCR. 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
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, 2009**

**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, 2009 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
2010	\$ -	\$ 472,588	\$ 472,588
2011		472,588	472,588
2012		472,588	472,588
2013		472,588	472,588
2014		472,588	472,588
2015-2019		2,362,936	2,362,936
2020-2024	1,965,000	2,153,855	4,118,855
2025-2027	7,285,000	319,625	7,604,625
	<u>\$ 9,250,000</u>	<u>\$ 7,199,356</u>	<u>\$ 16,449,356</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 bonds mature on October 1, 2026. 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, 2009 is \$4,130,000.

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

Fiscal year Ended	Principal	Interest	Total
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	180,000	168,636	348,636
2015-2019	1,030,000	705,356	1,735,356
2020-2024	1,310,000	413,131	1,723,131
2025-2027	960,000	73,500	1,033,500
	<u>\$ 4,130,000</u>	<u>\$ 2,106,410</u>	<u>\$ 6,236,410</u>

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**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 have been considered defeased and therefore removed as a liability from the City. As of June 30, 2009, 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
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	1,758,892	307,026	2,065,918
2015-2019	9,281,996	1,047,597	10,329,593
2020-2022	5,979,237	216,977	6,196,214
	<u>\$ 23,749,506</u>	<u>\$ 3,105,895</u>	<u>\$ 26,855,401</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, 2009**

**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 pays 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 2008/09 are as follows: 15.733% for miscellaneous employees; 31.370% for fire employees and 37.518% 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 2008/09, the City's combined annual pension cost was \$4,881,877, which includes the City's required contribution amount of \$3,609,292 and the members required contribution amount of \$1,272,585.

**Miscellaneous Plan:**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 1,172,639	100%	\$ -
6/30/2008	1,218,778	100%	-
6/30/2009	1,314,532	100%	-

**Fire Safety Plan:**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 1,060,739	100%	\$ -
6/30/2008	997,879	100%	-
6/30/2009	903,798	100%	-

**Police Safety Plan:**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 1,320,044	100%	\$ -
6/30/2008	1,348,911	100%	-
6/30/2009	1,390,962	100%	-

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**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 \$662,632 during fiscal year 2008-2009 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, 2008 is as follows (most recent available):

Total assets	\$ 44,979,622
Total liabilities	<u>17,617,173</u>
Net assets	<u>\$ 27,362,449</u>
Total revenues	\$ 12,259,320
Total expenses	<u>14,980,964</u>
Net income (loss)	<u>\$ (2,721,644)</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 paid premiums of \$583,040 during fiscal year 2008-09 for workers' compensation and excess workers' compensation coverage.

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

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



**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 9 - Self Insurance Fund (Continued):**

\* Workers' Compensation coverage is currently pooled with a 19 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 \$697,878 and \$500,000 were recorded at June 30, 2009 for the workers' compensation and general liability programs respectively.

Changes in the total reported liability resulted from the following:

	Fiscal Year Ended June 30,	
	2008	2009
July 1 Liability	\$ 1,880,528	\$ 1,784,588
Claims & change in estimate	31,996	(478,877)
Payments for claims	(127,936)	(107,833)
June 30 Liability	<u>\$ 1,784,588</u>	<u>\$ 1,197,878</u>

**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, 2009:

<u>Funds</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
Major Governmental Funds		
General Fund	\$ 2,131,582	\$ -
Capital Projects Fund:		
General Capital Improvement Fund		2,218,700
Special Revenue Fund:		
Gas Tax Fund	2,218,700	1,056,551
Nonmajor Governmental Funds:		
Special Revenue Funds:		
NPDES Stormwater Fund		240,381
Disaster Accounting		834,650
Total	<u>\$ 4,350,282</u>	<u>\$ 4,350,282</u>

Advances Receivable/Payable

The City of Pacifica loans money to the Redevelopment Agency Rockaway Beach Fund to be used for any expenses necessary or incidental to carrying out the Redevelopment Plan. At June 30, 2009, 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%.

**CITY OF PACIFICA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 10 - Interfund Transactions (Continued):**

Advances Receivable/Payable (Continued)

The City of Pacifica participated in the financing of a low-cost senior apartment complex during fiscal year 2000-2001. The Agency made a \$600,000 long-term loan through the RDA Low/Mod Housing Fund to National Church Residences (see Note 4). Since the Housing Fund did not have the full \$600,000, the City's General Fund 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, 2009 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, 2009:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 1,088,566
Capital Project Fund:		
General Capital Improvement Fund	247,500	
Debt Service Fund	732,000	1,500,000
Special Revenue Fund:		
Gas Tax	1,409,254	257,000
Nonmajor Governmental Fund:		
Capital Projects Fund:		
Parks and Playfield	1,812	
Major Enterprise Fund:		
Sewer Utility Fund	508,000	553,000
Internal Service Fund:		
Self Insurance Fund	500,000	
	<u>\$ 3,398,566</u>	<u>\$ 3,398,566</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 \$50,020,034 of Invested in capital, net of debt, \$5,597,188 of restricted net assets and the government-wide statement of net assets for business-type activities reports \$689,514 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, 2009**

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

Funds with Deficit Fund Balances/Net Assets

Major Governmental Fund:

Capital Project Fund:

Redevelopment Agency - Rockaway Beach	\$ (5,432,182)
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Nonmajor Governmental Funds:

Special Revenue Funds:

NPDES Stormwater Fund	(242,130)
Disaster Accounting Fund	(1,123,822)

**NOTE 12 - Contingencies:**

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

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

**NOTE 13 - Prior Period Adjustments:**

Government-wide statements

*Business-type activities:*

Amounts	
\$ 418,169	Understatement of interest payable
\$ 418,169	

Governmental fund statements

*Proprietary Fund Statements:*

Funds	Amounts	
Sewer Utility Fund:	\$ 418,169	Understatement of interest payable
Total Proprietary Funds	\$ 418,169	

**CITY OF PACIFICA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 14 – Subsequent Event:**

On October 23, 2009 an Administrative Civil Liability Complaint (Complaint) under Water Code Sections 13385 and 13350 for Unauthorized Discharge Violations and Effluent and Receiving Water Limit Violations from the Sanitary Sewer Collection System and the Wastewater Treatment Plant in the City of Pacifica was issued by the California Regional Water Quality Control Board (Board) in the amount of \$2.3 million. The City is currently appealing the Complaint and the settlement amount is unknown as of the date of the City's financial statements. Any amounts due to the Board will be paid over a three-year period.

**CITY OF PACIFICA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2009**

**BUDGETARY BASIS OF ACCOUNTING**

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

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

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

The City uses an encumbrance system as an extension of normal budgetary accounting for the other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriation lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

**CITY OF PACIFICA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues				
Taxes:				
Property	\$ 9,790,000	\$ 9,790,000	\$ 10,170,262	\$ 380,262
Sales	1,351,000	1,351,000	1,365,710	14,710
Franchise	1,727,000	1,727,000	1,414,871	(312,129)
Other	2,960,000	2,960,000	2,787,716	(172,284)
Licenses and permits	309,400	309,400	372,598	63,198
Fines and forfeitures	200,000	200,000	245,675	45,675
Use of money and property	393,000	393,000	523,046	130,046
Intergovernmental	4,772,100	4,772,100	5,133,722	361,622
Charges for current services	1,512,533	1,512,533	1,732,906	220,373
Recreation programs	560,000	560,000	596,792	36,792
Other	1,324,400	1,324,400	1,338,828	14,428
Total Revenues	<u>24,899,433</u>	<u>24,899,433</u>	<u>25,682,126</u>	<u>782,693</u>
Expenditures				
Current:				
General government				
City council	141,600	141,600	163,909	(22,309)
City manager	519,500	549,500	587,363	(37,863)
Human resources	438,240	438,240	468,291	(30,051)
City attorney	994,800	994,800	778,091	216,709
Finance	1,142,490	1,142,490	1,045,258	97,232
Non-departmental	1,515,115	1,592,500	1,144,253	448,247
Total General Government	<u>4,751,745</u>	<u>4,859,130</u>	<u>4,187,165</u>	<u>671,965</u>
Public safety				
Police	9,322,500	9,322,500	9,055,664	266,836
Fire	5,476,350	5,476,350	4,936,993	539,357
Total Public Safety	<u>14,798,850</u>	<u>14,798,850</u>	<u>13,992,657</u>	<u>806,193</u>
Community development				
Planning	1,063,600	1,063,600	1,141,957	(78,357)
Code enforcement	113,925	113,925	83,512	30,413
Economic development	4,500	4,500	3,977	523
Total Community Development	<u>1,182,025</u>	<u>1,182,025</u>	<u>1,229,446</u>	<u>(47,421)</u>
Public works				
Engineering services	422,725	428,725	451,405	(22,680)
Street and traffic maintenance	314,375	314,375	372,221	(57,846)
Building maintenance and improvement	375,100	375,100	356,951	18,149
Fishing pier/rest stop maintenance	131,475	128,975	96,416	32,559
City parks and playfields	495,400	495,900	523,989	(28,089)
Total Public Works	<u>1,739,075</u>	<u>1,743,075</u>	<u>1,800,982</u>	<u>(57,907)</u>

(Continued)

See notes to required supplementary information.

**CITY OF PACIFICA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**  
**Continued**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Expenditures				
Current:				
Parks, beaches, and recreation				
Parks, beaches, and recreation	\$ 248,300	\$ 248,300	\$ 310,129	\$ (61,829)
Community center programs	195,570	195,570	180,824	14,746
Cultural arts	18,650	18,650	16,151	2,499
Elementary age recreation	118,000	118,000	119,606	(1,606)
Teens and j-teens recreation	75,850	75,850	64,271	11,579
Adult sports	18,550	18,550	14,143	4,407
Senior	153,400	153,400	155,712	(2,312)
Instructional class	157,100	157,100	164,083	(6,983)
Recreation swimming	253,500	253,500	245,519	7,981
Swim team	153,500	153,500	158,924	(5,424)
Special community recreation	81,500	81,500	70,627	10,873
Special projects	2,318,400	2,318,400	2,428,672	(110,272)
Total Parks, Beaches, and Recreation	<u>3,792,320</u>	<u>3,792,320</u>	<u>3,928,661</u>	<u>(136,341)</u>
Capital outlay	<u>68,500</u>	<u>64,500</u>	<u>184,430</u>	<u>(119,930)</u>
Total Expenditures	<u>26,332,515</u>	<u>26,439,900</u>	<u>25,323,341</u>	<u>1,116,559</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,433,082)</u>	<u>(1,540,467)</u>	<u>358,785</u>	<u>1,899,252</u>
Other Financing Sources (Uses)				
Transfers out	<u>(1,077,550)</u>	<u>(1,077,550)</u>	<u>(1,088,566)</u>	<u>(11,016)</u>
Total Other Financing Sources (Uses)	<u>(1,077,550)</u>	<u>(1,077,550)</u>	<u>(1,088,566)</u>	<u>(11,016)</u>
Net Change in Fund Balance	<u>(2,510,632)</u>	<u>(2,618,017)</u>	<u>(729,781)</u>	<u>1,888,236</u>
Fund Balance, July 1, 2008	<u>9,815,801</u>	<u>9,815,801</u>	<u>9,815,801</u>	
Fund Balance, June 30, 2009	<u>\$ 7,305,169</u>	<u>\$ 7,197,784</u>	<u>\$ 9,086,020</u>	<u>\$ 1,888,236</u>

See notes to required supplementary information.

**CITY OF PACIFICA**  
**Budgetary Comparison Schedule**  
**Gas Tax Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>(Negative)</u>
Revenues				
Use of money and property	\$ 5,000	\$ 5,000	\$ (8,038)	\$ (13,038)
Intergovernmental	3,071,326	3,071,326	2,652,125	(419,201)
Other			(172)	(172)
Total Revenues	<u>3,076,326</u>	<u>3,076,326</u>	<u>2,643,915</u>	<u>(432,411)</u>
Expenditures				
Current:				
Public works	1,983,300	1,986,650	1,718,118	268,532
Capital outlay	1,529,918	1,556,568	1,162,895	393,673
Total Expenditures	<u>3,513,218</u>	<u>3,543,218</u>	<u>2,881,013</u>	<u>662,205</u>
Excess (Deficit) of Revenues over Expenditures	<u>(436,892)</u>	<u>(466,892)</u>	<u>(237,098)</u>	<u>229,794</u>
Other Financing Sources (Uses)				
Transfers in			1,409,254	1,409,254
Transfers out	<u>(257,000)</u>	<u>(257,000)</u>	<u>(257,000)</u>	
Total Other Financing Sources (Uses)	<u>(257,000)</u>	<u>(257,000)</u>	<u>1,152,254</u>	<u>1,409,254</u>
Net Change in Fund Balance	(693,892)	(723,892)	915,156	1,639,048
Fund Balance, July 1, 2008	<u>2,257,214</u>	<u>2,257,214</u>	<u>2,257,214</u>	
Fund Balance, June 30, 2009	<u>\$ 1,563,322</u>	<u>\$ 1,533,322</u>	<u>\$ 3,172,370</u>	<u>\$ 1,639,048</u>

See notes to required supplementary information.



**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF PACIFICA**  
**Budgetary Comparison Schedule**  
**General Capital Improvement Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Licenses and permits	\$ 55,000	\$ 30,041	\$ (24,959)
Use of money and property	100,000	69,854	(30,146)
Other	389,872	50,600	(339,272)
Total Revenues	<u>544,872</u>	<u>150,495</u>	<u>(394,377)</u>
Expenditures			
Current:			
Community Development	198,850	51,340	147,510
Capital outlay	755,906	292,133	463,773
Total Expenditures	<u>954,756</u>	<u>343,473</u>	<u>611,283</u>
Excess (Deficit) of Revenues over Expenditures	<u>(409,884)</u>	<u>(192,978)</u>	<u>216,906</u>
Other Financing Sources			
Transfers in	<u>147,500</u>	<u>247,500</u>	<u>100,000</u>
Total Other Financing Sources	<u>147,500</u>	<u>247,500</u>	<u>100,000</u>
Net Change in Fund Balance	(262,384)	54,522	316,906
Fund Balance, July 1, 2008	<u>1,217,335</u>	<u>1,217,335</u>	
Fund Balance, June 30, 2009	<u>\$ 954,951</u>	<u>\$ 1,271,857</u>	<u>\$ 316,906</u>

**CITY OF PACIFICA**  
**Budgetary Comparison Schedule**  
**Redevelopment Agency - Rockaway Beach Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Taxes			
Property taxes	\$ 240,000	\$ 251,301	\$ 11,301
Use of money and property	6,500	13,950	7,450
Intergovernmental	3,500	5,128	1,628
<b>Total Revenues</b>	<b>250,000</b>	<b>270,379</b>	<b>20,379</b>
Expenditures			
Current:			
General Government	48,300	22,315	25,985
Debt service:			
Principal	35,000	35,000	
Interest and fiscal charges	292,669	290,365	2,304
<b>Total Expenditures</b>	<b>375,969</b>	<b>347,680</b>	<b>28,289</b>
Net Change in Fund Balance	(125,969)	(77,301)	48,668
Fund Balance (Deficit), July 1, 2008	(5,354,881)	(5,354,881)	
Fund Balance (Deficit), June 30, 2009	<u>\$ (5,480,850)</u>	<u>\$ (5,432,182)</u>	<u>\$ 48,668</u>

**CITY OF PACIFICA**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues			
Use of money and property	\$ 3,000	\$ 29,718	\$ 26,718
Total Revenues	<u>3,000</u>	<u>29,718</u>	<u>26,718</u>
Expenditures			
Debt service:			
Principal	26,500		26,500
Interest and fiscal charges	708,000	1,642,870	(934,870)
Cost of debt issuance		411,657	(411,657)
Total Expenditures	<u>734,500</u>	<u>2,054,527</u>	<u>(1,320,027)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(731,500)</u>	<u>(2,024,809)</u>	<u>(1,293,309)</u>
Other Financing Sources (Uses)			
Certificates of participation issued		19,815,000	19,815,000
Certificates of participation discount		(595,524)	(595,524)
Payment to refunded debt escrow agent		(15,725,000)	(15,725,000)
Transfers in	732,000	732,000	
Transfers out		(1,500,000)	(1,500,000)
Total Other Financing Sources (Uses)	<u>732,000</u>	<u>2,726,476</u>	<u>1,994,476</u>
Net Change in Fund Balance	500	701,667	701,167
Fund Balance, July 1, 2008	<u>238,477</u>	<u>238,477</u>	
Fund Balance, June 30, 2009	<u>\$ 238,977</u>	<u>\$ 940,144</u>	<u>\$ 701,167</u>

**CITY OF PACIFICA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2009**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and investments	\$ 1,445,613	\$ 1,541,744	\$ 2,987,357
Receivables:			
Accounts	44,028		44,028
Interest	150,312		150,312
Grants	857,677	216,187	1,073,864
Notes, net	600,000		600,000
	<u>        </u>	<u>        </u>	<u>        </u>
Total Assets	<u>\$ 3,097,630</u>	<u>\$ 1,757,931</u>	<u>\$ 4,855,561</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 289,156	\$ 37,817	\$ 326,973
Accrued liabilities	25,639	2,019	27,658
Due to other funds	1,075,031		1,075,031
Deferred revenue	1,007,989	186,187	1,194,176
Advances payable	256,142		256,142
	<u>        </u>	<u>        </u>	<u>        </u>
Total Liabilities	<u>2,653,957</u>	<u>226,023</u>	<u>2,879,980</u>
Fund Balances:			
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	(713,895)	1,531,908	818,013
	<u>        </u>	<u>        </u>	<u>        </u>
Total Fund Balances	<u>443,673</u>	<u>1,531,908</u>	<u>1,975,581</u>
	<u>        </u>	<u>        </u>	<u>        </u>
Total Liabilities and Fund Balances	<u>\$ 3,097,630</u>	<u>\$ 1,757,931</u>	<u>\$ 4,855,561</u>

**CITY OF PACIFICA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes:			
Property taxes	\$ 62,826	\$ -	\$ 62,826
Other taxes	177,380		177,380
Use of money and property	18,459	32,488	50,947
Intergovernmental	1,528,337	800	1,529,137
Charges for current services	1,043,873		1,043,873
Other		65,497	65,497
	<u>2,830,875</u>	<u>98,785</u>	<u>2,929,660</u>
Total Revenues			
Expenditures:			
Current:			
Public safety	903,400		903,400
Community development		24,959	24,959
Public works	135,437	67,512	202,949
Capital outlay	2,089,249	183,036	2,272,285
Debt service:			
Interest and fiscal charges	17,930		17,930
	<u>3,146,016</u>	<u>275,507</u>	<u>3,421,523</u>
Total Expenditures			
Excess (Deficit) of Revenues over Expenditures	<u>(315,141)</u>	<u>(176,722)</u>	<u>(491,863)</u>
Other Financing Sources (Uses):			
Transfers in		1,812	1,812
		<u>1,812</u>	<u>1,812</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(315,141)	(174,910)	(490,051)
Fund Balances, July 1, 2008	<u>758,814</u>	<u>1,706,818</u>	<u>2,465,632</u>
Fund Balances, June 30, 2009	<u>\$ 443,673</u>	<u>\$ 1,531,908</u>	<u>\$ 1,975,581</u>

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## **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

**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, 2009**

	<b>Supplemental Law Enforcement Services</b>	<b>Fire Assessment</b>	<b>NPDES Stormwater</b>	<b>Planned Local Drainage</b>
<b>Assets</b>				
Cash and investments	\$ 50,887	\$ 670,438	\$ -	\$ 433,903
Receivables:				
Accounts	36,672	7,356		
Interest				
Grants				
Notes, net				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 87,559</u>	<u>\$ 677,794</u>	<u>\$ -</u>	<u>\$ 433,903</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 205	\$ -
Accrued liabilities		23,874	1,544	
Due to other funds			240,381	
Deferred revenue				
Advances payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities		<u>23,874</u>	<u>242,130</u>	
Fund Balances:				
Reserved for notes and loans				
Reserved for equipment		77,484		
Reserved for vehicle replacement		480,084		
Unreserved	87,559	96,352	(242,130)	433,903
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>87,559</u>	<u>653,920</u>	<u>(242,130)</u>	<u>433,903</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 87,559</u>	<u>\$ 677,794</u>	<u>\$ -</u>	<u>\$ 433,903</u>

<b>Redevelopment Agency Low/Mod Housing</b>	<b>Disaster Accounting</b>	<b>Total</b>
\$ 290,385	\$ -	\$ 1,445,613
		44,028
150,312		150,312
	857,677	857,677
600,000		600,000
<u>\$ 1,040,697</u>	<u>\$ 857,677</u>	<u>\$ 3,097,630</u>
\$ -	\$ 288,951	\$ 289,156
	221	25,639
	834,650	1,075,031
150,312	857,677	1,007,989
256,142		256,142
<u>406,454</u>	<u>1,981,499</u>	<u>2,653,957</u>
600,000		600,000
		77,484
		480,084
34,243	(1,123,822)	(713,895)
<u>634,243</u>	<u>(1,123,822)</u>	<u>443,673</u>
<u>\$ 1,040,697</u>	<u>\$ 857,677</u>	<u>\$ 3,097,630</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, 2009**

	<b>Supplemental Law</b>		
	<b>Enforcement</b>	<b>Fire</b>	<b>NPDES</b>
	<b>Services</b>	<b>Assessment</b>	<b>Stormwater</b>
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Other taxes			177,380
Use of money and property	443	9,576	(5,210)
Intergovernmental	93,532		51,818
Charges for current services		1,043,873	
	<u>93,975</u>	<u>1,053,449</u>	<u>223,988</u>
Total Revenues			
Expenditures:			
Current:			
Public safety		903,400	
Public works			127,242
Capital outlay		53,697	
Debt service:			
Interest and fiscal charges			
		<u>957,097</u>	<u>127,242</u>
Total Expenditures			
Net Change in Fund Balances	93,975	96,352	96,746
Fund Balances (Deficits), July 1, 2008	<u>(6,416)</u>	<u>557,568</u>	<u>(338,876)</u>
Fund Balances (Deficits), June 30, 2009	<u>\$ 87,559</u>	<u>\$ 653,920</u>	<u>\$ (242,130)</u>

<b>Planned Local Drainage</b>	<b>Redevelopment Agency Low/Mod Housing</b>	<b>Disaster Accounting</b>	<b>Total</b>
\$ -	\$ 62,826	\$ -	\$ 62,826
			177,380
8,476	5,174		18,459
	1,282	1,381,705	1,528,337
			1,043,873
<u>8,476</u>	<u>69,282</u>	<u>1,381,705</u>	<u>2,830,875</u>
			903,400
		8,195	135,437
		2,035,552	2,089,249
	<u>17,930</u>		<u>17,930</u>
	<u>17,930</u>	<u>2,043,747</u>	<u>3,146,016</u>
8,476	51,352	(662,042)	(315,141)
<u>425,427</u>	<u>582,891</u>	<u>(461,780)</u>	<u>758,814</u>
<u>\$ 433,903</u>	<u>\$ 634,243</u>	<u>\$ (1,123,822)</u>	<u>\$ 443,673</u>

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**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, 2009**

	<b>Supplemental Law Enforcement Services</b>		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes			
Use of money and property		443	443
Intergovernmental		93,532	93,532
Charges for current services			
Total Revenues		93,975	93,975
Expenditures:			
Current:			
Public safety			
Public works			
Capital outlay			
Debt service:			
Interest and fiscal charges			
Total Expenditures			
Net Change in Fund Balances		93,975	93,975
Fund Balances (Deficits), July 1, 2008	(6,416)	(6,416)	
Fund Balances (Deficits), June 30, 2009	\$ (6,416)	\$ 87,559	\$ 93,975

<b>Fire Assessment</b>			<b>NPDES Stormwater</b>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,500	9,576	6,076	176,000	177,380	1,380
1,020,000	1,043,873	23,873	33,000	(5,210)	(5,210)
1,023,500	1,053,449	29,949	209,000	51,818	18,818
911,400	903,400	8,000	115,400	127,242	(11,842)
40,000	53,697	(13,697)			
951,400	957,097	(5,697)	115,400	127,242	(11,842)
72,100	96,352	24,252	93,600	96,746	3,146
557,568	557,568		(338,876)	(338,876)	
<u>\$ 629,668</u>	<u>\$ 653,920</u>	<u>\$ 24,252</u>	<u>\$ (245,276)</u>	<u>\$ (242,130)</u>	<u>\$ 3,146</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, 2009**  
**(Continued)**

	<b>Planned Local Drainage</b>		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes			
Use of money and property	9,000	8,476	(524)
Intergovernmental	30,000		(30,000)
Charges for current services			
Total Revenues	<u>39,000</u>	<u>8,476</u>	<u>(30,524)</u>
Expenditures:			
Current:			
Public safety			
Public works	3,000		3,000
Capital outlay			
Debt service:			
Interest and fiscal charges			
Total Expenditures	<u>3,000</u>		<u>3,000</u>
Net Change in Fund Balances	36,000	8,476	(27,524)
Fund Balances (Deficits), July 1, 2008	<u>425,427</u>	<u>425,427</u>	
Fund Balances (Deficits), June 30, 2009	<u>\$ 461,427</u>	<u>\$ 433,903</u>	<u>\$ (27,524)</u>



<b>Redevelopment Agency Low/Mod Housing</b>			<b>Disaster Accounting</b>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 62,000	\$ 62,826	\$ 826	\$ -	\$ -	\$ -
5,500	5,174	(326)			
1,000	1,282	282		1,381,705	1,381,705
<u>68,500</u>	<u>69,282</u>	<u>782</u>		<u>1,381,705</u>	<u>1,381,705</u>
				8,195	(8,195)
			106,000	2,035,552	(1,929,552)
<u>17,000</u>	<u>17,930</u>	<u>(930)</u>			
<u>17,000</u>	<u>17,930</u>	<u>(930)</u>	<u>106,000</u>	<u>2,043,747</u>	<u>(1,937,747)</u>
51,500	51,352	(148)	(106,000)	(662,042)	(556,042)
<u>582,891</u>	<u>582,891</u>		<u>(461,780)</u>	<u>(461,780)</u>	
<u>\$ 634,391</u>	<u>\$ 634,243</u>	<u>\$ (148)</u>	<u>\$ (567,780)</u>	<u>\$ (1,123,822)</u>	<u>\$ (556,042)</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, 2009**  
**(Continued)**

	<b>Total</b>		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ 62,000	\$ 62,826	\$ 826
Other taxes	176,000	177,380	1,380
Use of money and property	18,000	18,459	459
Intergovernmental	64,000	1,528,337	1,464,337
Charges for current services	1,020,000	1,043,873	23,873
Total Revenues	<u>1,340,000</u>	<u>2,830,875</u>	<u>1,490,875</u>
Expenditures:			
Current:			
Public safety	911,400	903,400	8,000
Public works	118,400	135,437	(17,037)
Capital outlay	146,000	2,089,249	(1,943,249)
Debt service:			
Interest and fiscal charges	17,000	17,930	(930)
Total Expenditures	<u>1,192,800</u>	<u>3,146,016</u>	<u>(1,953,216)</u>
Net Change in Fund Balances	147,200	(315,141)	(462,341)
Fund Balances (Deficits), July 1, 2008	<u>758,814</u>	<u>758,814</u>	
Fund Balances (Deficits), June 30, 2009	<u>\$ 906,014</u>	<u>\$ 443,673</u>	<u>\$ (462,341)</u>

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## **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

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

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

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

**CITY OF PACIFICA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2009**

	<u>Highway 1 Improvement</u>	<u>Manor Drive Improvement</u>	<u>Aircraft Noise Project</u>	<u>Parks and Playfield</u>
<b>Assets</b>				
Cash and investments	\$ 299,928	\$ 991,443	\$ 3,020	\$ 247,353
Receivable:				
Grants	<u>186,187</u>	<u>                    </u>	<u>                    </u>	<u>30,000</u>
Total Assets	<u><u>\$ 486,115</u></u>	<u><u>\$ 991,443</u></u>	<u><u>\$ 3,020</u></u>	<u><u>\$ 277,353</u></u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 21,780	\$ 308	\$ 990	\$ 14,739
Accrued liabilities	1,001	874		144
Deferred revenue	<u>186,187</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>208,968</u>	<u>1,182</u>	<u>990</u>	<u>14,883</u>
Fund Balances:				
Unreserved	<u>277,147</u>	<u>990,261</u>	<u>2,030</u>	<u>262,470</u>
Total Fund Balances	<u>277,147</u>	<u>990,261</u>	<u>2,030</u>	<u>262,470</u>
Total Liabilities and Fund Balances	<u><u>\$ 486,115</u></u>	<u><u>\$ 991,443</u></u>	<u><u>\$ 3,020</u></u>	<u><u>\$ 277,353</u></u>

**Total**

\$ 1,541,744

216,187

\$ 1,757,931

\$ 37,817

2,019

186,187

226,023

1,531,908

1,531,908

\$ 1,757,931

**CITY OF PACIFICA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Highway 1 Improvement</u>	<u>Manor Drive Improvement</u>	<u>Aircraft Noise Project</u>	<u>Parks and Playfield</u>
Revenues:				
Use of money and property	\$ 6,937	\$ 20,893	\$ 96	\$ 4,562
Intergovernmental	800			
Other	14,006		120	51,371
Total Revenues	<u>21,743</u>	<u>20,893</u>	<u>216</u>	<u>55,933</u>
Expenditures:				
Current:				
Community development			3,225	21,734
Public works	37,137	30,375		
Capital outlay	100,695	82,341		
Total Expenditures	<u>137,832</u>	<u>112,716</u>	<u>3,225</u>	<u>21,734</u>
Excess (Deficit) of Revenues over Expenditures	(116,089)	(91,823)	(3,009)	34,199
Other Financing Sources (Uses):				
Transfers in				1,812
Net Change in Fund Balances	(116,089)	(91,823)	(3,009)	36,011
Fund Balances, July 1, 2008	<u>393,236</u>	<u>1,082,084</u>	<u>5,039</u>	<u>226,459</u>
Fund Balances, June 30, 2009	<u>\$ 277,147</u>	<u>\$ 990,261</u>	<u>\$ 2,030</u>	<u>\$ 262,470</u>

**Total**

\$	32,488
	800
	<u>65,497</u>
	<u>98,785</u>
	24,959
	67,512
	<u>183,036</u>
	<u>275,507</u>
	(176,722)
	<u>1,812</u>
	(174,910)
	<u>1,706,818</u>
\$	<u><u>1,531,908</u></u>



**CITY OF PACIFICA**  
**Combining Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Budget and Actual - Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Highway 1 Improvement</b>		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 20,000	\$ 6,937	\$ (13,063)
Intergovernmental	1,980,000	800	(1,979,200)
Other	30,000	14,006	(15,994)
Total Revenues	<u>2,030,000</u>	<u>21,743</u>	<u>(2,008,257)</u>
Expenditures:			
Current:			
Community development			
Public works	46,400	37,137	9,263
Capital outlay	<u>2,032,500</u>	<u>100,695</u>	<u>1,931,805</u>
Total Expenditures	<u>2,078,900</u>	<u>137,832</u>	<u>1,941,068</u>
Excess (Deficit) of Revenues over Expenditures	<u>(48,900)</u>	<u>(116,089)</u>	<u>(67,189)</u>
Other Financing Sources (Uses):			
Transfers in			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(48,900)	(116,089)	(67,189)
Fund Balances, July 1, 2008	<u>393,236</u>	<u>393,236</u>	
Fund Balances, June 30, 2009	<u>\$ 344,336</u>	<u>\$ 277,147</u>	<u>\$ (67,189)</u>

<b>Manor Drive Improvement</b>			<b>Aircraft Noise Project</b>		
<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	\$ 20,893	\$ (4,107)	\$ -	\$ 96	\$ 96
50,000		(50,000)		120	120
75,000	20,893	(54,107)		216	216
				3,225	(3,225)
33,200	30,375	2,825			
600,350	82,341	518,009			
633,550	112,716	520,834		3,225	(3,225)
(558,550)	(91,823)	466,727		(3,009)	(3,009)
(558,550)	(91,823)	466,727		(3,009)	(3,009)
1,082,084	1,082,084		5,039	5,039	
<u>\$ 523,534</u>	<u>\$ 990,261</u>	<u>\$ 466,727</u>	<u>\$ 5,039</u>	<u>\$ 2,030</u>	<u>\$ (3,009)</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, 2009**  
**(Continued)**

	<b>Parks and Playfield</b>		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 7,500	\$ 4,562	\$ (2,938)
Intergovernmental			
Other	40,000	51,371	11,371
Total Revenues	47,500	55,933	8,433
Expenditures:			
Current:			
Community development	21,800	21,734	66
Public works			
Capital outlay	30,000		30,000
Total Expenditures	51,800	21,734	30,066
Excess (Deficit) of Revenues over Expenditures	(4,300)	34,199	38,499
Other Financing Sources (Uses):			
Transfers in		1,812	1,812
Total Other Financing Sources (Uses)		1,812	1,812
Net Change in Fund Balances	(4,300)	36,011	40,311
Fund Balances, July 1, 2008	226,459	226,459	
Fund Balances, June 30, 2009	\$ 222,159	\$ 262,470	\$ 40,311

<b>Total</b>		
Final Budget	Actual	Variance Positive (Negative)
\$ 52,500	\$ 32,488	\$ (20,012)
1,980,000	800	(1,979,200)
120,000	65,497	(54,503)
<u>2,152,500</u>	<u>98,785</u>	<u>(2,053,715)</u>
21,800	24,959	(3,159)
79,600	67,512	12,088
<u>2,662,850</u>	<u>183,036</u>	<u>2,479,814</u>
<u>2,764,250</u>	<u>275,507</u>	<u>2,488,743</u>
<u>(611,750)</u>	<u>(176,722)</u>	<u>435,028</u>
	<u>1,812</u>	<u>1,812</u>
	<u>1,812</u>	<u>1,812</u>
(611,750)	(174,910)	436,840
<u>1,706,818</u>	<u>1,706,818</u>	
<u>\$ 1,095,068</u>	<u>\$ 1,531,908</u>	<u>\$ 436,840</u>

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## **INTERNAL SERVICE FUNDS**

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

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

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

**CITY OF PACIFICA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2009**

	<b>Motor Pool</b>	<b>Self Insurance</b>	<b>Total</b>
<b>Assets</b>			
Current Assets:			
Cash and investments	\$ 1,009,088	\$ 1,702,517	\$ 2,711,605
Inventories	17,542		17,542
Total Current Assets	1,026,630	1,702,517	2,729,147
Noncurrent Assets:			
Capital assets, not being depreciated	258,774		258,774
Capital assets, being depreciated, net of accumulated depreciation	1,392,303		1,392,303
Total Noncurrent Assets	1,651,077		1,651,077
Total Assets	2,677,707	1,702,517	4,380,224
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	31,673	16,318	47,991
Accrued liabilities	10,398	1,264	11,662
Claims payable		1,039,486	1,039,486
Total Current Liabilities	42,071	1,057,068	1,099,139
Noncurrent Liabilities:			
Claims payable		158,392	158,392
Compensated absences	26,570		26,570
Total Noncurrent Liabilities	26,570	158,392	184,962
Total Liabilities	68,641	1,215,460	1,284,101
<b>Net Assets</b>			
Net Assets:			
Invested in capital assets, net of related debt	1,651,077		1,651,077
Unrestricted	957,989	487,057	1,445,046
Total Net Assets	\$ 2,609,066	\$ 487,057	\$ 3,096,123

**CITY OF PACIFICA**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 1,214,430	\$ 160,372	\$ 1,374,802
Other operating income	10,703	1,506,873	1,517,576
	<u>1,225,133</u>	<u>1,667,245</u>	<u>2,892,378</u>
Total Operating Revenues			
Operating Expenses:			
Personnel services	359,635		359,635
Administration	10,215		10,215
Supplies and materials	398,386		398,386
Insurance		1,001,672	1,001,672
Outside contractors		61,230	61,230
Maintenance	1,772		1,772
Insurance claims		270,836	270,836
Depreciation	420,459		420,459
	<u>1,190,467</u>	<u>1,333,738</u>	<u>2,524,205</u>
Total Operating Expenses			
Operating Income (Loss)	<u>34,666</u>	<u>333,507</u>	<u>368,173</u>
Non-Operating Revenues (Expenses):			
Investment earnings	22,037	26,187	48,224
Gain on sale of capital assets	3,427		3,427
	<u>25,464</u>	<u>26,187</u>	<u>51,651</u>
Total Non-Operating Revenues (Expenses)			
Income (Loss) Before Transfers	60,130	359,694	419,824
Transfers:			
Transfers in		500,000	500,000
Changes in Net Assets	60,130	859,694	919,824
Net Assets (Deficit), July 1, 2008	<u>2,548,936</u>	<u>(372,637)</u>	<u>2,176,299</u>
Net Assets, June 30, 2009	<u>\$ 2,609,066</u>	<u>\$ 487,057</u>	<u>\$ 3,096,123</u>



**CITY OF PACIFICA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,225,133	\$ 1,774,595	\$ 2,999,728
Payments to suppliers and users	(383,020)	(1,079,457)	(1,462,477)
Payments for claims		(857,546)	(857,546)
Payments to employees	(349,211)	124	(349,087)
Net Cash Provided (Used) by Operating Activities	<u>492,902</u>	<u>(162,284)</u>	<u>330,618</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in		500,000	500,000
Net Cash Provided by Noncapital Financing Activities		<u>500,000</u>	<u>500,000</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(559,078)		(559,078)
Proceeds from sale of capital assets	3,427		3,427
Net Cash (Used) by Capital and Related Financing Activities	<u>(555,651)</u>		<u>(555,651)</u>
Cash Flows from Investing Activities:			
Interest received	22,037	26,187	48,224
Net Cash Provided by Investing Activities	<u>22,037</u>	<u>26,187</u>	<u>48,224</u>
Net Increase (decrease) in Cash and Cash Equivalents	(40,712)	363,903	323,191
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>1,049,800</u>	<u>1,338,614</u>	<u>2,388,414</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 1,009,088</u>	<u>\$ 1,702,517</u>	<u>\$ 2,711,605</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:			
Cash and investments	<u>\$ 1,009,088</u>	<u>\$ 1,702,517</u>	<u>\$ 2,711,605</u>
Total Cash and Cash Equivalents	<u>\$ 1,009,088</u>	<u>\$ 1,702,517</u>	<u>\$ 2,711,605</u>

(Continued)

**CITY OF PACIFICA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2009**  
**(Continued)**

	<b>Motor Pool</b>	<b>Self Insurance</b>	<b>Total</b>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 34,666	\$ 333,507	\$ 368,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	420,459		420,459
(Increase) Decrease in Operating Assets:			
Accounts receivable		107,350	107,350
Inventories	(2,871)		(2,871)
Increase (Decrease) in Operating Liabilities:			
Accounts payable	30,224	(16,555)	13,669
Accrued liabilities	(2,019)	124	(1,895)
Claims payable		(586,710)	(586,710)
Compensated absences	12,443		12,443
	<u>\$ 492,902</u>	<u>\$ (162,284)</u>	<u>\$ 330,618</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 492,902</u>	<u>\$ (162,284)</u>	<u>\$ 330,618</u>

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## 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. Principal Sales Tax Remitters
6. Taxable Sales by Category
7. Direct and Overlapping Sales Tax Rates
8. 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 45,118,985	\$ 46,962,267	\$ 50,585,199	\$ 50,020,034	\$ 50,142,311
Restricted	486,190	6,738,596	7,370,411	7,064,256	5,597,188
Unrestricted	<u>5,309,223</u>	<u>3,750,966</u>	<u>703,720</u>	<u>5,799,437</u>	<u>8,728,875</u>
<b>Total governmental activities net assets</b>	<u>\$ 50,914,398</u>	<u>\$ 57,451,829</u>	<u>\$ 58,659,330</u>	<u>\$ 62,883,727</u>	<u>\$ 64,468,374</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 7,143,196	\$ 14,632,714	\$ 12,423,925	\$ 11,483,688	\$ 10,796,034
Restricted	7,064,036	946,455	953,800	1,075,760	689,514
Unrestricted	<u>354,381</u>	<u>(1,960,805)</u>	<u>(700,968)</u>	<u>2,341,086</u>	<u>5,776,571</u>
<b>Total business-type activities net assets</b>	<u>\$ 14,561,613</u>	<u>\$ 13,618,364</u>	<u>\$ 12,676,757</u>	<u>\$ 14,900,534</u>	<u>\$ 17,262,119</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 52,262,181	\$ 61,594,981	\$ 63,009,124	\$ 61,503,722	\$ 60,938,345
Restricted	7,550,226	7,685,051	8,324,211	8,140,016	6,286,702
Unrestricted	<u>5,663,604</u>	<u>1,790,161</u>	<u>2,752</u>	<u>8,140,523</u>	<u>14,505,446</u>
<b>Total primary government net assets</b>	<u>\$ 65,476,011</u>	<u>\$ 71,070,193</u>	<u>\$ 71,336,087</u>	<u>\$ 77,784,261</u>	<u>\$ 81,730,493</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.

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

Source: City Comprehensive Annual Financial Report

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 4,875,872	\$ 5,923,892	\$ 5,798,391	\$ 4,952,782	\$ 4,083,959
Public Safety	12,929,514	13,639,116	14,980,984	14,985,013	15,306,306
Community Development	1,300,773	1,799,035	1,178,590	1,343,220	1,356,494
Public Works	2,941,376	3,606,841	4,264,011	4,154,717	4,422,332
Parks, Beaches & Recreation	3,515,702	3,084,327	3,405,149	4,155,877	4,035,233
Interest on Long-term Debt	900,171	811,419	846,768	987,156	2,225,220
<b>Total Governmental Activities Expenses</b>	<b>\$ 26,463,408</b>	<b>\$ 28,864,630</b>	<b>\$ 30,473,893</b>	<b>\$ 30,578,765</b>	<b>\$ 31,429,544</b>
<b>Business-Type Activities:</b>					
Sewer	8,922,794	9,453,272	9,084,345	8,095,219	9,084,439
<b>Total Business-Type Activities Expenses</b>	<b>\$ 8,922,794</b>	<b>\$ 9,453,272</b>	<b>\$ 9,084,345</b>	<b>\$ 8,095,219</b>	<b>\$ 9,084,439</b>
<b>Total Primary Government Expenses</b>	<b>\$ 35,386,202</b>	<b>\$ 38,317,902</b>	<b>\$ 39,558,238</b>	<b>\$ 38,673,984</b>	<b>\$ 40,513,983</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	\$ 732,954	\$ 80,269	\$ 96,106	\$ 110,868	\$ 77,393
Public Safety	1,031,754	922,034	1,157,322	1,159,056	1,001,112
Community Development	342,241	599,540	732,372	792,532	606,991
Public Works	147,094	1,529,607	1,376,379	2,522,362	1,741,147
Parks, Beaches & Recreation	1,347,009	1,506,836	1,543,791	584,724	1,642,848
Operating Grants & Contributions	1,311,733	2,626,473	2,967,049	2,871,766	4,364,106
Capital Grants & Contributions	2,272,460	3,338,214	3,639,686	3,302,650	2,936,150
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 7,185,245</b>	<b>\$ 10,602,973</b>	<b>\$ 11,512,705</b>	<b>\$ 11,343,958</b>	<b>\$ 12,369,747</b>
<b>Business-Type Activities:</b>					
<b>Charges for Services:</b>					
Sewer	\$ 8,108,045	\$ 8,721,125	\$ 9,137,785	\$ 10,181,406	\$ 11,885,526
<b>Total Business-Type Activities Program Revenue</b>	<b>\$ 8,108,045</b>	<b>\$ 8,721,125</b>	<b>\$ 9,137,785</b>	<b>\$ 10,181,406</b>	<b>\$ 11,885,526</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 15,293,290</b>	<b>\$ 19,324,098</b>	<b>\$ 20,650,490</b>	<b>\$ 21,525,364</b>	<b>\$ 24,255,273</b>
<b>Net Revenues (Expenses):</b>					
Governmental Activities	\$ (19,278,163)	\$ (18,261,657)	\$ (18,961,188)	\$ (19,234,807)	\$ (19,059,797)
Business-Type Activities	(814,749)	(732,147)	53,440	2,086,187	2,801,087
<b>Total Net Revenues (Expenses)</b>	<b>\$ (20,092,912)</b>	<b>\$ (18,993,804)</b>	<b>\$ (18,907,748)</b>	<b>\$ (17,148,620)</b>	<b>\$ (16,258,710)</b>
<b>General Revenues and Other Change in Net Assets</b>					
<b>Governmental Activities:</b>					
<b>Taxes:</b>					
Property Taxes	\$ 7,409,350	\$ 8,126,936	\$ 9,016,273	\$ 9,623,522	\$ 10,484,389
Sales Tax	1,330,597	1,116,191	1,096,165	1,225,279	1,365,710
Franchise Tax	1,131,838	1,458,418	1,539,123	1,558,164	1,740,754
Other Taxes	5,310,469	4,552,287	3,720,047	3,652,373	2,787,716
Motor vehicle in lieu - unrestricted	2,370,539	3,522,799	2,917,076	3,068,643	3,184,538
Use of Money/Property	233,313	321,272	568,021	532,887	528,768
Miscellaneous	3,028,201	868,120	369,309	3,986,507	507,569
Transfers	290,000	290,000	815,000	45,000	45,000
<b>Total Governmental Activities</b>	<b>\$ 20,814,307</b>	<b>\$ 20,256,023</b>	<b>\$ 20,041,014</b>	<b>\$ 23,692,375</b>	<b>\$ 20,644,444</b>
<b>Business-Type Activities:</b>					
Use of Money/Property	\$ 54,158	\$ 26,569	\$ 14,881	\$ 41,921	\$ 23,667
Miscellaneous	100,126	17,116	4,688	(45,000)	(45,000)
Transfers	(290,000)	(290,000)	(815,000)	(45,000)	(45,000)
<b>Total Business-Type Activities</b>	<b>\$ 154,284</b>	<b>\$ (246,315)</b>	<b>\$ (795,431)</b>	<b>\$ (3,079)</b>	<b>\$ (21,333)</b>
<b>Total Primary Government</b>	<b>\$ 20,968,591</b>	<b>\$ 20,009,708</b>	<b>\$ 19,245,583</b>	<b>\$ 23,689,296</b>	<b>\$ 20,623,111</b>
<b>Changes in Net Assets:</b>					
Governmental Activities	\$ 1,536,144	\$ 1,994,366	\$ 1,079,826	\$ 4,457,568	\$ 1,584,647
Business-Type Activities	(660,465)	(978,462)	(741,991)	2,083,108	2,779,754
<b>Total Primary Government</b>	<b>\$ 875,679</b>	<b>\$ 1,015,904</b>	<b>\$ 337,835</b>	<b>\$ 6,540,676</b>	<b>\$ 4,364,401</b>

**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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Fund</b>					
Reserved	\$ 4,530	\$ 5,103	\$ 4,962	\$ 3,765	\$ 3,716
Unreserved	<u>2,025</u>	<u>896</u>	<u>704</u>	<u>6,051</u>	<u>5,370</u>
<b>Total General Fund</b>	<u>\$ 6,555</u>	<u>\$ 5,999</u>	<u>\$ 5,666</u>	<u>\$ 9,816</u>	<u>\$ 9,086</u>
<b>All Other Governmental Funds</b>					
Reserved	\$ 1,085	\$ 2,182	\$ 2,190	\$ 2,419	\$ 2,881
Unreserved				(5,160)	(1,771)
Unreserved, reported in:					
Special revenue funds	1,797	3,216	2,359	1,858	(714)
Capital projects funds	328	(3,583)	(3,371)	1,707	1,532
Debt service funds	<u>23</u>				
<b>Total All Other Governmental Funds</b>	<u>\$ 3,233</u>	<u>\$ 1,815</u>	<u>\$ 1,178</u>	<u>\$ 824</u>	<u>\$ 1,928</u>
<b>Total Governmental Funds</b>	<u>\$ 9,788</u>	<u>\$ 7,814</u>	<u>\$ 6,844</u>	<u>\$ 10,640</u>	<u>\$ 11,014</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>REVENUES</b>					
Taxes	\$ 15,183	\$ 14,025	\$ 14,913	\$ 16,057	\$ 16,230
Licenses and Permits	400	335	471	558	402
Fines and Forfeitures	144	139	218	187	246
Use of Money and Property	233	317	464	432	679
Intergovernmental Revenues	5,875	9,194	8,601	8,044	9,320
Charges for Services	3,057	2,630	2,883	3,100	2,777
Recreation Programs		565	559	612	597
Other Revenues	2,664	3,328	2,530	6,115	1,455
<b>Total Revenues</b>	<u>\$ 27,556</u>	<u>\$ 30,533</u>	<u>\$ 30,639</u>	<u>\$ 35,105</u>	<u>\$ 31,706</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General Government	\$ 4,692	\$ 5,356	\$ 4,673	\$ 3,961	\$ 4,209
Public Safety	12,120	13,182	14,567	14,970	14,896
Community Development	1,284	1,751	1,127	1,238	1,306
Public Works	2,190	3,285	3,471	3,726	3,722
Parks, Beaches & Recreation	2,916	3,009	3,318	3,744	3,929
Non-departmental			1,027	437	
Capital Outlay	3,003	3,303	2,595	1,677	3,912
<b>Debt Service:</b>					
Principal Retirement	347	375	194	35	35
Interest and Other Charges	813	1,393	989	1,140	2,362
<b>Total Expenditures</b>	<u>\$ 27,365</u>	<u>\$ 31,654</u>	<u>\$ 31,961</u>	<u>\$ 30,928</u>	<u>\$ 34,371</u>
<b>Excess of Revenues Over/(Under) expenditures</b>	<u>\$ 191</u>	<u>\$ (1,121)</u>	<u>\$ (1,322)</u>	<u>\$ 4,177</u>	<u>\$ (2,665)</u>
<b>Other financing sources (uses):</b>					
Transfers In	\$ 1,830	\$ 4,631	\$ 3,898	\$ 815	\$ 2,391
Transfers (Out)	(2,030)	(4,931)	(3,503)	(1,072)	(2,846)
Other Sources/Uses:					
Issuance of Debt	1,725	15,725			19,815
Issuance of Debt Discount		(106)			(596)
Refunded to debt escrow agent		(13,299)			(15,725)
Debt Issuance Cost	(97)				
<b>Total other financing sources (uses)</b>	<u>\$ 1,428</u>	<u>\$ 2,020</u>	<u>\$ 395</u>	<u>\$ (257)</u>	<u>\$ 3,039</u>
<b>Net change in fund balances</b>	<u>\$ 1,619</u>	<u>\$ 899</u>	<u>\$ (927)</u>	<u>\$ 3,920</u>	<u>\$ 374</u>
Debt serviced as a percentage of noncapital expenditures	4.76%	6.24%	4.03%	4.02%	7.87%

**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)

	2009			2000		
	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%
<b>Total</b>	<b>151,889</b>		<b>100%</b>	<b>116,102</b>		<b>100%</b>

**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)**

<b>Categories</b>	<b>Annual Years</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Apparel Stores	\$ 7,481	\$ 8,278	\$ 8,601	\$ 8,518	\$ 9,018	\$ 9,412	\$ 8,836	\$ 9,415	\$ 9,357	\$ 9,327
General Merchandise	4	34	58	77	103	52	145	267	1,269	1,604
Food Stores	23,332	24,649	24,089	23,694	23,603	23,381	22,582	25,245	25,251	24,894
Eating & Drinking Places	23,583	23,777	24,282	24,734	25,387	26,469	27,012	28,000	27,777	26,857
Building Materials	6,034	6,618	7,601	7,156	6,869	6,714	6,837	6,498	5,644	3,687
Auto Dealers & Supplies	2,210	2,654	2,537	3,532	3,578	4,282	4,116	4,376	3,998	4,981
Service Stations	25,716	26,178	21,392	24,665	27,470	33,306	37,456	40,024	43,654	34,588
Other Retail Stores	20,620	19,162	19,263	18,915	18,156	20,448	21,774	20,399	20,016	21,049
All Other Outlets	25,828	26,063	25,020	24,432	27,344	28,162	29,266	34,479	35,236	26,780
<b>Total</b>	<b>\$ 134,808</b>	<b>\$ 137,413</b>	<b>\$ 132,843</b>	<b>\$ 135,723</b>	<b>\$ 141,528</b>	<b>\$ 152,226</b>	<b>\$ 158,024</b>	<b>\$ 168,703</b>	<b>\$ 172,202</b>	<b>\$ 153,767</b>

**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>
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%
2009	6.25%	0.75%	0.75%	0.50%	1.00%	9.25%

**Notes:**

Sales tax in San Mateo County is 9.25%.

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 &amp; Permits</u>	<u>Use of Money &amp; Property</u>	<u>Inter-Governmental</u>	<u>Current Service Chgs.</u>	<u>Fines &amp; Forfeitures</u>	<u>Other Revenues</u>	<u>TOTAL</u>
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
2008-2009	16,230,066	402,639	679,477	9,320,112	2,776,779	245,675	2,051,545	31,706,293
% Change 2000-2009	77.52%	-52.55%	-17.74%	40.74%	19.79%	29.93%	65.77%	49.67%

**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	Personal Property	Improvements	Land Value	Personal Property	Improvements	Land Value	Personal Property	Improvements	Personal Property	Grand Total	H.O.P.T.R. (1)	Other	Total Exemptions			
1999-2000	\$ 916,784	\$ 1,357	\$ 1,318,129	\$ 1,421	\$ 13,542	\$ 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	1,496	1,420,407	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	2,218	1,528,239	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	2,535	1,631,688	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	2,126	1,757,984	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	1,971	1,874,276	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	1,775	2,018,013	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	3,106	2,157,278	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	3,892	2,301,957	5,876	19,118	20,134	1,964,691	2,321,075	24,026	4,309,792	58,066	52,720	110,786	4,199,006			
2008-2009	2,068,296	3,695	2,434,746	4,876	17,659	21,944	2,073,171	2,452,405	25,639	4,551,215	57,951	56,485	114,437	4,436,778			
% Change	125.60%	172.29%	84.71%	243.14%	45.74%	62.04%	125.79%	84.36%	72.09%	101.08%	-6.13%	182.38%	40.00%	103.37%			

(1) Homeowner's Property Tax Relief

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

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

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

Annual Year	City Direct Rate				Overlapping Rates					Total Direct Rate
	City Basic Rate	General		Redevelopment Debt Service Rate	Pacifica School District	Jefferson School District	San Mateo Junior College	San Mateo County as Distributor		
		Obligation Debt Service								
2000	0%	0%	0%	0.0%	0.0607%	0.0370%	0.0000%	1%	0.0000%	
2001	0%	0%	0%	0.0%	0.0589%	0.0181%	0.0000%	1%	0.0000%	
2002	0%	0%	0%	0.0%	0.0344%	0.0194%	0.0079%	1%	0.0000%	
2003	0%	0%	0%	0.0%	0.0259%	0.0187%	0.0065%	1%	0.0000%	
2004	0%	0%	0%	2.90%	0.0244%	0.0170%	0.0065%	1%	2.9000%	
2005	0%	0%	0%	2.90%	0.0417%	0.0153%	0.0065%	1%	2.9000%	
2006	0%	0%	0%	2.90%	0.0457%	0.0174%	0.0182%	1%	2.9000%	
2007	0%	0%	0%	2.90%	0.0411%	0.0361%	0.0182%	1%	2.9000%	
2008	0%	0%	0%	2.90%	0.0384%	0.0333%	0.0182%	1%	2.9000%	
2009	0%	0%	0%	2.90%	0.0417%	0.0360%	0.0182%	1%	2.9000%	

**Notes:**

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

Source: City Financial Reports



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

	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
FPA BAF Lands End Associates	\$ 48,493	1	1.11%	\$ 30,569	1	1.29%
Pan Pacific Realty Corporation				12,188	2	0.52%
Pacifica GSPT, LLC				11,843	3	0.50%
Bay Apartment Communities, Inc.	13,426	8	0.31%	11,249	4	0.48%
Demartini / Linda Mar LLC				11,212	5	0.47%
Julia Ng, et al				10,739	6	0.45%
Ocean Hill Apartments, LLC				10,200	7	0.43%
Perry S. & Demmie B. Acosta				9,539	8	0.40%
Marymount Gateway Apt., LLC				7,595	9	0.32%
GRC Pacific Ventures Ltd.				5,617	10	0.24%
Linda Mar Shopping Center, LLP	31,466	2	0.72%			
PK III Fairmont Shopping Center	27,319	3	0.63%			
AIMCO Park Pacifica Apartments	19,975	4	0.46%			
Marymount Summit, LLC	18,306	5	0.42%			
Horizons West Apartments, LLC	15,690	6	0.36%			
Harry B. Lewis, et al	14,184	7	0.33%			
National Church Residences	13,129	9	0.30%			
LBN Properties LP	12,817	10	0.29%			
<b>Total</b>	<b>\$ 214,805</b>		<b>4.93%</b>	<b>\$ 120,751</b>		<b>5.10%</b>

**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, 2009 and April 1, 2000

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

Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
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%	29	6,119	99.98%
2005	6,610	6,540	98.94%	(3)	6,537	98.90%
2006	7,064	6,924	98.02%	(0.5)	6,924	98.01%
2007	7,620	7,620	100.00%	(28.0)	7,592	99.63%
2008	8,180	8,179	99.99%	(3)	8,176	99.95%
2009	8,597	8,597	100.00%	0	8,597	100.00%
<b>% Change 2000-2009</b>		89.49%	93.02%	-100.00%	90.54%	

**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**

<b>Governmental Activities</b>					
<b>Fiscal Year Ending</b>	<b>Bank Loan</b>	<b>Notes Payable</b>	<b>Special Assessment</b>	<b>Certificates of Participation</b>	<b>Total Governmental Activities Debt</b>
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
2009	-	875,378	-	19,815,000	20,690,378

**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.

The City issued \$19,815,000 of new certificates of participation in 2009.

Sources: City's Comprehensive Annual Financial Reports 2000-2009.

**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>
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
2009	13,380,000	23,749,506	37,129,506	57,819,884	2.54%	1,446

**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 2000-2009.

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

<b>Fiscal Year Ending</b>	<b><u>General Bonded Debt Outstanding</u></b>			<b>Percent of Assessed Value</b>	<b>Per Capita</b>
	<b>Net Bonded Debt</b>	<b>Redevelopment Bonds</b>	<b>Total</b>		
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
2009	19,815	1,620	21,435	0.492%	536
<b>% Change 2000-2009</b>	88.32%		103.72%	2.08%	109.38%

**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, 2009  
(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>	
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		0.0182		---		1.0899	
2008-2009	1.0000		---		0.0384		0.0333		0.0165		---		1.0882	

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

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

	<u>FISCAL YEAR ENDING JUNE 30</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>	<u>2009</u>
<b>Assessed Valuation</b>	\$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	\$4,353,684
<b>Debt Limit</b>	81,810	89,500	97,284	104,511	113,864	122,450	133,512	145,974	157,463	163,263
<b>Total Net Debt Applicable to Limit</b>	10,522	10,206	10,194	12,790	14,125	13,724	17,415	15,725	15,725	15,725
<b>Legal Debt Margin</b>	\$ 71,288	\$ 79,294	\$ 87,090	\$ 91,721	\$ 99,739	\$ 108,726	\$ 116,097	\$ 130,249	\$ 141,738	\$ 147,538
<b>Total Net Debt applicable to the limit as a percentage of debt limit</b>	12.86%	11.40%	10.48%	12.24%	12.41%	11.21%	13.04%	10.77%	9.99%	9.63%

**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>	
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
2009	11,403	7,946	3,457	1,760	1,135	1.19

**Special Assessment Bonds**

<u>Fiscal Year</u>	<u>Debt Service (000's)</u>	
	<u>Principal</u>	<u>Interest</u>
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
2009	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, 2009**

2009 Population Estimate	39,995
2008-2009 Assessed Valuation	\$4,436,778,511

	<u>Percent Applicable</u>	<u>Date Applicable June 30, 2009</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	0.354%	Assessed Valuation	\$ 110,933.33
		Direct Debt	393.17
Total Debt	17.296%	Total Debt	\$ 19,187.18

Source: County Controller, County of San Mateo, California

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

<b>Calendar Year Ending</b>	<b>Population</b>	<b>Median Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate %</b>
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
2009	39,995	57,014	43,641	9.4

**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**

Employer	2009			2000		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
Pacifica School District	307	1	N/A			
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			
						<b>Not Available</b>

**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**

<b>Function/Program</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Government</b>										
Administration	7	8.2	8.2	8.2	7	7	7	6.5	7	7
Finance	7.5	8	8	8	7	8	8	7.5	7.5	7
Parks	51.75	51.75	51.75	54.75	54	38.75	38.75	39.75	39.75	37.75
Planning & Building	5.5	4.8	5.8	4.8	4.8	7.8	8.8	9	9	9
Public Works	38	36	33	34	28.75	29	29	29	24	24
Engineering	2	1	4	4	4	4	4	4	4	4
<b>Police</b>										
Officers	43	40	41	42	37	37	36	38	40	40
Civilians	15.5	16.5	16.5	16.5	15.5	15.5	15.5	13.5	12.5	11.5
<b>Fire</b>										
Firefighters	31	30	30	32	32	31	31	30	28	27
Civilians	5	5	5	5.5	5.5	1.5	1.5	1.5	1	1
<b>Redevelopment</b>										
	0	0	0	0	0	0	0	0	0	0
<b>Wastewater Division</b>										
	20.5	20.5	20.5	21	21	19.75	19.75	19.75	19.75	19.75
<b>Total</b>	226.75	221.75	223.75	230.75	216.55	199.3	199.3	198.5	192.5	188

**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**

<u>Function/Program</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>	<u>2009</u>
General Government										
Building Permits Issued	1,431	1,409	1,408	1,380	1,360	1,219	1,200	1,263	1,220	970
Building Inspections Conducted	3,400	3,200	3,061	2,838	3,001	2,970	3,000	2,550	3,000	2,745
Police										
Physical Arrests	920	925	1,010	1,046	1,328	1,017	1,147	1,071	986	1,102
Parking Violations	3,445	6,680	8,024	5,745	4,955	3,511	3,624	2,998	2,792	3,250
Traffic Violations	3,668	2,679	3,000	4,878	3,846	2,502	2,271	2,531	2,586	3,368
Fire										
Emergency Responses	NA	NA	NA	NA	NA	3,615	3,465	3,185	4,295	2,852
Fires Extinguished	NA	NA	NA	NA	NA	85	135	136	175	139
Inspections	NA	NA	NA	NA	NA	1,413	1,442	1,453	1,353	1,085
Other Public Works										
Street Re-surfacing (miles)	4.8	6.1	7.5	4.3	-	-	-	0.6	1.25	3.1
Potholes Repaired	400	400	400	400	400	400	400	360	400	414
Parks, Beaches & Recreation										
Community Center Admissions	NA	NA	NA	NA	NA	estimated 115,000	estimated 120,000	estimated 130,000	estimated 125,000	estimated 130,000
Enterprise Fund WWTP										
New Connections	27.0	38.0	39.5	14.5	21.5	106.5	9.0	7.0	6.0	30.0
Avg Daily Sewage Treatment (Gallons)	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	2,674,000

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

Source: Various City Departments

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

Function/Program	FISCAL YEAR ENDING JUNE 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	10	10	10	13	12	12	12	12	12
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
<b>Public Works</b>										
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	1775	1775	1775
Traffic Signals	5	5	5	5	5	5	5	5	5	5
<b>Parks, Beaches &amp; Recreation</b>										
Acreage	145.48	145.48	142.68	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	3	3	3
Community Centers	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sanitary Sewers (miles)	130	130	130	130	165	165	165	165	165	165
Storm Sewers (miles)	90	90	90	90	90	90	90	90	90	90
Treatment Capacity (gallons)	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	4,000,000

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

Source: Various City Departments

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

Fiscal Year Ended June 30,	Minimum Annual Charge	Rate per 100 Cubic Feet
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
2009	456.70	9.51463

**Notes:**

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

Source: City Records