

CITY OF PACIFICA

CALIFORNIA

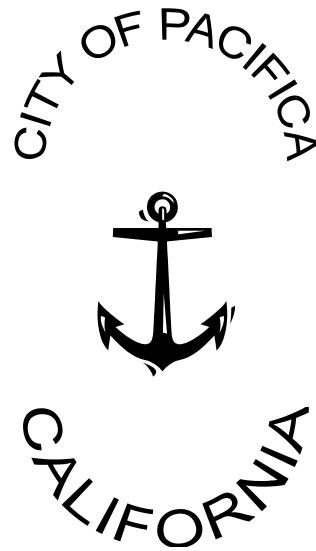
COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended June 30, 2011



PREPARED BY
THE FINANCE DEPARTMENT

ANN RITZMA
Administrative Services Director

SANDRA MCCLELLAN
Assistant Finance Director

GILLIAN CADGENE MANUEL FERRER
CAROL LUEBBEN
VIVIAN PENAREDONDO ED VANDEHEY

CITY OF PACIFICA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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Scenic Pacifica
December 31, 2011

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

California government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Pacifica, California, for the fiscal year ended June 30, 2011, is hereby published to fulfill this requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in the CAFR. To provide a reasonable basis for making these representations, management has established a comprehensive framework of internal control that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

This report consists of management's representations concerning the finances of the City of Pacifica. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects. Further, every attempt has been made to conform to the highest standards of public financial reporting as set forth by the following organizations:

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

The City's independent audit is meant to provide reasonable assurance that its financial statements are free of material misstatement. The audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The City's independent auditor, Moss, Levy & Hartzheim, LLP, has issued an unqualified ("clean") opinion on the City of Pacifica's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

emphasis on the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

City of Pacifica Profile

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

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

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

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

Economic and Financial Outlook

During the 2010-2011 fiscal year global economies have struggled. Europe continues to struggle with the economic instability caused by overwhelming financial institutions' debt defaults. The United States continues to battle a stagnant job market with unemployment rates around 9%. Consumer spending, new home construction and other consumer dependent industries have continued to be depressed within this recession. California ranks second highest in the country for unemployment with rates at 12+%. San Mateo County's unemployment rate fares better at 8.6% and indicates growth continuance due to the Bay Area's diverse economic base and geographically contained commerce.

Pacifica's coastal location on the Bay Area Peninsula with its natural open space and coastal beauty, along with its proximity to the San Francisco International Airport and its visitor-serving resources, continues to be an asset for development in the City.

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

The 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 3.1 million gallons per day. The discharge is being used to nourish a new wetlands area and provide irrigation for public benefit.

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 and creation of a Financing City Services Task Force continues to provide guidance in these uncertain, and at times, volatile economic times.

In late summer of 2008, City Council established the Financing City Services Task Force comprised of 15 community members and two City Council members. The scheduled meetings are open to the public to inform and incorporate public input. Initially, the Task Force focused on short term revenue solutions for the expiration of a fire assessment and the failure of a Sales Tax measure.

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 developed and recommended to the City Council a Five Year Financial Plan. This financial plan incorporates the results of the Task Force's review of expenditures and revenues and establishes a method for resolving the structural deficit.

The initial Five Year Financial Plan was approved by the City Council in June of 2010. A combination of revenue measures and budget reductions were proposed to cover the projected gap between revenues and expenditures. In November 2010 a 2% TOT tax measure increase passed and in April of 2011, a Fire Suppression Assessment failed. With the failure of the Fire Suppression Assessment, City Council reduced the 2011-2012 expenditure budget by \$1.5 million per Financing City Service Task Force recommendations, and approved the continuance of the Financing City Services Task Force and a rolling Five Year Financial Plan. The City remains vigilant in its efforts to continue to provide essential City services with dwindling revenues, reserves and resources while maintaining sufficient levels of fiscal control and accountability,

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the City of Pacifica for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and effectively organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Our goal is to publish financial information that is helpful to policy leaders and City managers. 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 Forenych, 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 the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and conservative manner in the best interests of the Citizens of Pacifica.

Respectfully submitted,



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, 2010

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.



Linda C. Davison

President

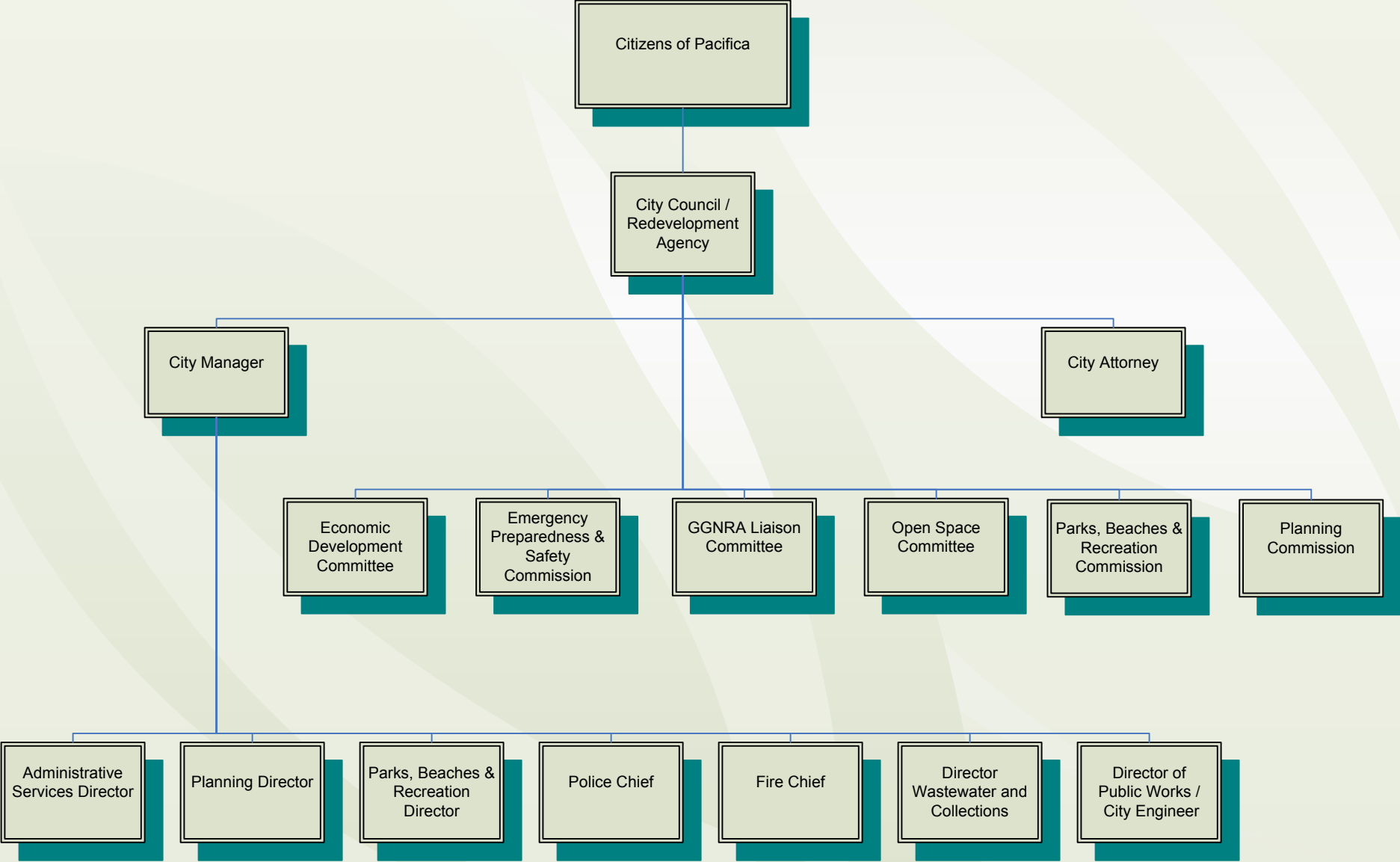
Jeffrey R. Emer

Executive Director

City of Pacifica, California

◀ Fiscal Year 2010-2011 ▶

x



CITY OF PACIFICA, CALIFORNIA

HONORABLE MARY ANN NIHART.
Mayor

PETE DE JARNATT
Mayor Pro Tem

SUE DIGRE
LEN STONE
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
GEORGE WHITE	Director of Planning & Building
VAN OCAMPO	Director of Public Works
MIKE PEREZ	Director of Parks, Beaches & Recreation

* * * * *

OFFICIAL BOARDS AND COMMISSIONS

EMERGENCY PREPAREDNESS & SAFETY COMMISSION

PARKS, BEACHES AND RECREATION COMMISSION

PLANNING COMMISSION

ECONOMIC DEVELOPMENT COMMITTEE

OPEN SPACE COMMITTEE

GGNRA LIAISON COMMITTEE

CLIMATE ACTION PLAN TASK FORCE

FINANCING CITY SERVICES TASK FORCE

GREEN BUILDING TASK FORCE

BEAUTIFICATION TASK FORCE

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FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

COMMERCIAL ACCOUNTING & TAX SERVICES
9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
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 fiscal year ended June 30, 2011, 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, 2011 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 the basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 59, *Financial Instruments Omnibus*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2011, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Other Postemployment Benefits - Schedule of Funding Progress, general fund budgetary comparison schedule, and gas tax special revenue fund budgetary comparison schedule on pages 3 through 16, page 65, and pages 66 through 68 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 governmental fund financial statements and schedules, internal service fund financial 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, debt service fund budgetary comparison schedule, combining and individual nonmajor governmental fund financial statements and schedules, and the internal service fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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
Culver City, California
December 31, 2011

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Pacifica provides an overview of the City’s financial activities for the fiscal year ended June 30, 2011. 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*, *management’s discussion and analysis* (this section), *basic financial statements including notes and 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 related to the General Fund and the Gas Tax Special Revenue Fund.

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City’s finances is, “Is the City, as a whole, better off or worse off as a result of the fiscal year’s activities?” The Statement of Net 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 fiscal year’s revenues and expenses are taken into account, regardless of when cash is received or paid.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

- *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 to support the City's programs. Accordingly, only assets and liabilities and changes in assets and liabilities are reported for these funds.

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

Notes to the Basic Financial Statements

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

The notes to the Basic Financial Statements may be found on pages 33 to 63 of this report.

Economic Future:

The State of California continues to be in fiscal crisis and will be, over the coming months, determining how to deal with significant financial shortfalls. The City of Pacifica will continue to be impacted by the State's crisis. There were several actions taken by the State that impacted the City's finances including delay of payments and suspension of SB 90 mandates, and elimination of Redevelopment Agencies. Payment delays essentially result in transfer of interest earnings by the City to the State.

The City anticipates flat revenue from interest earned in the Local Agency Investment Fund (LAIF). The City of Pacifica, as well as many of other cities, deposits funds with LAIF, the State Investment Pool. The City also anticipates 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 an ongoing annual structural deficit of \$2.8 million. In January 2010, a citizen taskforce developed and recommended to the City Council a five-year financial plan that addressed the structural deficit through a combination of reductions or caps in personnel expenditures, three new revenue measures and use of general reserves to bridge the first three years of the deficit. The City Council adopted the five-year financial plan and began implementation of the plan with labor negotiations and measures presented to voters and property owners. The City successfully negotiated six new labor contracts that significantly reduced or capped personnel related expenditures through salary reductions, pension cost sharing and benefit plan restructuring in accordance with the five-year plan. In November 2010, voters approved an increase to the Transient Occupancy Tax (TOT), the first of the three revenue measures. In April 2011, property owners did not support a Fire Suppression Assessment and the City Council, per the Financial Plan, reduced the FY 2011/12 Budget by \$1.5 million. The citizen taskforce has started to revise and develop a new five year financial plan in light of the Fire Suppression Assessment failure.

The City of Pacifica is addressing several new mandated and necessary expenditures. Pacifica, along with all cities, is addressing its liability in regards to Other Post-Employment Benefits (OPEB), which include pension and retiree medical. The City has worked with an actuary to determine the liability, and in an effort to stabilize pension costs issued Pension Obligation Bonds in May of 2010. The City is currently on a "pay as you go" budgeting method of accounting for retiree health costs. The City does not anticipate an unmanageable result of the study because the City, unlike many cities, does not pay the full

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

cost of health insurance for retired employees and many employees participate in non-City union health and welfare programs.

On the horizon is the need to address a major capital project at the Waste Water Treatment Plant for the replacement of the UV disinfection system. The City is working with PGE and the California Energy Commission to determine possible funding strategies for this project. The City must also continue to address long-term debt obligations it has for the construction of the sewage treatment plant, police station and other capital projects.

Highlights of the past fiscal year are as follows:

- Total City assets exceeded its liabilities by \$78.1 million. Of this amount, \$2.7 million represents unrestricted net assets.
- Statement of governmental activities show revenues at \$28.4 million compared with total expenses of \$31.2 million resulting in a decrease in total net assets from operations for the current fiscal year of approximately \$2.8 million.
- Total Governmental Fund balances were \$5.8 million at fiscal year-end, a decrease of \$2.7 million from the previous fiscal year.
- General fund revenues were \$25.3 million compared with general fund expenses of \$25.2 million, transfers out of \$3.1 million, resulting in a net decrease in fund balance of \$3 million, for an ending fund balance of \$4.1 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 \$78,128,035. A statement of net assets is presented in the following table.

Statement of Net Assets
June 30, 2010 and 2011

Table 1

	Governmental Activities	Governmental Activities	Business - Type Activities	Business - Type Activities	Primary Government	Primary Government
	2010	2011	2010	2011	2010	2011
Current and other Assets	\$ 38,804,271	\$ 35,422,530	\$ 11,513,037	\$ 11,582,463	\$ 50,317,308	\$ 47,004,993
Capital Assets	69,170,305	68,384,214	46,584,274	45,934,687	115,754,579	114,318,901
Total Assets	107,974,576	103,806,744	58,097,311	57,517,150	166,071,887	161,323,894
Long-term Debt Outstanding	44,280,964	42,811,807	37,911,034	36,566,306	82,191,998	79,378,113
Other Liabilities	2,470,855	2,591,899	1,237,291	1,225,847	3,708,146	3,817,746
Total Liabilities	46,751,819	45,403,706	39,148,325	37,792,153	85,900,144	83,195,859
Net Assets:						
Invested in Capital , Net of Debt	51,393,206	53,739,513	11,247,270	14,179,807	62,640,476	67,919,320
Restricted	4,962,287	7,557,974	562,485	0	5,524,772	7,557,974
Unrestricted	4,867,264	(2,894,449)	7,139,231	5,545,190	12,006,495	2,650,741
Total Net Assets	\$ 61,222,757	\$ 58,403,038	\$ 18,948,986	\$ 19,724,997	\$ 80,171,743	\$ 78,128,035

Net assets invested in capital assets (e.g., land, buildings, equipment and infrastructure) of \$67,919,320 (page 17) represents the cost of these assets, less any outstanding debt used to acquire those assets. The

CITY OF PACIFICA, CALIFORNIA
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City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt must be provided for from sources other than the related assets, because the capital assets themselves cannot be used to repay these debts.

Restricted net assets of \$7,557,974 represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$2,650,741 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 decreased by a total of \$2,043,708. This decrease in the City's net assets is made up of a decrease of \$2,819,719 from current fiscal year governmental activities plus an increase of \$776,011 from business-type activities. The governmental activities net assets decreased 4.6% from \$61,222,757 at June 30, 2010 to \$58,403,038 at the end of June 2011. The net assets of the City's business-type activities increased 4.1% from \$18,948,986 at June 30, 2010 to \$19,724,997 at June 30, 2011, as shown in Table 2 below. Net assets of Total Primary Government activities, which include both Governmental Activities and Business-Type Activities, decreased 2.5% from \$80,171,743 at June 30, 2010 to \$78,128,035 at June 30, 2011.

The net assets (financial position) of the City changed as a result of the revenue and expense fluctuations by \$2,043,708 as shown in the table below for the governmental and business-type activities of the City.

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

Activities & Changes in Net Assets – Fiscal Years Ended June 30, 2010 and 2011

Table 2

	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary	Total
	Activities	Activities	Activities	Activities	Government	Government	%
	2010	2010	2010	2011	2010	2011	Change
Program Revenues:							
Charges for Services	\$ 3,721,499	\$ 4,058,439	\$ 11,367,645	\$ 11,694,198	\$ 15,089,144	\$ 15,752,637	4%
Operating Grants	1,884,748	1,980,279			1,884,748	1,980,279	5%
Capital Grants	4,049,601	2,348,301			4,049,601	2,348,301	-42%
General Revenues:							
Property Taxes	10,603,749	10,564,253			10,603,749	10,564,253	0%
Sales and Use Taxes	1,306,611	1,434,710			1,306,611	1,434,710	10%
Franchise Taxes	1,372,885	1,565,634			1,372,885	1,565,634	14%
Other Taxes	2,604,443	2,712,005			2,604,443	2,712,005	4%
Use of Money & Property	211,681	192,620	22,451	25,872	234,132	218,492	-7%
Motor Vehicle in Lieu-unrestricted	3,107,767	3,195,730			3,107,767	3,195,730	100%
Other General Revenues	341,313	324,709			341,313	324,709	-5%
Transfers	45,000	-	(45,000)	-	-	-	0%
Total Revenues	29,249,297	28,376,680	11,345,096	11,720,070	40,594,393	40,096,750	-1%
Program Expenses							
General Government	4,625,471	4,212,498			4,625,471	4,212,498	-9%
Planning & Development	1,402,574	1,549,299			1,402,574	1,549,299	10%
Public Safety	15,149,459	14,460,040			15,149,459	14,460,040	-5%
Public Works	4,801,291	4,881,082			4,801,291	4,881,082	2%
Parks, Beaches & Recreation	3,681,863	3,919,199			3,681,863	3,919,199	6%
Sewer Operations			9,658,229	10,944,059	9,658,229	10,944,059	13%
Debt Services	1,777,280	2,174,281			1,777,280	2,174,281	22%
Total Expenses	31,437,938	31,196,399	9,658,229	10,944,059	41,096,167	42,140,458	3%
Increase(Decrease) Net Assets	(2,188,641)	(2,819,719)	1,686,867	776,011	(501,774)	(2,043,708)	307%
Prior period adjustment	(1,056,976)	-	-	-	(1,056,976)	-	-100%
Beginning Net Assets	64,468,374	61,222,757	17,262,119	18,948,986	81,730,493	80,171,743	-2%
Ending Net Assets	\$ 61,222,757	\$ 58,403,038	\$ 18,948,986	\$ 19,724,997	\$ 80,171,743	\$ 78,128,035	-3%

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

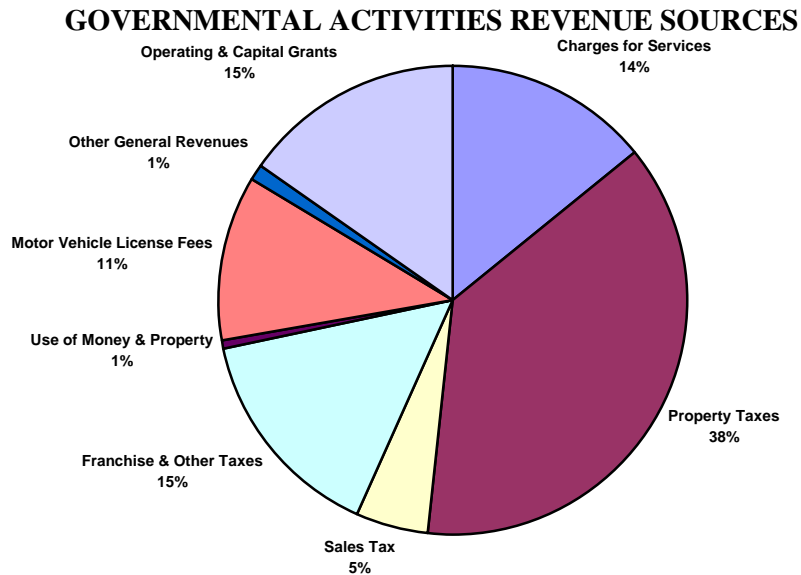
Revenues for the City's governmental activities decreased by \$872,617 from \$29,249,297 in 2010 to \$28,376,680 in 2011. Total Primary Government revenue decreased by \$497,643, from \$40,594,393 in 2010 to \$40,096,750 in 2011. Total governmental program expenses decreased by \$241,539 from \$31,437,938 in 2010 to \$31,196,399 in 2011. The cost of all primary *governmental activities* in fiscal year 2009-2010 was \$41.1 million compared to \$42.1 million for the fiscal year 2010-2011. The amount that taxpayers ultimately financed for these activities through City taxes was \$19.5 million, as some of the costs were paid for by those who directly benefited from the programs (\$15.8 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$4.3 million). The net changes in assets for both governmental and business type activities amounted to a \$2,043,708 decrease 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 up by \$336,940 from the previous fiscal year. Fire OES reimbursements were down by \$81,800 due to decreased Mutual Aid Fire Emergencies. Police OES reimbursements were up by \$55,800 due to the San Bruno PG&E pipe explosion assistance through Mutual Aid. Police DUI and Booking fees were up approximately \$4,000 due to State collection guideline changes. Vehicle Code Fines were down by \$19,200 due to lower incidents. General Public Safety services were up by \$51,400. Community Development services were up by \$19,400 due to increased activity. Recreation Fees were up by \$235,300 due to the reopening of Community Pool and increase in fees. Business License Fees were down by \$22,600 due to the elimination of processing fees mid-year. Sales of Maps and Publications were up by \$1,100 due to the addition of map kiosks. Planning Application Fees were up by \$23,000, Plan Checking Fees were up by \$33,900, Planning Legal Fees were up by \$5,500, and General Plan Maintenance Fees were up by \$10,700 due to increases in respective fees. Engineering and Inspection Fees were up by \$6,400 due to an increase in activity. Municipal Facility Fees were up by \$13,100 due to increased activity.
- Operating Grant revenues in total were up by \$95,500 from the previous fiscal year. General Government was down by \$103,000 due mainly to a decline of \$84,800 in Fines and Penalties and another \$14,200 decrease from changes in the garbage Franchise Agreement. Public Safety was up \$12,500 due to an increase in State Post reimbursements. Public Works was down by \$2,700. Parks, Beaches, and Recreation was up by \$188,800 due to increased programs and respective funding from the State.
- Capital Grant revenues were less than the previous fiscal year by \$1,701,300. 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 \$40,000 lower overall in this sluggish economy. Current Year Secured Taxes came in \$56,400 higher, Current Year Un-Secured came in \$42,000 lower, Property Transfer Taxes were down \$16,400, ERAF funds were down \$163,000, and Supplemental Property Taxes were up \$125,500.
- Sales and Use Taxes came in \$128,100 higher than the previous fiscal year due to increased fuel prices.
- Franchise Taxes reflected an increase of \$192,700 over the previous fiscal year due in part to the prior years deferred revenue and increased utility and cable fees.
- Other Taxes came in \$107,600 higher than the previous fiscal year. Transient Occupancy Tax increased by \$67,500 due to increased occupancy. Utility Users Tax increased by \$65,000 due to a combination of higher utility rates and higher usage. Business License Tax decreased by \$24,900 due to elimination of processing fees.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

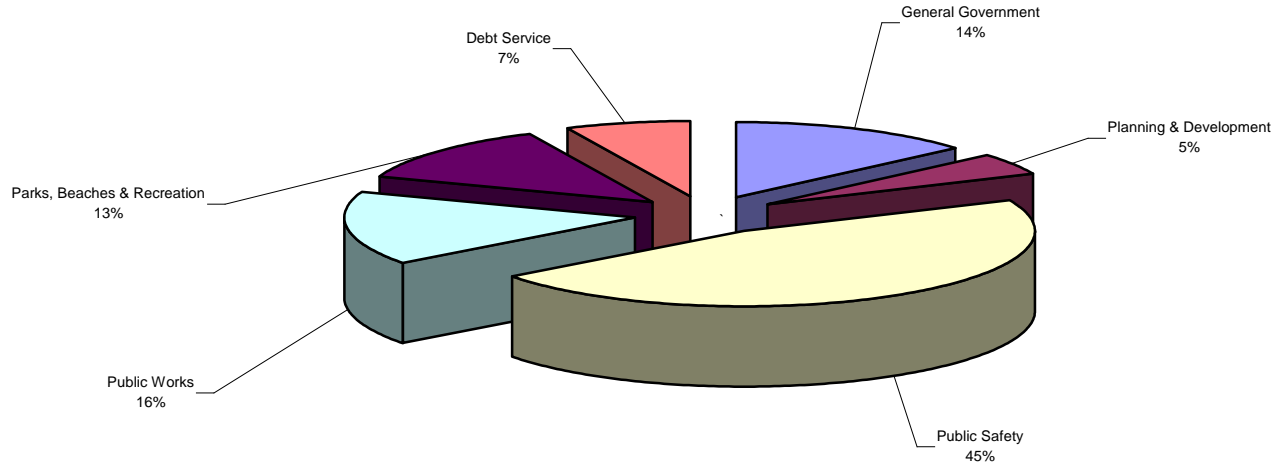
- Use of Money & Property was down by \$19,100 due to the decline of funds held in LAIF along with a 14% decrease in their interest rate.
- Motor Vehicle License Fees came in \$88,000 higher than the previous year due to increased car sales with the “cash for clunkers” program.
- Other General Revenues were down by \$16,600 due to H.O.P.T.R. up by \$22,100, State Spec. Subv. SB-813 revenue down by \$1,900, Police Auction Sales down by \$2,100, Police Officer Training Reimbursement up by \$2,300, Miscellaneous Income down by \$54,700, Donations up by \$12,000, and Recycling up by \$5,900.
- General Government expenses, which includes Finance, Central Services and Non-Departmental, was lower in total than the previous year by \$413,000 primarily due to decreased debt service transfers and decreased operational expenses.
- Public Safety expenses came in \$689,400 lower than the previous fiscal year, due to reductions in personnel, operating and capital outlay expenditures.
- Community Development came in \$146,700 higher due to higher personnel costs with retirements.
- Public Works expenses came in \$79,800 higher than the previous fiscal year primarily due to increased Capital Projects including street pavement rehabilitation.
- Parks, Beaches & Recreation program expenses came in \$237,336 higher than the previous year due to increased spending in personnel hours, operating expenditures, and capital outlay related to the re-opening of the community pool and new grant funded programs.
- The Sewer Operations expenses came in higher than the previous year by \$1,285,830. While operating costs were held pretty constant; reflecting a 1% increase of \$78,600, a one-time settlement expense of \$1,115,200 was incurred. The remaining \$92,000 increase was from increased interest and fiscal charges on the debt.



The chart of revenues by source above, illustrates that property taxes at 38% 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.

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Business-Type Activities

The increase in business-type activities' net assets is \$776,011 and is made up of current fiscal year activity in the Sewer Enterprise Fund. The principal source of revenue for this fund is charges for usage, which is assessed on the basis of equivalent residential units (ERU). Revenues from the City's sewer operations (see Table 3) increased by 2.9 percent (\$326,553) from \$11,367,645 in June 2010 to \$11,694,198 in June 2011. There was a 5.40 percent increase in the sewer charge rate approved by Council in June 2010. There is an inverse relationship between the level of consumption of water and sewer rates. Sewer expenses, including both operating and non-operating expenses, increased \$170,611 from \$9,658,229 in 2010 to \$9,828,840 in 2011. This increase in expenses is due to Operating Expenses increase of \$78,645 and Non-Operating Expenses increase of \$91,966. Bond interest expense and major maintenance expenses are also recorded in this fund.

Enterprise Sewer Fund

Table 3

	2010	2011	Difference
Operating Revenues	\$11,367,645	\$11,694,198	\$ 326,553
Operating Expenses	\$ 9,658,229	\$ 9,828,840	\$ 170,611
Income(Loss)	\$ 1,709,416	\$ 1,865,358	\$ 155,942

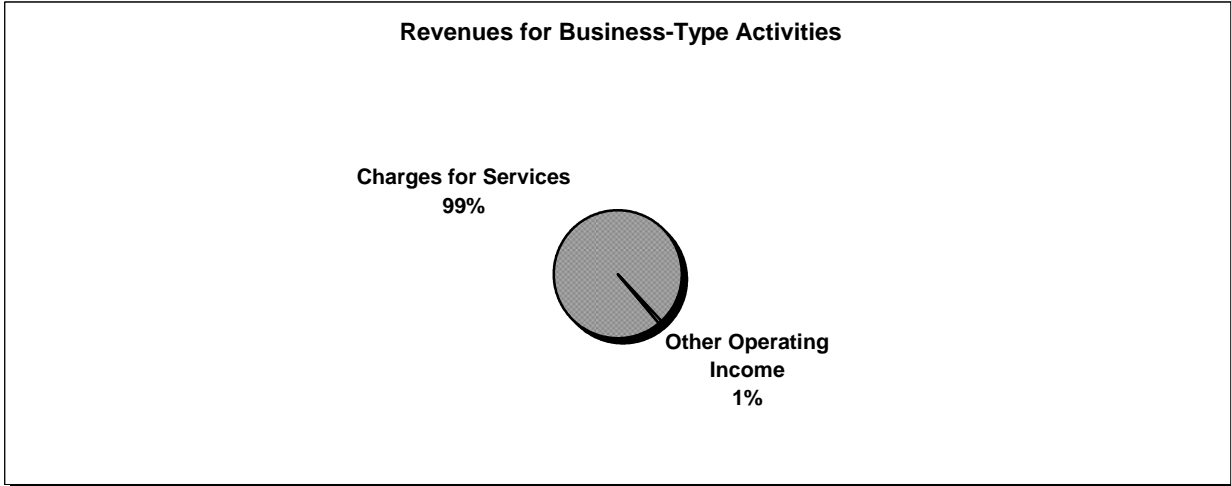
The internal service funds consist of motor pool and self-insurance general government costs.

CITY OF PACIFICA, CALIFORNIA
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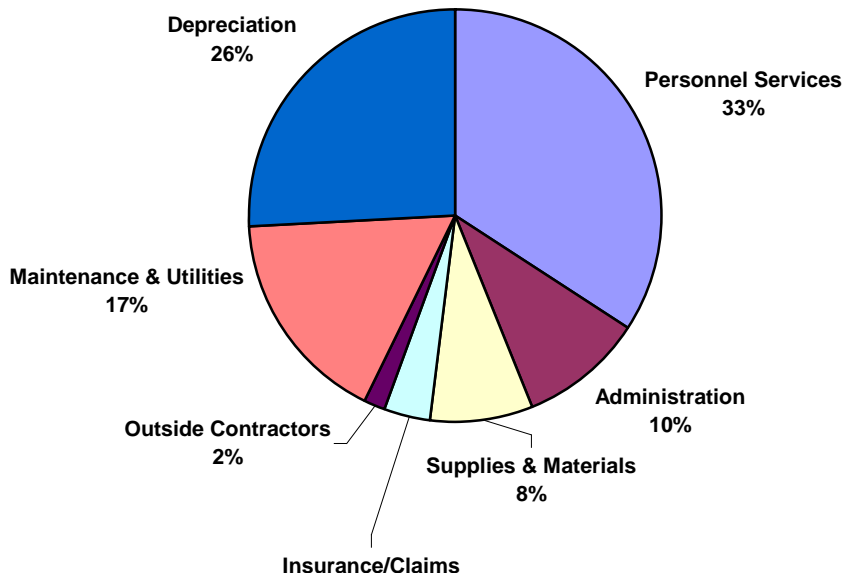
Internal Service Funds

Table 4

	2010	2011	Difference
Operating Revenues	\$2,401,421	\$2,588,062	\$186,641
Operating Expenses	\$2,324,821	\$2,378,637	\$ 53,816
Income(Loss)	\$ 76,600	\$ 209,425	\$132,825



Expenses for Business-Type Activities



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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 2010-2011, the City's governmental funds reported combined ending fund balances of \$5,791,225.

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 \$4,077,835, representing a net decrease in general fund balance of \$3,001,143. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditure, which shows that unassigned fund balance is 3.3 percent of general fund expenditures. Total "General Fund" revenue, as shown on page 24, this year was \$25,316,218 compared to \$24,985,836 in the prior fiscal year, a \$330,382 increase/difference. Some contributors to the increase/difference are described below:

- Property Taxes decreased \$41,000 or .4%. Secured Property Taxes increased by \$67,000 from home sales/reappraisals, Unsecured Property Tax decreased \$54,000, Property Transfer Tax decreased by \$16,400, Supplemental Property Tax in-Lieu of Sales Tax increased \$125,500, and the City's ERAF Refund dropped by \$163,000.
- Sales and Use Taxes, including the ½ cent Public Safety Sales Tax, increased by \$128 thousand or 15% due to increased fuel costs.
- Motor Vehicle License Fees, increased \$88 thousand or 2.8% due to increased car sales with the "cash for clunkers" program.
- Transient Occupancy Taxes increased \$67 thousand or 9.5% due to increased tourism.
- Utility Users Tax increased \$65 thousand or 4.4% due to a combination of higher utility rates and higher usage.
- Franchise Tax decreased \$133 thousand or 7.8% due in part to the prior years deferred revenue and increased utility and cable fees.
- Business License Tax decreased \$25 thousand or 5.9% due to elimination of processing fees.
- Licenses and Permits decreased \$12 thousand and Fines and forfeitures decreased \$19 thousand due to decreased activity.
- Intergovernmental Revenues increased \$231 thousand or 16.9% due to increases over the prior year in State funding for Childcare programs and Public Safety programs.
- Other Revenues decreased \$109 thousand or 6.9% due to decreased Miscellaneous Income, Fines and Penalties and Narcotics Forfeitures.
- Charges for Current Services and Recreation Fees increased \$318 thousand or 15.8% due to the re-opening of the community pool and increased fees for Recreation and Planning.
- Operating Transfers In decreased \$217 thousand due to non-payment of RDA debt to the General Fund.

General Fund expenditures of \$25,164,085 decreased by \$519,793 over the previous fiscal year. Differences shown below:

- City Council expenditures decreased by \$18.3 thousand due to cut backs in Council member's salary and benefits for half the year.

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- City Manager's expenditures increased by \$19.7 thousand due to increased election costs and employee benefit costs.
- City Attorney expenditures increased by \$78 thousand due to increased employee benefits and contract legal services.
- Human Resources expenditures decreased by \$38 thousand due to increased employee benefits, increased contract and contract legal services with employee contract renewals, increased recruitment expense from the Planning Director recruitment related to a retirement a \$78.8 thousand reallocation of retiree health benefits to Non-Departmental.
- Finance Division expenditures increased by \$5.8 thousand due to increased employee benefits.
- Non-Departmental expenditures increased by \$78.8 thousand due to a reallocation of retiree health benefits from Human Resources.
- Police Department expenditures decreased by \$355.2 thousand due to reductions in personnel and operational costs.
- Fire Department expenditures decreased by \$352.5 thousand due in part to staff reduction of a fire-fighter, decreased personnel costs with less mutual aid responses, and continued savings with participation in shared administrative services.
- Planning & Community Development expenditures increased by \$65.7 thousand due to increased personnel costs with a retirement payout and increased benefit costs.
- Public Works Department expenditures increased by \$47.3 thousand due to increased employee benefits.
- Parks, Beaches & Recreation expenditures increased by \$8.6 thousand due to increased employee benefits.
- Capital Outlay decreased by \$59 thousand due to decreased fixed assets acquisitions.

Total General Fund Revenues exceeded General Fund Expenditures by \$152,133.

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 \$1,124,320. The balance is restricted for capital projects. Total fund balance decreased \$103,637 from the prior fiscal year. Total revenue for this fund was \$239,569, made up of Capital Improvement Fees of \$28,900, Investment Earnings of \$16,846 and Intergovernmental Revenues of \$193,823. Total project construction cost expenditures were \$337,668.

Gas Tax Fund

This fund was established to receive and expand the City's allocation of the State Gasoline Taxes. Funds are allocated on a population basis (per Federal Census) in accordance with Sections 2103, 2105, 2106, 2107 and 2107.5 of the California Street and Highway Code. Expenditures of money apportioned under Section 2107 may be made for any street purpose including construction and right of way purchases. At the end of the current fiscal year, total fund balance was \$2,732,581. Total revenue for this fund was \$1,858,108 made up primarily of Intergovernmental Revenue at \$1,839,296, \$18,576 of Miscellaneous Revenue and \$236 from Investment Earnings. Funds were used for street repair and maintenance, pavement overlays and repaving of the Manor overpass.

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 \$-5,760,258, representing a negative change of \$117,167 from the prior fiscal year. Total revenues of \$253,423 were made up of \$237,547 of Secured Property Taxes, \$15,032 of Unsecured Property Taxes, \$1,173 of Intergovernmental Revenue and \$-329 of Investment Earnings. Total expenditures of \$370,590 included \$327,200 of debt service, \$23,635 of SERAF payment, \$5,347 of County pass-thru and \$14,408 of operating expenditures.

CITY OF PACIFICA, CALIFORNIA
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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 \$37,560,125 with \$1,540,000 of Redevelopment Agency debt, \$18,850,000 of general fund debt, and \$17,170,125 of general fund Pension Obligation Bonds. At the end of the current fiscal year, total fund balance of the Debt Service Fund was \$932,441, all restricted for debt service. The total fund balance represents a net decrease of \$3,373 from the prior fiscal year.

Enterprise Fund

Total net assets for the Sewer Fund at the end of the fiscal year were \$19,724,997. The total change in net assets for the Sewer Fund was \$776,011. Unrestricted net assets of the Enterprise Sewer Fund at the end of the year amounted to \$5,545,190. Net Assets invested in capital assets, net of related debt, was \$14,179,807. Additional factors relating to the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budget Modifications

Differences between the original fiscal year 2010-2011 budget and the final amended fiscal year 2010-2011 budget of the General Fund are as follows:

Revenues --

- Property Taxes – increase of \$440,892 for additional ERAF funds paid.
- Franchise Taxes -- decrease of \$332,000 due to a change in the Garbage Franchise Agreement.
- Other – increase of \$60,000 due to additional funding in Supplemental Property Tax in-Lieu of Sales Tax.
- Licenses and Permits – increase of \$8,000 due to increased activity.
- Intergovernmental – decrease of \$9,000 due to a \$30,000 decrease in SB813 Supplemental Taxes and a \$21,000 increase of H.O.P.T.R.
- Charges for Current Services – increase of \$10,000 from reinstated DUI billing.
- Other – decrease of \$10,000 due to a \$15,000 increase of Municipal Facility Fees and a decrease of \$25,000 in Fines and Penalties.

Expenditures --

- City Attorney – increase of \$91,000 for increased expenses related to outside legal services.
- Human Resources – increase of \$30,000 for increased outside legal services.
- Finance – increase of \$20,000 for part-time services.
- Non-Departmental – increase of \$7,000 from increased rentals.
- Public Safety – increase of \$97,268; a \$2,268 increase in Police and a \$95,000 increase in Fire for additional overtime services.
- Public Works – decrease of \$1,700.
- Capital Outlay – decrease of \$568.

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

- General Government, including Non-Departmental Services - Budgeted \$3,998,905, expended \$3,840,380; under budget by \$158,525. City Council came in \$22.9 thousand under budget due to voluntary salary and benefit cuts; City Manager's Department came in \$26.8 thousand under budget due to \$12.6 thousand of voluntary salary and benefit cuts and a decrease of \$14.2 thousand in operational expenditures; Finance Department came in \$110.8 thousand under budget due to a decrease of \$42.5 thousand of professional services and a decrease of \$68.3 thousand of operational expenditures; Non-Departmental Services came in \$26.8 thousand over budget due to increased Contractual Services.
- Public Safety - Budget \$14,207,328, expended \$14,035,745; under budget by \$171,583 due to decreased operating costs.
- Community Development - Budgeted \$1,191,191, expended \$1,309,463, over budget by \$118,272, due to higher outside contractual services and retirement payout.

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- Public Works – Budget \$2,361,456, expended \$2,246,600; under budget by \$114,856 due to lower operational costs.

Total general fund final revenue budget was \$25,638,171 but came in at \$25,316,218, \$321,953 under budget. Total general fund final expenditure budget was \$25,379,967 with actual expenditures of \$25,164,085, \$215,882 under budget. Under budget expenditure deviation was \$215,882, for a total deficit of expenditures over revenue of \$106,071, before transfers out as shown on page 67 of this report.

Transfers

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

CAPITAL ASSETS

	Capital Assets (in thousands)					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Land and Improvements	\$ 39,047	\$39,047	\$ 4,014	\$4,014	\$ 43,061	\$43,061
Buildings and Improvements	15,993	15,949	75,503	75,630	91,496	91,579
Collection System	-	-	4,966	6,383	4,966	6,383
Machinery and Equipment	1,182	1,260	992	1,028	2,174	2,288
Vehicles	5,115	4,893	-	-	5,115	4,893
Infrastructure	21,191	21,459	-	-	21,191	21,459
Construction in Progress	668	969	-	-	668	969
Depreciation	<u>(14,026)</u>	<u>(15,193)</u>	<u>(38,891)</u>	<u>(41,121)</u>	<u>(52,917)</u>	<u>(56,314)</u>
Total	<u>\$ 69,170</u>	<u>\$68,384</u>	<u>\$ 46,584</u>	<u>\$45,934</u>	<u>\$115,754</u>	<u>\$114,318</u>

For more detail information on capital asset activity, please refer to note 5-Capital Assets.

Major additions to capital assets during the year ended June 30, 2011 included:

ARRA-Various Pavement Rehabilitation, San Pedro Terrace Mutipurpose Trail, San Pedro Creek Bridge, and Esplanade RV Park Trail and Beach Access.

Long-Term Debt

At the end of the current fiscal year, Governmental Activities had bonded debt outstanding in the amount of \$37,560,125, 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	\$18,850,000
2004 RDA Tax Allocation Bond	1,540,000
2010 Pension Obligation Bond	<u>17,170,125</u>
 Total Bonded Debt Outstanding	 <u>\$37,560,125</u>

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

CITY OF PACIFICA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$4,353,695,183, the current debt limitation for the City is \$163,263,569 (3.75% of \$4,353,695,183), which is significantly more than the City's outstanding general obligation debt of \$37,560,125 at the end of 2011.

Economic Factors and Next Year's Budget

The City has developed a five-year financial plan that protects the core services and meets the community's needs. It reflects an expenditure plan that maintains the City's current level of services to residents and businesses and addresses the \$2.8 million dollar annual deficit. The five-year financial plan also provides for a continuation of the ongoing capital improvement program that will provide and maintain facilities and services for citizen use and enjoyment. One of the major challenges facing the City of Pacifica is to find ways to contain costs while at the same time maintain the current level of services to residents and businesses.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF PACIFICA
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 6,977,306	\$ 7,175,012	\$ 14,152,318
Cash and investments with fiscal agents	4,510,672	1,102,253	5,612,925
Taxes receivable	1,043,951		1,043,951
Accounts receivable	260,197	23,770	283,967
Interest receivable	206,702		206,702
Grants receivable	1,716,155		1,716,155
Notes receivable, net	600,000		600,000
Prepaid items	389,334	2,194,068	2,583,402
Inventories	46,022	373,822	419,844
Long-term prepaid pension asset	17,089,355		17,089,355
Deferred charges, net of accumulated amortization	1,448,487	713,538	2,162,025
Deferred loss on refunding, net of accumulated amortization	1,134,349		1,134,349
Capital assets, not being depreciated	40,015,623	4,014,412	44,030,035
Capital assets, being depreciated, net of accumulated depreciation	28,368,591	41,920,275	70,288,866
Total Assets	103,806,744	57,517,150	161,323,894
LIABILITIES			
Accounts payable	674,100	624,931	1,299,031
Accrued liabilities	657,618	91,071	748,689
Interest payable	716,613	509,845	1,226,458
Unearned revenue	4,700		4,700
Refundable deposits	538,868		538,868
Noncurrent liabilities:			
Due within one year	4,283,958	2,458,072	6,742,030
Due in more than one year	38,527,849	34,108,234	72,636,083
Total Liabilities	45,403,706	37,792,153	83,195,859
NET ASSETS			
Invested in capital assets, net of related debt	53,739,513	14,179,807	67,919,320
Restricted for:			
Restricted for construction of capital assets	1,760,013		1,760,013
Restricted for streets, highways, and other related purposes	4,072,580		4,072,580
Restricted for low/mod housing	915,126		915,126
Restricted for public safety	810,255		810,255
Unrestricted	(2,894,449)	5,545,190	2,650,741
Total Net Assets	\$ 58,403,038	\$ 19,724,997	\$ 78,128,035

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, 2011

	<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	\$ 4,212,498	\$ 48,038	\$ 61,416	\$ -
Public safety	14,460,040	851,020	355,795	
Community development	1,549,299	631,767		39,392
Public works	4,881,082	683,914	211,274	2,308,909
Parks, beaches, and recreation	3,919,199	1,843,700	1,351,794	
Interest on long-term debt	2,174,281			
Total Governmental Activities	<u>31,196,399</u>	<u>4,058,439</u>	<u>1,980,279</u>	<u>2,348,301</u>
Business-type Activities:				
Sewer	10,944,059	11,694,198		
Total Business-type Activities	<u>10,944,059</u>	<u>11,694,198</u>		
Total Government	<u>\$ 42,140,458</u>	<u>\$ 15,752,637</u>	<u>\$ 1,980,279</u>	<u>\$ 2,348,301</u>

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

Total General Revenues

Change in Net Assets

Net Assets, July 1, 2010

Net Assets, June 30, 2011

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Totals
\$ (4,103,044)	\$ -	\$ (4,103,044)
(13,253,225)		(13,253,225)
(878,140)		(878,140)
(1,676,985)		(1,676,985)
(723,705)		(723,705)
<u>(2,174,281)</u>		<u>(2,174,281)</u>
<u>(22,809,380)</u>		<u>(22,809,380)</u>
	750,139	750,139
	750,139	750,139
<u>(22,809,380)</u>	750,139	<u>(22,059,241)</u>
10,564,253		10,564,253
1,434,710		1,434,710
1,565,634		1,565,634
2,712,005		2,712,005
3,195,730		3,195,730
192,620	25,872	218,492
324,709		324,709
<u>19,989,661</u>	<u>25,872</u>	<u>20,015,533</u>
(2,819,719)	776,011	(2,043,708)
<u>61,222,757</u>	<u>18,948,986</u>	<u>80,171,743</u>
<u>\$ 58,403,038</u>	<u>\$ 19,724,997</u>	<u>\$ 78,128,035</u>

CITY OF PACIFICA
Balance Sheet
Governmental Funds
June 30, 2011

	<u>Capital Projects Funds</u>			<u>Special Revenue Fund</u>
	<u>General</u>	<u>General Capital Improvement</u>	<u>Redevelopment Agency Rockaway Beach</u>	<u>Gas Tax</u>
Assets				
Cash and investments	\$ 193,782	\$ 882,629	\$ -	\$ -
Cash and investments with fiscal agents		2,381,542	212,445	1,400,000
Receivables:				
Taxes	793,838	6,250		243,863
Accounts	259,063			
Interest	17,682	2,708		
Grants	337,105	180,248		
Notes, net				
Due from other funds	1,420,195			2,218,700
Prepaid items	.			
Inventories	2,234			
Advances receivable	6,209,971			
	<u>\$ 9,233,870</u>	<u>\$ 3,453,377</u>	<u>\$ 212,445</u>	<u>\$ 3,862,563</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 304,099	\$ 38,770	\$ 370	\$ 19,597
Accrued liabilities	614,772	2,026		25,740
Refundable deposits	538,868			
Due to other funds		2,218,700	36,434	1,084,645
Deferred revenue	3,698,296	69,561		
Advances payable			5,935,899	
	<u>5,156,035</u>	<u>2,329,057</u>	<u>5,972,703</u>	<u>1,129,982</u>
Fund Balances:				
Nonspendable	2,518,609			
Restricted		1,124,320		2,732,581
Committed	567,465			
Assigned	150,369			
Unassigned	841,392		(5,760,258)	
	<u>4,077,835</u>	<u>1,124,320</u>	<u>(5,760,258)</u>	<u>2,732,581</u>
Total Fund Balances (Deficits)	<u>\$ 9,233,870</u>	<u>\$ 3,453,377</u>	<u>\$ 212,445</u>	<u>\$ 3,862,563</u>
Total Liabilities and Fund Balances	<u>\$ 9,233,870</u>	<u>\$ 3,453,377</u>	<u>\$ 212,445</u>	<u>\$ 3,862,563</u>

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

Debt Service Fund		
Debt Service	Other Governmental Funds	Totals
\$ 415,756	\$ 2,606,554	\$ 4,098,721
516,685		4,510,672
		1,043,951
		259,063
	186,312	206,702
	1,198,802	1,716,155
	600,000	600,000
		3,638,895
	389,334	389,334
		2,234
		6,209,971
\$ 932,441	\$ 4,981,002	\$ 22,675,698
\$ -	\$ 178,213	\$ 541,049
	3,491	646,029
		538,868
	1,383,761	4,723,540
	457,159	4,225,016
	274,072	6,209,971
	2,296,696	16,884,473
932,441	3,514,761	2,518,609
		8,304,103
		567,465
		150,369
	(830,455)	(5,749,321)
932,441	2,684,306	5,791,225
\$ 932,441	\$ 4,981,002	\$ 22,675,698

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CITY OF PACIFICA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2011

Fund Balances - Governmental Funds		\$ 5,791,225
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the governmental funds because of the following:</p>		
<p>Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the governmental funds.</p>		
Capital assets	\$ 77,938,427	
Less: accumulated depreciation	<u>(10,969,007)</u>	66,969,420
<p>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.</p>		
		3,879,908
<p>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.</p>		
Deferred revenue, grant receivable		340,408
<p>The net pension asset pertaining to governmental fund types is not a current financial resource and therefore is not recorded in the governmental fund statements.</p>		
		16,759,609
<p>Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures in the period of issuance in the governmental funds.</p>		
Deferred charges - 2004 Tax Allocation Bond - net of accumulated amortization	71,851	
Deferred charges - 2008 Certificates of Participation - net of accumulated amortization	903,805	
Deferred charges - 2010 Pension Obligation Bonds - net of accumulated amortization	<u>463,707</u>	1,439,363
<p>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.</p>		
		1,134,349
<p>Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.</p>		
		(715,153)
<p>The liabilities below are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Compensated absences	(1,460,779)	
2001 CHFA Loan	(875,378)	
2004 Tax Allocation Bond	(1,540,000)	
2008 Certificates of Participation	(18,850,000)	
2010 Pension Obligation Bonds	(16,838,813)	
Other Postemployment Benefits	<u>(1,846,137)</u>	(41,411,107)
<p>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.</p>		
		<u>4,215,016</u>
Net Assets of Governmental Activities:		<u><u>\$ 58,403,038</u></u>

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, 2011

	<u>Capital Projects Funds</u>			<u>Special Revenue Fund</u>
	<u>General</u>	<u>General Capital Improvement</u>	<u>Redevelopment Agency Rockaway Beach</u>	<u>Gas Tax</u>
Revenues				
Taxes	\$ 15,960,878	\$ -	\$ 252,579	\$ -
Licenses and permits	311,879	28,900		
Fines and forfeitures	226,650			
Use of money and property	121,087	16,846	(329)	236
Intergovernmental	4,883,851	193,823	1,173	1,839,296
Charges for current services	1,676,210			
Recreation programs	653,627			
Other	1,482,036			18,576
Total Revenues	<u>25,316,218</u>	<u>239,569</u>	<u>253,423</u>	<u>1,858,108</u>
Expenditures				
Current:				
General government	3,840,380		43,390	
Public safety	14,035,745			
Community development	1,309,463	73,939		
Public works	2,246,600			1,534,737
Parks, beaches, and recreation	3,581,371			
Capital outlay	150,526	263,729		28,703
Debt service:				
Principal			40,000	
Interest and fiscal charges			287,200	
Total Expenditures	<u>25,164,085</u>	<u>337,668</u>	<u>370,590</u>	<u>1,563,440</u>
Excess (Deficit) of Revenues over Expenditures	<u>152,133</u>	<u>(98,099)</u>	<u>(117,167)</u>	<u>294,668</u>
Other Financing Sources (Uses)				
Transfers in				
Transfers out	<u>(3,153,276)</u>	<u>(5,538)</u>		<u>(597,039)</u>
Total Other Financing Sources (Uses)	<u>(3,153,276)</u>	<u>(5,538)</u>		<u>(597,039)</u>
Net Changes in Fund Balances	(3,001,143)	(103,637)	(117,167)	(302,371)
Fund Balances (Deficits), July 1, 2010	<u>7,078,978</u>	<u>1,227,957</u>	<u>(5,643,091)</u>	<u>3,034,952</u>
Fund Balances (Deficits), June 30, 2011	<u>\$ 4,077,835</u>	<u>\$ 1,124,320</u>	<u>\$ (5,760,258)</u>	<u>\$ 2,732,581</u>

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

**Debt Service
Fund**

Debt Service	Other Governmental Funds	Totals
\$ -	\$ 241,047	\$ 16,454,504
		340,779
		226,650
2,596	13,993	154,429
	1,255,211	8,173,354
		1,676,210
		653,627
	39,219	1,539,831
<u>2,596</u>	<u>1,549,470</u>	<u>29,219,384</u>
		3,883,770
	60,839	14,096,584
	52,086	1,435,488
	259,355	4,040,692
		3,581,371
	310,661	753,619
1,441,839		1,481,839
1,950,888	17,930	2,256,018
<u>3,392,727</u>	<u>700,871</u>	<u>31,529,381</u>
<u>(3,390,131)</u>	<u>848,599</u>	<u>(2,309,997)</u>
3,386,758		3,386,758
	(10,905)	(3,766,758)
<u>3,386,758</u>	<u>(10,905)</u>	<u>(380,000)</u>
(3,373)	837,694	(2,689,997)
935,814	1,846,612	8,481,222
<u>\$ 932,441</u>	<u>\$ 2,684,306</u>	<u>\$ 5,791,225</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, 2011

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 \$ (2,689,997)

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

The long-term prepaid pension costs were reported as expenditures in the governmental funds when they were paid, but in the Statement of Net Assets, they are shown as a prepaid and amortized throughout the period during which the related debt is outstanding. This is the current period's amortization. (577,918)

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	\$ 667,419	
Depreciation expense not reported in governmental funds	<u>(1,331,678)</u>	(664,259)

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 prior year deferred revenue exceeded current year. (663,964)

Governmental funds only report the disposal of assets to the extent proceeds are received from sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the loss on disposal of the capital assets. (54,538)

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

Issuance cost and discount amortized during the period	(63,442)	
Repayment of debt principal	<u>1,481,839</u>	1,418,397

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

Deferred loss on refunding amortized during the period	(44,484)	
Interest payable (net change)	(8,150)	
Compensated absences (net change)	<u>60,780</u>	8,146

Other postemployment benefits payable is a long-term debt that increases or decreases each fiscal year, depending on the annual required contribution amount and actual amount funded/paid by the City. This is the amount of the change in the payable in the current period. (212,205)

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. 598,619

Change in net assets of governmental activities \$ (2,819,719)

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

CITY OF PACIFICA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	
Assets		
Current Assets:		
Cash and investments	\$ 7,175,012	\$ 2,878,585
Cash and investments with fiscal agents	1,102,253	
Accounts receivable	23,770	1,134
Due from other funds		1,084,645
Prepaid items	2,194,068	329,746
Inventories	373,822	43,788
Total Current Assets	10,868,925	4,337,898
Noncurrent Assets:		
Deferred charges, net of accumulated amortization	713,538	9,124
Capital assets, not being depreciated	4,014,412	258,774
Capital assets, being depreciated, net of accumulated depreciation	41,920,275	1,156,020
Total Noncurrent Assets	46,648,225	1,423,918
Total Assets	57,517,150	5,761,816
Liabilities		
Current Liabilities:		
Accounts payable	624,931	133,051
Accrued liabilities	91,071	11,589
Interest payable	509,845	1,460
Claims payable		914,933
Compensated absences	143,099	
Settlement payable	328,250	
Loans payable	1,697,112	
Bonds payable	289,611	18,724
Total Current Liabilities	3,683,919	1,079,757
Noncurrent Liabilities:		
Claims payable		121,823
Compensated absences	94,117	32,632
Settlement payable	286,000	
Loans payable	18,747,853	
Bonds payable	14,980,264	312,588
Total Noncurrent Liabilities	34,108,234	467,043
Total Liabilities	37,792,153	1,546,800
Net Assets		
Invested in capital assets, net of related debt	14,179,807	1,414,794
Unrestricted	5,545,190	2,800,222
Total Net Assets	\$ 19,724,997	\$ 4,215,016

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 June 30, 2011

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	
Operating Revenues:		
Charges for services	\$ 11,598,644	\$ 1,527,386
Other operating income	95,554	1,060,676
	<u>11,694,198</u>	<u>2,588,062</u>
Operating Expenses:		
Personnel services	2,942,000	414,409
Administration	840,104	2,441
Supplies and materials	686,567	409,434
Insurance	322,862	442,300
Outside contractors	132,387	17,617
Maintenance	202,479	65,893
Utilities	1,262,849	
Insurance claims		710,804
Depreciation	2,230,231	315,739
	<u>8,619,479</u>	<u>2,378,637</u>
Operating Income (Loss)	<u>3,074,719</u>	<u>209,425</u>
Non-Operating Revenues (Expenses):		
Investment earnings	25,872	20,191
Recoveries and settlements		(11,851)
Gain on sale of capital assets		19,972
Interest and fiscal charges	(1,164,199)	(19,118)
Amortization	(45,162)	
	<u>(1,183,489)</u>	<u>9,194</u>
Income (Loss) Before Transfers and Special Item	<u>1,891,230</u>	<u>218,619</u>
Transfers:		
Transfers in		380,000
Special Item:		
Settlement expense	(1,115,219)	
Changes in Net Assets	<u>776,011</u>	<u>598,619</u>
Net Assets, July 1, 2010	<u>18,948,986</u>	<u>3,616,397</u>
Net Assets, June 30, 2011	<u>\$ 19,724,997</u>	<u>\$ 4,215,016</u>

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

CITY OF PACIFICA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Sewer Utility</u>	
Cash Flows from Operating Activities:		
Receipts from customers	\$ 11,671,447	\$ 2,589,637
Payments to suppliers and users	(3,390,650)	(876,043)
Payments for claims		(830,513)
Payments to employees	(2,922,226)	(413,216)
	<u>5,358,571</u>	<u>469,865</u>
Cash Flows from Noncapital and Related Financing Activities:		
Settlement expense	(500,969)	
Interfund loans		(1,084,645)
Transfers in		380,000
	<u>(500,969)</u>	<u>(704,645)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(1,580,644)	(248,446)
Proceeds from sale of capital assets		19,972
Principal payments on bonds and notes	(1,955,791)	(19,409)
Interest paid	(1,194,122)	(19,320)
	<u>(4,730,557)</u>	<u>(267,203)</u>
Cash Flows from Investing Activities:		
Interest received	25,872	20,191
	<u>25,872</u>	<u>20,191</u>
Net Increase (Decrease) in Cash and Cash Equivalents	152,917	(481,792)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>8,124,348</u>	<u>3,360,377</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 8,277,265</u>	<u>\$ 2,878,585</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:		
Cash and investments	\$ 7,175,012	\$ 2,878,585
Cash and investments with fiscal agents	1,102,253	
	<u>\$ 8,277,265</u>	<u>\$ 2,878,585</u>

(Continued)

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

CITY OF PACIFICA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Continued)

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
	Sewer Utility	Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 3,074,719	\$ 209,425
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,230,231	315,739
(Increase) Decrease in Operating Assets:		
Accounts receivable	(22,751)	1,575
Prepaid items	75,657	
Inventories	(14,577)	(13,583)
Increase (Decrease) in Operating Liabilities:		
Accounts payable	(4,482)	75,225
Accrued liabilities	22,961	818
Claims payable		(119,709)
Compensated absences	(3,187)	375
	<u>\$ 5,358,571</u>	<u>\$ 469,865</u>

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

**CITY OF PACIFICA
Fiduciary Fund
Statement of Net Assets
June 30, 2011**

	Davies Trust Fund
Assets	
Cash and investments	\$ 3,484,010
Total assets	3,484,010
Liabilities	
Accounts payable	222
Accrued liabilities	1,339
Total liabilities	1,561
Net Assets	
Unrestricted	3,482,449
Total net assets	\$ 3,482,449

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, 2011**

	Davies Trust Fund
Additions:	
Investment revenue	\$ 12,420
Total additions	12,420
Deductions:	
Parks, beaches, and recreation	63,724
Total deductions	63,724
Change in net assets	(51,304)
Net Assets - July 1, 2010	3,533,753
Net Assets - June 30, 2011	\$ 3,482,449

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 9).

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, 2011

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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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

D. Financial Statements (Continued)

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

Fiduciary Fund Financial Statements include a statement of net 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 of all fund types, excluding fiduciary. The general fund is always a major fund. For the fiscal year ended June 30, 2011 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 2103, 2105, 2106, 2107 and 2107.5 of the California Street and Highway Code. Population is determined by the latest Federal Census or survey requested and certified by the Cities and conducted by the State Department of Finance. Expenditures may be made for construction or purchasing of right-of-way on minor streets. Expenditures of money apportioned under Section 2107 may be made for any street purpose. Under Section 2107.5 a flat allocation of \$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, 2011

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

E. Major Funds (Continued)

Additionally, the City reports the following fund types:

- **The Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The City has two internal service funds, the Motor Pool Fund and the Self Insurance Fund. The Motor Pool Fund accounts for the City's central garage, and the Self Insurance Fund accounts for the employee dental, workers' compensation, general liability, property, and automobile liability insurance.
- **The 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 funds financial statements are reported using the *current financial resources* measurement focus, and the *modified accrual basis* of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

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 the "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 exchanged into cash or time taken.

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

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.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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

R. New Accounting Pronouncements

The City has implemented the requirements of GASB Statements No. 54 and No. 59 during the fiscal year ended June 30, 2011.

GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions

This Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement affects the Balance Sheet –Governmental Funds for the fiscal year ended June 30, 2011 by changing the classification of the fund balances. See Note 12B for detailed information on the effect on these financial statements.

GASB Statement No. 59 – Financial Instruments Omnibus

For the fiscal year ended June 30, 2011, the Agency implemented GASB Statement No. 59, “*Financial Instruments Omnibus*”. This Statement is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these 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 fiscal year, several supplementary appropriations were necessary.

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2011, expenditures exceeded the budgeted expenditures in the following funds:

Funds	Expenditures in excess of budget
Major Funds	
General Fund:	
Community development	\$ 118,272
Parks, beaches & recreation	47,116
Capital outlay	63,694
Rockaway Beach Capital Projects Fund:	
General government	12,790
Interest and fiscal charges	199,001
Debt Service Fund:	
Principal	986,839
Interest and fiscal charges	927,888
Nonmajor Funds	
Special Revenue Funds	
Fire Assessment:	
Capital outlay	74,762
Redevelopment Agency Low/Mod Housing:	
Interest and fiscal charges	17,930
Disaster Accounting:	
Public works	45,728
Capital outlay	137,703
Capital Project Fund	
Highway 1 Improvement:	
Public works	27,483

The excess expenditures were funded by available financial resources.

Deficit Fund Balances/Net Assets

As of June 30, 2011 the following funds had a deficit fund balance:

Major Governmental Fund:	
Redevelopment Agency Rockaway Beach Capital Projects Fund	\$ 5,760,258
Nonmajor Special Revenue Funds:	
NPDES Stormwater Fund	55,123
Disaster Accounting Fund	775,135
Nonmajor Capital Project Fund:	
Aircraft Noise Project Fund	197

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - Cash and Investments:

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 14,152,318
Cash and investments with fiscal agents	5,612,925
Statement of fiduciary net assets:	
Cash and investments	<u>3,484,010</u>
 Total cash and investments	 <u>\$ 23,249,253</u>
Petty cash	\$ 3,145
Deposits with financial institutions	4,588,975
Investments	<u>18,657,133</u>
 Total cash and investments	 <u>\$ 23,249,253</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	\$ 50,000,000	\$ 50,000,000
Banks and Savings and Loan Time Deposits	N/A	25%	15%

Investments Authorized by Debt Agreements

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$ 15,325,749	\$ 15,325,749	\$ -
Held by Trustees: Money Market Funds	3,331,384	3,331,384	-
Totals	\$ 18,657,133	\$ 18,657,133	-

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, 2011**

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:	\$ 15,325,749	N/A	\$ -	\$ -	\$ 15,325,749
Money Market Funds	<u>3,331,384</u>	N/A		<u>3,331,384</u>	
Totals	<u>\$ 18,657,133</u>		<u>\$ -</u>	<u>\$ 3,331,384</u>	<u>\$ 15,325,749</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, 2011, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011 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	\$ 77,630
Junior note, secured by fourth deed of trust, due on August 25, 2035	350,000	108,682
Total, secured	600,000	186,312
Note receivable, unsecured	1,034,348	
Less allowance for doubtful account	(1,034,348)	
Total, unsecured		
Total, net	\$ 600,000	\$ 186,312

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, 2011. NCR continues to explore options to restructure their existing loan to make the payment to the City.

NOTE 5 - Capital Assets:

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

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

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - Capital Assets (Continued):

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, 2011:

	Governmental Activities	Internal Service	Total
Capital assets not being depreciated:			
Land	\$ 38,788,118	\$ 258,774	\$ 39,046,892
Construction in progress	968,731		968,731
	<u>39,756,849</u>	<u>258,774</u>	<u>40,015,623</u>
Depreciable capital assets:			
Buildings and improvements	15,608,887	339,926	15,948,813
Vehicles		4,893,277	4,893,277
Machinery and equipment	1,113,073	146,907	1,259,980
Infrastructure	21,459,618		21,459,618
Total	<u>38,181,578</u>	<u>5,380,110</u>	<u>43,561,688</u>
Less: accumulated depreciation	<u>(10,969,007)</u>	<u>(4,224,090)</u>	<u>(15,193,097)</u>
Depreciable capital assets, net	<u>27,212,571</u>	<u>1,156,020</u>	<u>28,368,591</u>
Total capital assets, net	<u>\$ 66,969,420</u>	<u>\$ 1,414,794</u>	<u>\$ 68,384,214</u>

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

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 39,046,892	\$ -	\$ -	\$ 39,046,892
Construction in progress	668,502	300,229		968,731
	<u>39,715,394</u>	<u>300,229</u>		<u>40,015,623</u>
Depreciable capital assets:				
Buildings and improvements	15,992,969	39,743	(83,899)	15,948,813
Vehicles	5,114,658	229,921	(451,302)	4,893,277
Machinery and equipment	1,182,290	77,690		1,259,980
Infrastructure	21,191,336	268,282		21,459,618
Total	<u>43,481,253</u>	<u>615,636</u>	<u>(535,201)</u>	<u>43,561,688</u>
Less: accumulated depreciation for				
Buildings and improvements	(5,818,005)	(503,791)	29,361	(6,292,435)
Vehicles	(4,087,119)	(295,604)		(4,382,723)
Machinery and equipment	(687,306)	(132,700)	451,302	(368,704)
Infrastructure	(3,433,913)	(715,322)		(4,149,235)
	<u>(14,026,343)</u>	<u>(1,647,417)</u>	<u>480,663</u>	<u>(15,193,097)</u>
Depreciable capital assets, net	<u>29,454,910</u>	<u>(1,031,781)</u>	<u>(54,538)</u>	<u>28,368,591</u>
Total capital assets, net	<u>\$ 69,170,304</u>	<u>\$ (731,552)</u>	<u>\$ (54,538)</u>	<u>\$ 68,384,214</u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - Capital Assets (Continued):

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

Governmental activities:	
General government	\$ 105,140
Public safety	569,130
Community development	49,720
Public works	811,894
Parks, beaches, and recreation	111,533
	<u>\$ 1,647,417</u>

The following is a summary of capital assets for business-type activities as of June 30, 2011:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
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	75,502,679	127,867		75,630,546
Collection system	4,965,845	1,416,880		6,382,725
Machinery and equipment	991,830	35,897		1,027,727
Total	<u>81,460,354</u>	<u>1,580,644</u>		<u>83,040,998</u>
Less: accumulated depreciation for:				
Buildings and improvements	(35,940,930)	(1,886,120)		(37,827,050)
Collection system	(2,359,971)	(269,807)		(2,629,778)
Machinery and equipment	(589,591)	(74,304)		(663,895)
	<u>(38,890,492)</u>	<u>(2,230,231)</u>		<u>(41,120,723)</u>
Depreciable capital assets, net	<u>42,569,862</u>	<u>(649,587)</u>		<u>41,920,275</u>
Total capital assets, net	<u>\$ 46,584,274</u>	<u>\$ (649,587)</u>	<u>\$ -</u>	<u>\$ 45,934,687</u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 - Long-Term Debt:

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

Governmental Activities

	Balance, June 30, 2010	Additions	Retirements	Balance, June 30, 2011	Due in One year
<u>Certificates of participation:</u>					
2008 COP	\$ 19,305,000	\$ -	\$ 455,000	\$ 18,850,000	\$ 525,000
<u>Tax allocation bonds:</u>					
2004 Tax allocation bonds	1,580,000		40,000	1,540,000	40,000
<u>Pension Obligation Bonds</u>					
2010 Pension obligation bonds (88.622%)	18,176,373		1,006,248	17,170,125	970,389
<u>Note payable:</u>					
2001 CHFA Loan	875,378			875,378	875,378
<u>Other liabilities:</u>					
Claims payable	1,156,465	435,877	555,586	1,036,756	914,933
Compensated absences	1,553,816	897,853	958,258	1,493,411	958,258
Other postemployment benefits payable	1,633,932	293,243	81,038	1,846,137	
Total other liabilities	2,578,349	1,626,973	1,594,882	4,376,304	1,873,191
	<u>\$ 42,515,100</u>	<u>\$ 1,626,973</u>	<u>\$ 3,096,130</u>	<u>\$ 42,811,807</u>	<u>\$ 4,283,958</u>

Business-type Activities

	Balance, June 30, 2010	Additions	Retirements	Balance, June 30, 2011	Due in One year
<u>Revenue bonds:</u>					
2004 Wastewater Revenue Refunding	\$ 9,250,000	\$ -	\$ -	\$ 9,250,000	\$ -
2001B Wastewater Revenue Refunding	3,975,000		160,000	3,815,000	165,000
Total revenue bonds	13,380,000		160,000	13,065,000	165,000
<u>Pension Obligation Bonds</u>					
2010 Pension obligation bonds (11.378%)	2,333,627		128,752	2,204,875	124,611
<u>Note payable:</u>					
State of California Water Resources Control Board	22,112,004		1,667,039	20,444,965	1,697,112
<u>Other liabilities:</u>					
Settlement payable		1,027,500	413,250	614,250	328,250
Compensated absences	240,403	139,912	143,099	237,216	143,099
Total other liabilities	240,403	1,167,412	556,349	851,466	471,349
	<u>\$ 38,066,034</u>	<u>\$ 1,167,412</u>	<u>\$ 2,512,140</u>	<u>\$ 36,566,306</u>	<u>\$ 2,458,072</u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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 January 1, 2037. The purpose of the COP is to (i) fund an escrow to cause the mandatory tender of all outstanding certificates for the 2006 issue, (ii) provide funds relating to the acquisition, construction, and equipping of certain City public street improvement projects, (iii) fund certain costs relating to termination of a swap agreement relating to the 2006 COP, (iv) fund capitalized interest, (v) fund or provide for satisfaction of the Reserve Fund Requirement, and (vi) pay the costs incurred in connection with the execution, delivery, and sale of the 2008 COPs.

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

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

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

Fiscal year Ended	Principal	Interest	Total
2012	\$ 525,000	\$ 947,731	\$ 1,472,731
2013	525,000	924,106	1,449,106
2014	505,000	900,482	1,405,482
2015	555,000	877,756	1,432,756
2016	530,000	852,782	1,382,782
2017-2021	2,985,000	3,888,058	6,873,058
2022-2026	3,475,000	3,127,340	6,602,340
2027-2031	4,000,000	2,194,842	6,194,842
2032-2036	4,725,000	1,053,500	5,778,500
2037	1,025,000	55,097	1,080,097
	<u>\$ 18,850,000</u>	<u>\$ 14,821,694</u>	<u>\$ 33,671,694</u>

Defeased Debt:

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

The City defeased the 1999, 2000, and 2003 COPs by placing the proceeds of the new COP in an irrevocable trust to provide for all future debt service payments on the old COPs. Accordingly, the trust account assets and the liability for the defeased COPs are not included in the City's financial statements. At June 30, 2011, the 1999, 2000, and 2003 COPs outstanding balances which are considered defeased were \$0, \$0, and \$2,230,000 respectively.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 - Long-Term Debt (Continued):

2004 Tax Allocation Bonds: During August 2004, the Redevelopment Agency of the City of Pacifica issued \$1,725,000 in Rockaway Beach Redevelopment Project 2004 Tax Allocation Bonds at interest rates varying from 2.9% to 5.75%. The net proceeds of the bonds were issued to refinance redevelopment activities by repaying a portion of the loan made by the City to the Agency and to establish a reserve fund. Interest on the bonds will be payable semiannually on January 1 and July 1 each year, commencing January 1, 2005. The bonds mature on July 1, 2031. The bonds are payable exclusively from pledged tax revenues to be derived from the project area and from the amounts on deposits in certain funds and accounts, including the reserve account and the revenue account. The balance at June 30, 2011 is \$1,540,000.

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

Fiscal year Ended	Principal	Interest	Total
2012	\$ 40,000	\$ 84,286	\$ 124,286
2013	45,000	82,340	127,340
2014	45,000	80,214	125,214
2015	50,000	77,909	127,909
2016	50,000	75,434	125,434
2017-2021	295,000	332,973	627,973
2022-2026	385,000	238,180	623,180
2027-2031	510,000	111,553	621,553
2032	120,000	3,436	123,436
	<u>\$ 1,540,000</u>	<u>\$ 1,086,325</u>	<u>\$ 2,626,325</u>

2010 Taxable Pension Obligation Bonds: During May 2010, the City of Pacifica issued \$20,510,000 of Pension Obligation Bonds bearing interest between 1.425% and 6.899% and payable semiannually on June 1 and December 1 each year, commencing December 1, 2010. The bonds mature on June 1, 2030. These bonds were used to advance pay miscellaneous and safety employee pension obligations. The outstanding principal balance at June 30, 2011 is \$17,170,125. Approximately 88.622% of the bonds payable has been allocated to governmental activities (including 1.71% to the Motor Pool internal service fund).

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

Fiscal year Ended	Principal	Interest	Total
2012	\$ 970,389	\$ 954,629	\$ 1,925,018
2013	1,059,033	934,065	1,993,098
2014	1,156,517	903,450	2,059,967
2015	1,271,726	856,576	2,128,302
2016	1,409,090	791,616	2,200,706
2017-2021	4,165,234	2,995,262	7,160,496
2022-2026	3,150,512	2,059,792	5,210,304
2027-2030	3,987,624	707,701	4,695,325
	<u>\$ 17,170,125</u>	<u>\$ 10,203,091</u>	<u>\$ 27,373,216</u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 - Long-Term Debt (Continued):

2001 CHFA Loan: During August 2001, the City (along with State and County agencies) entered into an agreement to lend and borrow funds to assist with the purchase of land and buildings suitable for the utilization of low-income senior housing (Oceanview Apartments). The property was purchased by the City and immediately transferred to National Church Residences (NCR), a non-profit organization. The City loaned \$600,000, and also acted as the pass-through agency for a loan totaling \$1,450,000 from the California Housing Financing Agency (CHFA). The loan from CHFA is technically a loan to the City, and will be repaid by the City with payments received from NCR. As of April 28, 2010, the loan maturity date was extended from April 28, 2010 to April 28, 2012. 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
2012	\$ 875,378	\$ 149,400	\$ 1,024,778
	<u>\$ 875,378</u>	<u>\$ 149,400</u>	<u>\$ 1,024,778</u>

2004 Wastewater Revenue Refunding Bonds: During July 2004, the City of Pacifica issued \$9,250,000 in 2004 Wastewater Revenue Refunding Bonds at interest rates varying from 5% to 5.25%. The net proceeds of the bonds were issued to refund a portion of the State of California Water Resource Control Board Loan (payments due through July 31, 2007) and to establish a reserve fund. The bonds were issued with an original issue premium which is being amortized over the term of the bonds. Interest on the bonds will be payable semiannually on April 1 and October 1 each year, commencing April 1, 2005. The bonds mature on October 1, 2026. The bonds will be paid from and are secured by the net revenues of the wastewater collection system of the City. The balance at June 30, 2011 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
2012	\$ -	\$ 472,588	\$ 472,588
2013		472,588	472,588
2014		472,588	472,588
2015		472,588	472,588
2016		472,588	472,588
2017-2021		2,362,940	2,362,940
2022-2026	8,500,000	1,509,558	10,009,558
2027	750,000	18,739	768,739
	<u>\$ 9,250,000</u>	<u>\$ 6,254,177</u>	<u>\$ 15,504,177</u>

2001B Wastewater Revenue Bonds: The City of Pacifica Financing Authority refinanced \$4,635,000 of outstanding 1996 Wastewater 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 wastewater fund operations. The balance at June 30, 2011 is \$3,815,000.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 - Long-Term Debt (Continued):

2001B Wastewater Revenue Bonds (Continued):

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

Fiscal year Ended	Principal	Interest	Total
2012	\$ 165,000	\$ 183,379	\$ 348,379
2013	170,000	176,341	346,341
2014	180,000	168,636	348,636
2015	190,000	160,216	350,216
2016	195,000	151,264	346,264
2017-2021	1,130,000	598,956	1,728,956
2022-2026	1,450,000	273,178	1,723,178
2027	335,000	8,372	343,372
	<u>\$ 3,815,000</u>	<u>\$ 1,720,342</u>	<u>\$ 5,535,342</u>

2010 Taxable Pension Obligation Bonds: During May 2010, the City of Pacifica issued \$20,510,000 of Pension Obligation Bonds bearing interest between 1.425% and 6.899% and payable semiannually on June 1 and December 1 each year, commencing December 1, 2010. The bonds mature on June 1, 2030. These bonds were used to advance pay miscellaneous and safety employee pension obligations. The outstanding principal balance at June 30, 2011 is \$2,204,875. Approximately 11.378% of the bonds payable has been allocated to business-type activities.

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

Fiscal year Ended	Principal	Interest	Total
2012	\$ 124,611	\$ 122,563	\$ 247,174
2013	135,967	119,923	255,890
2014	148,483	115,992	264,475
2015	163,274	109,974	273,248
2016	180,910	101,634	282,544
2017-2021	534,766	384,556	919,322
2022-2026	404,488	264,452	668,940
2027-2030	512,376	90,860	603,236
	<u>\$ 2,204,875</u>	<u>\$ 1,309,954</u>	<u>\$ 3,514,829</u>

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

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.

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 - Long-Term Debt (Continued):

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

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, 2011, 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
2012	\$ 1,697,112	\$ 368,808	\$ 2,065,920
2013	1,727,727	338,192	2,065,919
2014	1,758,892	307,026	2,065,918
2015	1,790,621	275,297	2,065,918
2016	1,822,922	242,996	2,065,918
2017-2021	9,619,893	709,701	10,329,594
2022	2,027,798	36,580	2,064,378
	<u>\$ 20,444,965</u>	<u>\$ 2,278,600</u>	<u>\$ 22,723,565</u>

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

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

Fiscal year Ended	Total
2012	\$ 328,250
2013	272,000
2014	7,000
2015	7,000
	<u>\$ 614,250</u>

Note 7 - Other Post-Employment Benefits

Plan Description

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Plan Description (Continued)

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

- Miscellaneous Employees
- Police Management
- Wastewater Treatment Plant

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

Funding Policy

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

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

The City's policy is to contribute an amount sufficient to pay the current year's minimum employer contribution only. For fiscal year 2010-11, the City contributed \$81,038, which covered the current year's minimum employer contribution, but did not include any additional prefunding of benefits.

Annual OPEB and Net OPEB Obligation

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

Annual required contribution (ARC)	\$ 293,340
Interest on net OPEB obligation	73,527
Adjustment to ARC	<u>(73,624)</u>
Annual OPEB cost (expense)	293,243
Contributions made	<u>(81,038)</u>
Increase in net OPEB obligation	212,205
Net OPEB obligation - beginning of fiscal year	1,633,932
Net OPEB obligation - end of fiscal year	<u><u>\$ 1,846,137</u></u>

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2009	\$ 625,394	12.5%	\$ 1,056,976
6/30/2010	678,169	14.9%	1,633,932
6/30/2011	293,243	27.6%	1,846,137

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,443,589, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,443,589.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is the expected long-term investment returns on plan assets, an annual increase in the minimum monthly benefit (healthcare cost trend rate) of 5.0 percent, and a 3.25 percent annual rate of increase in payroll. The actuarial value of assets is not applicable (no assets as of the valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 30, 2011 was twenty six years.

NOTE 8 - Employee Retirement Plans:

Plan Description:

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 - Employee Retirement Plans (Continued):

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

Funding Policies:

Active plan members in the Miscellaneous Plan, the Safety Fire Plan and the Safety Police Plan are required to contribute 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 2010/11 are as follows: 9.437% for miscellaneous employees; 16.407% for fire employees and 19.094% 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 2010-11, the City's combined annual pension cost was \$3,437,500 which includes the City's required contribution amount of \$2,086,191 and the members required contribution amount of \$1,351,309.

Miscellaneous Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 1,314,532	100%	-
6/30/2010	1,416,451	100%	-
6/30/2011	857,128	100%	

Fire Safety Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 903,798	100%	\$ -
6/30/2010	905,620	100%	-
6/30/2011	477,700	100%	

Police Safety Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 1,390,962	100%	\$ -
6/30/2010	1,463,973	100%	-
6/30/2011	751,363	100%	

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 - Public Entity Risk Pool:

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

ABAG PLAN CORPORATION

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

The City paid premiums of \$454,682 during fiscal year 2010-2011 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, 2011 is as follows:

Total assets	\$ 50,436,628
Total liabilities	<u>18,640,521</u>
Net assets	<u>\$ 31,796,107</u>
Total revenues	\$ 11,285,711
Total expenses	<u>10,844,577</u>
Net income (loss)	<u>\$ 441,134</u>

NOTE 10 - Self Insurance Fund:

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

The City paid premiums of \$442,300 during fiscal year 2010-11 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, 2011**

NOTE 10 - Self Insurance Fund (Continued):

* Workers' Compensation coverage is currently pooled with a 31 city Insurance JPA. Settled claims have not exceeded the City's policy limits in any of the past three fiscal years.

The City maintains an internal service fund to account for these insurance programs. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Accrued insurance losses of \$536,756 and \$500,000 were recorded at June 30, 2011 for the workers' compensation and general liability programs respectively.

Changes in the total reported liability resulted from the following:

	Fiscal Year Ended June 30,	
	2010	2011
July 1 Liability	\$ 1,197,878	\$ 1,156,465
Claims & change in estimate	89,077	435,877
Payments for claims	(130,490)	(555,586)
June 30 Liability	\$ 1,156,465	\$ 1,036,756

NOTE 11 - Interfund Transactions:

Due To/From Other Funds

Current interfund balances arise in the normal course of business, to fund projects until the borrowing fund receives revenues to repay the lending fund and to assist funds with negative cash balance at the fiscal year end. The following is a summary of Interfund balances as of June 30, 2011:

Funds	Due from other funds	Due to other funds
Major Governmental Funds:		
General Fund	\$ 1,420,195	\$ -
Capital Projects Funds:		
General Capital Improvement Fund		2,218,700
Redevelopment Agency Rockaway Beach Fund		36,434
Special Revenue Fund:		
Gas Tax Fund	2,218,700	1,084,645
Nonmajor Governmental Funds:		
Special Revenue Funds:		
NPDES Stormwater Fund		75,000
Disaster Accounting Fund		1,308,564
Capital Project Fund:		
Aircraft Noise Project Fund		197
Internal Service Fund:		
Self Insurance Fund	1,084,645	
Total	\$ 4,723,540	\$ 4,723,540

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 in carrying out the Redevelopment Plan. At June 30, 2011, outstanding loans totaling \$5,935,899 (\$2,341,185 in advances and \$3,594,714 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, 2011**

NOTE 11 - 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. The current loan interest rate between the City's General Fund and the Housing Fund is 7%. The total balance at June 30, 2011 is \$274,072 (\$175,190 in advances and \$98,882 in accrued interest).

Transfers

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

The following is a summary of transfers for the fiscal year ended June 30, 2011:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ -	\$ 3,153,276
General Capital Improvement Fund		5,538
Debt Service Fund	3,386,758	
Gas Tax Fund		597,039
Nonmajor Governmental Funds:		
NPDES Stormwater Fund		3,808
Highway 1 Improvement Fund		1,904
Manor Drive Improvement Fund		1,731
Parks and Playfield Fund		3,462
Internal Service Fund:		
Self Insurance Fund	380,000	
	<u>\$ 3,766,758</u>	<u>\$ 3,766,758</u>

NOTE 12 - Net Assets and Fund Balances:

A. Net Assets

Net assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which are determined at the government-wide, proprietary fund, and fiduciary fund level and are described below.

Invested in capital assets, net of related debt describes the portion of net assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets. As of June 30, 2011, the governmental activities reported a balance of \$53,739,513 and the business-type activities reported a balance of \$14,179,807.

Restricted describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes. Total restricted net assets as of June 30, 2011 are \$4,825,393 as reported in the governmental activities.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 – NET ASSETS AND FUND BALANCES (Continued)

A. Net Assets (Continued)

Included in restricted net assets at June 30, 2011 are net assets restricted by enabling legislation of \$822,074.

Unrestricted describes the portion of net assets which is not restricted as to use. As of June 30, 2011, the governmental activities reported a balance of (\$634,699) and the business-type activities reported a balance of \$5,545,190.

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

B. Fund Balances

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

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

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

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

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

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

**CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

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

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

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2011 are as follows:

Fund Balances	General Fund	General Capital Improvement Fund	RDA Rockaway Beach Fund	Gas Tax Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Inventory	\$ 2,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,234
Advances	2,516,375						2,516,375
<i>Total Nonspendable</i>	<u>2,518,609</u>						<u>2,518,609</u>
Restricted for:							
Public safety						810,255	810,255
Low and moderate income housing						728,814	728,814
Streets and roads				2,732,581			2,732,581
Debt service					932,441		932,441
Capital projects		1,124,320				1,975,692	3,100,012
<i>Total Restricted</i>		<u>1,124,320</u>		<u>2,732,581</u>	<u>932,441</u>	<u>3,514,761</u>	<u>8,304,103</u>
Committed for:							
Childcare programs	567,465						567,465
<i>Total Committed</i>	<u>567,465</u>						<u>567,465</u>
Assigned for:							
Fire services	5,759						5,759
Police services	80,088						80,088
Recycling	17,210						17,210
Public works	3,987						3,987
Capital projects	6,840						6,840
Parks, beaches, and recreation	36,485						36,485
<i>Total Assigned</i>	<u>150,369</u>						<u>150,369</u>
Unassigned	841,392		(5,760,258)			(830,455)	(5,749,321)
<i>Total Fund Balances</i>	<u>\$ 4,077,835</u>	<u>\$ 1,124,320</u>	<u>\$ (5,760,258)</u>	<u>\$ 2,732,581</u>	<u>\$ 932,441</u>	<u>\$ 2,684,306</u>	<u>\$ 5,791,225</u>

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 - Contingencies:

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

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

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

SERAF Contingency. During the fiscal year 2008-2009, the State of California experienced a severe budgetary crisis. Various "budget trailer bills" were passed by the state legislature to balance the state's budget, including bills that required California redevelopment agencies to transfer funds to the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) administered by the various county auditor-controllers.

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portions of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the (CRA) filed a class action lawsuit on behalf of all California redevelopment agencies challenging the SERAF obligations as unconstitutional.

The Agency's SERAF contribution was \$23,635 for the fiscal year 2010-2011. The Agency made the contribution for fiscal year 2010-2011.

Recent Changes in Legislation Affecting California Redevelopment Agencies. The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill 1X 26 (Dissolution Act) and Assembly Bill 1X 27 (Continuation Act). The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of Continuation Act was to provide a voluntary alternative for local governments to continue redevelopment activities. Taken together, these Acts require the Agency and its sponsoring community (the City) to take several legislative actions to implement their various provisions.

NOTE 14 – Subsequent Event:

On December 29, 2011, the California Supreme Court rendered an opinion upholding the State of California's rights to abolish redevelopment agencies (Assembly Bill 1X 26). The California Supreme Court also rendered an opinion invalidating the State of California's allowance of redevelopment agencies to make payments to various funds benefitting schools and special districts as a condition of continued operation (Assembly Bill 1X 27).

Under the timeline of AB 1X 26, if the City of Pacifica does not want to serve as the "successor agency" to its redevelopment agency, then it must submit a resolution to that effect to the County Auditor-Controller by January 13, 2012. If the City wishes to serve as the "successor agency", no action is required and the redevelopment agency will be dissolved starting February 1, 2012.

CITY OF PACIFICA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – Financial Condition:

For the fiscal year ended June 30, 2011 the General Fund's net change in fund balance was (\$3,001,143). As of June 30, 2011 the unassigned available fund balance in the General Fund was \$841,392. With a continued decrease in revenues expected in fiscal year 11/12, the General Fund unassigned available fund balance could be substantially reduced as of June 30, 2012. The City is currently working on a plan to reduce expenditures in all departments.

Also, the City has a note payable due on April 28, 2012 in the amount of \$1,024,778, including interest. Unless the City negotiates a new payment arrangement, the City will need to pay the \$1,024,778 on April 28, 2012.

CITY OF PACIFICA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

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
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

Other Postemployment Benefits

Schedule of Funding Progress

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

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes:				
Property	\$ 9,797,996	\$ 10,238,888	\$ 9,812,885	\$ (426,003)
Sales	1,372,000	1,372,000	1,434,710	62,710
Franchise	1,915,000	1,583,000	1,565,634	(17,366)
Other	3,320,000	3,380,000	3,147,649	(232,351)
Licenses and permits	364,214	372,214	311,879	(60,335)
Fines and forfeitures	250,000	250,000	226,650	(23,350)
Use of money and property	173,800	173,800	121,087	(52,713)
Intergovernmental	4,551,600	4,542,600	4,883,851	341,251
Charges for current services	1,763,502	1,773,502	1,676,210	(97,292)
Recreation programs	561,167	561,167	653,627	92,460
Other	1,401,000	1,391,000	1,482,036	91,036
Total Revenues	<u>25,470,279</u>	<u>25,638,171</u>	<u>25,316,218</u>	<u>(321,953)</u>
Expenditures				
Current:				
General government				
City council	154,586	154,586	131,658	22,928
City manager	513,628	513,628	486,827	26,801
Human resources	470,136	500,136	417,403	82,733
City attorney	587,659	678,659	736,635	(57,976)
Finance	1,170,868	1,190,868	1,080,026	110,842
Non-departmental	954,028	961,028	987,831	(26,803)
Total General Government	<u>3,850,905</u>	<u>3,998,905</u>	<u>3,840,380</u>	<u>158,525</u>
Public safety				
Police	8,968,014	8,970,282	8,843,909	126,373
Fire	5,142,046	5,237,046	5,191,836	45,210
Total Public Safety	<u>14,110,060</u>	<u>14,207,328</u>	<u>14,035,745</u>	<u>171,583</u>
Community development				
Planning	1,070,542	1,070,542	1,190,060	(119,518)
Code enforcement	115,649	115,649	115,652	(3)
Economic development	5,000	5,000	3,751	1,249
Total Community Development	<u>1,191,191</u>	<u>1,191,191</u>	<u>1,309,463</u>	<u>(118,272)</u>
Public works				
Engineering services	440,722	440,722	417,532	23,190
Street and traffic maintenance	765,211	765,211	770,912	(5,701)
Building maintenance and improvement	445,073	445,073	372,626	72,447
Fishing pier/rest stop maintenance	140,090	140,090	138,445	1,645
City parks and playfields	572,060	570,360	547,085	23,275
Total Public Works	<u>2,363,156</u>	<u>2,361,456</u>	<u>2,246,600</u>	<u>114,856</u>

(Continued)

See notes to required supplementary information.

CITY OF PACIFICA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011
Continued

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Current:				
Parks, beaches, and recreation				
Parks, beaches, and recreation	\$ 232,503	\$ 232,503	\$ 225,953	\$ 6,550
Community center programs	175,054	175,054	158,119	16,935
Cultural arts	9,881	9,881	9,879	2
Elementary age recreation	103,997	103,997	105,464	(1,467)
Teens and j-teens recreation	61,466	61,466	59,705	1,761
Adult sports	4,265	4,265	4,415	(150)
Senior	164,273	164,273	165,760	(1,487)
Instructional class	127,448	127,448	120,631	6,817
Recreation swimming	227,239	227,239	266,282	(39,043)
Swim team	135,160	135,160	143,401	(8,241)
Special community recreation	60,132	60,132	54,112	6,020
Special projects	2,232,837	2,232,837	2,267,650	(34,813)
Total Parks, Beaches, and Recreation	<u>3,534,255</u>	<u>3,534,255</u>	<u>3,581,371</u>	<u>(47,116)</u>
Capital outlay	<u>87,400</u>	<u>86,832</u>	<u>150,526</u>	<u>(63,694)</u>
Total Expenditures	<u>25,136,967</u>	<u>25,379,967</u>	<u>25,164,085</u>	<u>215,882</u>
Excess (Deficit) of Revenues over Expenditures	<u>333,312</u>	<u>258,204</u>	<u>152,133</u>	<u>(106,071)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(3,244,926)</u>	<u>(3,244,926)</u>	<u>(3,153,276)</u>	<u>91,650</u>
Total Other Financing Sources (Uses)	<u>(3,244,926)</u>	<u>(3,244,926)</u>	<u>(3,153,276)</u>	<u>91,650</u>
Net Change in Fund Balance	(2,911,614)	(2,986,722)	(3,001,143)	(14,421)
Fund Balance, July 1, 2010	<u>7,078,978</u>	<u>7,078,978</u>	<u>7,078,978</u>	
Fund Balance, June 30, 2011	<u>\$ 4,167,364</u>	<u>\$ 4,092,256</u>	<u>\$ 4,077,835</u>	<u>\$ (14,421)</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, 2011

	<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	\$ -	\$ -	\$ 236	\$ 236
Intergovernmental	2,793,500	2,793,500	1,839,296	(954,204)
Other			18,576	18,576
Total Revenues	<u>2,793,500</u>	<u>2,793,500</u>	<u>1,858,108</u>	<u>(935,392)</u>
Expenditures				
Current:				
Public works	1,867,729	1,867,729	1,534,737	332,992
Capital outlay	1,157,125	1,157,125	28,703	1,128,422
Total Expenditures	<u>3,024,854</u>	<u>3,024,854</u>	<u>1,563,440</u>	<u>1,461,414</u>
Excess (Deficit) of Revenues over Expenditures	<u>(231,354)</u>	<u>(231,354)</u>	<u>294,668</u>	<u>526,022</u>
Other Financing Sources (Uses)				
Transfers out	<u>(533,000)</u>	<u>(533,000)</u>	<u>(597,039)</u>	<u>(64,039)</u>
Total Other Financing Sources (Uses)	<u>(533,000)</u>	<u>(533,000)</u>	<u>(597,039)</u>	<u>(64,039)</u>
Net Change in Fund Balance	(764,354)	(764,354)	(302,371)	461,983
Fund Balance, July 1, 2010	<u>3,034,952</u>	<u>3,034,952</u>	<u>3,034,952</u>	
Fund Balance, June 30, 2011	<u>\$ 2,270,598</u>	<u>\$ 2,270,598</u>	<u>\$ 2,732,581</u>	<u>\$ 461,983</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, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Licenses and permits	\$ 40,000	\$ 28,900	\$ (11,100)
Use of money and property	40,000	16,846	(23,154)
Intergovernmental	169,872	193,823	23,951
Other	12,000		(12,000)
Total Revenues	<u>261,872</u>	<u>239,569</u>	<u>(22,303)</u>
Expenditures			
Current:			
Community Development	107,263	73,939	33,324
Capital outlay	553,055	263,729	289,326
Total Expenditures	<u>660,318</u>	<u>337,668</u>	<u>322,650</u>
Excess (Deficit) of Revenues over Expenditures	<u>(398,446)</u>	<u>(98,099)</u>	<u>300,347</u>
Other Financing Sources			
Transfers out		(5,538)	(5,538)
Total Other Financing Sources		<u>(5,538)</u>	<u>(5,538)</u>
Net Change in Fund Balance	(398,446)	(103,637)	294,809
Fund Balance, July 1, 2010	<u>1,227,957</u>	<u>1,227,957</u>	
Fund Balance, June 30, 2011	<u>\$ 829,511</u>	<u>\$ 1,124,320</u>	<u>\$ 294,809</u>

CITY OF PACIFICA
Budgetary Comparison Schedule
Redevelopment Agency - Rockaway Beach Capital Projects Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes:			
Property taxes	\$ 249,900	\$ 252,579	\$ 2,679
Use of money and property	5,000	(329)	(5,329)
Intergovernmental	5,000	1,173	(3,827)
Total Revenues	<u>259,900</u>	<u>253,423</u>	<u>(6,477)</u>
Expenditures			
Current:			
General government	30,600	43,390	(12,790)
Debt service:			
Principal	40,000	40,000	
Interest and fiscal charges	88,199	287,200	(199,001)
Total Expenditures	<u>158,799</u>	<u>370,590</u>	<u>(211,791)</u>
Net Change in Fund Balance	101,101	(117,167)	(218,268)
Fund Balance (Deficit), July 1, 2010	<u>(5,643,091)</u>	<u>(5,643,091)</u>	
Fund Balance (Deficit), June 30, 2011	<u><u>\$ (5,541,990)</u></u>	<u><u>\$ (5,760,258)</u></u>	<u><u>\$ (218,268)</u></u>

CITY OF PACIFICA
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Use of money and property	\$ 2,500	\$ 2,596	\$ 96
Total Revenues	<u>2,500</u>	<u>2,596</u>	<u>96</u>
Expenditures			
Debt service:			
Principal	455,000	1,441,839	(986,839)
Interest and fiscal charges	1,023,000	1,950,888	(927,888)
Total Expenditures	<u>1,478,000</u>	<u>3,392,727</u>	<u>(1,914,727)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,475,500)</u>	<u>(3,390,131)</u>	<u>(1,914,631)</u>
Other Financing Sources (Uses)			
Transfers in	<u>1,418,000</u>	<u>3,386,758</u>	<u>1,968,758</u>
Total Other Financing Sources (Uses)	<u>1,418,000</u>	<u>3,386,758</u>	<u>1,968,758</u>
Net Change in Fund Balance	(57,500)	(3,373)	54,127
Fund Balance, July 1, 2010	<u>935,814</u>	<u>935,814</u>	
Fund Balance, June 30, 2011	<u>\$ 878,314</u>	<u>\$ 932,441</u>	<u>\$ 54,127</u>

CITY OF PACIFICA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 1,336,641	\$ 1,269,913	\$ 2,606,554
Receivables:			
Interest	186,312		186,312
Grants	841,694	357,108	1,198,802
Notes, net	600,000		600,000
Prepaid items	389,334		389,334
	<u>389,334</u>	<u> </u>	<u>389,334</u>
Total Assets	<u>\$ 3,353,981</u>	<u>\$ 1,627,021</u>	<u>\$ 4,981,002</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 119,818	\$ 58,395	\$ 178,213
Accrued liabilities	730	2,761	3,491
Due to other funds	1,383,564	197	1,383,761
Deferred revenue	457,159		457,159
Advances payable	274,072		274,072
	<u>274,072</u>	<u> </u>	<u>274,072</u>
Total Liabilities	<u>2,235,343</u>	<u>61,353</u>	<u>2,296,696</u>
Fund Balances:			
Restricted	1,948,896	1,565,865	3,514,761
Unassigned	(830,258)	(197)	(830,455)
	<u>(830,258)</u>	<u>(197)</u>	<u>(830,455)</u>
Total Fund Balances	<u>1,118,638</u>	<u>1,565,668</u>	<u>2,684,306</u>
Total Liabilities and Fund Balances	<u>\$ 3,353,981</u>	<u>\$ 1,627,021</u>	<u>\$ 4,981,002</u>

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes:			
Property taxes	\$ 63,145	\$ -	\$ 63,145
Other taxes	177,902		177,902
Use of money and property	6,871	7,122	13,993
Intergovernmental	879,851	375,360	1,255,211
Other		39,219	39,219
	<u>1,127,769</u>	<u>421,701</u>	<u>1,549,470</u>
Expenditures:			
Current:			
Public safety	60,839		60,839
Community development		52,086	52,086
Public works	155,145	104,210	259,355
Capital outlay	242,270	68,391	310,661
Debt service:			
Interest and fiscal charges	17,930		17,930
	<u>476,184</u>	<u>224,687</u>	<u>700,871</u>
Excess (Deficit) of Revenues over Expenditures	<u>651,585</u>	<u>197,014</u>	<u>848,599</u>
Other Financing Sources (Uses):			
Transfers out	<u>(3,808)</u>	<u>(7,097)</u>	<u>(10,905)</u>
Total Other Financing Sources (Uses)	<u>(3,808)</u>	<u>(7,097)</u>	<u>(10,905)</u>
Net Change in Fund Balances	647,777	189,917	837,694
Fund Balances, July 1, 2010	<u>470,861</u>	<u>1,375,751</u>	<u>1,846,612</u>
Fund Balances, June 30, 2011	<u>\$ 1,118,638</u>	<u>\$ 1,565,668</u>	<u>\$ 2,684,306</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, 2011

	Supplemental Law Enforcement Services	Fire Assessment	NPDES Stormwater
Assets			
Cash and investments	\$ 277,449	\$ 206,925	\$ 20,530
Receivables:			
Interest			
Grants	11,359		
Notes, net			
Prepaid items		389,334	
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 288,808</u></u>	<u><u>\$ 596,259</u></u>	<u><u>\$ 20,530</u></u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 74,761	\$ 51	\$ 315
Accrued liabilities			338
Due to other funds			75,000
Deferred revenue			
Advances payable			
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>74,761</u>	<u>51</u>	<u>75,653</u>
Fund Balances:			
Restricted	214,047	596,208	
Unassigned			(55,123)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>214,047</u>	<u>596,208</u>	<u>(55,123)</u>
	<u><u>\$ 288,808</u></u>	<u><u>\$ 596,259</u></u>	<u><u>\$ 20,530</u></u>

Planned Local Drainage	Redevelopment Agency Low/Mod Housing	Disaster Accounting	Total
\$ 428,851	\$ 402,886	\$ -	\$ 1,336,641
	186,312		186,312
	600,000	830,335	841,694
			600,000
			389,334
<u>\$ 428,851</u>	<u>\$ 1,189,198</u>	<u>\$ 830,335</u>	<u>\$ 3,353,981</u>
\$ 19,024	\$ -	\$ 25,667	\$ 119,818
		392	730
		1,308,564	1,383,564
	186,312	270,847	457,159
	274,072		274,072
<u>19,024</u>	<u>460,384</u>	<u>1,605,470</u>	<u>2,235,343</u>
409,827	728,814		1,948,896
		(775,135)	(830,258)
<u>409,827</u>	<u>728,814</u>	<u>(775,135)</u>	<u>1,118,638</u>
<u>\$ 428,851</u>	<u>\$ 1,189,198</u>	<u>\$ 830,335</u>	<u>\$ 3,353,981</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, 2011

	Supplemental Law Enforcement Services	Fire Assessment	NPDES Stormwater
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Other taxes			177,562
Use of money and property	1,323	1,362	(304)
Intergovernmental	<u>98,161</u>		<u>33,712</u>
Total Revenues	<u>99,484</u>	<u>1,362</u>	<u>210,970</u>
Expenditures:			
Current:			
Public safety		60,839	
Public works			109,417
Capital outlay	74,762		
Debt service:			
Interest and fiscal charges			
Total Expenditures	<u>74,762</u>	<u>60,839</u>	<u>109,417</u>
Excess (Deficit) of Revenues over Expenditures	<u>24,722</u>	<u>(59,477)</u>	<u>101,553</u>
Other Financing Sources (Uses)			
Transfers out			<u>(3,808)</u>
Total Other Financing Sources (Uses)			<u>(3,808)</u>
Net Change in Fund Balances	24,722	(59,477)	97,745
Fund Balances (Deficits), July 1, 2010	<u>189,325</u>	<u>655,685</u>	<u>(152,868)</u>
Fund Balances (Deficits), June 30, 2011	<u><u>\$ 214,047</u></u>	<u><u>\$ 596,208</u></u>	<u><u>\$ (55,123)</u></u>

Planned Local Drainage	Redevelopment Agency Low/Mod Housing	Disaster Accounting	Total
\$ -	\$ 63,145	\$ -	\$ 63,145
340			177,902
2,448	2,042		6,871
	293	747,685	879,851
<u>2,788</u>	<u>65,480</u>	<u>747,685</u>	<u>1,127,769</u>
			60,839
		45,728	155,145
29,805		137,703	242,270
	<u>17,930</u>		<u>17,930</u>
<u>29,805</u>	<u>17,930</u>	<u>183,431</u>	<u>476,184</u>
<u>(27,017)</u>	<u>47,550</u>	<u>564,254</u>	<u>651,585</u>
			<u>(3,808)</u>
			<u>(3,808)</u>
(27,017)	47,550	564,254	647,777
<u>436,844</u>	<u>681,264</u>	<u>(1,339,389)</u>	<u>470,861</u>
<u>\$ 409,827</u>	<u>\$ 728,814</u>	<u>\$ (775,135)</u>	<u>\$ 1,118,638</u>

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2011

	Supplemental Law Enforcement Services		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes			
Use of money and property		1,323	1,323
Intergovernmental	100,000	98,161	(1,839)
Total Revenues	100,000	99,484	(516)
Expenditures:			
Current:			
Public safety			
Public works			
Capital outlay		74,762	(74,762)
Debt service:			
Interest and fiscal charges			
Total Expenditures		74,762	(74,762)
Excess (Deficit) of Revenues over Expenditures	100,000	24,722	(75,278)
Other Financing Sources (Uses):			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	100,000	24,722	(75,278)
Fund Balances (Deficits), July 1, 2010	189,325	189,325	
Fund Balances (Deficits), June 30, 2011	\$ 289,325	\$ 214,047	\$ (75,278)

Fire Assessment			NPDES Stormwater		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
500	1,362	862	177,500	177,562	62
			33,000	(304)	(304)
				33,712	712
500	1,362	862	210,500	210,970	470
77,483	60,839	16,644			
550,184		550,184	133,371	109,417	23,954
627,667	60,839	566,828	133,371	109,417	23,954
(627,167)	(59,477)	567,690	77,129	101,553	24,424
				(3,808)	(3,808)
				(3,808)	(3,808)
(627,167)	(59,477)	567,690	77,129	97,745	20,616
655,685	655,685		(152,868)	(152,868)	
\$ 28,518	\$ 596,208	\$ 567,690	\$ (75,739)	\$ (55,123)	\$ 20,616

(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, 2011
(Continued)

	Planned Local Drainage		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Other taxes		340	340
Use of money and property	1,500	2,448	948
Intergovernmental	50,000		(50,000)
Total Revenues	51,500	2,788	(48,712)
Expenditures:			
Current:			
Public safety			
Public works	3,000		3,000
Capital outlay	156,000	29,805	126,195
Debt service:			
Interest and fiscal charges			
Total Expenditures	159,000	29,805	129,195
Excess (Deficit) of Revenues over Expenditures	(107,500)	(27,017)	80,483
Other Financing Sources (Uses):			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(107,500)	(27,017)	80,483
Fund Balances (Deficits), July 1, 2010	436,844	436,844	
Fund Balances (Deficits), June 30, 2011	\$ 329,344	\$ 409,827	\$ 80,483

Redevelopment Agency Low/Mod Housing			Disaster Accounting		
<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	\$ 63,145	\$ 1,145	\$ -	\$ -	\$ -
2,500	2,042	(458)			
1,250	293	(957)		747,685	747,685
<u>65,750</u>	<u>65,480</u>	<u>(270)</u>		<u>747,685</u>	<u>747,685</u>
				45,728	(45,728)
				137,703	(137,703)
	<u>17,930</u>	<u>(17,930)</u>			
	<u>17,930</u>	<u>(17,930)</u>		<u>183,431</u>	<u>(183,431)</u>
<u>65,750</u>	<u>47,550</u>	<u>(18,200)</u>		<u>564,254</u>	<u>564,254</u>
65,750	47,550	(18,200)		564,254	564,254
<u>681,264</u>	<u>681,264</u>		<u>(1,339,389)</u>	<u>(1,339,389)</u>	
<u>\$ 747,014</u>	<u>\$ 728,814</u>	<u>\$ (18,200)</u>	<u>\$ (1,339,389)</u>	<u>\$ (775,135)</u>	<u>\$ 564,254</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, 2011
(Continued)

	Total		Variance Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes			
Property taxes	\$ 62,000	\$ 63,145	\$ 1,145
Other taxes	177,500	177,902	402
Use of money and property	4,500	6,871	2,371
Intergovernmental	184,250	879,851	695,601
Total Revenues	<u>428,250</u>	<u>1,127,769</u>	<u>699,519</u>
Expenditures:			
Current:			
Public safety	77,483	60,839	16,644
Public works	136,371	155,145	(18,774)
Capital outlay	706,184	242,270	463,914
Debt service:			
Interest and fiscal charges		17,930	(17,930)
Total Expenditures	<u>920,038</u>	<u>476,184</u>	<u>443,854</u>
Excess (Deficit) of Revenues over Expenditures	<u>(491,788)</u>	<u>651,585</u>	<u>1,143,373</u>
Other Financing Sources (Uses):			
Transfers out		(3,808)	(3,808)
Total Other Financing Sources (Uses)		<u>(3,808)</u>	<u>(3,808)</u>
Net Change in Fund Balances	(491,788)	647,777	1,139,565
Fund Balances (Deficits), July 1, 2010	<u>470,861</u>	<u>470,861</u>	
Fund Balances (Deficits), June 30, 2011	<u>\$ (20,927)</u>	<u>\$ 1,118,638</u>	<u>\$ 1,139,565</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, 2011

	<u>Highway 1 Improvement</u>	<u>Manor Drive Improvement</u>	<u>Aircraft Noise Project</u>	<u>Parks and Playfield</u>
Assets				
Cash and investments	\$ 67,705	\$ 967,617	\$ -	\$ 234,591
Receivable:				
Grants	<u>357,108</u>			
Total Assets	<u>\$ 424,813</u>	<u>\$ 967,617</u>	<u>\$ -</u>	<u>\$ 234,591</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 51,020	\$ -	\$ -	\$ 7,375
Accrued liabilities	741	670		1,350
Due to other funds			197	
Total Liabilities	<u>51,761</u>	<u>670</u>	<u>197</u>	<u>8,725</u>
Fund Balances:				
Restricted	373,052	966,947		225,866
Unassigned			(197)	
Total Fund Balances (Deficit)	<u>373,052</u>	<u>966,947</u>	<u>(197)</u>	<u>225,866</u>
Total Liabilities and Fund Balances	<u>\$ 424,813</u>	<u>\$ 967,617</u>	<u>\$ -</u>	<u>\$ 234,591</u>

Total

\$ 1,269,913

357,108

\$ 1,627,021

\$ 58,395

2,761

197

61,353

1,565,865

(197)

1,565,668

\$ 1,627,021

CITY OF PACIFICA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2011

	<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	\$ 225	\$ 5,472	\$ -	\$ 1,425
Intergovernmental	371,338	4,022		
Other			120	39,099
Total Revenues	<u>371,563</u>	<u>9,494</u>	<u>120</u>	<u>40,524</u>
Expenditures:				
Current:				
Community development				52,086
Public works	79,058	25,152		
Capital outlay	48,426			19,965
Total Expenditures	<u>127,484</u>	<u>25,152</u>		<u>72,051</u>
Excess (Deficit) of Revenues over Expenditures	<u>244,079</u>	<u>(15,658)</u>	<u>120</u>	<u>(31,527)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,904)</u>	<u>(1,731)</u>		<u>(3,462)</u>
Total Other Financing Sources (Uses)	<u>(1,904)</u>	<u>(1,731)</u>		<u>(3,462)</u>
Net Change in Fund Balances	242,175	(17,389)	120	(34,989)
Fund Balances (Deficits), July 1, 2010	<u>130,877</u>	<u>984,336</u>	<u>(317)</u>	<u>260,855</u>
Fund Balances (Deficits), June 30, 2011	<u>\$ 373,052</u>	<u>\$ 966,947</u>	<u>\$ (197)</u>	<u>\$ 225,866</u>

Total

\$	7,122
	375,360
	39,219
	<u>421,701</u>
	52,086
	104,210
	<u>68,391</u>
	<u>224,687</u>
	<u>197,014</u>
	<u>(7,097)</u>
	<u>(7,097)</u>
	189,917
	<u>1,375,751</u>
\$	<u><u>1,565,668</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, 2011

	Highway 1 Improvement		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 10,000	\$ 225	\$ (9,775)
Intergovernmental	790,000	371,338	(418,662)
Other			
Total Revenues	<u>800,000</u>	<u>371,563</u>	<u>(428,437)</u>
Expenditures:			
Current:			
Community development			
Public works	51,575	79,058	(27,483)
Capital outlay	<u>759,000</u>	<u>48,426</u>	<u>710,574</u>
Total Expenditures	<u>810,575</u>	<u>127,484</u>	<u>683,091</u>
Excess (Deficit) of Revenues over Expenditures	<u>(10,575)</u>	<u>244,079</u>	<u>254,654</u>
Other Financing Sources (Uses):			
Transfers out		<u>(1,904)</u>	<u>(1,904)</u>
Total Other Financing Sources (Uses)		<u>(1,904)</u>	<u>(1,904)</u>
Net Change in Fund Balances	(10,575)	242,175	252,750
Fund Balances (Deficits), July 1, 2010	<u>130,877</u>	<u>130,877</u>	
Fund Balances (Deficits), June 30, 2011	<u>\$ 120,302</u>	<u>\$ 373,052</u>	<u>\$ 252,750</u>

Manor Drive Improvement			Aircraft Noise Project		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 3,500	\$ 5,472	\$ 1,972	\$ -	\$ -	\$ -
20,000	4,022	(15,978)		120	120
				120	120
23,500	9,494	(14,006)			
27,350	25,152	2,198			
528,250		528,250			
555,600	25,152	530,448			
(532,100)	(15,658)	516,442		120	120
	(1,731)	(1,731)			
	(1,731)	(1,731)			
(532,100)	(17,389)	514,711		120	120
984,336	984,336		(317)	(317)	
<u>\$ 452,236</u>	<u>\$ 966,947</u>	<u>\$ 514,711</u>	<u>\$ (317)</u>	<u>\$ (197)</u>	<u>\$ 120</u>

(Continued)

CITY OF PACIFICA
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2011
(Continued)

	Parks and Playfield		
	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 1,200	\$ 1,425	\$ 225
Intergovernmental			
Other	<u>40,000</u>	<u>39,099</u>	<u>(901)</u>
Total Revenues	<u>41,200</u>	<u>40,524</u>	<u>(676)</u>
Expenditures:			
Current:			
Community development	58,050	52,086	5,964
Public works			
Capital outlay	<u>150,000</u>	<u>19,965</u>	<u>130,035</u>
Total Expenditures	<u>208,050</u>	<u>72,051</u>	<u>135,999</u>
Excess (Deficit) of Revenues over Expenditures	<u>(166,850)</u>	<u>(31,527)</u>	<u>135,323</u>
Other Financing Sources (Uses):			
Transfers out		<u>(3,462)</u>	<u>(3,462)</u>
Total Other Financing Sources (Uses)		<u>(3,462)</u>	<u>(3,462)</u>
Net Change in Fund Balances	(166,850)	(34,989)	131,861
Fund Balances (Deficits), July 1, 2010	<u>260,855</u>	<u>260,855</u>	
Fund Balances (Deficits), June 30, 2011	<u>\$ 94,005</u>	<u>\$ 225,866</u>	<u>\$ 131,861</u>

Total		
Final Budget	Actual	Variance Positive (Negative)
\$ 14,700	\$ 7,122	\$ (7,578)
810,000	375,360	(434,640)
40,000	39,219	(781)
<u>864,700</u>	<u>421,701</u>	<u>(442,999)</u>
58,050	52,086	5,964
78,925	104,210	(25,285)
<u>1,437,250</u>	<u>68,391</u>	<u>1,368,859</u>
<u>1,574,225</u>	<u>224,687</u>	<u>1,349,538</u>
<u>(709,525)</u>	<u>197,014</u>	<u>906,539</u>
<u>(709,525)</u>	<u>(7,097)</u>	<u>(7,097)</u>
<u>(709,525)</u>	<u>(7,097)</u>	<u>(7,097)</u>
(709,525)	189,917	899,442
<u>1,375,751</u>	<u>1,375,751</u>	<u>899,442</u>
<u>\$ 666,226</u>	<u>\$ 1,565,668</u>	<u>\$ 899,442</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, 2011

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 1,597,978	\$ 1,280,607	\$ 2,878,585
Receivable:			
Accounts	1,134		1,134
Due from other funds		1,084,645	1,084,645
Prepaid items	329,746		329,746
Inventories	43,788		43,788
	<u>1,972,646</u>	<u>2,365,252</u>	<u>4,337,898</u>
Total Current Assets			
Noncurrent Assets:			
Deferred charges (net of accumulated amortization)	9,124		9,124
Capital assets, not being depreciated	258,774		258,774
Capital assets, being depreciated, net of accumulated depreciation	1,156,020		1,156,020
	<u>1,423,918</u>		<u>1,423,918</u>
Total Noncurrent Assets			
	<u>3,396,564</u>	<u>2,365,252</u>	<u>5,761,816</u>
Total Assets			
Liabilities			
Current Liabilities:			
Accounts payable	113,645	19,406	133,051
Accrued liabilities	11,249	340	11,589
Accrued interest payable	1,460		1,460
Claims payable		914,933	914,933
Bonds payable	18,724		18,724
	<u>145,078</u>	<u>934,679</u>	<u>1,079,757</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Claims payable		121,823	121,823
Compensated absences	32,632		32,632
Bonds payable	312,588		312,588
	<u>345,220</u>	<u>121,823</u>	<u>467,043</u>
Total Noncurrent Liabilities			
	<u>490,298</u>	<u>1,056,502</u>	<u>1,546,800</u>
Total Liabilities			
Net Assets			
Net Assets:			
Invested in capital assets, net of related debt	1,414,794		1,414,794
Unrestricted	1,491,472	1,308,750	2,800,222
	<u>\$ 2,906,266</u>	<u>\$ 1,308,750</u>	<u>\$ 4,215,016</u>
Total Net Assets			

CITY OF PACIFICA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 1,375,106	\$ 152,280	\$ 1,527,386
Other operating income	7,372	1,053,304	1,060,676
	<u>1,382,478</u>	<u>1,205,584</u>	<u>2,588,062</u>
Operating Expenses:			
Personnel services	414,409		414,409
Administration	2,441		2,441
Supplies and materials	409,434		409,434
Insurance		442,300	442,300
Outside contractors		17,617	17,617
Maintenance	65,893		65,893
Insurance claims		710,804	710,804
Depreciation	315,739		315,739
	<u>1,207,916</u>	<u>1,170,721</u>	<u>2,378,637</u>
Operating Income (Loss)	<u>174,562</u>	<u>34,863</u>	<u>209,425</u>
Non-Operating Revenues (Expenses):			
Investment earnings	8,005	12,186	20,191
Amortization expense	(11,851)		(11,851)
Interest and fiscal charges	(19,118)		(19,118)
Gain on sale of capital assets	19,972		19,972
	<u>(2,992)</u>	<u>12,186</u>	<u>9,194</u>
Income (Loss) Before Transfers	171,570	47,049	218,619
Transfers:			
Transfers in		<u>380,000</u>	<u>380,000</u>
Changes in Net Assets	171,570	427,049	598,619
Net Assets, July 1, 2010	<u>2,734,696</u>	<u>881,701</u>	<u>3,616,397</u>
Net Assets, June 30, 2011	<u>\$ 2,906,266</u>	<u>\$ 1,308,750</u>	<u>\$ 4,215,016</u>

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	Motor Pool	Self Insurance	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,384,053	\$ 1,205,584	\$ 2,589,637
Payments to suppliers and users	(415,442)	(460,601)	(876,043)
Payments for claims		(830,513)	(830,513)
Payments to employees	(412,656)	(560)	(413,216)
	<u>555,955</u>	<u>(86,090)</u>	<u>469,865</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows from Noncapital and Related Financing Activities:			
Interfund loans		(1,084,645)	(1,084,645)
Transfers in		380,000	380,000
		<u>380,000</u>	<u>380,000</u>
Net Cash Provided by Noncapital and Related Financing Activities		<u>(704,645)</u>	<u>(704,645)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(248,446)		(248,446)
Proceeds from sale of capital assets	19,972		19,972
Principal payments on bonds and notes	(19,409)		(19,409)
Interest paid	(19,320)		(19,320)
	<u>(267,203)</u>		<u>(267,203)</u>
Net Cash Used by Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Interest received	8,005	12,186	20,191
	<u>8,005</u>	<u>12,186</u>	<u>20,191</u>
Net Cash Provided by Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	296,757	(778,549)	(481,792)
Cash and Cash Equivalents at the Beginning of the Fiscal Year	<u>1,301,221</u>	<u>2,059,156</u>	<u>3,360,377</u>
Cash and Cash Equivalents at the End of the Fiscal Year	<u>\$ 1,597,978</u>	<u>\$ 1,280,607</u>	<u>\$ 2,878,585</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:			
Cash and investments	<u>\$ 1,597,978</u>	<u>\$ 1,280,607</u>	<u>\$ 2,878,585</u>
Total Cash and Cash Equivalents	<u>\$ 1,597,978</u>	<u>\$ 1,280,607</u>	<u>\$ 2,878,585</u>

(Continued)

CITY OF PACIFICA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011
(Continued)

	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income	\$ 174,562	\$ 34,863	\$ 209,425
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	315,739		315,739
(Increase) Decrease in Operating Assets:			
Accounts receivable	1,575		1,575
Inventories	(13,583)		(13,583)
Increase (Decrease) in Operating Liabilities:			
Accounts payable	75,909	(684)	75,225
Accrued liabilities	1,378	(560)	818
Claims payable		(119,709)	(119,709)
Compensated absences	375		375
	<u>375</u>	<u>(684)</u>	<u>375</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 555,955</u>	<u>\$ (86,090)</u>	<u>\$ 469,865</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. Taxable Sales by Category
6. Direct and Overlapping Sales Tax Rates
7. Tax Revenues by Source

Revenue Capacity

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

1. Assessed Value of Taxable Property

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

STATISTICAL SECTION (Continued)
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Operating Information

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

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

Sources

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 50,585,199	\$ 50,020,034	\$ 50,142,311	\$ 51,393,206	\$ 53,739,513
Restricted	7,370,411	7,064,256	5,597,188	4,962,287	7,557,974
Unrestricted	<u>703,720</u>	<u>5,799,437</u>	<u>8,728,875</u>	<u>4,867,264</u>	<u>(2,894,449)</u>
Total governmental activities net assets	<u><u>\$ 58,659,330</u></u>	<u><u>\$ 62,883,727</u></u>	<u><u>\$ 64,468,374</u></u>	<u><u>\$ 61,222,757</u></u>	<u><u>\$ 58,403,038</u></u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 12,423,925	\$ 11,483,688	\$ 10,796,034	\$ 11,247,270	\$ 14,179,807
Restricted	953,800	1,075,760	689,514	562,485	-
Unrestricted	<u>(700,968)</u>	<u>2,341,086</u>	<u>5,776,571</u>	<u>7,139,231</u>	<u>5,545,190</u>
Total business-type activities net assets	<u><u>\$ 12,676,757</u></u>	<u><u>\$ 14,900,534</u></u>	<u><u>\$ 17,262,119</u></u>	<u><u>\$ 18,948,986</u></u>	<u><u>\$ 19,724,997</u></u>
Primary Government					
Invested in capital assets, net of related debt	\$ 63,009,124	\$ 61,503,722	\$ 60,938,345	\$ 62,640,476	\$ 67,919,320
Restricted	8,324,211	8,140,016	6,286,702	5,524,772	7,557,974
Unrestricted	<u>2,752</u>	<u>8,140,523</u>	<u>14,505,446</u>	<u>12,006,495</u>	<u>2,650,741</u>
Total primary government net assets	<u><u>\$ 71,336,087</u></u>	<u><u>\$ 77,784,261</u></u>	<u><u>\$ 81,730,493</u></u>	<u><u>\$ 80,171,743</u></u>	<u><u>\$ 78,128,035</u></u>

Notes:

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

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

Source: City Comprehensive Annual Financial Report

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses:					
Governmental Activities:					
General Government	\$ 5,798,391	\$ 4,952,782	\$ 4,083,959	\$ 4,625,471	\$ 4,212,498
Public Safety	14,980,984	14,985,013	15,306,306	15,149,459	14,460,040
Community Development	1,178,590	1,343,220	1,356,494	1,402,574	1,549,299
Public Works	4,264,011	4,154,717	4,422,332	4,801,291	4,881,082
Parks, Beaches & Recreation	3,405,149	4,155,877	4,035,233	3,681,863	3,919,199
Interest on Long-term Debt	846,768	987,156	2,225,220	1,777,280	2,174,281
Total Governmental Activities Expenses	<u>\$ 30,473,893</u>	<u>\$ 30,578,765</u>	<u>\$ 31,429,544</u>	<u>\$ 31,437,938</u>	<u>\$ 31,196,399</u>
Business-Type Activities:					
Sewer	9,084,345	8,095,219	9,084,439	9,658,229	10,944,059
Total Business-Type Activities Expenses	<u>\$ 9,084,345</u>	<u>\$ 8,095,219</u>	<u>\$ 9,084,439</u>	<u>\$ 9,658,229</u>	<u>\$ 10,944,059</u>
Total Primary Government Expenses	<u>\$ 39,558,238</u>	<u>\$ 38,673,984</u>	<u>\$ 40,513,983</u>	<u>\$ 41,096,167</u>	<u>\$ 42,140,458</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 96,106	\$ 110,868	\$ 77,393	\$ 69,853	\$ 48,038
Public Safety	1,157,322	1,159,056	1,001,112	840,467	851,020
Community Development	732,372	792,532	606,991	568,871	631,767
Public Works	1,376,379	2,522,362	1,741,147	683,914	683,914
Parks, Beaches & Recreation	1,543,791	584,724	1,642,848	1,558,394	1,843,700
Operating Grants & Contributions	2,967,049	2,871,766	4,364,106	1,884,748	1,980,279
Capital Grants & Contributions	3,639,686	3,302,650	2,936,150	4,049,601	2,348,301
Total Governmental Activities Program Revenues	<u>\$ 11,512,705</u>	<u>\$ 11,343,958</u>	<u>\$ 12,369,747</u>	<u>\$ 9,655,848</u>	<u>\$ 8,387,019</u>
Business-Type Activities:					
Charges for Services:					
Sewer	\$ 9,137,785	\$ 10,181,406	\$ 11,885,526	\$ 11,367,645	\$ 11,694,198
Total Business-Type Activities Program Revenue	<u>\$ 9,137,785</u>	<u>\$ 10,181,406</u>	<u>\$ 11,885,526</u>	<u>\$ 11,367,645</u>	<u>\$ 11,694,198</u>
Total Primary Government Program Revenues	<u>\$ 20,650,490</u>	<u>\$ 21,525,364</u>	<u>\$ 24,255,273</u>	<u>\$ 21,023,493</u>	<u>\$ 20,081,217</u>
Net Revenues (Expenses):					
Governmental Activities	\$ (18,961,188)	\$ (19,234,807)	\$ (19,059,797)	\$ (21,782,090)	\$ (22,809,380)
Business-Type Activities	53,440	2,086,187	2,801,087	1,709,416	750,139
Total Net Revenues (Expenses)	<u>\$ (18,907,748)</u>	<u>\$ (17,148,620)</u>	<u>\$ (16,258,710)</u>	<u>\$ (20,072,674)</u>	<u>\$ (22,059,241)</u>
General Revenues and Other Change in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	\$ 9,016,273	\$ 9,623,522	\$ 10,484,389	\$ 10,603,749	\$ 10,564,253
Sales Tax	1,096,165	1,225,279	1,365,710	1,306,611	1,434,710
Franchise Tax	1,539,123	1,558,164	1,740,754	1,372,885	1,565,634
Other Taxes	3,720,047	3,652,373	2,787,716	2,604,443	2,712,005
Motor vehicle in lieu - unrestricted	2,917,076	3,068,643	3,184,538	3,107,767	3,195,730
Use of Money/Property	568,021	532,887	528,768	211,681	192,620
Miscellaneous	369,309	3,986,507	507,569	341,313	324,709
Transfers	815,000	45,000	45,000	45,000	-
Total Governmental Activities	<u>\$ 20,041,014</u>	<u>\$ 23,692,375</u>	<u>\$ 20,644,444</u>	<u>\$ 19,593,449</u>	<u>\$ 19,989,661</u>
Business-Type Activities:					
Use of Money/Property	\$ 14,881	\$ 41,921	\$ 23,667	\$ 22,451	\$ 25,872
Miscellaneous	4,688	-	-	-	-
Transfers	(815,000)	(45,000)	(45,000)	(45,000)	-
Total Business-Type Activities	<u>\$ (795,431)</u>	<u>\$ (3,079)</u>	<u>\$ (21,333)</u>	<u>\$ (22,549)</u>	<u>\$ 25,872</u>
Total Primary Government	<u>\$ 19,245,583</u>	<u>\$ 23,689,296</u>	<u>\$ 20,623,111</u>	<u>\$ 19,570,900</u>	<u>\$ 20,015,533</u>
Changes in Net Assets:					
Governmental Activities	\$ 1,079,826	\$ 4,457,568	\$ 1,584,647	\$ (2,188,641)	\$ (2,819,719)
Business-Type Activities	(741,991)	2,083,108	2,779,754	1,686,867	776,011
Total Primary Government	<u>\$ 337,835</u>	<u>\$ 6,540,676</u>	<u>\$ 4,364,401</u>	<u>\$ (501,774)</u>	<u>\$ (2,043,708)</u>

Notes:

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

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

Source: City Financial Reports

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved	\$ 4,962	\$ 3,765	\$ 3,951	\$ 3,702
Unreserved	<u>704</u>	<u>6,051</u>	<u>5,135</u>	<u>3,377</u>
Total General Fund	<u>\$ 5,666</u>	<u>\$ 9,816</u>	<u>\$ 9,086</u>	<u>\$ 7,079</u>
All Other Governmental Funds				
Reserved	\$ 2,190	\$ 2,419	\$ 2,881	\$ 3,415
Unreserved		(5,160)	(1,771)	(2,313)
Unreserved, reported in:				
Special revenue funds	2,359	1,858	(714)	(1,076)
Capital projects funds	(3,371)	1,707	1,532	1,376
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 1,178</u>	<u>\$ 824</u>	<u>\$ 1,928</u>	<u>\$ 1,402</u>
Total Governmental Funds	<u>\$ 6,844</u>	<u>\$ 10,640</u>	<u>\$ 11,014</u>	<u>\$ 8,481</u>

<u>General Fund</u>	<u>2011</u>	<u>All Other Governmental Funds</u>	<u>2011</u>
Non Spendable	\$ 2,518,609	Restricted	\$ 8,304,103
Committed	567,465	Committed	-
Assigned	150,369	Assigned	-
Unassigned	<u>841,392</u>	Unassigned	<u>(6,590,713)</u>
Total General Fund	<u>\$ 4,077,835</u>	Total All Other Governmental Funds	<u>\$ 1,713,390</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's 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES					
Taxes	\$ 14,913	\$ 16,057	\$ 16,230	\$ 16,391	\$ 16,454
Licenses and Permits	471	558	402	350	341
Fines and Forfeitures	218	187	246	246	227
Use of Money and Property	464	432	679	390	154
Intergovernmental Revenues	8,601	8,044	9,320	8,497	8,173
Charges for Services	2,883	3,100	2,777	1,592	1,676
Recreation Programs	559	612	597	445	654
Other Revenues	2,530	6,115	1,455	1,620	1,540
Total Revenues	<u>\$ 30,639</u>	<u>\$ 35,105</u>	<u>\$ 31,706</u>	<u>\$ 29,531</u>	<u>\$ 29,219</u>
EXPENDITURES					
Current:					
General Government	\$ 4,673	\$ 3,961	\$ 4,209	\$ 7,430	\$ 3,884
Public Safety	14,567	14,970	14,896	16,575	14,096
Community Development	1,127	1,238	1,306	3,275	1,435
Public Works	3,471	3,726	3,722	8,888	4,041
Parks, Beaches & Recreation	3,318	3,744	3,929	8,725	3,581
Non-departmental	1,027	437			
Capital Outlay	2,595	1,677	3,912	2,286	754
Debt Service:					
Principal Retirement	194	35	35	550	1,482
Interest and Other Charges	989	1,140	2,340	1,540	2,256
Total Expenditures	<u>\$ 31,961</u>	<u>\$ 30,928</u>	<u>\$ 34,349</u>	<u>\$ 49,269</u>	<u>\$ 31,529</u>
Excess of Revenues Over/(Under) expenditures	<u>\$ (1,322)</u>	<u>\$ 4,177</u>	<u>\$ (2,643)</u>	<u>\$ (19,738)</u>	<u>\$ (2,310)</u>
Other financing sources (uses):					
Transfers In	\$ 3,898	\$ 815	\$ 2,391	\$ 1,489	\$ 3,387
Transfers (Out)	(3,503)	(1,072)	(2,846)	(1,869)	(3,767)
Other Sources/Uses:					
Issuance of Debt			19,815	17,826	
Issuance Discount			(596)	(241)	
Refunded to debt escrow agent			(15,747)	-	
Debt Issuance Cost					
Proceeds of long-term debt					
Total other financing sources (uses)	<u>\$ 395</u>	<u>\$ (257)</u>	<u>\$ 3,017</u>	<u>\$ 17,205</u>	<u>\$ (380)</u>
Net change in fund balances	<u>\$ (927)</u>	<u>\$ 3,920</u>	<u>\$ 374</u>	<u>\$ (2,533)</u>	<u>\$ (2,690)</u>
Debt serviced as a percentage of noncapital expenditures	4.03%	4.02%	7.80%	4.45%	12.15%

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

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

<u>CATEGORY</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>	<u>2010</u>
Apparel Stores	\$ 7,672	\$ 8,063	\$ 7,870	\$ 8,126	\$ 8,370	\$ 7,682	\$ 7,812	\$ 7,809	\$ 7,906	\$ 7,709
General Merchandise	34	58	77	103	59	145	267	1,269	1,606	1,769
Food Stores	24,649	24,089	23,694	23,603	23,381	22,582	25,265	25,314	25,060	24,648
Eating & Drinking Places	23,777	24,282	24,734	25,387	26,469	27,053	28,038	27,831	28,221	29,435
Building Materials	6,668	7,671	7,241	6,972	6,793	6,933	6,604	5,826	4,587	3,846
Auto Dealers and Supplies	2,654	2,537	3,532	3,578	4,282	4,116	4,376	3,998	3,740	3,709
Service Stations	26,178	21,392	24,665	27,470	33,306	37,459	40,024	43,974	34,502	39,724
Other Retail Stores	19,768	19,801	19,563	19,048	21,490	22,948	22,110	21,765	22,712	24,461
All Other Outlets	26,013	24,960	24,346	27,246	28,083	29,170	34,396	34,974	28,005	32,153
Total	<u>\$ 137,413</u>	<u>\$ 132,853</u>	<u>\$ 135,722</u>	<u>\$ 141,533</u>	<u>\$ 152,233</u>	<u>\$ 158,088</u>	<u>\$ 168,892</u>	<u>\$ 172,760</u>	<u>\$ 156,339</u>	<u>\$ 167,454</u>

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
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>
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%
2010	6.25%	0.75%	0.75%	0.50%	1.00%	9.25%
2011	6.25%	0.75%	0.75%	0.50%	1.00%	9.25%

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 & Permits</u>	<u>Use of Money & Property</u>	<u>Inter-Governmental</u>	<u>Current Service Chgs.</u>	<u>Fines & Forfeitures</u>	<u>Other Revenues</u>	<u>TOTAL</u>
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
2009-2010	16,391,061	350,181	390,276	8,496,563	2,037,223	245,835	1,620,197	29,531,336
2010-2011	16,454,504	340,779	154,429	8,173,354	1,676,210	226,650	2,193,458	29,219,384
% Change 2001-2011	59.72%	-39.52%	-83.66%	-6.36%	-18.16%	6.25%	-42.14%	9.88%

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Notes:

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

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

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

Fiscal Year	LOCALLY ASSESSED						TOTALS							
	Secured			Unsecured			Total Before Exemptions			Exemptions/Net Totals				
	Land Value	Improvements	Personal Property	Land Value	Improvements	Personal Property	Land Value	Improvements	Personal Property	Grand Total	(1) H.O.P.T.R.	Other	Total Exemptions	Net Subject To Tax
2001-2002	1,112,535	1,528,239	2,218	4,889	13,169	17,313	1,117,424	1,541,408	19,531	2,678,363	62,857	21,269	84,126	2,594,237
2002-2003	1,220,448	1,631,688	2,535	5,057	12,296	16,333	1,225,505	1,643,983	18,868	2,888,356	60,594	40,812	101,406	2,786,951
2003-2004	1,326,705	1,757,984	2,126	5,463	14,228	29,749	1,332,169	1,772,211	31,874	3,136,254	60,723	39,150	99,873	3,036,382
2004-2005	1,447,923	1,874,276	1,971	5,429	16,341	19,159	1,453,352	1,890,618	21,130	3,365,099	59,325	40,452	99,778	3,265,322
2005-2006	1,601,167	2,018,013	1,775	5,641	17,610	18,927	1,606,808	2,035,623	20,702	3,663,133	58,989	43,835	102,824	3,560,309
2006-2007	1,798,645	2,157,278	3,106	5,628	17,463	19,243	1,804,274	2,174,741	22,349	4,001,364	58,740	49,975	108,715	3,892,649
2007-2008	1,958,815	2,301,957	3,892	5,876	19,118	20,134	1,964,691	2,321,075	24,026	4,309,792	58,066	52,720	110,786	4,199,006
2008-2009	2,068,296	2,434,746	3,695	4,876	17,659	21,944	2,073,171	2,452,405	25,639	4,551,215	57,951	56,485	114,437	4,436,778
2009-2010	2,017,339	2,389,859	3,578	4,884	16,833	34,565	2,022,223	2,406,692	38,143	4,467,058	58,584	54,790	113,374	4,353,684
2010-2011	2,019,330	2,387,399	2,710	6,572	17,123	34,100	2,025,902	2,404,522	36,810	4,467,234	58,844	54,695	113,539	4,353,695
% Change 2002-2011	81.51%	56.22%	22.18%	34.42%	30.03%	96.96%	81.30%	56.00%	88.47%	66.79%	-3.93%	153.66%	37.10%	82.42%

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(1) Homeowner's Property Tax Relief

Notes:

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

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

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

Annual Year	City Direct Rate			Overlapping Rates				Total Direct Rate
	City Basic Rate	General Obligation Debt Service	Redevelopment Debt Service Rate	Pacifica School District	Jefferson School District	San Mateo Junior College	San Mateo County as Distributor	
2002	0%	0%	0.0%	0.0344%	0.0194%	0.0079%	1%	0.0000%
2003	0%	0%	0.0%	0.0259%	0.0187%	0.0065%	1%	0.0000%
2004	0%	0%	2.90%	0.0244%	0.0170%	0.0065%	1%	2.9000%
2005	0%	0%	2.90%	0.0417%	0.0153%	0.0065%	1%	2.9000%
2006	0%	0%	2.90%	0.0457%	0.0174%	0.0182%	1%	2.9000%
2007	0%	0%	2.90%	0.0411%	0.0361%	0.0182%	1%	2.9000%
2008	0%	0%	2.90%	0.0384%	0.0333%	0.0182%	1%	2.9000%
2009	0%	0%	2.90%	0.0417%	0.0360%	0.0182%	1%	2.9000%
2010	0%	0%	2.90%	0.0417%	0.0360%	0.0182%	1%	2.9000%
2011	0%	0%	2.90%	0.0412%	0.0416%	0.0193%	1%	2.9000%

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Notes:

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

Source: City Financial Reports

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

Taxpayer	2011			2002		
	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	\$ 48,742	1	1.12%	\$ 31,181	1	1.20%
Pan Pacific Realty Corporation				12,430	2	0.48%
Pacifica GSPT, LLC				12,080	3	0.47%
Bay Apartment Communities, Inc.	13,495	8	0.31%	11,474	4	0.44%
Demartini / Linda Mar LLC				11,436	5	0.44%
National Church Residences	13,196	9	0.30%	11,220	6	0.42%
Julia Ng, et al				10,953	7	0.42%
Ocean Hill Apartments, LLC				10,404	8	0.40%
Marymount Gateway Apt., LLC				7,747	9	0.30%
GRC Pacific Ventures Ltd.				5,729	10	0.22%
Linda Mar Shopping Center, LLP	31,628	2	0.73%			
PK III Fairmont Shopping Center	27,460	3	0.63%			
AIMCO Park Pacifica Apartments	20,078	4	0.46%			
Marymount Summit ,LLC	18,400	5	0.42%			
AIMCO Horizons West Apartments, LL	15,770	6	0.36%			
Harry B. Lewis, et al	14,257	7	0.33%			
LBN Properties LP	12,883	10	0.30%			
Total	<u>\$ 215,909</u>		<u>4.96%</u>	<u>\$ 124,654</u>		<u>4.80%</u>

Notes:

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

Source:

City of Pacifica from Tax Rolls provided by County Assessor's Office, County of San Mateo, California; March 1, 2011 and April 1, 2001

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

Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	8,554	99.50%	0	8,554	99.50%
2010	8,497	8,499	100.02%	0	8,499	100.02%
2011	8,508	8,532	100.28%	0	8,532	100.28%
Change 2002-2011	3,204	3,306	0	(59)	3,247	0

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Notes:

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

Includes Homeowner's Tax Relief (HOPTR).

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

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

Source: City Financial Reports

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

Governmental Activities					
Fiscal Year Ending	Pension Obligation Bond	Notes Payable	Special Assessment	Certificates of Participation	Total Governmental Activities Debt
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
2010	18,176,373	875,378	-	19,305,000	38,356,751
2011	17,170,125	875,378	-	18,850,000	36,895,503

Notes:

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

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

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

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

Sources: City's Comprehensive Annual Financial Reports 2002-2011.

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

Business-Type Activities						
Fiscal Year Ending	Wastewater and Pension Obligation Bonds	Notes Payable	Total Business-Type Government	Total Primary Government	Percentage of Personal Income	Debt Per Capita
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
2010	15,558,627	22,112,004	37,670,631	76,027,382	3.22%	2,042
2011	15,269,875	20,444,965	35,714,840	72,610,343	3.08%	1,935

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 2002-2011.

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

Fiscal Year Ending	<u>General Bonded Debt Outstanding</u>			Percent of Assessed Value	Per Capita
	Net Bonded Debt	Redevelopment Bonds	Total		
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
2010	19,305	1,580	20,885	0.480%	517
2011	18,850	1,540	20,390	0.468%	504
% Change 2002-2011	84.91%	N/A	100.02%	19.19%	93.17%

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 112 and 115 for property tax data. Population data can be found on Page 123.

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, 2011
(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>
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
2009-2010	1.0000	---	0.0417	0.0360	0.0182	---	1.0959
2010-2011	1.0000	---	0.0412	0.0416	0.0193	---	1.1021

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

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

FISCAL YEAR ENDING JUNE 30

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Valuation	\$2,594,237	\$2,786,951	\$3,036,382	\$ 3,265,322	\$3,560,309	\$3,892,648	\$4,199,006	\$4,436,779	\$ 4,353,684	\$ 4,436,779
Debt Limit	97,284	104,511	113,864	122,450	133,512	145,974	157,463	166,379	163,263	166,379
Total Net Debt Applicable to Limit	10,194	12,790	14,125	13,724	17,450	17,415	17,380	21,435	20,885	20,390
Legal Debt Margin	\$ 87,090	\$ 91,721	\$ 99,739	\$ 108,726	\$ 116,062	\$ 128,559	\$ 140,083	\$ 144,944	\$ 142,378	\$ 145,989
Total Net Debt applicable to the limit as a percentage of debt limit	10.48%	12.24%	12.41%	11.21%	13.07%	11.93%	11.04%	12.88%	12.79%	12.26%

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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>	
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
2010	11,270	8,541	2,729	1,793	1,097	0.94
2011	11,599	8,619	2,980	1,827	1,061	1.03

Special Assessment Bonds

<u>Fiscal Year</u>	<u>Debt Service (000's)</u>	
	<u>Principal</u>	<u>Interest</u>
2002	0	0
2003	0	0
2004	0	0
2005	0	0
2006	0	0
2007	0	0
2008	0	0
2009	0	0
2010	0	0
2011	0	0

Notes:

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

Source: City Financial Reports

CITY OF PACIFICA, CALIFORNIA

DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT

June 30, 2011

2011 Population Estimate	37,526
2010-2011 Assessed Valuation	\$4,353,695,185

	<u>Percent Applicable</u>	<u>Date Applicable June 30, 2011</u>
Direct Debt:		
2008 Certificates of Participation	49.31%	\$ 18,850,000
2010 Pension Obligation Bond	50.69%	19,375,000
Total Direct Debt	100.00%	\$ 38,225,000

Overlapping Debt: *

Pacifica School District 1997 Series A	\$ 16,538,854
Pacifica School District 2000 Series	6,285,016
Jefferson Union High School Refunding Series A	17,155,000
Jefferson Union High School Refunding Series 05	4,805,000
Jefferson Union High School 2006 Series A	47,515,000
Jefferson Union High School 2006 Series B	17,938,429
Jefferson Union High School 2006 Series C	12,000,000
Jefferson Union High School 2006 Series D	14,999,736
San Mateo Community College District Series 02	77,670,613
San Mateo Community College District Series 05 B	65,580,132
San Mateo Community College District Series 2001 C	37,884,660
San Mateo Community College District 2006 Series A	100,544,395
San Mateo Community College District 2005 Series B	332,100,194
Total Overlapping Debt:	\$ 751,017,029
Total Direct and Overlapping Debt:	\$ 789,242,029

Ratios to Assessed Valuation

Per Capita

Direct Debt	0.878%	Assessed Valuation	\$ 116,018.10
		Direct Debt	1,018.63
Total Debt	18.128%	Total Debt	\$ 21,031.87

* Note: County provided figures. Current debt obligation is from their debt servicing schedule less fiscal year payments.

Source: County Controller, County of San Mateo, California

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

Calendar Year Ending	Population	Median Personal Income	Per Capita Personal Income	Unemployment Rate %
2002	38,570	49,731	32,982	5.0
2003	38,504	51,223	33,971	5.1
2004	38,523	52,760	34,990	5.0
2005	38,553	54,343	36,040	4.3
2006	38,696	55,973	37,121	4.2
2007	38,988	58,327	37,095	4.8
2008	39,497	58,567	37,298	5.0
2009	39,995	57,014	43,641	9.4
2010	37,234	63,500	48,021	10.1
2011	37,526	62,917	50,014	8.6

Notes:

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

This information has not been tracked and the information provided here is extrapolated from the Census 2000. Population data is from the State of California Department of Finance or Census 2010.

The unemployment rates are from San Mateo County overall.

The 2010 population has been changed to reflect the 2010 Census figure.

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

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

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pacifica School District	306	1	N/A	Not Available		
City of Pacifica	285	2	N/A			
Safeway (2)	212	3	N/A			
Jefferson Union High School District	169	4	N/A			
Lucky (Save Mart Supermarkets)	125	5	N/A			
Rite Aid (2)	52	6	N/A			
Recology of the Coast	49	7	N/A			
Ross Dress for Less	48	8	N/A			
North Coast County Water District	22	9	N/A			

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Notes:

The City does not track this information. Our business license tax is based on gross receipts.

The City of Pacifica is not a Standard Metropolitan Statistical Area (SMSA) so this information is not readily available.

Source: Business Registration Research

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Administration	8.2	8.2	7	7	7	6.5	7	7	7	7
Finance	8	8	7	8	8	7.5	7.5	7	7	7
Parks	51.75	54.75	54	38.75	38.75	39.75	39.75	37.75	37.75	58
Planning & Building	5.8	4.8	4.8	7.8	8.8	9	9	9	8	8
Public Works	33	34	28.75	29	29	29	24	24	26	26
Engineering	4	4	4	4	4	4	4	4	4	5
Police										
Officers	41	42	37	37	36	38	40	40	36	36
Civilians	16.5	16.5	15.5	15.5	15.5	13.5	12.5	11.5	12.5	13
Fire										
Firefighters	30	32	32	31	31	30	28	27	27	27
Civilians	5	5.5	5.5	1.5	1.5	1.5	1	1	1	1.5
Redevelopment	0	0	0	0	0	0	0	0	0	0
Wastewater Division	20.5	21	21	19.75	19.75	19.75	19.75	19.75	19.75	19.75
Total	223.75	230.75	216.55	199.3	199.3	198.5	192.5	188	186	208.25

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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 2,080.

Source: City Financial Reports

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

FISCAL YEAR ENDING JUNE 30

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Building Permits Issued	1,408	1,380	1,360	1,219	1,200	1,263	1,220	970	967	1,036
Building Inspections Conducted	3,061	2,838	3,001	2,970	3,000	2,550	3,000	2,745	2,727	2,500
Police										
Physical Arrests	1,010	1,046	1,328	1,017	1,147	1,071	986	1,102	1,105	932
Parking Violations	8,024	5,745	4,955	3,511	3,624	2,998	2,792	3,250	3,427	2,635
Traffic Violations	3,000	4,878	3,846	2,502	2,271	2,531	2,586	3,368	3,472	3,074
Fire										
Emergency Responses	NA	NA	NA	3,615	3,465	3,185	4,295	2,852	3,708	2,782
Fires Extinguished	NA	NA	NA	85	135	136	175	139	104	87
Inspections	NA	NA	NA	1,413	1,442	1,453	1,353	1,085	943	954
Other Public Works										
Street Re-surfacing (miles)	7.5	4.3	-	-	-	0.6	1.25	3.07	2.02	1.05
Potholes Repaired	400	400	400	400	400	360	400	414	420	432
Parks, Beaches & Recreation										
Community Center Admissions	NA	NA	NA	estimated 115,000	estimated 120,000	estimated 130,000	estimated 125,000	estimated 130,000	estimated 130,000	estimated 110,000
Enterprise Fund WWTP										
New Connections	39.5	14.5	21.5	106.5	9.0	7.0	6.0	30.0	-	3.0
Avg Daily Sewage Treatment (Gallons)	3,604,000	3,630,000	3,507,000	3,830,000	3,920,000	3,500,000	3,008,000	2,674,000	3,117,000	3,110,000

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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**

<u>Function/Program</u>	<u>FISCAL YEAR ENDING JUNE 30</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>	<u>2010</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	13	12	12	12	12	12	12	12
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9	88.9
Highways (miles)	0	0	0	0	0	0	0	0	0	0
Streetlights	1,770	1,770	1,770	1,770	1,770	1,775	1,775	1,775	1,775	1,775
Traffic Signals	5	5	5	5	5	5	5	5	5	5
Parks, Beaches & Recreation										
Acreage	142.68	142.68	142.68	142.68	142.68	142.68	142.68	142.68	142.68	148.13
Playgrounds	13	13	13	13	13	13	13	13	13	14
Baseball Diamonds	5	5	5	5	5	5	5	5	5	5
Soccer/Football Fields	2	2	2	2	2	3	3	3	3	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary Sewers (miles)	130	130	165	165	165	165	165	165	165	165
Storm Sewers (miles)	90	90	90	90	90	90	90	90	90	90
Treatment Capacity (gallons)	3,604,000	3,630,000	3,507,000	3,830,000	3,920,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

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Notes:

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

Source: Various City Departments

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

Fiscal Year Ended June 30	Minimum Annual Charge	Rate per 100 Cubic Feet
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
2010	468.28	9.75568
2011	493.54	10.28208

Notes:

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

Source: City Records