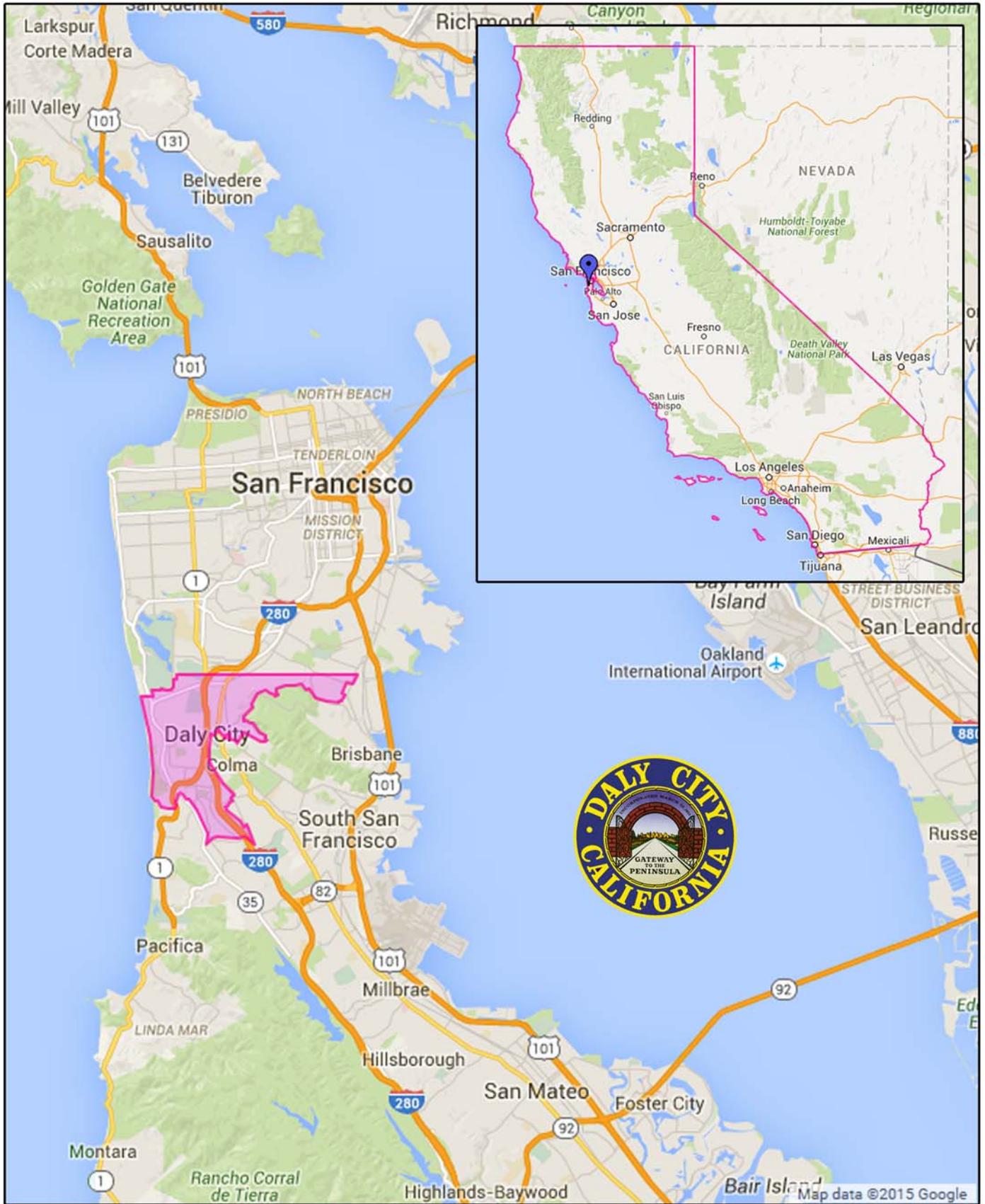


City of Daly City

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2017



CITY OF DALY CITY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017



Prepared by
DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES

Lawrence Chiu
Director



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF DALY CITY

333 – 90TH STREET
DALY CITY, CALIFORNIA 94015-1895

December 1, 2017

Honorable Mayor
Members of the City Council
Citizens of Daly City

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Daly City for the Fiscal Year (FY) ended June 30, 2017. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatements and presented in conformity with generally accepted accounting principles (GAAP).

The City has contracted with Maze and Associates, an independent Certified Public Accountants (CPAs) to perform the audit of these financial statements. The auditors have issued an “unqualified” opinion on the City of Daly City’s financial statements. This is the most favorable conclusion and is commonly known as an “unmodified” or “clean” opinion. The auditor’s report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The CAFR is divided into the Introductory, Financial, and Statistical sections. The Management Discussion and Analysis (MD&A) section immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial information. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The independent audit was part of a broader federally mandated Single Audit, designed to meet the requirements of federal grantor agencies. The standards governing Single Audits require the independent auditor to report on the fair presentation of the financial statements as in the normal audit, but also require the independent auditor to report on the City’s internal controls and compliance with legal requirements specific to the federal grants. These reports are part of the separately issued Single Audit Report that is provided to the appropriate federal agencies.

PROFILE OF THE CITY

The City of Daly City is the largest city in San Mateo County with an estimated population of 106,472 in July 2016. Daly City is a coastal community located at the northern edge of San Mateo County, approximately 7.7 square miles of substantially developed area. The City is known as the "Gateway to the Peninsula", and its area extends to the Pacific Ocean on the west, and nearly to San Francisco Bay on the East. Daly City abuts on San Bruno Mountain, a State and County Park which features the highest peak in the area's hilly terrain. It is strategically located and is central to major growth areas of San Francisco and San Mateo counties.

Daly City was incorporated on March 22, 1911, as a General Law City. It is governed by a council-manager form of government. There are five council members who serve overlapping terms of four years, and the City Council, in turn, elects one of the council members to serve as Mayor each year. The City Council appoints the City Manager and the City Attorney. The City Manager is the chief executive officer. It is the City Manager's responsibility to hire department heads for each of the City functions, to propose the biennial budget, to coordinate and oversee all activities of the organization, and to implement the laws, policies, and budgets adopted by the City Council.

The City of Daly City is a full-service city providing a full range of municipal services. These services include police, fire, library, recreation, street construction and maintenance, traffic signalization and control, engineering, code enforcement, parks operations and maintenance, general administration, planning, and community development. The City also provides water services and sanitary sewer services. Operating and capital costs for these services are maintained in enterprise funds and are funded by user rates or debt proceeds.

The CAFR includes all funds and accounts of the City of Daly City and its blended component units. The financial statements includes the financial activities of the City, the North San Mateo County Sanitation District and the Successor Agency to the Daly City Redevelopment Agency (as a private purpose trust fund). The financial operations of the City and the other entities included in this financial report are closely related. City Council members serve as the governing board of the North San Mateo County Sanitation District and the Successor Agency to the Daly City Redevelopment Agency. The City Manager also serves as the General Manager of the Sanitation District which is included in the proprietary fund type as an enterprise fund.

The biennial budget serves as the foundation for the City's financial planning and control. Using the Guiding Principles and Priorities established by the City Council, departments submit budget proposals to the City Manager for review. The City Manager's Proposed Budget is presented to the City Council during public budget study sessions. Changes as directed by the City Council are made and the budget is submitted for final adoption before July 1, the beginning of the next two-year budget cycle. Budgets for each of the two years

covered by the biennial budget are appropriated separately. Departments are responsible for managing within the City Council appropriated budget. Budget amendments are normally necessary due to changes in economic conditions and other circumstances occurring during the first year of the biennial budget.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Indicators

The University of California Los Angeles (UCLA) Anderson Forecast's second quarterly report in 2017 for the United States economy projects continued modest growth and the near-term Gross Domestic Product growth forecast exceeds 2% but falls below 2% in 2019, with national unemployment rate expected to drift downward to 4.1% in 2019. The national economic growth will be driven by increases in consumer spending and housing.

The outlook for the housing industry nationwide continues to slowly grind higher as it has since the "cyclical bottom of 2009" according to the UCLA Forecast. In California especially in the San Francisco Bay Area, housing prices are increasingly expensive and unaffordable, particularly for first time homebuyers. Housing market is equally tough for California renters, many of whom need to spend more than half of their income on rent. Housing market research suggests that limited supply to meet demand is one of the major causes of high home prices in the coastal California.

In California, the UCLA Forecast anticipates continued gain in employment and a steady decrease in the unemployment rate. In June 2017, the national unemployment rate was at 4.4% and the California's unemployment rate was at 4.7% compared to 5.5% a year ago. California's unemployment rate is expected to remain at its normal differential to the national rate and is projected at 4.5% by 2019.

Local Economy and Fiscal Challenges

The City continues to face ongoing fiscal challenges stemming from the impacts of the economic recession in 2008. Each fiscal year since that time, reductions have been made in staffing levels across all City departments, salaries and benefits have been reduced for City staff, resulting in significant reductions in direct services to the public. The economic recovery that began in 2009 has been sluggish in this community. Despite being the largest municipality in San Mateo County, Daly City lags behind other neighboring cities in economic growth due to lower per capita income and higher unemployment rates.

While revenues are increasing modestly, operating costs are increasing as well. Increasing workforce expenditures, including rising healthcare costs, overtime due to staffing shortages, and escalating pension obligations due to losses suffered by

CalPERS during the recession in 2008, coupled with the lack of a diversified revenue base and overreliance on property, sales and utility users taxes, have contributed to a General Fund structural budget deficit. In order to achieve a balance General Fund budget, the City has and will continue to control personnel expenses. In addition, all other controllable costs will be closely monitored.

General Fund revenues for FY 2017 decreased slightly by \$0.2 million to \$78.9 million; and General Fund expenditures decreased by \$1.8 million to \$76.8 million. This is due primarily to the transfer of Streetlight Traffic Signal and Street expenditures from the General Fund to the Gas Tax Fund in FY 2017.

Enterprise Funds

The City's two major enterprise funds, the Water Utility Fund and Sanitation District Fund, derive revenue from water usage.

Revenues for Water Utility Fund increased by \$0.5 million to \$17.6 million in FY 2017 due to moderate increase in water sales. Expenditures decreased \$0.6 million to \$15.3 million in FY 2017 due to postponement of capital infrastructure projects.

In November 2015, the City Council adopted a new water rate structure which adjusts both the Basic Charge and the Tiered Water Volume Charge (reducing the established rate tiers from eleven to two). In addition, the new rate structure limits the water rate increase to 8.0% effective January 1, 2016, and again on July 1, 2016, 2017 and 2018.

Revenue in the Sanitation District decreased \$0.5 million to \$19.3 million in FY 2017 due to lower connection charges and recycling water sales. Expense in this fund increased by \$3.3 million to \$17.5 million in FY 2017 primarily due to salary and benefit adjustments, increase in capital outlay, services and supplies.

In June 2016, the City Council, sitting as the North San Mateo County Sanitation District's Board of Directors, adopted a three-year rate increase plan with an 8% increase in fiscal years 2017, 2018 and 2019. The rate adjustments are due to anticipated capital maintenance projects and operating cost increases of the wastewater collection system and treatment plant.

LONG RANGE FINANCIAL PLANNING

The City employs a ten-year financial forecasting model to ensure accountability of service levels and to plan for future challenges. Each year, all budget assumptions are evaluated and the forecasting model is updated. The projections include all sources of revenues, projected expenditures including salaries, benefits, services and supplies, as well as changing economic factors.

Long-range financial planning enables the City to foresee potential problems early, giving the City sufficient time to respond to and analyze the long-term financial impact, as well as to take appropriate action before a problem develops. In addition, it serves as a key planning tool for future budgets and decision-making.

One key driver exacerbating the structural budget gap is workforce costs. Salaries are expected to increase, assuming there is no change in the overall workforce structure. Throughout the forecast period, personnel costs comprise approximately 80% of the total General Fund expenditures.

Another key factor that drives the budget gap higher is the pension costs which will be a major challenge for the City's budget in coming years. In December 2016, CalPERS Board of Administration approved lowering the discount rate assumptions, the long-term rate of return, from 7.5% to 7.0% over the next three years. This will increase public agency employer contribution costs beginning in FY 2019.

Between FY 2017 and FY 2026, CalPERS employer contribution rates for safety members will increase from 30.0% to 61.2%; and the employer contribution rates for miscellaneous members will increase from 24.0% to 44.0%. This results in employer pension contributions taking up a greater share of the overall budget.

In addition, retiree healthcare costs are projected to increase by 64% between FY 2016 and FY 2026 assuming a pay-as-you-go basis. In order to fully fund the Other Post-Employment Benefits (OPEB) annual required contribution, the City will need to contribute an additional \$4.5 million to \$7.7 million annually, with a required General Fund contribution of \$3.3 million to \$5.3 million for these years.

Finally, projected revenue growth lags behind projected expenditure increases. A key element on the revenue side of the budget gap is the lack of revenue enhancement opportunities within the City. California municipalities are constrained by constitutional limitations on how revenue can be generated. The lack of a diversified revenue base causes an overreliance on property tax, sales tax, and utility users' tax to balance the budget.

MAJOR INITIATIVES

During the FY 2017, under the leadership of the City Council, several outstanding key programs and projects were successfully undertaken by the City.

The Public Works Department completed several major projects to improve and protect the City's infrastructure. The Mussel Rock Site Maintenance and Seawall Repair Project was a \$1.3 million project that replaced thousands of tons of large rocks to maintain the stability of the landfill. The Gellert Park Soccer Field Rehabilitation Project was a \$1.2 million project that replaced the existing recycled tire crumb rubber

synthetic turf with a new hybrid synthetic turf system. The new impact absorbing material offers safer and improved performance. Lastly the Westlake Slurry Seal Project was a \$900,000 pavement preservation project to extend the useful life of a pavement's condition and reduce long term pavement operations and maintenance cost.

Staff and volunteers from the Department of Library and Recreation Services served 37,333 Congregate Nutrition Program meals to seniors at the Doelger Senior Center and Lincoln Park Community Center during FY 2017. More than 1,000 children participated in the Youth Basketball League coordinated by Recreation Division staff, with the assistance of 140 volunteer coaches supporting 122 teams. Daly City's four branch libraries continue to be an important asset for the community. Library patrons checked out 400,368 items and logged 293,760 Wi-Fi sessions during FY 2017.

The Police Department completed a remodel of the police firing range. The Patrol Division continues to prevent crime, reduce the fear of crime and improve the quality of life for the community by participating in Community Policing. The Patrol Division continues to participate in community events and administered a "Gun Buy Back" program for the residents of Daly City. The Investigations Unit completed a 2-year long investigation with the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) which resulted in 117 arrests and recovery of 101 firearms.

The North County Fire Authority (NCFA) achieved an overall "Customer Satisfaction" rating of 98% in the delivery of emergency and non-emergency services; continued presenting and instructing "Hands Only CPR" approach provided to residents, schools and businesses reaching over now 10,000 people through multiple events. The NCFA achieved an overall 96% total reflex time for all cities combined; from receipt of call, dispatch, turnout, travel to arrival in 7 minutes or less by a single fire company for all emergency incidents. In addition, the NCFA implemented through grant funds of approximately \$700,000 the replacement of Self Contained Breathing Apparatus for all fire companies.

The Department of Water and Wastewater Resources (DWWR) continued its active participation in the Regional Groundwater Storage and Recovery Program suspending pumpage from local groundwater wells which in turn provides improved groundwater storage that can be used during future dry year conditions. Staff successfully negotiated a new 5-year Wastewater Discharge Permit for the treatment plant with the San Francisco Regional Water Quality Board. Staff also completed an Initial Study of the environmental impacts of an expanded tertiary recycled water project to irrigate cemeteries in Colma. Lastly DWWR completed environmental review associated with the Vista Grande Drainage Basin Improvement Project.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Daly City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 30th consecutive year that the City of Daly City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently 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.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its Comprehensive Operating and Capital Budget for FYs 1991 through 2018. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the Accounting Division of the Department of Finance and Administrative Services. Each individual has our sincere appreciation for the professionalism, dedication and contributions made in the preparation of this report.

Credit must also be given to the Mayor, City Council members and City Department Directors for their support in maintaining the highest standards of professionalism in the management of the City of Daly City's finances.

Respectfully submitted,



Patricia E. Martel
City Manager



Lawrence Chiu
Director of Finance and
Administrative Services

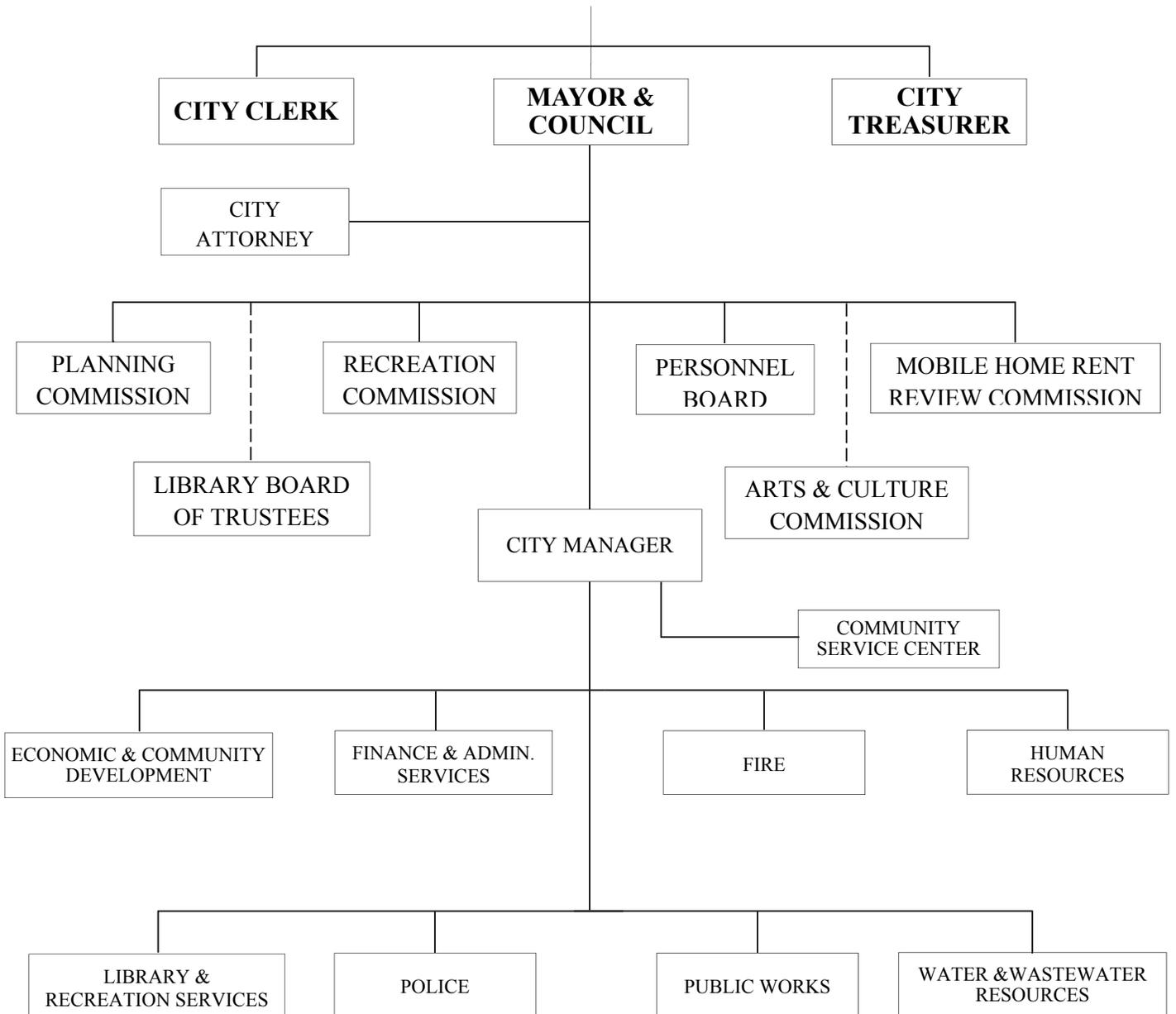


City of Daly City

ORGANIZATION STRUCTURE

Fiscal Years 2017

CITIZENS OF DALY CITY



----- ADVISORY BOARDS AND COMMISSIONS

**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2017**

Glenn R. Sylvester, Mayor

Juslyn C. Manalo, Vice Mayor

Raymond A. Buenaventura

Judith Christensen

Michael P. Guingona

K. Annette Hipona
City Clerk

Daneca Halvorson
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

Patricia E. Martel	City Manager
Rose Zimmerman	City Attorney
Lawrence Chiu	Director of Finance & Administrative Services
Joseph Curran	Director of Library & Recreation Services
John Fuller	Director of Public Works
Shawna Marques-Maltbie	Director of Human Resources
Manuel Martinez, Jr.	Police Chief
Tatum Mothershead	Director of Economic & Community Development
Ron Myers	Fire Chief
Patrick Sweetland	Director of Water & Wastewater Resources



Government Finance Officers Association

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

Presented to

**City of Daly City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council of the City of Daly City, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2017, as discussed in Note 1F to the financial statements:

- *GASB Statement No. 82- Pension Issues.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 20, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Daly City's financial results provides an overview of the City's financial activities for the year ended June 30, 2017.

FISCAL YEAR 2017 FINANCIAL HIGHLIGHTS

- At June 30, 2017, net position totaled \$152.3 million, an increase of \$8.7 million from the prior year total of \$143.6 million for both Governmental and Business-Type activities.
- Net Position of governmental activities in Fiscal Year (FY) 2017 was \$55.2 million, compared to \$49.6 in FY 2016, an increase of \$5.6 million. The increase was due mostly to the approval of the State Department of Finance of a previously denied loan receivable of the City from the former Redevelopment Agency in the amount of \$4.6 million. The revenue recognized by recording the loan receivable is categorized as non-spendable fund balance and cannot be appropriated until cash is received from the State.
- Net Position of business-type activities for FY 2017 was \$97 million compared to \$94 million in FY 2016. This was due primarily to the reduction in net pension liability in FY 2017.
- In FY 2017, total City revenues, including program and general revenues, were \$132.3 million, while total expenses were \$128.2 million.
- Governmental program revenues were \$28.8 million in FY 2017 compared with \$32.7 million in FY 2016. Business-type program revenues were \$37.1 million in FY 2017 compared with \$37.3 million in FY 2016.
- Governmental general revenues were \$63.5 million, an increase of \$2.5 million from the prior year. The increase was mainly due to increase in property tax revenues. Business-type general revenues were \$2.8 million.
- In FY 2016, governmental activities recognized special items of \$26.5 million loan receivable and transfer of land from the successor agency related to the former Redevelopment Agency. In FY 2017, governmental activities recognized loan receivable of \$4.6 million from the successor agency.
- Unrestricted net position of governmental funds increased from negative (\$64.9) million in FY 2016 to negative (\$62.9) million in FY 2017. This negative unrestricted net position results from the FY 2016 implementation of Governmental Accounting Standards Board (GASB) Pronouncement No. 68 - Accounting and Financial Reporting for Pensions. GASB 68 requires governments to recognize their long-term obligations for pension benefits as a liability. Since the implementation of GASB 68, it is common that there is a negative balance in unrestricted net position associated with entities with pension fund liabilities. See Note 7 of the Notes to Basic Financial Statements.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report (CAFR) is in three sections:

- 1) Introductory Section containing the Transmittal Letter and miscellaneous other information
- 2) Financial Section containing the Independent Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements, Required Supplemental Information, and Combining Statements for Non-major Governmental Funds and Fiduciary Funds
- 3) Statistical Section containing financial trend data and general statistical information about the City

The Basic Financial Statements

The Basic Financial Statements are comprised of the City-wide Financial Statements and the Fund Financial Statements, including the Notes thereto. These two sets of financial statements provide two different views of the City's financial activities and financial position.

The *Government-wide Financial Statements* provide a longer-term view of the City's activities as a whole, and are comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net position for the year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two types of activities of the City as a whole.

The *Fund Financial Statements* report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds.

The fiduciary statements provide financial information about the assets for which the City acts solely as custodian in its capacity as a fiscal agent.

The Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the following:

- Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, public safety, public works, streets and infrastructure, culture and recreation, and economic and community development. These services are supported by general City revenues such as taxes, and by specific program revenues.
- Business-type activities - All the City's enterprise activities are reported here, including water, sewer, and solid waste transport. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining funds by fund type and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements.

Enterprise fund financial statements are prepared on the full accrual basis, and include all their assets and liabilities, both current and long-term.

Since the City’s internal service funds provide goods and services only to the City’s governmental and business-type activities, their activities are reported only in total at the fund level. Internal service funds cannot be major funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the activities which created them, along with any residual net position of the internal service funds.

Comparisons of budget and actual financial information are presented only for the General Fund and other major funds that are special revenue funds.

Fiduciary Statements - The City is the fiscal agent for several small local agencies. The City’s fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its own operations.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net position and changes in net position of the City’s governmental activities and business-type activities (Tables 1, 2, and 3) presented in the City-wide Statement of Net Position and Statement of Activities that follow.

Table 1
Net Position at June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Cash and investments	\$ 96,267	\$ 92,202	\$ 36,696	\$ 40,265	\$ 132,963	\$ 132,467
Other assets	26,392	23,553	8,197	5,841	34,589	29,394
Capital assets	99,953	97,233	70,776	72,171	170,729	169,404
Total assets	<u>222,612</u>	<u>212,988</u>	<u>115,669</u>	<u>118,277</u>	<u>338,281</u>	<u>331,265</u>
Deferred outflows of resources	<u>47,085</u>	<u>28,255</u>	<u>3,896</u>	<u>4,116</u>	<u>50,981</u>	<u>32,371</u>
Long-term liabilities	24,976	27,325	6,276	7,052	31,252	34,377
Net pension liability	130,387	99,413	9,473	12,782	139,860	112,195
Other liabilities	36,863	36,266	4,730	4,137	41,593	40,403
Total liabilities	<u>192,226</u>	<u>163,004</u>	<u>20,479</u>	<u>23,971</u>	<u>212,705</u>	<u>186,975</u>
Deferred inflows of resources	<u>22,237</u>	<u>28,638</u>	<u>2,066</u>	<u>4,445</u>	<u>24,303</u>	<u>33,083</u>
Net assets (net position):						
Net investment in capital assets	97,821	94,823	64,500	65,119	162,321	159,942
Restricted	20,315	19,745	11	11	20,326	19,756
Unrestricted	(62,902)	(64,967)	32,509	28,847	(30,393)	(36,120)
Total net assets (net position)	<u>\$ 55,234</u>	<u>\$ 49,601</u>	<u>\$ 97,020</u>	<u>\$ 93,977</u>	<u>\$ 152,254</u>	<u>\$ 143,578</u>

Governmental Activities

The City's net position from governmental activities increased from \$49.6 million in FY 2016 to \$55.1 million in FY 2017. This increase is the Change in Net Position reflected in the Statement of Activities, as shown in Table 2. Increases and decreases of individual assets and liabilities include:

- Governmental cash and investments increased \$4.0 million due to increased property tax, licenses, permits and other revenues in the General Fund, Gas Tax Fund, and Capital Projects Fund.
- In FY 2017, \$0.3 million in Housing and Urban Development Section 108 Loan and \$2.1 million in City's Pension Obligation Bonds were retired. In FY 2017 additional Net Pension Liability amounting to \$31.0 million was recorded as required by GASB 68 and 71.
- Restricted net position increased \$0.5 million. The unrestricted net position increased \$2.0 million. Unrestricted net position is used to finance on-going operations, before allowance for such things as cash flow requirements and other planned but not legally committed expenditures.

Business-type Activities

The net position of business-type activities increased \$3.0 million to a total of \$97.0 million in FY 2017 from \$94.0 million in FY 2016. Increases and decreases of individual assets and liabilities are as follows:

- Cash and investments decreased \$3.6 million mainly due to water conservation.
- The City continues to invest in infrastructure and major capital improvements in its enterprise funds including replacement of wells, water mains, and sewer subsurface lines in various sections of the City. Total net capital assets decreased \$1.4 million to \$70.7 million mainly due to the excess of depreciation over capital asset additions. The net investment in capital assets decreased \$0.6 million.
- Liabilities decreased by \$3.5 million due to recording the net pension liability as required by GASB 68 and 71. In addition, \$0.8 million in debt payments were made on the Water Utility Revenue Bonds and on the loan from the State Water Resources Control Board for the recycled water project.
- Unrestricted net position increased \$3.7 million to \$32.5 million.

Changes in Net Position

Total governmental revenues in FY 2017 amounted to \$92.3 million compared to \$93.7 million in FY 2016, a decrease of \$1.4 million in FY 2017. In FY 2016, a one-time transfer of assets and reestablishment of loan receivable amounting to \$26.5 million was received from the former Redevelopment Agency. Governmental expenses increased by \$10.6 million in FY 2017 attributable mostly to increase in Public Safety costs.

Total business-type activity revenues decreased \$0.2 million in FY 2017 while expenses increased \$1.0 million mostly due to the Mussel Rock Site Maintenance and Seawall Repair Project to maintain the stability of the landfill.



Table 2
Changes in Net Position
For Years Ended June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 20,662	\$ 23,944	\$ 37,147	\$ 37,318	\$ 57,809	\$ 61,262
Operating grants & contributions	6,294	6,312			6,294	6,312
Capital grants & contributions	1,825	2,492		-	1,825	2,492
Total program revenues	<u>28,781</u>	<u>32,748</u>	<u>37,147</u>	<u>37,318</u>	<u>65,928</u>	<u>70,066</u>
General revenues:						
Property tax	31,417	29,592	1,859	1,754	33,276	31,346
Sales tax	13,805	13,688			13,805	13,688
Other taxes & Franchise Fees	16,195	15,688			16,195	15,688
Investments earnings	701	828	198	386	899	1,214
Other	1,379	1,153	775	712	2,154	1,865
Total general revenues	<u>63,497</u>	<u>60,949</u>	<u>2,832</u>	<u>2,852</u>	<u>66,329</u>	<u>63,801</u>
Total revenues	<u>92,278</u>	<u>93,697</u>	<u>39,979</u>	<u>40,170</u>	<u>132,257</u>	<u>133,867</u>
Expenses:						
General government	7,972	10,686			7,972	10,686
Public safety	63,615	45,867			63,615	45,867
Public works	7,574	8,196			7,574	8,196
Streets & infrastructure	3,335	4,015			3,335	4,015
Culture & recreation	10,221	12,263			10,221	12,263
Economic & community development	3,083	4,100			3,083	4,100
Interest on long-term debt	40	40			40	40
Water utility			14,954	16,083	14,954	16,083
Sewer			16,357	14,325	16,357	14,325
Civic center			801	892	801	892
Transfer station	-	-	207	38	207	38
Total expenses	<u>95,840</u>	<u>85,167</u>	<u>32,319</u>	<u>31,338</u>	<u>128,159</u>	<u>116,505</u>
Increase(decrease) in net position before transfers and special item	(3,562)	8,530	7,660	8,832	4,098	17,362
Special Items						
Loan receivable reestablishment	4,579	13,776			4,579	13,776
Land transferred from Successor Agency		12,747				12,747
Transfers	4,616	2,060	(4,616)	(2,060)	-	-
Increase in net assets / net position	<u>5,633</u>	<u>37,113</u>	<u>3,044</u>	<u>6,772</u>	<u>8,677</u>	<u>43,885</u>
Net assets / net position, July 1	49,601	12,488	93,976	87,204	143,577	99,692
Net assets / net position, June 30	<u>\$ 55,234</u>	<u>\$ 49,601</u>	<u>\$ 97,020</u>	<u>\$ 93,976</u>	<u>\$ 152,254</u>	<u>\$ 143,577</u>

Governmental Activities

Table 3 presents the net cost of each of the City's major governmental programs. Net cost is defined as total program cost less the revenues generated by those specific activities, and corresponds to the Statement of Activities amounts. In general terms, the net cost illustrates the financial burden placed on the City's general taxpayers to fund these essential City services.

Table 3
Governmental Activities
For the Year Ended June 30, 2017
(in thousands)

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Revenue (Expense)</u>
Governmental Activities			
General government	\$ 6,758	\$ 7,972	\$ (1,214)
Public safety	7,598	63,616	(56,018)
Public works	1,944	7,574	(5,630)
Streets & infrastructure	2,936	3,335	(399)
Culture & recreation	3,836	10,221	(6,385)
Economic & community development	5,709	3,083	2,626
Interest on long-term debt	-	40	(40)
 Total governmental activities	 \$ 28,781	 \$ 95,841	 \$ (67,060)

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2017, the City's major governmental funds consist of the General Fund, Gas Tax Fund, Grants Fund and Capital Projects Fund. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial status.

The General Fund's total fund balance increased \$8.6 million to \$52.5 million in FY 2017 due to an additional loan receivable of \$4.6 million from the former Redevelopment Agency approved by the State Department of Finance. The revenue recognized by recording the loan receivable is categorized as non-spendable fund balance and cannot be appropriated until cash is received from the State. Additional information regarding this loan can be found in Note 14 in the Notes to the Basic Financial Statements.

General Fund revenues for FY 2017 decreased slightly by \$0.2 million to \$78.9 million; and General Fund expenditures decreased by \$1.8 million to \$76.8 million. This was mainly due to the transfer of Streetlight Traffic Signal and Street expenditures from the General Fund to the Gas Tax Fund in FY 2017.

In FY 2017, the Gas Tax Special Revenue Fund total fund balance decreased by \$0.4 million to \$5.4 million. The balance in this fund represents funds that are legally required to be spent on local roadway projects. All such amounts are budgeted for future expenditure as laid out in the multi-year capital plan. Gas Tax Fund revenues increased \$2.1 million in FY 2017 mainly due to a \$1.1 million Federal Road Grant received for the John Daly Boulevard Streetscape Improvement.

The Capital Projects Fund total fund balance decreased \$2.2 million in FY 2017 to \$20.8 million compared to FY 2016. This Fund is designated for specific capital projects that will benefit the community as a whole. Capital Projects Fund revenues decreased \$1.3 million in FY 2017 to \$3.0 million. Capital Projects Fund expenditures increased \$4.5 million in FY 2017 compared to FY 2016 with several projects undertaken in FY 2017, including Mussel Rock Site Maintenance and Seawall Repair Project, Gellert Park Soccer Field Rehabilitation and Westlake Slurry Seal Project.

Proprietary Funds

The City had two major proprietary funds, the Water Utility Fund and the Sanitation District Fund.

Water Utility operating revenues in FY 2017 increased \$0.5 million to \$17.6 million compared to the prior fiscal year due to moderate increase in water sales. Operating expenses decreased \$0.6 million to \$15.3 million due to postponement of capital infrastructure projects.

Sanitation District operating revenues decreased \$0.5 million to \$19.3 million in FY 2017 due to lower connection charges and recycling water sales. Operating expenses increased by \$3.3 million to \$17.5 million due to salary and benefit adjustments, increase in capital outlay, services and supplies.

General Fund Budgetary Highlights

The City of Daly City uses a biennial budgeting process. FY 2017 represents the second year of a two-year budget. Two individual budget years are proposed to the City Council at the same time, with mid-budget adjustments at the end of the first of the two years. This process provides more opportunity for long-term planning, but does require adjustments based on changing economic conditions. After mid-budget adjustments, both revenues and expenditures were in line with expectations, with savings in some expenditure items realized from holding the line on services and supplies and other charges. Differences between original and final budget occur primarily due to the impact of new revenues, small grants or reimbursements, or the need to reallocate resources during the fiscal year.

CAPITAL ASSETS

At the end of FY 2017 the City had \$170.7 million, net of accumulated depreciation, invested in a broad range of capital assets, as shown in Table 4 below (further detail may be found in Note 4 to the financial statements):

Table 4
Capital Assets Net of Depreciation at June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 33,164	\$ 33,424	\$ 2,862	\$ 2,862	\$ 36,026	\$ 36,286
Buildings & improvements	29,334	29,369	2,403	2,613	31,737	31,982
Streets & infrastructures	25,049	25,152			25,049	25,152
Sewage facilities			22,769	23,995	22,769	23,995
Wells & pump stations			5,182	5,426	5,182	5,426
Water reservoirs			7,654	7,870	7,654	7,870
Water mains			11,047	11,258	11,047	11,258
Sanitation subsurface lines			11,157	11,140	11,157	11,140
Equipment	7,170	7,379	5,376	5,699	12,546	13,078
Furniture & fixtures		-	79	86	79	86
Construction in progress	5,235	1,909	2,246	1,222	7,481	3,131
Total net capital assets	\$ 99,952	\$ 97,233	\$ 70,775	\$ 72,171	\$ 170,727	\$ 169,404

In FY 2017 the City completed several major projects to improve and beautify the city landscape and protect its infrastructure. Most notable are the John Daly Boulevard Streetscape Improvement Project, the Westlake Slurry Seal Project and the Gellert Park Soccer Field Rehabilitation.

Various water and sewer master plan projects were completed as part of the Utility enterprise fund's \$2.6 million investment in additional infrastructure in FY 2017.

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 5 to the financial statements. At June 30, the City's debt was comprised of:

Table 5
Outstanding Debt
(in thousands)

<u>Description</u>	<u>Interest</u>	<u>Original Principal</u>	<u>Balance June 30, 2016</u>	<u>Balance June 30, 2017</u>
<u>HUD Section 108 Loan for Bayshore Community Center</u> Issued January 29, 2004 Maturity August 1, 2022	0.35% to 2.49%	\$ 4,500	\$ 2,410	\$ 2,131
<u>Pension Obligation Bonds</u> Issued June 1, 2004 Maturity June 1, 2024	2.65% to 5.896%	36,235	24,915	22,845
<u>State Water Resources Control Board Revolving Fund Loan for Sanitation District Recycled Water Project</u> Issued November 18, 2003 Maturity December 1, 2024	2.50%	4,450	2,303	2,071
<u>Water Revenue Refunding Bonds to Refinance Water Certificates of Participation</u> Issued September 10, 2012 Maturity June 1, 2024	2.00%	6,890	4,750	4,205

ECONOMIC FACTORS

The Consumer Price Index - All Urban Consumers was 3.5% for the San Francisco-Oakland-San Jose region and 1.6% for the U.S. City average for the year ended June 2017, compared to 2.7% and 1.0% as of June 2016.

The Daly City annual average unemployment rate was 3.4% in June 2017, down from 4.0% in June 2016. This compares with 2.9% for San Mateo County as a whole.

ADDITIONAL INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Department of Finance and Administrative Services, 333 - 90th Street, Daly City California 94015. Additional information about the City of Daly City, including our biennial budget document, can be found at www.dalycity.org.

CITY OF DALY CITY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 1H)	\$96,238,580	\$36,684,885	\$132,923,465
Cash with fiscal agent (Note 1H)	1,983	11,250	13,233
Accounts receivable, net	5,489,691	4,508,509	9,998,200
Inventories (Note 1I)	282,152	2,000,054	2,282,206
Prepays (Note 1I)	113,280	4,040	117,320
Internal balances (Note 6)	(1,683,838)	1,683,838	
Notes receivable (Note 12)	1,408,631		1,408,631
Loan receivable from Successor Agency (Note 14)	17,442,448		17,442,448
Property held for development (Note 1C)	3,366,888		3,366,888
Capital assets (Note 4):			
Nondepreciable capital assets	38,399,464	5,108,708	43,508,172
Depreciable capital assets, net	61,553,060	65,666,813	127,219,873
Total Assets	<u>222,612,339</u>	<u>115,668,097</u>	<u>338,280,436</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 7D)	<u>47,085,076</u>	<u>3,895,988</u>	<u>50,981,064</u>
LIABILITIES			
Accounts payable	4,806,987	2,411,629	7,218,616
Accrued payroll	1,049,748	4,995	1,054,743
Deposits payable	4,520,366	36,866	4,557,232
Interest payable	128,935	38,577	167,512
Unearned revenue	1,008,745		1,008,745
Compensated absences (Note 1L):			
Due within one year	5,785,000	860,000	6,645,000
Due in more than one year	2,344,906	351,599	2,696,505
Accrued claims payable (Note 10):			
Due within one year	2,352,782		2,352,782
Due in more than one year	6,445,218		6,445,218
OPEB obligation, due in more than one year (Note 8)	8,420,410	1,025,934	9,446,344
Net pension liability, due in more than one year (Note 7C)	130,387,144	9,473,356	139,860,500
Long-term debt (Note 5):			
Due within one year	2,623,000	802,096	3,425,096
Due in more than one year	22,353,000	5,474,202	27,827,202
Total Liabilities	<u>192,226,241</u>	<u>20,479,254</u>	<u>212,705,495</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 7D)	<u>22,236,963</u>	<u>2,065,501</u>	<u>24,302,464</u>
NET POSITION (Note 11)			
Net investment in capital assets	<u>97,821,524</u>	<u>64,499,223</u>	<u>162,320,747</u>
Restricted for:			
Debt service	1,983	11,250	13,233
Streets and roads	5,415,827		5,415,827
Infrastructure	5,764,696		5,764,696
Low and Moderate Income Housing Asset	8,006,957		8,006,957
Other	1,125,634		1,125,634
Total Restricted Net Position	<u>20,315,097</u>	<u>11,250</u>	<u>20,326,347</u>
Unrestricted	<u>(62,902,410)</u>	<u>32,508,857</u>	<u>(30,393,553)</u>
Total Net Position	<u><u>\$55,234,211</u></u>	<u><u>\$97,019,330</u></u>	<u><u>\$152,253,541</u></u>

See accompanying notes to financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$7,972,197	\$3,850,838	\$2,532,867	\$374,528	(\$1,213,964)		(\$1,213,964)
Public safety	63,616,023	6,833,086	764,282		(56,018,655)		(56,018,655)
Public works	7,573,579	994,308	672,793	277,000	(5,629,478)		(5,629,478)
Streets and infrastructure	3,335,132	1,432,015	331,079	1,173,169	(398,869)		(398,869)
Culture and recreation	10,221,420	2,906,739	928,890		(6,385,791)		(6,385,791)
Economic and community development	3,083,160	4,645,536	1,063,651		2,626,027		2,626,027
Interest on long-term debt	40,246				(40,246)		(40,246)
Total Governmental Activities	95,841,757	20,662,522	6,293,562	1,824,697	(67,060,976)		(67,060,976)
Business-type Activities:							
Water Utility	14,954,595	17,186,882				\$2,232,287	2,232,287
Civic Center	800,786	676,391				(124,395)	(124,395)
Transfer Station	206,918					(206,918)	(206,918)
Sanitation District	16,357,133	19,284,396				2,927,263	2,927,263
Total Business-type Activities	32,319,432	37,147,669				4,828,237	4,828,237
Total	\$128,161,189	\$57,810,191	\$6,293,562	\$1,824,697	(67,060,976)	4,828,237	(62,232,739)
General revenues:							
Taxes:							
Property tax					31,417,252	1,859,194	33,276,446
Sales tax					13,805,186		13,805,186
Utility users tax					6,299,448		6,299,448
Franchise fees					3,878,461		3,878,461
Other taxes					6,017,318		6,017,318
Investment earnings					700,994	196,380	897,374
Miscellaneous					1,379,422	775,265	2,154,687
Transfers (Note 6)					4,616,272	(4,616,272)	
SPECIAL ITEM - Loan Receivable Reestablishment (Note 14C)					4,579,613		4,579,613
Total general revenues, special items and transfers					72,693,966	(1,785,433)	70,908,533
Change in Net Position					5,632,990	3,042,804	8,675,794
Net Position-Beginning					49,601,221	93,976,526	143,577,747
Net Position-Ending					\$55,234,211	\$97,019,330	\$152,253,541

See accompanying notes to financial statements

CITY OF DALY CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 1H)	\$39,454,808	\$5,170,479	\$1,349,713	\$21,067,240	\$5,191,359	\$72,233,599
Accounts receivable, net	3,426,155	837,233	471,906	361,656	312,637	5,409,587
Due from other funds (Note 6)	212,438					212,438
Prepays	103,765		3,300			107,065
Inventories (Note 11)	175,306	6,998				182,304
Notes receivable (Note 12)			487,562		921,069	1,408,631
Loan receivable from Successor Agency (Note 14)	17,442,448					17,442,448
Property held for development (Note 1C)					3,366,888	3,366,888
Total Assets	\$60,814,920	\$6,014,710	\$2,312,481	\$21,428,896	\$9,791,953	\$100,362,960
LIABILITIES						
Accounts payable	\$2,760,274	\$597,762	\$244,376	\$586,950	\$71,912	\$4,261,274
Accrued payroll	1,042,876	1,121	1,176	1,029	1,424	1,047,626
Due to other funds (Note 6)					212,438	212,438
Deposits payable	4,497,225				23,141	4,520,366
Unearned revenue			1,008,745			1,008,745
Total Liabilities	8,300,375	598,883	1,254,297	587,979	308,915	11,050,449
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans			487,562		921,069	1,408,631
FUND BALANCES						
Fund Balance (Note 11)						
Nonspendable	17,721,519	6,998				17,728,517
Restricted		5,408,829	570,622	5,764,696	8,559,897	20,304,044
Assigned	12,111,209			15,076,221		27,187,430
Unassigned	22,681,817				2,072	22,683,889
Total Fund Balances	52,514,545	5,415,827	570,622	20,840,917	8,561,969	87,903,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$60,814,920	\$6,014,710	\$2,312,481	\$21,428,896	\$9,791,953	\$100,362,960

See accompanying notes to financial statements

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

Total fund balances reported on the Governmental Funds Balance Sheet \$87,903,880

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 93,069,755

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance, central services and maintenance to individual governmental funds. The net current assets of the internal service funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	24,006,964
Accounts receivable	80,104
Prepays	6,215
Inventories	99,848
Internal balances	(1,683,838)
Capital assets	6,882,769
Accounts payable	(545,713)
Accrued payroll	(2,122)
Interest payable	(112,245)
Accrued claims payable	(8,798,000)
Compensated absences	(533,287)
OPEB obligation	(787,461)
Long-term debt - due within one year	(2,325,000)
Long-term debt - due in more than one year	(20,520,000)

ACCRUAL OF NONCURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 1,408,631

DEFERRED INFLOWS AND OUTFLOWS

The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows	47,085,076
Deferred inflows	(22,236,963)

LONG TERM ASSETS AND LIABILITIES

The liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Long-term debt	(2,131,000)
Interest payable	(16,690)
OPEB Obligation	(7,632,949)
Net pension liability	(130,387,144)
Compensated absences	(7,596,619)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$55,234,211

See accompanying notes to financial statements

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

	General	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax	\$31,417,252					\$31,417,252
Gas tax		\$2,118,602				2,118,602
Sales tax	11,931,893	1,873,293				13,805,186
Utility users tax	6,299,448					6,299,448
Franchise fees	3,878,461					3,878,461
Other taxes	6,017,318					6,017,318
Licenses and permits	3,023,889					3,023,889
Fines and forfeitures	3,850,382					3,850,382
Rents and interest	1,477,832	31,489	\$264	\$124,245	\$2,455	1,636,285
Federal programs and grants		1,129,878	386,801		1,111,020	2,627,699
Receipts from other agencies	894,403	533,463	835,432	635,238		2,898,536
Charges and fees	5,785,629	1,038,682		1,944,993	1,002,033	9,771,337
Miscellaneous	4,400,271	11,583		290,980	286,893	4,989,727
Total Revenues	78,976,778	6,736,990	1,222,497	2,995,456	2,402,401	92,334,122
EXPENDITURES						
Current:						
General government	10,067,504					10,067,504
Public safety	50,081,497		539,329		61,007	50,681,833
Public works	4,091,493	3,516,256	228,787	624,930	19,488	8,480,954
Culture and recreation	9,582,379		301,673		918,015	10,802,067
Economic and community development	3,316,439		162,161		861,591	4,340,191
Capital projects		4,523,887		5,495,182		10,019,069
Debt service:						
Principal					279,000	279,000
Interest					41,216	41,216
Total Expenditures	77,139,312	8,040,143	1,231,950	6,120,112	2,180,317	94,711,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,837,466	(1,303,153)	(9,453)	(3,124,656)	222,084	(2,377,712)
OTHER FINANCING SOURCES (USES)						
Sale of property	262,140	350				262,490
Transfers in (Note 6)	3,292,524	1,255,157	7,528	1,633,376	445,163	6,633,748
Transfers (out) (Note 6)	(1,338,928)	(335,164)		(672,163)		(2,346,255)
Total Other Financing Sources (Uses)	2,215,736	920,343	7,528	961,213	445,163	4,549,983
SPECIAL ITEM - reestablishment of loan receivable from Successor Agency (Note 14C)	4,579,613					4,579,613
NET CHANGES IN FUND BALANCES	8,632,815	(382,810)	(1,925)	(2,163,443)	667,247	6,751,884
BEGINNING FUND BALANCES	43,881,730	5,798,637	572,547	23,004,360	7,894,722	81,151,996
ENDING FUND BALANCES	\$52,514,545	\$5,415,827	\$570,622	\$20,840,917	\$8,561,969	\$87,903,880

See accompanying notes to financial statements

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

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$6,751,884

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

CAPITAL ASSETS TRANSACTIONS

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 useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance.	7,424,054
Net retirements are deducted from fund balance	(394,531)
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of \$1,820,857 which has already been allocated to serviced funds).	(4,319,078)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	279,000
Interest accrued is deducted from fund balance	970

ACCRUAL OF NONCURRENT ITEMS

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

Unearned revenue	16,971
Compensated absences	(49,471)
OPEB expense	(1,321,954)
Pension expense	(5,742,664)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these internal service funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in net position of all internal service funds	<u>2,987,809</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$5,632,990</u></u>
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See accompanying notes to financial statements



CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property tax	\$29,406,634	\$30,406,634	\$31,417,252	\$1,010,618
Sales tax	11,572,005	11,972,005	11,931,893	(40,112)
Utility users tax	6,366,410	6,366,410	6,299,448	(66,962)
Franchise fees	3,858,331	3,858,331	3,878,461	20,130
Other taxes	5,146,935	5,346,935	6,017,318	670,383
Licenses and permits	1,830,028	2,612,028	3,023,889	411,861
Fines and forfeitures	3,058,108	3,358,108	3,850,382	492,274
Rents and interest	1,186,305	1,160,025	1,477,832	317,807
Receipts from other agencies	771,365	911,153	894,403	(16,750)
Charges and fees	5,215,491	5,671,998	5,785,629	113,631
Miscellaneous	2,645,249	3,173,140	4,400,271	1,227,131
Total Revenues	<u>71,056,861</u>	<u>74,836,767</u>	<u>78,976,778</u>	<u>4,140,011</u>
EXPENDITURES				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	190,859	191,432	202,601	(11,169)
Services and supplies	29,763	35,210	35,126	84
Other charges	18,508	28,531	27,524	1,007
Total Legislative	<u>239,130</u>	<u>255,173</u>	<u>265,251</u>	<u>(10,078)</u>
Legal:				
Salaries and benefits	885,131	882,125	816,172	65,953
Services and supplies	150,325	188,377	119,741	68,636
Other charges	8,374	5,458	5,445	13
Total Legal	<u>1,043,830</u>	<u>1,075,960</u>	<u>941,358</u>	<u>134,602</u>
Administrative:				
Salaries and benefits	6,696,320	7,225,530	6,537,458	688,072
Services and supplies	1,538,230	2,420,048	1,844,117	575,931
Capital outlay	2,000	2,000	1,181	819
Other charges	1,296,312	578,007	478,139	99,868
Total Administrative	<u>9,532,862</u>	<u>10,225,585</u>	<u>8,860,895</u>	<u>1,364,690</u>
Total General Government	<u>10,815,822</u>	<u>11,556,718</u>	<u>10,067,504</u>	<u>1,489,214</u>
Public Safety				
Police:				
Salaries and benefits	24,375,208	24,540,127	24,546,739	(6,612)
Services and supplies	4,260,841	4,560,572	4,551,154	9,418
Capital outlay	197,442	264,343	198,765	65,578
Other charges	342,566	410,844	429,755	(18,911)
Total Police	<u>29,176,057</u>	<u>29,775,886</u>	<u>29,726,413</u>	<u>49,473</u>
Fire:				
Salaries and benefits	14,642,620	14,809,882	15,694,442	(884,560)
Services and supplies	2,243,863	2,213,952	2,165,377	48,575
Capital outlay	42,129	92,101	87,374	4,727
Other charges	108,398	106,773	135,901	(29,128)
Total Fire	<u>17,037,010</u>	<u>17,222,708</u>	<u>18,083,094</u>	<u>(860,386)</u>

(Continued)

CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety Communications				
Salaries and benefits	1,162,843	1,163,652	1,166,556	(2,904)
Services and supplies	965,410	969,688	1,105,044	(135,356)
Other charges			390	(390)
Total Public Safety Communications	<u>2,128,253</u>	<u>2,133,340</u>	<u>2,271,990</u>	<u>(138,650)</u>
Total Public Safety	<u>48,341,320</u>	<u>49,131,934</u>	<u>50,081,497</u>	<u>(949,563)</u>
Public Works				
Salaries and benefits	2,946,923	3,001,992	2,978,071	23,921
Services and supplies	979,492	1,063,250	1,045,294	17,956
Other charges	82,379	72,553	68,128	4,425
Total Public Works	<u>4,008,794</u>	<u>4,137,795</u>	<u>4,091,493</u>	<u>46,302</u>
Culture and Recreation				
Salaries and benefits	5,491,029	5,550,425	5,427,650	122,775
Services and supplies	3,897,243	4,083,758	4,083,922	(164)
Capital outlay	10,000	10,000	10,000	
Other charges	51,479	62,295	60,807	1,488
Total Culture and Recreation	<u>9,449,751</u>	<u>9,706,478</u>	<u>9,582,379</u>	<u>124,099</u>
Economic and Community Development				
Salaries and benefits	2,531,466	2,578,910	2,415,075	163,835
Services and supplies	783,354	918,176	756,858	161,318
Other charges	41,344	47,638	144,506	(96,868)
Total Economic and Community Development	<u>3,356,164</u>	<u>3,544,724</u>	<u>3,316,439</u>	<u>228,285</u>
Total Expenditures	<u>75,971,851</u>	<u>78,077,649</u>	<u>77,139,312</u>	<u>938,337</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,914,990)</u>	<u>(3,240,882)</u>	<u>1,837,466</u>	<u>5,078,348</u>
OTHER FINANCING SOURCES (USES)				
Sale of property			262,140	262,140
Transfers in	2,834,035	2,834,035	3,292,524	458,489
Transfers out	<u>(1,179,012)</u>	<u>(1,298,376)</u>	<u>(1,338,928)</u>	<u>(40,552)</u>
Total Other Financing Sources (Uses)	<u>1,655,023</u>	<u>1,535,659</u>	<u>2,215,736</u>	<u>680,077</u>
Net changes in fund balances before special item	<u><u>(\$3,259,967)</u></u>	<u><u>(\$1,705,223)</u></u>	<u>4,053,202</u>	<u><u>\$5,758,425</u></u>
SPECIAL ITEM - reestablishment of loan			<u>4,579,613</u>	
NET CHANGES IN FUND BALANCE			8,632,815	
BEGINNING FUND BALANCE			<u>43,881,730</u>	
ENDING FUND BALANCE			<u><u>\$52,514,545</u></u>	

See accompanying notes to financial statements

CITY OF DALY CITY
GAS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Gas tax	\$2,650,000	\$2,650,000	\$2,118,602	(\$531,398)
Sales tax	1,900,000	1,900,000	1,873,293	(26,707)
Rents and interest	30,000	30,000	31,489	1,489
Federal programs and grants	2,826,500	2,826,500	1,129,878	(1,696,622)
Receipts from other agencies	330,000	330,000	533,463	203,463
Charges and services	1,056,814	1,056,814	1,038,682	(18,132)
Miscellaneous	1,596	1,596	11,583	9,987
	<u>8,794,910</u>	<u>8,794,910</u>	<u>6,736,990</u>	<u>(2,057,920)</u>
Total Revenues				
EXPENDITURES				
Public works	3,778,727	3,778,727	3,516,256	262,471
Capital projects	10,001,790	10,033,677	4,523,887	5,509,790
	<u>13,780,517</u>	<u>13,812,404</u>	<u>8,040,143</u>	<u>5,772,261</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,206,880)</u>	<u>(1,238,767)</u>	<u>(1,303,153)</u>	<u>(64,386)</u>
OTHER FINANCING SOURCES (USES)				
Sale of property			350	350
Transfers in	1,383,935	1,383,935	1,255,157	(128,778)
Transfers out			(335,164)	(335,164)
	<u>1,383,935</u>	<u>1,383,935</u>	<u>920,343</u>	<u>(463,592)</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	<u>\$177,055</u>	<u>\$145,168</u>	<u>(382,810)</u>	<u>(\$527,978)</u>
BEGINNING FUND BALANCE			<u>5,798,637</u>	
ENDING FUND BALANCE			<u>\$5,415,827</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Rents and interest		\$100	\$264	\$164
Federal programs and grants	\$248,144	539,063	386,801	(152,262)
Receipts from other agencies	326,580	2,306,689	835,432	(1,471,257)
Total Revenues	<u>574,724</u>	<u>2,845,852</u>	<u>1,222,497</u>	<u>(1,623,355)</u>
EXPENDITURES				
Public Safety				
Salaries and benefits		87,923	59,341	28,582
Services and supplies	146,835	1,343,936	341,630	1,002,306
Capital outlay		118,776	118,662	114
Other charges		49,098	19,696	29,402
Total Public Safety	<u>146,835</u>	<u>1,599,733</u>	<u>539,329</u>	<u>1,060,404</u>
Public Works				
Services and supplies		11,002	7,240	3,762
Capital Outlay		664,204	221,547	442,657
Total Public Works		<u>675,206</u>	<u>228,787</u>	<u>446,419</u>
Culture and Recreation				
Salaries and benefits	278,078	292,206	257,417	34,789
Services and supplies	79,950	79,950	44,256	35,694
Total Culture and Recreation	<u>358,028</u>	<u>372,156</u>	<u>301,673</u>	<u>70,483</u>
Economic and Community Development				
Salaries and benefits	23,270	23,593	24,946	(1,353)
Services and supplies	1,544	1,544		1,544
Other charges	223,330	264,333	137,215	127,118
Total Economic and Community Development	<u>248,144</u>	<u>289,470</u>	<u>162,161</u>	<u>127,309</u>
Total Expenditures	<u>753,007</u>	<u>2,936,565</u>	<u>1,231,950</u>	<u>1,704,615</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(178,283)</u>	<u>(90,713)</u>	<u>(9,453)</u>	<u>(3,327,970)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	7,528	7,528	7,528	
Total Other Financing Sources (Uses)	7,528	7,528	7,528	
NET CHANGE IN FUND BALANCES	<u>(\$178,283)</u>	<u>(\$90,713)</u>	(1,925)	<u>\$88,788</u>
BEGINNING FUND BALANCE			<u>572,547</u>	
ENDING FUND BALANCE			<u>\$570,622</u>	

See accompanying notes to financial statements

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

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
ASSETS					
Current Assets:					
Cash and investments (Note 1H)	\$4,316,778	\$29,047,748	\$3,320,359	\$36,684,885	\$24,004,981
Cash with fiscal agent (Note 1H)	11,250			11,250	1,983
Accounts receivable, net (Note 1J)	3,067,647	1,376,740	64,122	4,508,509	80,104
Prepays	105	3,935		4,040	6,215
Inventories (Note 1I)	420,460	1,579,594		2,000,054	99,848
Total Current Assets	7,816,240	32,008,017	3,384,481	43,208,738	24,193,131
Capital Assets (Note 4):					
Land	839,856	233,547	1,789,146	2,862,549	378,343
Buildings	272,379	893,519	6,753,006	7,918,904	35,817
Sewage facilities		58,958,084		58,958,084	
Wells and pump stations	9,074,784			9,074,784	
Water reservoirs	12,715,925			12,715,925	
Mains and subsurface lines	19,547,594	22,866,856		42,414,450	
Equipment	5,837,918	8,440,126	957,617	15,235,661	20,349,809
Furniture and fixtures	37,154	114,174		151,328	52,707
Construction in progress	264,832	1,981,327		2,246,159	356,352
Total Capital Assets	48,590,442	93,487,633	9,499,769	151,577,844	21,173,028
Less accumulated depreciation	(22,309,580)	(53,008,162)	(5,484,581)	(80,802,323)	(14,290,259)
Net Capital Assets	26,280,862	40,479,471	4,015,188	70,775,521	6,882,769
Total Noncurrent Assets	26,280,862	40,479,471	4,015,188	70,775,521	6,882,769
Total Assets	34,097,102	72,487,488	7,399,669	113,984,259	31,075,900
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension (Note 7D)	1,079,396	2,816,592		3,895,988	
LIABILITIES					
Current Liabilities:					
Accounts payable	1,117,556	1,172,584	33,682	2,323,822	545,713
Retentions payable		87,807		87,807	
Accrued payroll	3,430	1,565		4,995	2,122
Deposits payable	36,866			36,866	
Interest payable	8,371	30,206		38,577	112,245
Accrued claims payable (Note 10)					2,352,782
Compensated absences (Note 1L)	310,000	550,000		860,000	
Long-term debt (Note 5)	565,000	237,096		802,096	2,325,000
Total Current Liabilities	2,041,223	2,079,258	33,682	4,154,163	5,337,862
Noncurrent Liabilities:					
Compensated absences (Note 1L)	35,766	310,741	5,092	351,599	533,287
Accrued claims payable (Note 10)					6,445,218
OPEB obligation (Note 8)	403,754	622,180		1,025,934	787,461
Net Pension Liability (Note 7C)	2,624,485	6,848,871		9,473,356	
Long-term debt (Note 5)	3,640,000	1,834,202		5,474,202	20,520,000
Total Noncurrent Liabilities	6,704,005	9,615,994	5,092	16,325,091	28,285,966
Total Liabilities	8,745,228	11,695,252	38,774	20,479,254	33,623,828
DEFERRED INFLOWS OF RESOURCES					
Related to pension (Note 7D)	572,254	1,493,247		2,065,501	
NET POSITION (Note 11)					
Net investment in capital assets	22,075,862	38,408,173	4,015,188	64,499,223	6,882,769
Restricted for:					
Debt service	11,250			11,250	1,983
Unrestricted	3,771,904	23,707,408	3,345,707	30,825,019	(9,432,680)
Total Net Position	\$25,859,016	\$62,115,581	\$7,360,895	\$95,335,492	(\$2,547,928)

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included in business-type activities

	1,683,838
Net position of business-type activities	\$97,019,330

See accompanying notes to financial statements

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

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
OPERATING REVENUES					
Water sales	\$17,186,882	\$158,149		\$17,345,031	
Sewer service charges		18,701,364		18,701,364	
Connection charges		424,883		424,883	
Rental income			\$676,391	676,391	
Charges to City departments					\$21,655,135
Other revenues	398,744	57,536	318,985	775,265	389,844
Total Operating Revenues	17,585,626	19,341,932	995,376	37,922,934	22,044,979
OPERATING EXPENSES					
Salaries and benefits	1,802,932	4,189,510	152,015	6,144,457	6,124,457
Services and supplies	1,453,661	7,076,845	631,616	9,162,122	4,293,365
Water purchases	8,543,014			8,543,014	
Utilities	923,075	1,256,040	88,818	2,267,933	435,712
Insurance	212,496	539,834	15,349	767,679	1,416,099
Claims and settlements					1,733,583
Depreciation (Note 4)	1,342,258	2,454,435	220,301	4,016,994	1,820,857
Other charges	1,060,418	2,004,210		3,064,628	376,726
Total Operating Expenses	15,337,854	17,520,874	1,108,099	33,966,827	16,200,799
Operating Income (Loss)	2,247,772	1,821,058	(112,723)	3,956,107	5,844,180
NONOPERATING REVENUES (EXPENSES)					
Property taxes		1,859,194		1,859,194	
Loss on disposal of capital assets					(13,169)
Interest income	22,566	161,080	12,734	196,380	87,974
Interest expense	(99,550)	(54,192)		(153,742)	(1,458,818)
Total Nonoperating Revenues (Expenses)	(76,984)	1,966,082	12,734	1,901,832	(1,384,013)
Income (Loss) Before Transfers	2,170,788	3,787,140	(99,989)	5,857,939	4,460,167
Transfers in (Note 6)	8,726	800,283		809,009	1,322,866
Transfers (out) (Note 6)	(2,156,009)	(2,146,103)	(1,123,169)	(5,425,281)	(994,087)
Net transfers	(2,147,283)	(1,345,820)	(1,123,169)	(4,616,272)	328,779
CHANGE IN NET POSITION	23,505	2,441,320	(1,223,158)	1,241,667	4,788,946
BEGINNING NET POSITION	25,835,511	59,674,261	8,584,053	94,093,825	(7,336,874)
ENDING NET POSITION	\$25,859,016	\$62,115,581	\$7,360,895	\$95,335,492	(\$2,547,928)
Net change in net position				1,241,667	
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.				1,801,137	
Change in net position of business-type activities				\$3,042,804	

See accompanying notes to financial statements

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

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$16,999,995	\$19,312,327	\$952,150	\$37,264,472	\$22,052,121
Payments to suppliers	(12,079,914)	(10,373,828)	(712,707)	(23,166,449)	(6,439,771)
Payments to employees	(3,167,216)	(8,235,030)	(146,923)	(11,549,169)	(5,889,386)
Claims paid					(1,841,583)
Cash Flows from Operating Activities	1,752,865	703,469	92,520	2,548,854	7,881,381
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property tax		1,859,194		1,859,194	
Principal paid on noncapital debt					(2,070,000)
Interest paid on noncapital debt					(1,468,989)
Transfers in	8,726	800,283		809,009	1,322,866
Transfers out	(2,156,009)	(2,146,103)	(1,123,169)	(5,425,281)	(994,087)
Cash Flows from (used for) Noncapital Financing Activities	(2,147,283)	513,374	(1,123,169)	(2,757,078)	(3,210,210)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(623,546)	(1,997,734)		(2,621,280)	(1,890,608)
Proceeds from sale of capital assets					47,643
Principal paid on capital debt	(545,000)	(231,313)		(776,313)	
Interest paid on capital debt	(100,450)	(58,616)		(159,066)	
Cash Flows from (used for) Capital and Related Financing Activities	(1,268,996)	(2,287,663)		(3,556,659)	(1,842,965)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	22,567	161,080	12,734	196,381	87,974
Net Cash Flows	(1,640,847)	(909,740)	(1,017,915)	(3,568,502)	2,916,180
Cash and investments at beginning of period	5,968,875	29,957,488	4,338,274	40,264,637	21,090,784
Cash and investments at end of period	\$4,328,028	\$29,047,748	\$3,320,359	\$36,696,135	\$24,006,964
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$2,247,772	\$1,821,058	(\$112,723)	\$3,956,107	\$5,844,180
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,342,258	2,454,435	220,301	4,016,994	1,820,857
Change in assets and liabilities:					
Accounts receivable, net	(589,812)	(29,605)	(43,226)	(662,643)	7,142
Prepaid	16,829	23,446		40,275	23,547
Inventories	43,412	25,945		69,357	4,829
Accounts payable	52,989	394,942	23,076	471,007	53,755
Retentions payable	(480)	58,768		58,288	
Accrued payroll	(60,365)	(175,538)		(235,903)	(108,057)
Deposits payable	4,181		5,092	9,273	
Accrued claims payable					(108,000)
Compensated absences	80,417	(221,105)		(140,688)	40,080
OPEB obligation	169,402	265,516		434,918	303,048
Due to retirement system	(1,553,738)	(3,914,393)		(5,468,131)	
Cash Flows from Operating Activities	\$1,752,865	\$703,469	\$92,520	\$2,548,854	\$7,881,381

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST

The fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City.

AGENCY FUNDS

The funds account for assets held by the City as agent for individuals, governmental entities, and nonpublic organizations.



CITY OF DALY CITY
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS		
Cash and investments (Note 1H)	\$112,054	\$3,113,987
Receivables	5,622	1,766,566
Other assets		589,256
	117,676	589,256
Total Assets	117,676	\$5,469,809
LIABILITIES		
Accounts payable	2,643	\$2,900,826
Due to others		2,568,983
Deposits payable	4,050	
Loans payable to City (Note 14D)	17,442,448	
	17,449,141	2,568,983
Total Liabilities	17,449,141	\$5,469,809
NET POSITION		
Held in trust for other purposes	(\$17,331,465)	

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Successor Agency to the Redevelopment Agency Private-Purpose Trust</u>
ADDITIONS	
Rents and interest	\$39,902
Property tax	415,262
Charges and fees	<u>4,170</u>
Total additions	<u>459,334</u>
DEDUCTIONS	
Services and supplies	92,816
Other charges	<u>4,585,120</u>
Total deductions	<u>4,677,936</u>
CHANGE IN NET POSITION	(4,218,602)
NET POSITION	
Net Position - Beginning	<u>(13,112,863)</u>
Net Position - Ending	<u><u>(\$17,331,465)</u></u>

See accompanying notes to financial statements

CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

NOTE 1.

DESCRIPTION OF FUNDS AND SUMMARY OF ACCOUNTING POLICIES

The City of Daly City (City) was incorporated on March 22, 1911, and operates under a council-manager form of government. Daly City is a general law city, and provides the following services: public safety (police and fire), highways and streets, water, sanitary sewer, social services, library, recreation, public improvements, planning and zoning, and general administrative services.

The Basic Financial Statements include financial information for entities which are directly or indirectly governed by the City Council. The entities included are the City, the North San Mateo County Sanitation District, and the Daly City Public Facilities Financing Corporation (see Note 2).

The accounting policies of the City conform with generally accepted accounting principles as they apply to governments. The following is a summary of the more significant policies.

A. 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 is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. These standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These 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. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the business-type activities of the City. 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 charges paid by the recipients of goods or services offered by the programs, grants and contributions that are restricted to meeting the operational needs of a particular program and fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and 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 governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

B. MAJOR FUNDS

Major funds are defined as funds which have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total of governmental and enterprise funds. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund type. The General Fund is always a major fund, and the City may select other funds it believes should be presented as major funds. The City selected the Gas Tax Fund for presentation as a major fund because of its importance and because it often qualifies as a major fund.

The City reported the following major governmental funds in the accompanying financial statements:

GENERAL FUND is the general operating fund of the City. It is used to account for all financial resources traditionally associated with governments which are not required to be accounted for in a separate fund.

GAS TAX SPECIAL REVENUE FUND is used to account for gas tax monies allocated by the State to the City for the streets and roads program.

GRANTS SPECIAL REVENUE FUND is used to account for miscellaneous grant monies, such as HOME, law enforcement special grants, and after school safety grants.

CAPITAL PROJECTS FUND is used to account for financial resources to be used for the acquisition or construction of major capital facilities or infrastructure other than those financed by proprietary funds.

The City reported the following enterprise funds as major funds in the accompanying financial statements:

WATER UTILITY FUND is used to account for activity related to providing water service to the community.

SANITATION DISTRICT FUND is used to account for activity related to providing residents with sanitary sewer services.

The City also reports the following fund types:

Internal Service Funds - These funds account for motor vehicles, central services, telephone, building maintenance, information services, self-insurance and pension bond payments. All of these services are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the City as an agent for Billing Services, Peninsula Traffic Congestion Relief Alliance, San Mateo Pre-Hospital Emergency Medical Services Group, and Supporters of Senior Center. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The financial activities of these funds are excluded from the government-wide financial statements because they are not directly or indirectly governed by the City Council.

C. PROPERTY HELD FOR DEVELOPMENT

Property held for development is stated at the lower of historical cost or net realizable value (equal to agreed upon sales price if a disposition and development agreement has been reached with a developer).

D. BASIS OF ACCOUNTING

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

In addition to assets, the statement of net position or balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property tax and sales tax are considered measurable and available when in the hands of intermediary collecting governments and are recognized as revenue at that time. The primary revenue sources which are susceptible to accrual include taxes, rents, licenses, interest, grants and contributions. Fines and penalties and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities. *Nonexchange transactions*, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

E. BUDGETS, BUDGETARY ACCOUNTING AND ENCUMBRANCES

The City uses a biennial budget process whereby two individual annual budgets are adopted by City Council for all funds and component units other than the Agency Funds. Budgets are subject to public hearing before they are adopted by the City Council. Budgets are prepared on the basis of generally accepted accounting principles (GAAP basis).

The City is not legally required to prepare budgets for any of its funds, but does so as a matter of managerial policy. Budgets submitted to the City Council include both proposed appropriations and the means of financing them. The City Council approves total appropriations on a departmental basis.

The City Manager is authorized and directed to make any changes or transfers of appropriations within any Department of the City and from one Department to another as deemed necessary or feasible, as long as the total appropriations of the funds are not exceeded. Additional appropriations not included in the original budget resolutions require approval by the City Council. Budgeted amounts shown are as adopted and amended by the City Council. Individual amendments were not material in relation to the original appropriations. Budgets for the City's proprietary funds are considered as memorandum budgets used for the purpose of management control. These nonappropriated budgets are not included in the Basic Financial Statements.

The City uses an encumbrance system as an extension of normal budgetary accounting. Under this system purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund equity since they do not constitute expenditures or liabilities. Outstanding encumbrances at year end are automatically reappropriated the following year. Unencumbered and unexpended appropriations for other than capital outlay lapse at year-end. However, the Capital Projects Fund is not budgeted on a project-length basis. Only the budget estimated to be spent in the current fiscal year is appropriated, even if the project will continue into future fiscal years. The City prepares a ten year capital plan, and each project year budget (GAAP Basis) is appropriated separately on an on-going basis.

For the fiscal year ended June 30, 2017, the following expenditures exceeded the budgeted expenditures:

	<u>Expenditures Exceeded Budget</u>
General Fund:	
General Government:	
Legislative	\$10,078
Public Safety:	
Fire	860,386
Public Safety Communications	138,650
Linda Vista Benefit Assessment	
Economic and Community Development	1,011

Expenditures exceeding budget are primarily driven by employee compensation absence cash outs, workers' compensation and employee injury leave, payments towards the City's retiree medical unfunded liability, unanticipated overtime use, and salary adjustments.

F. NEW GASB PRONOUNCEMENT

GASB Statement No. 74 – The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement did not have a material impact on the financial statements for the fiscal year 2017.

GASB Statement No. 80 – The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units of all states and local governments. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as emended*. The additional criterion requires blending of a component unit incorporated as a not-for-profit in which the primary government is the sole corporate member. This Statement did not have a material impact on the financial statements for the fiscal year 2017.

GASB Statement No. 82 – The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement did not have a material impact on the financial statements for the fiscal year 2017.

G. FAIR VALUE MEASUREMENTS

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

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

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

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

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

H. CASH AND INVESTMENTS

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The City pools cash from all sources and all funds, except restricted Cash and Investments with Fiscal Agents, so the pool of funds can be invested consistent with goals for safety and liquidity, while maximizing yield. Cash is pooled so individual funds can make expenditures at any time.

Investment income is allocated among funds on the basis of average daily cash and investment balances in each fund, unless there are specific legal or contractual requirements to do otherwise.

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements:

Cash and investments	\$132,923,465
Restricted cash and investments	13,233
Cash and investments of the City	<u>132,936,698</u>
Cash and investments in Fiduciary Funds (separate statement)	<u>3,226,041</u>
Total cash and investments	<u><u>\$136,162,739</u></u>

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$65,000,000 per account	\$65,000,000 per account
San Mateo County Investment Pool	Upon Demand	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 Years	AA	30%	No Limit
U. S. Treasury Bonds, Notes and Bills	5 Years	N/A	No Limit	No Limit
U.S. Government Agency Securities and U.S. Government Sponsored Enterprise Agencies	5 Years	N/A	No Limit	No Limit
Bankers' Acceptances	180 Days	N/A	40%	5%
Commercial Paper	270 Days	Highest Rating	25%	10%
Money Market Mutual Funds	Upon Demand	AAA	15%	5%
State of California Obligations	5 Years	N/A	No Limit	5%
Local Agency Obligations	5 Years	N/A	30%	5%
Repurchase Agreements	1 year	N/A	15%	5%
Reverse Repurchase Agreements	92 Days	N/A	15%	5%
Passbook Savings Account	None	N/A	No Limit	No Limit

Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute.

The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum In Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	N/A	N/A	No Limit	No Limit
U.S. Government Agency Securities				
U.S. Government Sponsored	N/A	AAA	No Limit	No Limit
State Obligations	N/A	Highest Rating Category	No Limit	No Limit
Commercial Paper	270 Days	A	No Limit	No Limit
Negotiable Certificates of Deposit	365 days	A-1+	No Limit	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit	No Limit
Bankers Acceptances	360 days	A-1+	No Limit	No Limit
Local Obligations	N/A	Highest Rating Category	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$65,000,000 per account	\$65,000,000 per account
Municipal Obligations	N/A	AAA	No Limit	No Limit
Repurchase Agreements	N/A	A	No Limit	No Limit

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

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

Investment Type	Less than One Year	Two to Five Years	More than Five Years	Total
U.S. Government-Sponsored Enterprise Agencies			\$1,784,865	\$1,784,865
Money Market Mutual Funds	\$13,233			13,233
California Local Agency Investment Fund	570,668			570,668
San Mateo County Investment Pool	118,198,876			118,198,876
Certificates of Deposit	10,000,000	\$735,838		10,735,838
Total Investments	\$128,782,777	\$735,838	\$1,784,865	131,303,480
Cash in Bank and on Hand				4,859,259
Total Cash and Investments				\$136,162,739

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2017, these investments have an average maturity of 194 days.

The City is a voluntary participant in the San Mateo County Investment Fund (SMCIF) that is regulated by California Government Code Section 53600 under the oversight of the Treasurer of the County of San Mateo. The City reports its investment in SMCIF at the fair value amount provided by SMCIF. The balance available for withdrawal is based on the accounting records maintained by SMCIF, which are recorded on an amortized cost basis. Included in SMCIF's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2017, these investments matured in an average of 1.01 years.

Money Market Mutual Fund investments are available for withdrawal on demand and at June 30, 2017 have an average maturity of 44 days.

Fair Value Investments

GASB Statement 31 requires governments to present investments at fair value. The City adjusts the carrying value of its investment to reflect the fair value at each fiscal year-end, and it includes the effect of this adjustment in income for that fiscal year.

Credit Risk

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. The actual ratings as of June 30, 2017 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	AAAf	Total Investments
Money Market Mutual Funds	\$13,233		\$13,233
San Mateo County Investment Pool		\$118,198,876	118,198,876
 Total	\$13,233	\$118,198,876	118,212,109
<i>Not rated:</i>			
California Local Agency Investment Fund			570,668
Certificates of Deposit			10,735,838
<i>Exempt from rating requirement:</i>			
U.S. Government-Sponsored Enterprise Agencies			1,784,865
 Total Investments			\$131,303,480

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (for example, 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 City's investment policy requires that securities transactions be executed on a delivery vs. payment basis. Funds are not wire-transferred until securities are delivered into safekeeping with the City's third party custodian. The custodial relationship is subject to an agreement for services which may be separate from the agreement for other banking services. The safekeeping requirement does not apply to securities which are physically delivered to the City.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the City has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the City's own data. The City should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the City are not available to other market participants.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2017:

Investment Type	Level 2	Total
Investments by Fair Value Level:		
U.S. Government-Sponsored Enterprise Agencies	\$1,784,865	\$1,784,865
Investments Measured at Amortized Cost		
Money Market Mutual Funds		13,233
Certificate of Deposit		10,735,838
Exempt Investments		
California Local Agency Investment Fund		570,668
San Mateo County Investment Pool		118,198,876
Total Investments		\$131,303,480

All investments classified in Level 2 were valued using prices provided by the City's custodian bank.

I. INVENTORY AND PREPAIDS

Inventory is valued at cost, using the first-in, first-out method. For the General Fund, inventories consist of consumable supplies, and do not constitute available spendable resources, even though they are a component of net current assets. For proprietary funds, inventories represent materials and supplies for operations. The consumption method of accounting is applied to inventories.

Prepays represent services that are paid for in advance. For governmental funds, prepaids do not constitute available spendable resources even though they are a component of net current assets. The consumption method of accounting is applied to prepaids.

J. WATER UTILITY ACCOUNTS RECEIVABLE

The City bills usage to water utility customers on a bimonthly basis in arrears. At any given time, an average of one month's usage is unread and unbilled. These unbilled estimated usages have been recognized as revenue and receivables in the financial statements of the Water Utility enterprise fund.

K. ADVANCES TO OTHER FUNDS AND AGENCIES

Current portions of interfund loans receivable (reported in "due from" asset accounts) are considered available spendable resources.

L. ACCUMULATED UNPAID VACATION, COMPENSATORY AND SICK LEAVE

Accumulated unpaid employee benefits are accrued at year-end. If vacation or compensatory leave is not taken by employees during their employment, the City is obligated to make cash payments to them on termination or retirement at the salary rates then in effect. City employees receive from thirteen to twenty-eight days of vacation each year.

Full-time City employees receive one working day of sick leave for each month of employment. Employees who terminate for reasons other than death, retirement or abolishment of position lose all accumulated sick leave. Upon death, retirement after the age of 50 and 5 years of service or abolishment of position the City is obligated to pay 50% of unused sick leave, up to 800 hours, at the salary rate then in effect. The value of vested sick leave liability for all employees qualified for retirement on June 30 of each year is accrued.

The City's liability for compensated absences is recorded in various governmental funds or proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, compensated absences are reported only if they are still outstanding following an employee's resignation or retirement.

The changes in liability for compensated absences were as follows:

	Governmental Activities	Business Type Activities	Total
Balance June 30, 2016	\$8,040,355	\$1,347,195	\$9,387,550
Additions	6,076,876	636,130	6,713,006
Payments	(5,987,325)	(771,726)	(6,759,051)
Balance June 30, 2017	<u>\$8,129,906</u>	<u>\$1,211,599</u>	<u>\$9,341,505</u>
Due within one year	<u>\$5,785,000</u>	<u>\$860,000</u>	<u>\$6,645,000</u>

Compensated absences are liquidated by the fund that has recorded the liability. Governmental activities compensated absences are liquidated primarily by the General Fund.

M. CLAIMS AND JUDGMENTS

The City has recognized a liability for workers' compensation and general liability claims in the Self-Insurance Internal Service Fund. This liability reflects the costs of claims determined to be probable of assertion and measurable in amount.

N. PROPERTY TAX LEVY, COLLECTION, MAXIMUM RATES

Article 13 of the California State Constitution provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value, and may be adjusted by no more than two percent per year unless the property is sold or transferred, in which case it is then assessed at sales price. Assessed value is calculated at 100% of sales price as defined by the above referenced Article 13.

The State Legislature has determined the method of distribution of receipts from the \$1.00 tax levy among the county, cities, school districts and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to provide for voter-approved debt service. San Mateo County assesses properties, bills for, and collects property taxes on the following schedule:

	<u>SECURED</u>	<u>UNSECURED</u>
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 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 property not secured by liens on real property. Property taxes levied are recorded as revenue and receivables, net of estimated uncollectible amounts, in the fiscal year of levy. Property taxes which cannot be recorded as current year revenues, in accordance with the modified accrual basis of accounting, have been recorded as deferred revenues.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2.
REPORTING ENTITY

The City's Basic Financial Statements include the financial activities of the City, the North San Mateo County Sanitation District and the Daly City Public Facilities Financing Corporation. These entities are controlled by governing boards consisting of the City Council. Council members are financially accountable for these entities' operations and approve fees, debt issues and adopt budgets.

The North San Mateo County Sanitation District became a subsidiary district of the City on July 1, 1985. The activities of the District are reported in the Sanitation District Enterprise Fund.

The activities of the Daly City Public Facilities Financing Corporation (Corporation) are included in the basic financial statements of the Water Utility Enterprise Fund in proportion to the activities carried out on its behalf because the City Council sits as the Board of this entity. The City established the Corporation to facilitate the issuance of Certificates of Participation, currently consisting of various expansion and upgrade projects in the Water Utility. The Corporation acts as a conduit for the leasing of the associated facilities of the utility in order to allow the issuance of its Certificates of Participation (See Note 5).

NOTE 3.
COMMITMENTS AND CONTINGENCIES

A. CONSTRUCTION CONTRACTS

At June 30, 2017, the City had made commitments of approximately \$9.2 million for construction work, legal and consulting fees, and purchases of supplies and equipment.

B. LITIGATION

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

C. ENCUMBRANCES

The City uses an encumbrance system as an extension of normal budgetary accounting for 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 restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2017 were \$111,209 in the General Fund.

NOTE 4.
CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City’s policy is to capitalize all assets with costs exceeding \$25,000 for infrastructure, \$5,000 for all other classes of capital assets, and with useful lives exceeding two years.

The City depreciates capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of 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 capital assets.

Depreciation is calculated using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	20-50 years	Sanitation Subsurface Lines	25 years
Vehicle, Equipment, Furniture & Fixtures	5-20 years	Water Mains	25 years
Streets and Infrastructure	20-60 years	Sewage Collection Facilities	10-50 years
Wells and Pump Stations	40-50 years	Sewage Treatment Facilities	15-50 years
Water Reservoirs	40-99 years	Sewage Disposal Facilities	15-50 years
Park Structures & Improvements	10-30 years		

The City capitalizes major asset purchases and improvements which increase the useful life of the related assets. Minor purchases and routine repair and maintenance costs are charged directly to expense.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

A. CAPITAL ASSET ADDITIONS AND RETIREMENTS

Capital assets at June 30 comprise:

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$33,424,342		(\$260,000)		\$33,164,342
Construction in progress	1,909,484	\$6,091,087	(132,903)	(\$2,632,546)	5,235,122
Total capital assets not being depreciated	<u>35,333,826</u>	<u>6,091,087</u>	<u>(392,903)</u>	<u>(2,632,546)</u>	<u>38,399,464</u>
Capital assets being depreciated:					
Buildings & improvements	56,121,047				56,121,047
Streets & infrastructure	78,096,606	1,475,030		747,930	80,319,566
Vehicles & equipment	24,416,044	1,748,543	(1,045,159)	171,432	25,290,860
Furniture & fixtures	430,300				430,300
Park structures & improvements	6,103,267			1,713,184	7,816,451
Total capital assets being depreciated	<u>165,167,264</u>	<u>3,223,573</u>	<u>(1,045,159)</u>	<u>2,632,546</u>	<u>169,978,224</u>
Less accumulated depreciation for:					
Buildings & improvements	29,917,639	1,492,160			31,409,799
Streets & infrastructure	52,944,902	2,326,380			55,271,282
Vehicles & equipment	17,037,430	2,065,879	(982,721)		18,120,588
Furniture & fixtures	430,299				430,299
Park structures & improvements	2,937,680	255,516			3,193,196
Total accumulated depreciation	<u>103,267,950</u>	<u>6,139,935</u>	<u>(982,721)</u>		<u>108,425,164</u>
Net depreciable assets	<u>61,899,314</u>	<u>(2,916,362)</u>	<u>(62,438)</u>	<u>2,632,546</u>	<u>61,553,060</u>
Governmental activity capital assets, net	<u>\$97,233,140</u>	<u>\$3,174,725</u>	<u>(\$455,341)</u>		<u>\$99,952,524</u>

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$2,862,549				\$2,862,549
Construction in progress	1,222,714	\$2,192,094		(\$1,168,649)	2,246,159
Total capital assets not being depreciated	4,085,263	2,192,094		(1,168,649)	5,108,708
Capital assets being depreciated:					
Buildings	7,918,904				7,918,904
Sewage facilities	58,958,084				58,958,084
Wells & pump stations	9,074,784				9,074,784
Water reservoirs	12,715,925				12,715,925
Mains & subsurface lines	41,245,801			1,168,649	42,414,450
Equipment	14,841,432	429,184	(\$34,955)		15,235,661
Furniture & fixtures	151,328				151,328
Total capital assets being depreciated	144,906,258	429,184	(34,955)	1,168,649	146,469,136
Less accumulated depreciation for:					
Buildings	5,306,357	210,125			5,516,482
Sewage facilities	34,962,804	1,226,295			36,189,099
Wells & pump stations	3,649,423	243,171			3,892,594
Water reservoirs	4,846,234	215,455			5,061,689
Mains & subsurface lines	18,848,458	1,361,683			20,210,141
Equipment	9,142,232	752,945	(34,955)		9,860,222
Furniture & fixtures	64,776	7,320			72,096
Total accumulated depreciation	76,820,284	4,016,994	(34,955)		80,802,323
Net depreciable assets	68,085,974	(3,587,810)		1,168,649	65,666,813
Business-type activity capital assets, net	\$72,171,237	(\$1,395,716)			\$70,775,521

B. CAPITAL ASSET CONTRIBUTIONS

Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

C. DEPRECIATION ALLOCATION

Depreciation expense is charged to functions and programs based on the usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities	
General government	\$167,849
Public safety	330,816
Public works	6,796
Culture and recreation	1,485,752
Streets and infrastructure	2,327,865
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	<u>1,820,857</u>
Total Governmental Activities	<u><u>\$6,139,935</u></u>
Business-Type Activities	
Water Utility	\$1,342,258
Sanitation District	2,454,435
Civic Center	190,694
Transfer Station	<u>29,607</u>
Total Business-Type Activities	<u><u>\$4,016,994</u></u>

NOTE 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2017, are as follows:

	Original Issue Amount	Balance June 30, 2016	Retirements	Balance June 30, 2017	Current Portion
<i>Governmental Activity Debt</i>					
Housing & Urban Development Section 108 Loan 0.35%-2.49%, due FY 2023	\$4,500,000	\$2,410,000	\$279,000	\$2,131,000	\$298,000
2004 Series A-1 Pension Obligation Bonds 2.650%-5.896%, due FY 2024	36,235,000	24,915,000	2,070,000	22,845,000	2,325,000
Total Governmental Activity		<u>27,325,000</u>	<u>2,349,000</u>	<u>24,976,000</u>	<u>2,623,000</u>
<i>Business-Type Activity Debt</i>					
State Water Resources Control Board Loan 2.5%, due FY 2025	4,450,128	2,302,611	231,313	2,071,298	237,096
2012 Water Revenue Refunding Bond 2%, due FY 2024	6,890,000	4,750,000	545,000	4,205,000	565,000
Total Business-Type Activity		<u>7,052,611</u>	<u>776,313</u>	<u>6,276,298</u>	<u>802,096</u>
Total City Long-Term Obligations		<u>\$34,377,611</u>	<u>\$3,125,313</u>	<u>\$31,252,298</u>	<u>\$3,425,096</u>

During fiscal 2004, the City entered into a \$4,500,000 note payable agreement guaranteed under the Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program. Proceeds from the note were used to finance the design and construction of the Bayshore Community Center. Principal payments are due annually on August 1; interest payments are due semi-annually on August 1 and February 1. Debt service is payable from future Federal Block Grant monies. The City has pledged certain future grants revenue under Section 106 and Section 108(q) for which the City may become eligible and program income generated directly from the use of the loan funds to repay the note. On April 27, 2015, the City refinanced the loan in order to obtain a lower interest rate. The City realized an interest savings of approximately \$384,328. As of June 30, 2017, total principal and interest remaining on the note is \$2,277,641. For fiscal year 2017, principal and interest paid were \$320,216 and total block grant revenues were \$972,789.

On June 1, 2004, the City, through the California Statewide Communities Development Authority, issued \$36,235,000 of Taxable Pension Obligation Bonds, Series A-1, to prepay the City's unfunded PERS accrued actuarial liability of \$35,600,000. Principal is due annually on June 1 and interest is due semiannually on June 1 and December 1, through June 1, 2024. Debt service is payable from available City resources. For fiscal year 2017, principal and interest paid were \$3,538,988.

On November 18, 2003, the City received a loan in the amount of \$4,450,128, plus accrued interest, from the California State Water Resources Control Board. Proceeds from the loan were used for construction of tertiary treatment facilities and distribution pipelines in the City's Sanitation District. Principal and interest are due annually on December 1 through December 1, 2024. As long as the loan is outstanding, the City has pledged the Sanitation District Enterprise Fund revenues net of the operations and maintenance expenses but excluding depreciation, as defined in the loan agreement. As of June 30, 2017, total principal and interest remaining on the note is \$2,311,029. For fiscal year 2017, principal and interest paid were \$288,878 and total Sanitation District Enterprise net revenues were \$1,999,190.

On September 10, 2012, the City authorized the sale of \$6,890,000 of 2012 Water Revenue Refunding Bonds to refinance the outstanding balance of the 2004 Certificates of Participation. Principal payments are due annually on June 1 and interest is due semiannually on June 1 and December 1, commencing June 1, 2013, through June 1, 2024. The City has pledged Water Utility Enterprise Fund revenues, net of the operations and maintenance expenses but excluding depreciation, for debt service, as defined in the indenture. As of June 30, 2017, total principal and interest remaining on the bonds is \$4,548,500. For fiscal year 2017, principal and interest paid were \$645,450 and total Water Utility Enterprise Fund net revenues were \$2,116,310.

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

Year ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$2,623,000	\$1,385,613	\$802,096	\$135,882
2019	2,919,000	1,245,024	818,023	118,655
2020	3,236,000	1,086,402	834,099	101,079
2021	3,580,000	908,894	855,326	83,152
2022	3,950,000	711,142	876,709	64,769
2023-2025	8,668,000	746,543	2,090,045	79,694
	<u>\$24,976,000</u>	<u>\$6,083,618</u>	<u>\$6,276,298</u>	<u>\$583,231</u>

NOTE 6.
CURRENT INTERFUND BALANCES

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these interfunds was to cover deficit cash in receiving funds. At June 30, 2017, the amounts of current interfund balances were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Community Block Grant Special Revenue Fund	\$190,394
	Doelger Senior Center Special Revenue Fund	22,044
		<u>\$212,438</u>

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2017 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Transfer Amount</u>
General Fund	Capital Projects Fund	\$758,385
	Grants Special Revenue Fund	7,528
	Nonmajor Governmental Funds	445,163
	Internal Service Fund - Motor Vehicle	90,000
	Internal Service Fund - Central Services	32,360
	Internal Service Fund - Information Services	5,492
Gas Tax Special Revenue Fund	General Fund	335,164
Capital Projects Fund	General Fund	29,006
	Gas Tax Special Revenue Fund	518,157
	Internal Service Fund - Information Services	125,000
Water Utility Enterprise Fund	General Fund	892,659
	Gas Tax Special Revenue Fund	13,000
	Sanitation District Enterprise Fund	800,283
	Internal Service Fund - Motor Vehicle	420,067
	Internal Service Fund - Information Services	30,000
Sanitation District Enterprise Fund	General Fund	1,143,430
	Gas Tax Special Revenue Fund	724,000
	Water Utility Enterprise Fund	8,726
	Internal Service Fund - Motor Vehicle	149,947
	Internal Service Fund - Information Services	120,000
Nonmajor Enterprise Funds	General Fund	248,178
	Capital Projects Fund	874,991
Internal Service Fund - Motor Vehicle	General Fund	74,764
Internal Service Fund - Central Services	General Fund	10,709
	Internal Service Fund - Information Services	350,000
Internal Service Fund - PBX	General Fund	12,223
Internal Service Fund - Building Maintenance	General Fund	123,961
Internal Service Fund - Information Services	General Fund	211,010
Internal Service Fund - Self-Insurance	General Fund	211,420
		<u>\$8,765,623</u>

The purpose of the majority of transfers is to provide general support to another fund. General Fund transfers out typically represent an operating subsidy or in the case of grants, a match of another fund's expenditures.

INTERNAL BALANCES

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

NOTE 7.

RETIREMENT PLAN

A. GENERAL INFORMATION ABOUT THE PENSION PLANS

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.0%-2.5%
Required employee contribution rates	8%	50% of the Total Normal Cost
Required employer contribution rates	23.813%	23.813%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.4%-3.0%	2.0%-2.5%
Required employee contribution rates	9%	50% of the Total Normal Cost
Required employer contribution rates	32.355%	32.355%

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	448	294
Inactive employees entitled to but not yet receiving benefits	376	86
Active employees	<u>311</u>	<u>175</u>
Total	<u><u>1,135</u></u>	<u><u>555</u></u>

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

B. NET PENSION LIABILITY

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPers Membership Data for all Funds (2)

- (1) Net of pension plan investment and administrative expenses, including inflation
- (2) The mortality table used was developed based on CalPERS’ specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2015 measurement date was net of administrative expenses. The discount rate of 7.5% used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2015 measurement date were the same as those used for the June 30, 2016 measurement date.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.5% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	12%	4.50%	5.13%
Liquidity	1%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

C. **CHANGES IN THE NET PENSION LIABILITY**

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$277,947,638	\$226,820,602	\$51,127,036
Changes in the year:			
Service cost	4,356,641		4,356,641
Interest on the total pension liability	20,453,457		20,453,457
Changes in assumptions			
Differences between actual and expected experience	(6,329,013)		(6,329,013)
Plan to Plan Resource Movement			
Contributions - employer		4,446,777	(4,446,777)
Contributions - employee		2,019,542	(2,019,542)
Net investment income		1,142,662	(1,142,662)
Benefit payments, including refunds of employee contributions	(12,862,999)	(12,862,999)	
Administrative Expense		(138,235)	138,235
Net changes	5,618,086	(5,392,253)	11,010,339
Balance at June 30, 2016	\$283,565,724	\$221,428,349	\$62,137,375

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$282,118,539	\$221,050,438	\$61,068,101
Changes in the year:			
Service cost	4,859,775		4,859,775
Interest on the total pension liability	21,118,384		21,118,384
Changes in assumptions			
Differences between actual and expected experience	(1,021,524)		(1,021,524)
Plan to Plan Resource Movement			
Contributions - employer		5,309,673	(5,309,673)
Contributions - employee		1,917,899	(1,917,899)
Net investment income		1,208,758	(1,208,758)
Benefit payments, including refunds of employee contributions	(14,939,167)	(14,939,167)	
Administrative Expense		(134,719)	134,719
Net changes	10,017,468	(6,637,556)	16,655,024
Balance at June 30, 2016	292,136,007	214,412,882	77,723,125
TOTAL - ALL PLANS	\$575,701,731	\$435,841,231	\$139,860,500

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.5%	6.5%	6.5%
Net Pension Liability	\$99,399,277	\$114,518,613	\$213,917,890
Current Discount Rate	7.5%	7.5%	7.5%
Net Pension Liability	\$62,137,375	\$77,723,125	\$139,860,500
1% Increase	8.5%	8.5%	8.5%
Net Pension Liability	\$31,289,084	\$47,114,795	\$78,403,879

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense. For the year ended June 30, 2017, the City recognized pension expense of \$11,830,034. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$11,630,570	
Differences between actual and expected experience		(\$5,658,931)
Changes in assumptions		(3,098,001)
Net differences between projected and actual earnings on plan investments	39,350,494	(15,545,532)
Total	<u>\$50,981,064</u>	<u>(\$24,302,464)</u>

The amount of \$11,630,570 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2018	(\$3,103,641)
2019	1,056,287
2020	10,837,667
2021	6,257,717

E. PAYABLE TO THE PENSION PLAN

At June 30, 2017, the City had no unpaid contributions to the pension plan required for the fiscal year.

NOTE 8.

POST EMPLOYMENT BENEFITS OTHER THAN PENSION

The City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in the California Public Employees Retirement System (CalPERS). The City participates in the CalPERS health care plan which is governed under the California Public Employees Health and Medical Care Act (PEHMCA). Required retiree medical plan contributions are also governed by PEHMCA for member agencies.

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEHMCHA. Benefits continue for surviving spouses in amounts as required by PEHMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$120 to \$125 per month in lieu of contributions to the CalPERS plan. As of June 30, 2017, approximately 445 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 425 active full time employees that should they meet requirements will be eligible to receive health care benefits upon retirement.

A. FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The annual required contribution (ARC) was determined as part of a June 30, 2015 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 3.00% inflation rate, 4.00% investment rate of return, 3.25% projected annual salary increase, and 5% to 6.7% health cost inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year closed amortization period for an initial June 30, 2008 Unfunded Accrued Actuarial Liability (UAAL), a 20 year closed amortization period for method assumptions and plan changes and 15 years for gains and losses, with a maximum of a 30 year combined closed period.

B. FUNDING PROGRESS AND FUNDED STATUS

In fiscal year 2017, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Obligation June 30, 2016	<u>\$7,386,424</u>
Annual required contribution (ARC)	5,554,000
Interest on net OPEB obligation	477,141
Adjustment to ARC	<u>(687,761)</u>
Net OPEB cost	5,343,380
Contributions made:	
City's contribution to CERBT	(1,000,000)
City's portion of current year premiums paid	<u>(2,283,460)</u>
Change in net OPEB Liability	<u>2,059,920</u>
Net OPEB Obligation June 30, 2017	<u><u>\$9,446,344</u></u>

The Plan's annual required contributions and actual contributions for the past three years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$4,128,380	\$5,766,941	140%	\$7,006,729
6/30/2016	4,564,865	4,185,170	92%	7,386,424
6/30/2017	5,343,380	3,283,460	61%	9,446,344

As of January 1, 2015, the most recent actuarial valuation date, the funded status was as follows:

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2015	\$5,217,000	\$63,523,000	(\$58,306,000)	8%	\$43,337,000	(134.5%)

NOTE 9.
DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Internal Revenue Service.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 10.
SELF-INSURANCE

The Self-Insurance Internal Service Fund was established in 1979 to provide for payment of costs associated with the City's risk management programs. Fund revenues consist of interest earnings, reimbursements of claims paid by the Fund and charges to other funds. The latter is intended to match the charges for insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, operating expenses and the provision of reserves for pending and possible future claims.

The City has a self-insured retention for the first \$250,000 of general and automobile liability claims and maintains a \$10,000 deductible for property losses. Losses in excess of the retention up to \$25,000,000 on general and automobile liability are covered by purchased excess insurance. The City purchases combined property, boiler and machinery and automobile comprehensive insurance covering all but the deductible on the full value of City property. Settlements have never exceeded insurance coverage. The City expenses the incurred liabilities for claims in cases where such amounts are reasonably determinable and where the likelihood of liability exists. Included are estimates for incurred but not reported claims, which are calculated based on claims experience. In addition, the City has reserved remaining net position (which provision is not charged to expense) for possible future claims.

The City is a member of California State Association of Counties Excess Insurance Authority (CSAC-EIA), a joint powers authority (JPA) which provides excess workers' compensation liability claims coverage above the City's self-insured retention of \$350,000 per occurrence. Losses above the self-insured retention are pooled with excess reinsurance purchased to a statutory limit. During the fiscal year ended June 30, 2017, the City contributed \$422,682 to CSAC-EIA for current year coverage. Audited financial statements for CSAC-EIA are available from CSAC-EIA at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

The City's present value liability for uninsured claims including a provision for claims incurred but not reported using a discount rate of 2% was computed as follows based on claims experience for the years ended June 30, 2017, 2016, and 2015:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Beginning balance of claims payable	\$8,906,000	\$7,332,555	\$6,484,819
Increase in estimated claims liability	1,733,583	4,797,075	3,870,109
Claims paid	<u>(1,841,583)</u>	<u>(3,223,630)</u>	<u>(3,022,373)</u>
Ending balance of claims payable	<u>\$8,798,000</u>	<u>\$8,906,000</u>	<u>\$7,332,555</u>
Current Portion	<u>\$2,352,782</u>	<u>\$3,357,411</u>	<u>\$2,669,544</u>

NOTE 11.
NET POSITION

Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position and are described below:

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

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and amounts required to be set aside for low and moderate income housing.

Unrestricted describes the portion of Net Position which is not restricted as to use.

A. GOVERNMENTAL FUND BALANCES

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources.

For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council by resolution which may be altered only by formal action in the same manner. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council by resolution or its designee (City Manager) and may be changed at the discretion of the City Council by resolution. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Detailed classifications of the City's Fund Balances, as of June 30, 2017, are below:

Fund Balance Classifications	General Fund	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Inventories	\$175,306	\$6,998				\$182,304
Prepays	103,765					103,765
Loans to Private Purpose Trust Fund	17,442,448					17,442,448
Total Nonspendable	17,721,519	6,998				17,728,517
Restricted for:						
Gas Tax Projects		\$5,408,829				5,408,829
Capital Projects				\$5,764,696		5,764,696
Low and Moderate Income Housing Assets					\$8,006,957	8,006,957
Linda Vista Benefit Assessment					444,187	444,187
Traffic Safety					108,753	108,753
Grants			\$570,622			570,622
Total Restricted		5,408,829	570,622	5,764,696	8,559,897	20,304,044
Assigned to:						
Encumbrances	111,209					111,209
Operating Capital	12,000,000					12,000,000
Capital Projects				15,076,221		15,076,221
Total Assigned	12,111,209			15,076,221		27,187,430
Unassigned:	22,681,817				2,072	22,683,889
Total Fund Balances	\$52,514,545	\$5,415,827	\$570,622	\$20,840,917	\$8,561,969	\$87,903,880

NOTE 12.

LOANS AND NOTES RECEIVABLE

The City administers a housing rehabilitation program using Housing and Community Development Block Grant (CDBG) and Cal Home funds that is accounted for in the Community Block Grant Special Revenue Fund and Grants Special Revenue Fund. Under this program, individuals with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust or mobile home liens, for construction work on their homes. Although these loans and notes are expected to be repaid, their balance has been offset by unavailable revenue as they are not expected to be repaid during the next fiscal year.

During fiscal year 2017, the City made loans to 3 participants under this program and the CDBG loan program activity is as follows:

Beginning Balance	\$1,391,660
New loans	149,526
Loan repayments	<u>(132,555)</u>
Ending Balance	<u>\$1,408,631</u>

NOTE 13.
FUND DEFICIT

The Building Maintenance and the PERS Contributions Internal Service Funds had deficits amounting to \$603,503 and \$16,188,056, respectively, at June 30, 2017. The deficits will be eliminated with future revenues and available funding or other resources.

NOTE 14.
ACTIVITIES OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Information presented in the following footnotes represents assets and liabilities of the Successor Agency.

A. CASH

Cash and investments of the Successor Agency as of June 30, 2017 are discussed in Note 1H above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2017.

B. LONG RANGE PROPERTY MANAGEMENT PLAN APPROVAL

On December 14, 2015 the Successor Agency received confirmation from the DOF that the DOF had reviewed and approved the Successor Agency's Long Range Property Management Plan (LRPMP).

C. LOANS BETWEEN THE CITY AND THE SUCCESSOR AGENCY

Due to the dissolution of the Redevelopment Agency, loans payable, totaling \$23,842,357, from the Redevelopment Agency to the General Fund were written off as of June 30, 2012. In May 2016 the State Department of Finance (DOF) confirmed and approved repayment of the loan payment from the former Redevelopment Agency to the City General Fund totaling \$13,775,503, payable at the statutory interest rate of 3% of the outstanding amount. In October 2016, the City received confirmation and approval of an additional repayment of the loan from the former Redevelopment Agency to the City General Fund totaling \$4,579,613. This additional repayment is recorded as a loan receivable in the City's General Fund and is classified as nonspendable fund balance as it cannot be appropriated against until funds are received from the State. The balance of the loans as of June 30, 2017 is \$17,442,448.



REQUIRED SUPPLEMENTARY INFORMATION

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS:

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

This schedule reports the beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year presented by cause (similar to the note disclosure). It also reports the total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, the payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll.

SCHEDULE OF CONTRIBUTIONS – PENSION PLANS

This schedule reports the agent multiple-employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered-employee payroll.

SCHEDULE OF FUNDING PROGRESS – OPEB PLAN

This schedule presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Daly City, Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2017
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

<u>Measurement Period</u>	MISCELLANEOUS		
	2013-2014	2014-2015	2015-2016
Total Pension Liability			
Service Cost	\$4,928,638	\$4,355,451	\$4,356,641
Interest	19,456,167	20,028,375	20,453,457
Differences between expected and actual experience		(5,096,599)	(6,329,013)
Changes in assumptions		(4,888,600)	
Changes in benefits			
Benefit payments, including refunds of employee contributions	(11,304,889)	(12,134,586)	(12,862,999)
Net change in total pension liability	13,079,916	2,264,041	5,618,086
Total pension liability - beginning	262,603,681	275,683,597	277,947,638
Total pension liability - ending (a)	<u>\$275,683,597</u>	<u>\$277,947,638</u>	<u>\$283,565,724</u>
 Plan fiduciary net position			
Contributions - employer	\$3,860,928	\$3,732,343	\$4,446,777
Contributions - employee	2,090,754	1,959,273	2,019,542
Net investment income	34,374,839	5,074,277	1,142,662
Benefit payments, including refunds of employee contributions	(11,304,889)	(12,134,586)	(12,862,999)
Administrative Expense		(255,289)	(138,235)
Plan to Plan Resource Movement		(493)	
Net change in plan fiduciary net position	29,021,632	(1,624,475)	(5,392,253)
Plan fiduciary net position - beginning	199,423,445	228,445,077	226,820,602
Plan fiduciary net position - ending (b)	<u>\$228,445,077</u>	<u>\$226,820,602</u>	<u>\$221,428,349</u>
 Net pension liability - ending (a)-(b)	<u>\$47,238,520</u>	<u>\$51,127,036</u>	<u>\$62,137,375</u>
 Plan fiduciary net position as a percentage of the total pension liability	82.86%	81.61%	78.09%
 Covered - payroll	\$24,443,972	\$22,658,681	\$22,823,982
 Net pension liability as percentage of covered-employee payroll	193.25%	225.64%	272.25%

Notes to Schedule:

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

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

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

Source: CalPERS Accounting Valuation

City of Daly City, Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2017
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

<u>Measurement Period</u>	<u>2013-2014</u>	<u>SAFETY 2014-2015</u>	<u>2015-2016</u>
Total Pension Liability			
Service Cost	\$5,018,136	\$4,776,984	\$4,859,775
Interest	19,532,405	20,368,130	21,118,384
Differences between expected and actual experience		(455,068)	(1,021,524)
Changes in assumptions		(4,770,631)	
Changes in benefits			
Benefit payments, including refunds of employee contributions	(12,996,278)	(13,776,270)	(14,939,167)
Net change in total pension liability	11,554,263	6,143,145	10,017,468
Total pension liability - beginning	264,421,131	275,975,394	282,118,539
Total pension liability - ending (a)	<u>\$275,975,394</u>	<u>\$282,118,539</u>	<u>\$292,136,007</u>
Plan fiduciary net position			
Contributions - employer	\$4,225,009	\$4,630,110	\$5,309,673
Contributions - employee	2,632,654	1,864,455	1,917,899
Net investment income	33,622,839	4,997,920	1,208,758
Benefit payments, including refunds of employee contributions	(12,996,278)	(13,776,270)	(14,939,167)
Administrative Expense		(249,064)	(134,719)
Plan to Plan Resource Management		493	
Net change in plan fiduciary net position	27,484,224	(2,532,356)	(6,637,556)
Plan fiduciary net position - beginning	196,098,570	223,582,794	221,050,438
Plan fiduciary net position - ending (b)	<u>\$223,582,794</u>	<u>\$221,050,438</u>	<u>\$214,412,882</u>
Net pension liability - ending (a)-(b)	<u>\$52,392,600</u>	<u>\$61,068,101</u>	<u>\$77,723,125</u>
Plan fiduciary net position as a percentage of the total pension liability	81.02%	78.35%	73.39%
Covered - payroll	\$19,652,763	\$19,567,377	\$19,784,134
Net pension liability as percentage of covered-employee payroll	266.59%	312.09%	392.86%

Notes to Schedule:

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

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

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

Source: CalPERS Accounting Valuation

City of Daly City, Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2017
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year	MISCELLANEOUS		
	2015	2016	2017
Actuarially determined contribution	\$4,637,116	\$6,771,305	\$5,540,220
Contributions in relation to the actuarially determined contributions	<u>(4,637,116)</u>	<u>(6,771,305)</u>	<u>(5,540,220)</u>
Contribution deficiency (excess)	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Covered - payroll	\$22,658,681	\$22,823,982	\$20,285,822
Contributions as a percentage of covered-payroll	20.47%	29.67%	27.31%
Notes to Schedule			
Valuation date:	6/30/2013	6/30/2014	6/30/2015

City of Daly City, Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2017
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year	SAFETY		
	2015	2016	2017
Actuarially determined contribution	\$4,225,009	\$5,309,673	\$6,090,350
Contributions in relation to the actuarially determined contributions	<u>(4,225,009)</u>	<u>(5,309,673)</u>	<u>(6,090,350)</u>
Contribution deficiency (excess)	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Covered - payroll	19,567,377	19,784,134	19,784,134
Contributions as a percentage of covered - payroll	21.59%	26.84%	30.78%
Notes to Schedule			
Valuation date:	6/30/2013	6/30/2014	6/30/2015

City of Daly City
 Schedule of Funding Progress – Other Post Employment Benefits
 As of the fiscal year ending June 30, 2017
 Last Three Actuarial Valuation

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
1/1/2011	\$0	\$40,910,000	(\$40,910,000)	0%	\$45,974,000	(89.0%)
1/1/2013	0	46,958,000	(46,958,000)	0%	42,630,000	(110.2%)
6/30/2015	5,217,000	63,523,000	(58,306,000)	8%	43,337,000	(134.5%)



GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with governments which are not required to be accounted for in a separate fund. It comprises of the following activities: General, Special Deposits, and Traffic Enforcement.



CITY OF DALY CITY
GENERAL FUND
COMBINING FUND BALANCE SHEET
JUNE 30, 2017

	General	Special Deposits	Traffic Enforcement	Total General Fund
ASSETS				
Cash and investments	\$33,841,148	\$5,613,660		\$39,454,808
Accounts receivable, net	3,321,219	43,382	\$61,554	3,426,155
Due from other funds	212,438			212,438
Prepays	103,765			103,765
Inventories	175,306			175,306
Property held for development (Note 1C and 14)				
Loans to the Private Purpose Trust Fund (Note 14)	17,442,448			17,442,448
	<u>17,442,448</u>			<u>17,442,448</u>
Total Assets	<u>\$55,096,324</u>	<u>\$5,657,042</u>	<u>\$61,554</u>	<u>\$60,814,920</u>
LIABILITIES				
Accounts payable	\$2,022,963	715,231	22,080	\$2,760,274
Accrued payroll	1,042,048		828	1,042,876
Deposits payable		4,497,225		4,497,225
	<u>3,065,011</u>	<u>5,212,456</u>	<u>22,908</u>	<u>8,300,375</u>
Total Liabilities	<u>3,065,011</u>	<u>5,212,456</u>	<u>22,908</u>	<u>8,300,375</u>
FUND BALANCES				
Fund Balance				
Nonspendable	17,721,519			17,721,519
Assigned	12,111,209			12,111,209
Unassigned	22,198,585	444,586	38,646	22,681,817
	<u>52,031,313</u>	<u>444,586</u>	<u>38,646</u>	<u>52,514,545</u>
Total Fund Balances	<u>52,031,313</u>	<u>444,586</u>	<u>38,646</u>	<u>52,514,545</u>
Total Liabilities, and Fund Balances	<u>\$55,096,324</u>	<u>\$5,657,042</u>	<u>\$61,554</u>	<u>\$60,814,920</u>

CITY OF DALY CITY
GENERAL FUND
COMBINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Special Deposits</u>	<u>Traffic Enforcements</u>	<u>Total General Funds</u>
REVENUES				
Property tax	\$31,417,252			\$31,417,252
Sales tax	11,931,893			11,931,893
Utility users tax	6,299,448			6,299,448
Franchise fees	3,878,461			3,878,461
Other taxes	6,017,318			6,017,318
Licenses and permits	3,023,889			3,023,889
Fines and forfeitures	3,850,382			3,850,382
Rents and interest	1,477,832			1,477,832
Receipts from other agencies	894,403			894,403
Charges and fees	5,764,036	\$21,593		5,785,629
Miscellaneous	4,383,219	17,052		4,400,271
	<u>78,938,133</u>	<u>38,645</u>	<u></u>	<u>78,976,778</u>
EXPENDITURES				
Current:				
General government	10,065,250	2,254		10,067,504
Public safety	49,769,526		\$311,971	50,081,497
Public works	4,091,493			4,091,493
Culture and recreation	9,570,488	11,891		9,582,379
Economic and community development	3,316,439			3,316,439
	<u>76,813,196</u>	<u>14,145</u>	<u>311,971</u>	<u>77,139,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,124,937</u>	<u>24,500</u>	<u>(311,971)</u>	<u>1,837,466</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	262,140			262,140
Transfers in	3,209,454		83,070	3,292,524
Transfers (out)	(1,338,928)			(1,338,928)
	<u>2,132,666</u>	<u></u>	<u>83,070</u>	<u>2,215,736</u>
SPECIAL ITEM - reestablishment of loan receivable from Successor Agency (Note 14C)	<u>4,579,613</u>	<u></u>	<u></u>	<u>4,579,613</u>
NET CHANGES IN FUND BALANCES	<u>8,837,216</u>	<u>24,500</u>	<u>(228,901)</u>	<u>8,632,815</u>
BEGINNING FUND BALANCES	<u>43,194,097</u>	<u>420,086</u>	<u>267,547</u>	<u>43,881,730</u>
ENDING FUND BALANCES	<u>\$52,031,313</u>	<u>\$444,586</u>	<u>\$38,646</u>	<u>\$52,514,545</u>

<p style="text-align: center;">MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</p>

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or rehabilitation of major capital assets other than those financed by Proprietary Funds.

CITY OF DALY CITY
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Rents and interest	\$138,500	\$124,245	(\$14,255)
Receipts from other agencies	855,238	635,238	(220,000)
Charges and fees	1,852,030	1,944,993	92,963
Miscellaneous	<u>290,980</u>	<u>290,980</u>	<u>290,980</u>
Total Revenues	<u>2,845,768</u>	<u>2,995,456</u>	<u>149,688</u>
EXPENDITURES			
Public Works	851,289	624,930	226,359
Capital projects	<u>10,001,790</u>	<u>5,495,182</u>	<u>4,506,608</u>
Total Expenditures	<u>10,853,079</u>	<u>6,120,112</u>	<u>(4,732,967)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,156,022)</u>	<u>(3,124,656)</u>	<u>4,031,366</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,541,200	1,633,376	(907,824)
Transfers (out)	<u>(1,559,935)</u>	<u>(672,163)</u>	<u>887,772</u>
Total Other Financing Sources (Uses)	<u>981,265</u>	<u>961,213</u>	<u>(20,052)</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$6,174,757)</u></u>	<u>(2,163,443)</u>	<u><u>\$4,011,314</u></u>
BEGINNING FUND BALANCE		<u>23,004,360</u>	
ENDING FUND BALANCE		<u><u>\$20,840,917</u></u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes or for which separate accounting is required by administrative action.

The City's Special Revenue Funds are as follows:

- Low and Moderate Income Housing Assets – to account for the activities of the Housing Successor Agency to the Daly City Redevelopment Agency.
- Doelger Senior Center - to account for the operations of the Doelger Senior Center program.
- Community Block Grant - to account for monies received by the City as a participant in the federal Community Development Block Grant (CDBG) program.
- Linda Vista Benefit Assessment - to account for the charges and for the costs of maintenance of storm drains in the Linda Vista Subdivision.
- Traffic Safety – to account for grant funds and vehicle impound fees authorized by State law specifically to provide traffic safety programs.

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	SPECIAL REVENUE FUNDS		
	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant
ASSETS			
Cash and investments	\$4,663,210	(\$25,702)	
Accounts receivable, net		61,044	\$251,593
Notes receivable			921,069
Property held for development	3,366,888		
Total Assets	\$8,030,098	\$35,342	\$1,172,662
LIABILITIES			
Accounts payable		\$9,801	\$61,200
Accrued payroll		1,424	
Due to other funds		22,044	190,394
Deposits payable	\$23,141		
Total Liabilities	23,141	33,269	251,594
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - loans			921,069
FUND BALANCES			
Restricted	8,006,957		
Unassigned		2,073	(1)
Total Fund Balances	8,006,957	2,073	(1)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$8,030,098	\$35,342	\$251,593

SPECIAL REVENUE FUNDS

<u>Linda Vista Benefit Assessment</u>	<u>Traffic Safety</u>	<u>Total Nonmajor Governmental Funds</u>
\$444,187	\$109,664	\$5,191,359 312,637 921,069 3,366,888
<u>\$444,187</u>	<u>\$109,664</u>	<u>\$9,791,953</u>
	\$911	\$71,912 1,424 212,438 23,141
	<u>911</u>	<u>308,915</u>
		<u>921,069</u>
\$444,187	108,753	8,559,897 2,072
<u>444,187</u>	<u>108,753</u>	<u>8,561,969</u>
<u>\$444,187</u>	<u>\$109,664</u>	<u>\$9,791,953</u>

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS		
	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant
REVENUES			
Rents and interest			
Federal programs and grants		\$209,531	\$901,489
Charges and fees	\$748,305	162,212	
Miscellaneous	19,846	101,109	165,938
	768,151	472,852	1,067,427
EXPENDITURES			
Public safety			
Public works			
Culture and recreation		918,015	
Economic and community development	114,379		747,212
Debt service:			
Principal			279,000
Interest			41,216
	114,379	918,015	1,067,428
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	653,772	(445,163)	(1)
OTHER FINANCING SOURCES (USES)			
Transfers in		445,163	
		445,163	
NET CHANGE IN FUND BALANCES	653,772		(1)
BEGINNING FUND BALANCES	7,353,185	2,073	
ENDING FUND BALANCES	\$8,006,957	\$2,073	(\$1)

SPECIAL REVENUE FUNDS

<u>Linda Vista Benefit Assessment</u>	<u>Traffic Safety</u>	<u>Total Nonmajor Governmental Funds</u>
\$2,455		\$2,455
44,380	\$47,136	1,111,020
		1,002,033
		286,893
<u>46,835</u>	<u>47,136</u>	<u>2,402,401</u>
		61,007
19,488	61,007	19,488
		918,015
		861,591
		279,000
		41,216
<u>19,488</u>	<u>61,007</u>	<u>2,180,317</u>
<u>27,347</u>	<u>(13,871)</u>	<u>222,084</u>
		445,163
		445,163
27,347	(13,871)	667,247
416,840	122,624	7,894,722
<u>\$444,187</u>	<u>\$108,753</u>	<u>\$8,561,969</u>

CITY OF DALY CITY
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

	LOW AND MODERATE INCOME HOUSING ASSETS			DOELGER SENIOR CENTER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Rents and interest						
Federal programs and grants				\$214,156	\$209,531	(\$4,625)
Charges and fees	\$3,441,452	\$748,305	(\$2,693,147)	176,400	162,212	(14,188)
Miscellaneous	\$2,850	19,846	16,996	100,200	101,109	909
Total Revenues	3,444,302	768,151	(2,676,151)	490,756	472,852	(17,904)
EXPENDITURES						
Public Safety						
Salaries and benefits						
Services and supplies						
Capital outlay						
Other charges						
Total Public Safety						
Public Works						
Services and supplies						
Capital outlay						
Other charges						
Total Public Works						
Culture and Recreation						
Salaries and benefits				364,283	363,092	1,191
Services and supplies				559,256	544,737	14,519
Other charges				9,785	10,186	(401)
Total Culture and Recreation				933,324	918,015	15,309
Economic and Community Development						
Salaries and benefits	94,968	83,280	11,688			
Services and supplies	35,000		35,000			
Other charges	5,999,426	31,099	5,968,327			
Debt Service:						
Principal						
Interest						
Total Economic and Community Development	6,129,394	114,379	6,015,015			
Total Expenditures	6,129,394	114,379	6,015,015	933,324	918,015	15,309
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,685,092)	653,772	3,338,864	(442,568)	(445,163)	(2,595)
OTHER FINANCING SOURCES (USES)						
Transfers in				418,796	445,163	26,367
Total Other Financing Sources (Uses)				418,796	445,163	26,367
NET CHANGE IN FUND BALANCES	(\$2,685,092)	653,772	\$3,338,864	(\$23,772)		\$23,772
BEGINNING FUND BALANCES		7,353,185			2,073	
ENDING FUND BALANCES		\$8,006,957			\$2,073	

COMMUNITY BLOCK GRANT			LINDA VISTA BENEFIT ASSESSMENT			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,091,287	\$901,489	(\$189,798)	\$2,000	\$2,455	\$455			
124,651	165,938	41,287	26,600	44,380	17,780	\$69,008	\$47,136	(\$21,872)
1,215,938	1,067,427	(148,511)	28,600	46,835	18,235	69,008	47,136	(21,872)
						682	3,612	(2,930)
						47,824	39,639	8,185
						11,206	10,827	379
						9,296	6,929	2,367
						69,008	61,007	8,001
			16,227	16,286	(59)			
			2,000	2,700	(700)			
			250	502	(252)			
			18,477	19,488	(1,011)			
363,510	373,997	(10,487)						
260,111	217,001	43,110						
272,101	156,214	115,887						
279,000	279,000							
41,216	41,216							
1,215,938	1,067,428	148,510						
1,215,938	1,067,428	148,510	18,477	19,488	(1,011)	69,008	61,007	8,001
	(1)	(1)	10,123	27,347	17,224		(13,871)	(13,871)
	(1)	(\$1)	\$10,123	27,347	\$17,224		(13,871)	(\$13,871)
				416,840			122,624	
	(\$1)			\$444,187			\$108,753	



NONMAJOR PROPRIETARY FUNDS

The City maintains the following nonmajor enterprise funds:

- Civic Center - to account for rental activity of real property owned by the City in the Civic Center area.
- Transfer Station - to account for the activity of the Mussel Rock garbage transfer station.

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
JUNE 30, 2017

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and investments	\$1,711,607	\$1,608,752	\$3,320,359
Accounts receivable, net	20,265	43,857	64,122
Total Current Assets	<u>1,731,872</u>	<u>1,652,609</u>	<u>3,384,481</u>
Capital Assets:			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	936,705	20,912	957,617
Total Capital Assets	<u>8,201,195</u>	<u>1,298,574</u>	<u>9,499,769</u>
Less accumulated depreciation	<u>(4,336,138)</u>	<u>(1,148,443)</u>	<u>(5,484,581)</u>
Net Capital Assets	<u>3,865,057</u>	<u>150,131</u>	<u>4,015,188</u>
Total Assets	<u><u>\$5,596,929</u></u>	<u><u>\$1,802,740</u></u>	<u><u>\$7,399,669</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$10,125	\$23,557	\$33,682
Compensated absences		5,092	\$5,092
Total Liabilities	<u>10,125</u>	<u>28,649</u>	<u>38,774</u>
NET POSITION			
Net investment in capital assets	3,865,057	\$150,131	4,015,188
Unrestricted	<u>1,721,747</u>	<u>1,623,960</u>	<u>3,345,707</u>
Total Net Position	<u><u>\$5,586,804</u></u>	<u><u>\$1,774,091</u></u>	<u><u>\$7,360,895</u></u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
OPERATING REVENUES			
Rental income	\$676,391		\$676,391
Other revenues	49,665	\$269,320	318,985
	<u>726,056</u>	<u>269,320</u>	<u>995,376</u>
OPERATING EXPENSES			
Salaries and benefits		152,015	152,015
Services and supplies	606,958	24,658	631,616
Utilities	88,180	638	88,818
Insurance	15,349		15,349
Depreciation	190,694	29,607	220,301
	<u>901,181</u>	<u>206,918</u>	<u>1,108,099</u>
Operating Income	<u>(175,125)</u>	<u>62,402</u>	<u>(112,723)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	12,734		12,734
Income (Loss) Before Transfers	(162,391)	62,402	(99,989)
Transfers out	<u>(934,530)</u>	<u>(188,639)</u>	<u>(1,123,169)</u>
Change in Net Position	(1,096,921)	(126,237)	(1,223,158)
BEGINNING NET POSITION	<u>6,683,725</u>	<u>1,900,328</u>	<u>8,584,053</u>
ENDING NET POSITION	<u>\$5,586,804</u>	<u>\$1,774,091</u>	<u>\$7,360,895</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Civic Center	Transfer Station	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$725,586	\$226,564	\$952,150
Payments to suppliers	(710,968)	(1,739)	(712,707)
Payments to employees		(146,923)	(146,923)
	<u>14,618</u>	<u>77,902</u>	<u>92,520</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(934,530)	(188,639)	(1,123,169)
	<u>(934,530)</u>	<u>(188,639)</u>	<u>(1,123,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	12,734		12,734
	<u>(907,178)</u>	<u>(110,737)</u>	<u>(1,017,915)</u>
Cash and investments at beginning of year	2,618,785	1,719,489	4,338,274
Cash and investments at end of year	<u>\$1,711,607</u>	<u>\$1,608,752</u>	<u>\$3,320,359</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	(\$175,125)	\$62,402	(\$112,723)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	190,694	29,607	220,301
Change in assets and liabilities:			
Accounts receivable	(470)	(42,756)	(43,226)
Accounts payable	(481)	23,557	23,076
Compensated absences		5,092	5,092
	<u>\$14,618</u>	<u>\$77,902</u>	<u>\$92,520</u>
Cash Flows from Operating Activities	<u>\$14,618</u>	<u>\$77,902</u>	<u>\$92,520</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund are eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position. However, internal service funds are still presented separately in the Fund financial statements.

The City's Internal Service Funds are:

- Motor Vehicles - to account for the purchase and maintenance of all motor vehicles provided as a service to City departments.
- Central Services - to account for and allocate costs related to providing mail messenger services for City departments.
- PBX - to account for services provided for the operation and maintenance of the City's telephone system.
- Building Maintenance - to account for services provided for the maintenance of City facilities.
- Information Services - to account for the distribution of computer hardware, software and operating costs to various City departments.
- Self-Insurance - to account for the costs of workers compensation, automotive, and general liability claims against the City.
- PERS Contributions - to account for the long-term debt, prepaid PERS contributions and repayments from benefiting City funds and departments resulting from the City's PERS Obligation Bond issue.

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

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	\$3,745,939	\$74,444	\$318,129	\$307,879
Cash with fiscal agent				
Accounts receivable, net	8,108			
Prepays				765
Inventories	91,354			8,494
Total Current Assets	3,845,401	74,444	318,129	317,138
Capital Assets:				
Land				
Buildings	35,817			
Equipment	15,597,065	9,370	932,404	62,477
Furniture and fixtures				6,093
Construction in progress				
Total Capital Assets	15,632,882	9,370	932,404	68,570
Less Accumulated Depreciation	(10,033,872)	(5,622)	(908,118)	(56,418)
Net Capital Assets	5,599,010	3,748	24,286	12,152
Total Assets	9,444,411	78,192	342,415	329,290
LIABILITIES				
Current Liabilities:				
Accounts payable	112,877	5,684	68,689	73,750
Accrued payroll	160	729		931
Interest payable				
Accrued claims payable				
PERS obligation bonds				
Total Current Liabilities	113,037	6,413	68,689	74,681
Long-Term Liabilities:				
Compensated absences	80,005			343,634
Accrued claims payable				
OPEB Obligation	111,105	4,212		514,478
PERS obligation bonds				
Total Long-Term Liabilities	191,110	4,212		858,112
Total Liabilities	304,147	10,625	68,689	932,793
NET POSITION				
Net investment in capital assets	5,599,010	3,748	24,286	12,152
Restricted for debt service				
Unrestricted	3,541,254	63,819	249,440	(615,655)
Total Net Position (Deficit)	\$9,140,264	\$67,567	\$273,726	(\$603,503)

<u>Information Services</u>	<u>Self-Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,871,309	\$9,669,008	\$7,018,273	\$24,004,981
		1,983	1,983
	71,996		80,104
5,450			6,215
			99,848
<u>2,876,759</u>	<u>9,741,004</u>	<u>7,020,256</u>	<u>24,193,131</u>
	378,343		378,343
			35,817
3,748,493			20,349,809
46,614			52,707
356,352			356,352
<u>4,151,459</u>	<u>378,343</u>		<u>21,173,028</u>
<u>(3,286,229)</u>			<u>(14,290,259)</u>
<u>865,230</u>	<u>378,343</u>		<u>6,882,769</u>
<u>3,741,989</u>	<u>10,119,347</u>	<u>7,020,256</u>	<u>31,075,900</u>
23,608	10,038	251,067	545,713
	302		2,122
		112,245	112,245
	2,352,782		2,352,782
		2,325,000	2,325,000
<u>23,608</u>	<u>2,363,122</u>	<u>2,688,312</u>	<u>5,337,862</u>
74,818	34,830		533,287
	6,445,218		6,445,218
157,666			787,461
		20,520,000	20,520,000
<u>232,484</u>	<u>6,480,048</u>	<u>20,520,000</u>	<u>28,285,966</u>
<u>256,092</u>	<u>8,843,170</u>	<u>23,208,312</u>	<u>33,623,828</u>
865,230	378,343		6,882,769
		1,983	1,983
<u>2,620,667</u>	<u>897,834</u>	<u>(16,190,039)</u>	<u>(9,432,680)</u>
<u>\$3,485,897</u>	<u>\$1,276,177</u>	<u>(\$16,188,056)</u>	<u>(\$2,547,928)</u>

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

	Motor Vehicles	Central Services	PBX	Building Maintenance
OPERATING REVENUES				
Charges to City departments	\$3,779,490	\$233,361	\$243,747	\$4,438,185
Other revenues	206,960		4,019	42,184
Total Operating Revenues	3,986,450	233,361	247,766	4,480,369
OPERATING EXPENSES				
Salaries and benefits	997,001	102,379		3,200,461
Services and supplies	1,202,821	152,013	56,775	1,041,029
Utilities	25,617	277	157,362	224,221
Insurance	435,753	165		5,243
Claims and settlements				
Depreciation	1,412,076	1,874	147,380	1,061
Other charges	12,684	1,530		(7,860)
Total Operating Expenses	4,085,952	258,238	361,517	4,464,155
Operating Income (Loss)	(99,502)	(24,877)	(113,751)	16,214
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of capital assets	(13,169)			
Interest income	18,332	1,091	1,750	2,414
Interest expense				
Total Nonoperating Revenues (Expenses)	5,163	1,091	1,750	2,414
Income (Loss) Before Transfers	(94,339)	(23,786)	(112,001)	18,628
Transfers in	660,014	32,360		
Transfers out	(74,764)	(360,709)	(12,223)	(123,961)
Net Transfers	585,250	(328,349)	(12,223)	(123,961)
Change in Net Position	490,911	(352,135)	(124,224)	(105,333)
BEGINNING NET POSITION (DEFICITS)	8,649,353	419,702	397,950	(498,170)
ENDING NET POSITION (DEFICITS)	\$9,140,264	\$67,567	\$273,726	(\$603,503)

<u>Information Services</u>	<u>Self- Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,437,890	\$6,888,185	\$3,634,277	\$21,655,135
<u>1,619</u>	<u>135,062</u>		<u>389,844</u>
<u>2,439,509</u>	<u>7,023,247</u>	<u>3,634,277</u>	<u>22,044,979</u>
1,282,877	541,739		6,124,457
387,397	1,447,093	6,237	4,293,365
27,718	517		435,712
207	974,731		1,416,099
	1,733,583		1,733,583
258,466			1,820,857
<u>366,961</u>	<u>3,411</u>		<u>376,726</u>
<u>2,323,626</u>	<u>4,701,074</u>	<u>6,237</u>	<u>16,200,799</u>
<u>115,883</u>	<u>2,322,173</u>	<u>3,628,040</u>	<u>5,844,180</u>
			(13,169)
15,200	47,247	1,940	87,974
		(1,458,818)	(1,458,818)
<u>15,200</u>	<u>47,247</u>	<u>(1,456,878)</u>	<u>(1,384,013)</u>
<u>131,083</u>	<u>2,369,420</u>	<u>2,171,162</u>	<u>4,460,167</u>
630,492			1,322,866
<u>(211,010)</u>	<u>(211,420)</u>		<u>(994,087)</u>
<u>419,482</u>	<u>(211,420)</u>		<u>328,779</u>
550,565	2,158,000	2,171,162	4,788,946
<u>2,935,332</u>	<u>(881,823)</u>	<u>(18,359,218)</u>	<u>(7,336,874)</u>
<u>\$3,485,897</u>	<u>\$1,276,177</u>	<u>(\$16,188,056)</u>	<u>(\$2,547,928)</u>

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

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$4,015,054	\$233,361	\$247,766	\$4,480,369
Payments to suppliers	(1,902,873)	(149,002)	(157,355)	(1,234,540)
Payments to employees	(960,369)	(99,326)		(3,035,657)
Claims paid				
	<u>1,151,812</u>	<u>(14,967)</u>	<u>90,411</u>	<u>210,172</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Interfund receipts	660,014	32,360		
Interfund payments	(74,764)	(360,709)	(12,223)	(123,961)
	<u>585,250</u>	<u>(328,349)</u>	<u>(12,223)</u>	<u>(123,961)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,476,221)		(1)	(12,060)
Proceeds from sale of capital assets	47,643			
	<u>(1,428,578)</u>		<u>(1)</u>	<u>(12,060)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income (expense)	18,332	1,091	1,750	2,414
	<u>326,816</u>	<u>(342,225)</u>	<u>79,937</u>	<u>76,565</u>
Cash and investments at beginning of period	<u>3,419,123</u>	<u>416,669</u>	<u>238,192</u>	<u>231,314</u>
Cash and investments at end of period	<u>\$3,745,939</u>	<u>\$74,444</u>	<u>\$318,129</u>	<u>\$307,879</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	(\$99,502)	(\$24,877)	(\$113,751)	\$16,214
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,412,076	1,874	147,380	1,061
Change in assets and liabilities:				
Receivables, net	28,604			
Inventories	2,614			2,215
Prepaid	6,888	376		15,662
Accounts payable	(235,500)	4,607	56,782	10,216
Accrued claims payable				
Accrued payroll	(16,824)	(1,159)		(55,002)
Compensated absences	24,126			11,177
OPEB obligation	29,330	4,212		208,629
	<u>\$1,151,812</u>	<u>(\$14,967)</u>	<u>\$90,411</u>	<u>\$210,172</u>
Cash Flows from (used for) Operating Activities	<u>\$1,151,812</u>	<u>(\$14,967)</u>	<u>\$90,411</u>	<u>\$210,172</u>

<u>Information Services</u>	<u>Self-Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,439,509	\$7,001,785	\$3,634,277	\$22,052,121
(799,046)	(2,441,785)	244,830	(6,439,771)
(1,251,415)	(542,619)		(5,889,386)
	(1,841,583)		(1,841,583)
<u>389,048</u>	<u>2,175,798</u>	<u>3,879,107</u>	<u>7,881,381</u>
		(2,070,000)	(2,070,000)
		(1,468,989)	(1,468,989)
630,492			1,322,866
(211,010)	(211,420)		(994,087)
<u>419,482</u>	<u>(211,420)</u>	<u>(3,538,989)</u>	<u>(3,210,210)</u>
(402,326)			(1,890,608)
			47,643
<u>(402,326)</u>			<u>(1,842,965)</u>
<u>15,200</u>	<u>47,247</u>	<u>1,940</u>	<u>87,974</u>
421,404	2,011,625	342,058	2,916,180
<u>2,449,905</u>	<u>7,657,383</u>	<u>6,678,198</u>	<u>21,090,784</u>
<u>\$2,871,309</u>	<u>\$9,669,008</u>	<u>\$7,020,256</u>	<u>\$24,006,964</u>
\$115,883	\$2,322,173	\$3,628,040	\$5,844,180
258,466			1,820,857
	(21,462)		7,142
			4,829
(1,307)	1,928		23,547
(15,456)	(17,961)	251,067	53,755
	(108,000)		(108,000)
(25,623)	(9,449)		(108,057)
(3,792)	8,569		40,080
60,877			303,048
<u>\$389,048</u>	<u>\$2,175,798</u>	<u>\$3,879,107</u>	<u>\$7,881,381</u>



AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and nonpublic organizations. Agency funds are required to be presented separately from the Government-wide and Fund financial statements.

These funds include the following:

- Billing Services - an agency fund to account for the cash temporarily held by the City in its role as billing agent for garbage collection services provided by Allied Waste Services.
- Peninsula Traffic Congestion Relief Alliance (PTCRA) - an agency fund to reflect cash held by the City in its role as fiscal agent for this agency. The PTCRA works with San Mateo County Cities to encourage use of public transportation.
- San Mateo Pre-Hospital Emergency Services Group (SMPHESG) - an agency fund to reflect cash held by the City in its role as fiscal agent for this agency. SMPHESG was established to provide paramedic first responder service as part of the fire agencies' response to medical calls.
- Supporters of Senior Center – an agency fund to reflect cash held by the City in its role as fiscal agent for the Supporters of Doelger Senior Center, a private nonprofit organization benefiting seniors in Daly City.

CITY OF DALY CITY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Billing Services</u>				
<u>Assets</u>				
Cash and investments	\$1,110,103	\$13,465,702	\$13,168,556	\$1,407,249
Receivables	1,099,138	2,603,643	2,524,970	1,177,811
Total Assets	<u>\$2,209,241</u>	<u>\$16,069,345</u>	<u>\$15,693,526</u>	<u>\$2,585,060</u>
<u>Liabilities</u>				
Accounts payable	<u>\$2,209,241</u>	<u>\$16,069,345</u>	<u>\$15,693,526</u>	<u>\$2,585,060</u>
 <u>PTCRA</u>				
<u>Assets</u>				
Cash and investments	\$182,399	\$3,811,356	\$3,652,599	\$341,156
Receivables	517,844	588,755	517,844	588,755
Other assets	77,601	5,544	12,598	70,547
Total Assets	<u>\$777,844</u>	<u>\$4,405,655</u>	<u>\$4,183,041</u>	<u>\$1,000,458</u>
<u>Liabilities</u>				
Accounts payable	\$206,040	\$2,766,069	\$2,732,830	\$239,279
Due to others	571,804	4,521,778	4,332,403	761,179
Total Liabilities	<u>\$777,844</u>	<u>\$7,287,847</u>	<u>\$7,065,233</u>	<u>\$1,000,458</u>
 <u>SMPHESG</u>				
<u>Assets</u>				
Cash and investments	\$1,606,409	\$4,099,073	\$4,339,900	\$1,365,582
Other assets	6,960	385,028	23,278	368,710
Total Assets	<u>\$1,613,369</u>	<u>\$4,484,101</u>	<u>\$4,363,178</u>	<u>\$1,734,292</u>
<u>Liabilities</u>				
Accounts payable	\$12,379	\$5,245,032	\$5,214,574	\$42,837
Due to others	1,600,990	4,445,336	4,354,871	1,691,455
Total Liabilities	<u>\$1,613,369</u>	<u>\$9,690,368</u>	<u>\$9,569,445</u>	<u>\$1,734,292</u>

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Supporters of Senior Center</u>				
<u>Assets</u>				
Cash and investments	\$27,231	\$215,824	\$243,055	
Other assets	50,594	152,518	53,113	\$149,999
Total Assets	<u>\$77,825</u>	<u>\$368,342</u>	<u>\$296,168</u>	<u>\$149,999</u>
<u>Liabilities</u>				
Accounts payable	\$8,122	\$75,495	\$49,967	\$33,650
Due to others	69,703	260,308	213,662	116,349
Total Liabilities	<u>\$77,825</u>	<u>\$335,803</u>	<u>\$263,629</u>	<u>\$149,999</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$2,926,142	\$21,591,955	\$21,404,110	\$3,113,987
Receivables	1,616,982	3,192,398	3,042,814	1,766,566
Other assets	135,155	543,090	88,989	589,256
Total Assets	<u>\$4,678,279</u>	<u>\$25,327,443</u>	<u>\$24,535,913</u>	<u>\$5,469,809</u>
<u>Liabilities</u>				
Accounts payable	\$2,435,782	\$24,155,941	\$23,690,897	\$2,900,826
Due to others	2,242,497	9,227,422	8,900,936	2,568,983
Total Liabilities	<u>\$4,678,279</u>	<u>\$33,383,363</u>	<u>\$32,591,833</u>	<u>\$5,469,809</u>



STATISTICAL SECTION

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

Financial Trends

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

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed Value of Taxable Real Property
2. Direct and Overlapping Property Tax Rates
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

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. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Water Utility District

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

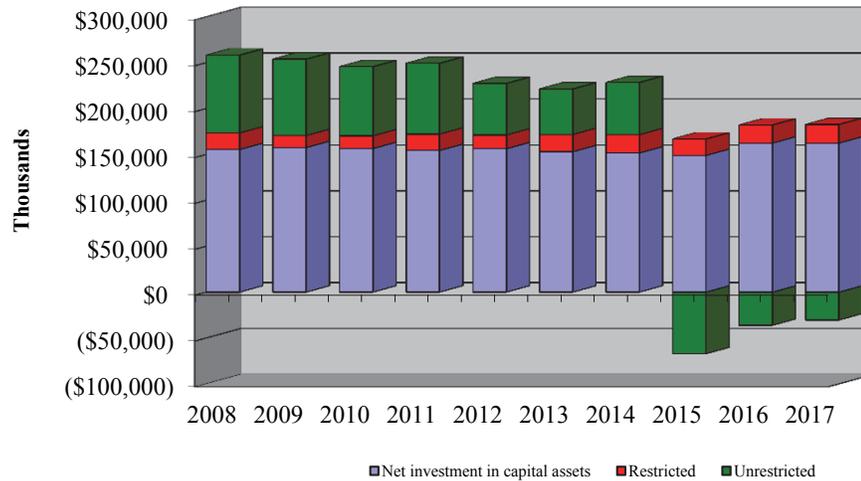
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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



	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$92,883,528	\$91,354,782	\$90,670,525	\$87,925,557	\$87,549,833
Restricted	13,869,264	13,104,841	13,931,086	17,883,253	15,053,531
Unrestricted	54,502,547	51,980,355	43,329,957	40,494,570	23,884,922
Total governmental activities net position	<u>\$161,255,339</u>	<u>\$156,439,978</u>	<u>\$147,931,568</u>	<u>\$146,303,380</u>	<u>\$126,488,286</u>
Business-type activities					
Net investment in capital asset	\$62,401,418	\$66,137,475	\$65,670,580	\$66,344,770	\$68,587,946
Restricted	4,218,833	4,597			
Unrestricted	30,305,199	31,253,864	32,019,212	36,653,957	32,290,613
Total business-type activities net position	<u>\$96,925,450</u>	<u>\$97,395,936</u>	<u>\$97,689,792</u>	<u>\$102,998,727</u>	<u>\$100,878,559</u>
Primary government					
Net investment in capital assets	\$155,284,946	\$157,492,257	\$156,341,105	\$154,270,327	\$156,137,779
Restricted	18,088,097	13,109,438	13,931,086	17,883,253	15,053,531
Unrestricted	84,807,746	83,234,219	75,349,169	77,148,527	56,175,535
Total primary government net position	<u>\$258,180,789</u>	<u>\$253,835,914</u>	<u>\$245,621,360</u>	<u>\$249,302,107</u>	<u>\$227,366,845</u>
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$85,483,907	\$84,272,501	\$82,583,587	\$94,823,140	\$97,821,524
Restricted	18,829,245	20,021,555	17,933,727	19,744,996	20,315,097
Unrestricted	18,898,618	22,495,121	(88,028,802)	(64,966,915)	(62,902,410)
Total governmental activities net position	<u>\$123,211,770</u>	<u>\$126,789,177</u>	<u>\$12,488,512</u>	<u>\$49,601,221</u>	<u>\$55,234,211</u>
Business-type activities					
Net investment in capital assets	\$67,479,305	\$67,235,990	\$66,278,166	\$65,118,626	\$64,499,223
Restricted		11,229	11,231	11,250	11,250
Unrestricted	30,663,259	34,392,335	20,914,381	28,846,650	32,508,857
Total business-type activities net position	<u>\$98,142,564</u>	<u>\$101,639,554</u>	<u>\$87,203,778</u>	<u>\$93,976,526</u>	<u>\$97,019,330</u>
Primary government					
Net investment in capital assets	\$152,963,212	\$151,508,491	\$148,861,753	\$159,941,766	\$162,320,747
Restricted	18,829,245	20,032,784	17,944,958	19,756,246	20,326,347
Unrestricted	49,561,877	56,887,456	(67,114,421)	(36,120,265)	(30,393,553)
Total primary government net position	<u>\$221,354,334</u>	<u>\$228,428,731</u>	<u>\$99,692,290</u>	<u>\$143,577,747</u>	<u>\$152,253,541</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses				
Governmental activities:				
General government	\$8,370,140	\$9,401,885	\$9,435,028	\$9,269,313
Public safety	41,515,902	42,404,296	44,054,707	42,429,411
Public works	6,277,793	6,526,712	5,725,707	6,350,402
Streets and infrastructure	4,496,272	3,823,885	3,661,752	3,133,030
Culture and recreation	17,185,257	17,045,290	18,130,986	16,181,808
Economic and community development	6,802,421	9,274,398	9,395,160	8,581,051
Nondepartmental				
Interest on long term debt	<u>1,926,468</u>	<u>1,498,377</u>	<u>376,641</u>	<u>361,793</u>
Total governmental activities expenses	<u>86,574,253</u>	<u>89,974,843</u>	<u>90,779,981</u>	<u>86,306,808</u>
Business-type activities:				
Water	10,777,580	11,496,966	11,230,423	10,537,952
Civic center	598,634	749,560	717,905	681,758
Transfer station	1,005,081	65,987	54,118	98,655
Sanitation district	<u>15,506,062</u>	<u>17,006,931</u>	<u>16,742,058</u>	<u>15,710,913</u>
Total business-type activities expenses	<u>27,887,357</u>	<u>29,319,444</u>	<u>28,744,504</u>	<u>27,029,278</u>
Total primary government expenses	<u>\$114,461,610</u>	<u>\$119,294,287</u>	<u>\$119,524,485</u>	<u>\$113,336,086</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$111,829	\$117,873	\$128,702	\$540,836
Public safety	3,676,585	4,953,076	4,939,418	4,689,990
Public works	959,193	1,123,139	1,431,784	1,533,714
Streets and infrastructure	1,076,212	1,247,967	907,565	1,219,820
Culture and recreation	2,848,327	2,975,580	2,567,160	2,732,104
Economic and community development	2,333,758	2,717,488	2,135,626	2,070,063
Nondepartmental	\$454,839	462,733	341,860	
Operating grants and contributions	9,780,388	7,310,809	7,391,970	10,608,563
Capital grants and contributions	<u>2,306,965</u>	<u>534,330</u>	<u>2,271,751</u>	<u>1,744,640</u>
Total governmental activities program revenues	<u>23,548,096</u>	<u>21,442,995</u>	<u>22,115,836</u>	<u>25,139,730</u>
Business-type activities:				
Charges for services:				
Water	12,960,840	12,752,887	12,272,749	13,014,097
Civic center	985,189	1,011,711	805,391	831,384
Transfer station	2,086,047	375,000	375,000	375,000
Sanitation district	<u>16,858,914</u>	<u>16,410,870</u>	<u>15,851,654</u>	<u>15,731,505</u>
Total business-type activities program revenues	<u>32,890,990</u>	<u>30,550,468</u>	<u>29,304,794</u>	<u>29,951,986</u>
Total primary government program revenues	<u>\$56,439,086</u>	<u>\$51,993,463</u>	<u>\$51,420,630</u>	<u>\$55,091,716</u>
Net (Expense)/Revenue				
Governmental activities	(\$63,026,157)	(\$68,531,848)	(\$68,664,145)	(\$61,167,078)
Business-type activities	<u>5,003,633</u>	<u>1,231,024</u>	<u>560,290</u>	<u>2,922,708</u>
Total primary government net expense	<u>(\$58,022,524)</u>	<u>(\$67,300,824)</u>	<u>(\$68,103,855)</u>	<u>(\$58,244,370)</u>

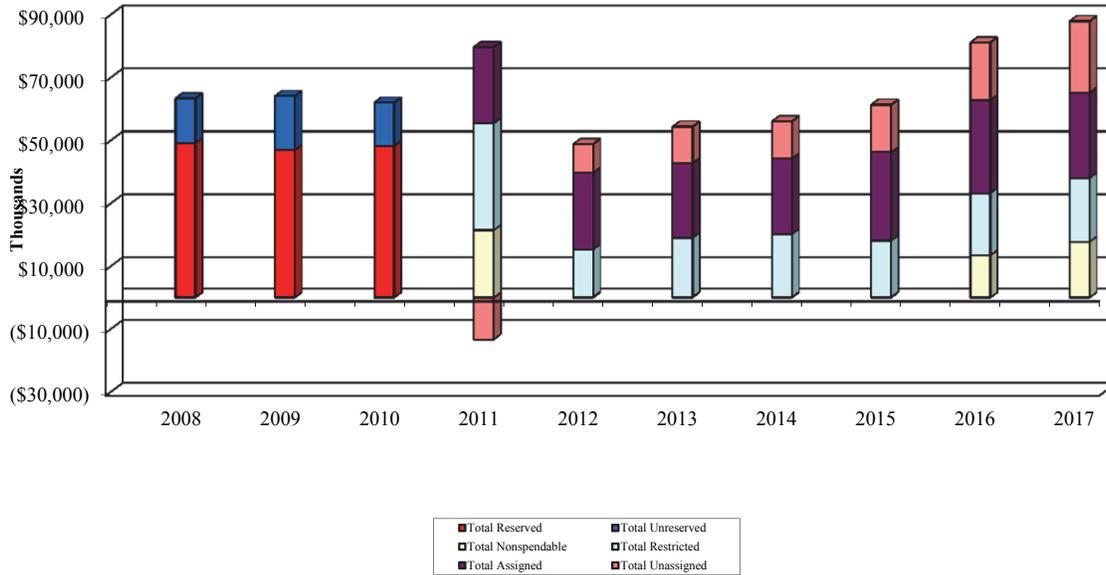
2012	2013	2014	2015	2016	2017
\$10,260,757	\$8,823,639	\$10,889,822	\$9,669,627	\$10,685,635	\$7,972,197
45,511,296	44,910,136	42,704,694	43,774,625	45,867,228	63,616,023
5,406,051	5,064,375	5,597,137	7,579,522	8,196,165	7,573,579
3,395,911	4,114,332	3,318,214	3,466,347	4,014,914	3,335,132
14,415,687	13,811,273	13,350,277	11,621,738	12,263,494	10,221,420
5,654,736	4,661,549	3,592,174	4,718,470	4,099,948	3,083,160
<u>335,549</u>	<u>177,561</u>	<u>166,114</u>	<u>172,642</u>	<u>40,000</u>	<u>40,246</u>
<u>84,979,987</u>	<u>81,562,865</u>	<u>79,618,432</u>	<u>81,002,971</u>	<u>85,167,384</u>	<u>95,841,757</u>
13,460,939	15,266,033	13,337,352	14,451,497	16,082,814	14,954,595
686,051	813,497	841,901	853,913	892,003	800,786
48,926	151,582	165,477	178,290	37,579	206,918
<u>18,587,421</u>	<u>16,663,492</u>	<u>18,262,624</u>	<u>18,629,686</u>	<u>14,325,333</u>	<u>16,357,133</u>
<u>32,783,337</u>	<u>32,894,604</u>	<u>32,607,354</u>	<u>34,113,386</u>	<u>31,337,729</u>	<u>32,319,432</u>
<u>\$117,763,324</u>	<u>\$114,457,469</u>	<u>\$112,225,786</u>	<u>\$115,116,357</u>	<u>\$116,505,113</u>	<u>\$128,161,189</u>
\$764,719	\$753,748	\$1,034,252	\$5,054,225	\$4,074,661	\$3,850,838
4,685,400	4,415,226	4,454,105	5,403,840	6,490,600	6,833,086
1,259,803	1,313,510	1,036,109	1,528,698	2,524,779	994,308
953,473	1,009,844	1,135,335	1,283,105	1,528,812	1,432,015
2,913,641	2,723,265	2,812,145	2,989,174	3,162,473	2,906,739
2,095,455	2,374,804	2,243,212	4,961,729	6,162,433	4,645,536
8,189,627	7,356,801	7,901,753	8,467,395	6,311,937	6,293,562
<u>3,421,710</u>	<u>763,676</u>	<u>325,832</u>	<u>3,355,718</u>	<u>2,492,055</u>	<u>1,824,697</u>
<u>24,283,828</u>	<u>20,710,874</u>	<u>20,942,743</u>	<u>33,043,884</u>	<u>32,747,750</u>	<u>28,780,781</u>
14,625,062	16,357,654	18,095,452	18,731,931	16,645,244	17,186,882
759,286	671,556	834,950	976,374	695,906	676,391
375,000	375,000	375,000	375,000	281,250	
<u>15,018,052</u>	<u>15,600,570</u>	<u>16,676,480</u>	<u>18,416,575</u>	<u>19,695,887</u>	<u>19,284,396</u>
<u>30,777,400</u>	<u>33,004,780</u>	<u>35,981,882</u>	<u>38,499,880</u>	<u>37,318,287</u>	<u>37,147,669</u>
<u>\$55,061,228</u>	<u>\$53,715,654</u>	<u>\$56,924,625</u>	<u>\$71,543,764</u>	<u>\$70,066,037</u>	<u>\$65,928,450</u>
(\$60,696,159)	(\$60,851,991)	(\$58,675,689)	(\$47,959,087)	(\$52,419,634)	(\$67,060,976)
<u>(2,005,937)</u>	<u>110,176</u>	<u>3,374,528</u>	<u>4,386,494</u>	<u>5,980,558</u>	<u>4,828,237</u>
<u>(\$62,702,096)</u>	<u>(\$60,741,815)</u>	<u>(\$55,301,161)</u>	<u>(\$43,572,593)</u>	<u>(\$46,439,076)</u>	<u>(\$62,232,739)</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$30,646,825	\$30,964,095	\$29,262,868	\$29,886,156
Sales taxes	11,411,106	10,520,797	9,016,619	10,178,386
Utility users tax	6,875,368	6,870,869	6,779,160	6,635,130
Franchise fees	2,788,859	3,378,546	3,432,346	3,471,922
Other taxes	3,919,957	4,134,141	3,962,240	4,189,893
Motor vehicle in-lieu	470,726	362,136	315,203	493,293
Investment earnings	4,013,587	1,703,334	960,155	711,989
Other revenues	2,514,957	2,700,781	3,706,703	3,313,961
Transfers	1,967,892	3,081,788	2,720,441	658,160
Gain/(Loss) on sale of property Extraordinary or Special item				
Total government activities	<u>64,609,277</u>	<u>63,716,487</u>	<u>60,155,735</u>	<u>59,538,890</u>
Business-type activities:				
Property taxes	1,389,793	1,452,957	1,376,028	1,377,982
Investment earnings	1,138,848	311,498	486,593	413,972
Other revenues	465,093	556,795	591,386	1,252,433
Gain/(Loss) on sale of property Transfers	(1,967,892)	(3,081,788)	(2,720,441)	(658,160)
Extraordinary item or special item				
Total business-type activities	<u>1,025,842</u>	<u>(760,538)</u>	<u>(266,434)</u>	<u>2,386,227</u>
Total primary government	<u>\$65,635,119</u>	<u>\$62,955,949</u>	<u>\$59,889,301</u>	<u>\$61,925,117</u>
Change in Net Position				
Governmental activities	\$1,583,120	(\$4,815,361)	(\$8,508,410)	(\$1,628,188)
Business-type activities	6,029,475	470,486	293,856	5,308,935
Total primary government	<u>\$7,612,595</u>	<u>(\$4,344,875)</u>	<u>(\$8,214,554)</u>	<u>\$3,680,747</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$27,903,523	\$24,682,775	\$26,609,070	\$29,327,703	\$29,591,108	\$31,417,252
10,638,574	11,619,157	12,594,335	12,379,135	13,688,644	13,805,186
6,532,361	6,528,566	6,422,821	6,399,410	6,099,207	6,299,448
3,500,118	3,544,075	3,663,247	3,675,411	3,828,424	3,878,461
4,203,616	4,756,255	5,247,886	5,322,471	5,761,695	6,017,318
109,179	45,981		44,416		
1,018,793	12,330	925,838	467,009	828,112	700,994
3,180,451	3,758,739	3,936,433	1,061,054	1,110,702	1,379,422
2,800,581	3,010,709	2,853,466	2,983,597	2,060,161	4,616,272
			(3,003,763)	41,913	
<u>(19,006,131)</u>	<u>(383,112)</u>			<u>26,522,377</u>	
<u>40,881,065</u>	<u>57,575,475</u>	<u>62,253,096</u>	<u>58,656,443</u>	<u>89,532,343</u>	<u>68,114,353</u>
1,433,604	1,470,340	1,558,773	1,713,895	1,754,195	1,859,194
534,239	(23,403)	493,501	265,045	385,674	196,380
704,506	715,729	918,589	2,350,952	712,482	775,265
14,001	1,872	5,065			
(2,800,581)	(3,010,709)	(2,853,466)	(2,983,597)	(2,060,161)	(4,616,272)
	(2,000,000)				4,579,613
<u>(114,231)</u>	<u>(2,846,171)</u>	<u>122,462</u>	<u>1,346,295</u>	<u>792,190</u>	<u>2,794,180</u>
<u>\$40,766,834</u>	<u>\$54,729,304</u>	<u>\$62,375,558</u>	<u>\$60,002,738</u>	<u>\$90,324,533</u>	<u>\$70,908,533</u>
(\$19,815,094)	(\$3,276,516)	\$3,577,407	\$10,697,356	\$37,112,709	\$1,053,377
(2,120,168)	(2,735,995)	3,496,990	5,732,789	6,772,748	7,622,417
<u>(\$21,935,262)</u>	<u>(\$6,012,511)</u>	<u>\$7,074,397</u>	<u>\$16,430,145</u>	<u>\$43,885,457</u>	<u>\$8,675,794</u>

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



	(b)					
	2008	2009	2010	2011	2012	2013
General Fund						
Reserved	\$21,565,875	\$21,566,507	\$21,460,127			
Unreserved	21,845,434	21,782,963	20,817,474			
Nonspendable				\$21,438,707	\$238,031	\$178,570
Assigned				12,229,191	12,249,286	12,109,457
Unassigned				9,265,602	9,039,548	11,522,227
Total General Fund	<u>\$43,411,309</u>	<u>\$43,349,470</u>	<u>\$42,277,601</u>	<u>\$42,933,500</u>	<u>\$21,526,865</u>	<u>\$23,810,254</u>
All Other Governmental Funds						
Reserved	\$27,576,108	\$25,361,720	\$26,791,488			
Unreserved, reported in:						
Special revenue funds	(23,682,598)	(20,036,126)	(20,313,715)			
Capital project funds	16,075,592	15,423,021	13,238,998			
Nonspendable						
Restricted				\$34,018,497	\$15,053,292	\$18,829,210
Assigned				11,973,786	12,211,293	11,698,471
Unassigned				(22,559,924)		
Total all other governmental funds	<u>\$19,969,102</u>	<u>\$20,748,615</u>	<u>\$19,716,771</u>	<u>\$23,432,359</u>	<u>\$27,264,585</u>	<u>\$30,527,681</u>
All Governmental Funds						
Total Reserved	\$49,141,983	\$46,928,227	\$48,251,615			
Total Unreserved	14,238,428	17,169,858	13,742,757			
Total Nonspendable				\$21,438,707	\$238,031	\$178,570
Total Restricted				34,018,497	15,053,292	18,829,210
Total Assigned				24,202,977	24,460,579	23,807,928
Total Unassigned				(13,294,322)	9,039,548	11,522,227
Total All Governmental Funds	<u>\$63,380,411</u>	<u>\$64,098,085</u>	<u>\$61,994,372</u>	<u>\$66,365,859</u>	<u>\$48,791,450</u>	<u>\$54,337,935</u>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

(b) In fiscal year 2011, the City implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources.

2014	2015	2016	2017
\$186,129	\$194,403	\$13,453,512	\$17,721,519
12,103,389	12,220,256	12,098,569	12,111,209
11,838,923	15,059,052	18,329,649	22,681,817
<u>\$24,128,441</u>	<u>\$27,473,711</u>	<u>\$43,881,730</u>	<u>\$52,514,545</u> (a)
		2,211	\$6,998
\$20,021,531	\$17,933,698	\$19,742,741	20,304,044
11,873,724	15,906,433	17,525,314	15,076,221
			2,072
<u>\$31,895,255</u>	<u>\$33,840,131</u>	<u>\$37,270,266</u>	<u>\$35,389,335</u> (a)
\$186,129	\$194,403	\$13,455,723	\$17,728,517
20,021,531	17,933,698	19,742,741	20,304,044
23,977,113	28,126,689	29,623,883	27,187,430
11,838,923	15,059,052	18,329,649	22,683,889
<u>\$56,023,696</u>	<u>\$61,313,842</u>	<u>\$81,151,996</u>	<u>\$87,903,880</u>

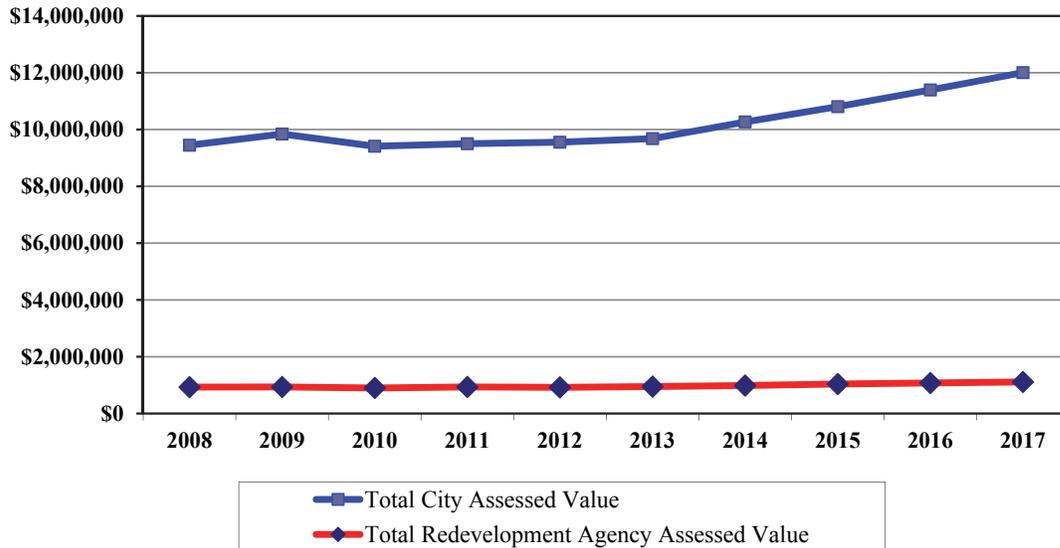
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Taxes	\$58,503,214	\$58,265,663	\$55,022,812	\$58,097,799
Licenses, permits and fees	1,558,126	1,728,788	1,399,042	1,468,663
Fines and forfeitures	1,986,902	2,638,628	2,842,822	2,772,583
Use of money and property	5,837,640	4,223,929	4,578,244	4,333,962
Intergovernmental revenues	8,736,129	4,887,424	6,336,813	7,527,353
Charges for services	6,853,338	8,133,070	7,517,777	8,505,783
Other	3,202,504	3,590,101	4,159,677	3,583,288
Total Revenues	<u>86,677,853</u>	<u>83,467,603</u>	<u>81,857,187</u>	<u>86,289,431</u>
Expenditures				
Current:				
General government	7,664,184	8,464,269	8,449,067	8,612,120
Public safety	40,150,051	41,096,189	41,391,460	41,115,067
Public works	5,790,515	5,627,447	5,384,642	5,136,940
Culture and recreation	14,189,456	14,993,277	13,571,549	13,078,179
Community development	6,854,996	9,193,905	9,258,231	8,900,024
Capital projects	6,209,739	4,645,217	7,205,608	5,502,027
Debt service:				
Principal repayment	272,150	287,785	305,684	323,861
Interest and fiscal charges	1,906,552	1,479,099	848,328	490,281
Total Expenditures	<u>83,037,643</u>	<u>85,787,188</u>	<u>86,414,569</u>	<u>83,158,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,640,210</u>	<u>(2,319,585)</u>	<u>(4,557,382)</u>	<u>3,130,932</u>
Other Financing Sources (Uses)				
Sale of property				
Amount paid to State				
Transfers in	7,413,734	7,164,378	6,811,899	6,490,408
Transfers out	(6,079,476)	(4,127,119)	(4,358,230)	(5,249,853)
Loan proceeds	2,480,000			
Contributions				
Total other financing sources (uses)	<u>3,814,258</u>	<u>3,037,259</u>	<u>2,453,669</u>	<u>1,240,555</u>
Extraordinary items				
Assets transferred to/liabilities assumed by Successor Agency				
Net Change in fund balances	<u>\$7,454,468</u>	<u>\$717,674</u>	<u>(\$2,103,713)</u>	<u>\$4,371,487</u>
Debt service as a percentage of noncapital expenditures	2.8%	2.1%	1.4%	1.0%

For the Fiscal Year Ended June 30,

2012	2013	2014	2015	2016	2017
\$56,413,948	\$54,183,995	\$58,493,320	\$60,767,789	\$61,030,589	\$63,536,267
1,409,698	1,578,457	1,697,703	2,679,745	2,889,367	3,023,889
2,440,465	2,420,754	2,301,580	2,740,510	3,442,372	3,850,382
3,132,897	1,050,149	1,864,656	1,499,885	1,841,802	1,636,285
7,267,441	4,366,743	3,511,403	6,092,246	4,218,152	5,526,235
7,637,246	7,479,277	7,757,549	12,763,912	14,632,874	9,771,337
4,044,012	4,748,815	4,615,471	5,307,064	5,527,147	4,989,727
<u>82,345,707</u>	<u>75,828,190</u>	<u>80,241,682</u>	<u>91,851,151</u>	<u>93,582,303</u>	<u>92,334,122</u>
8,682,126	8,194,893	10,882,785	9,495,891	10,777,041	10,067,504
42,226,973	42,150,729	42,737,888	44,972,711	49,047,952	50,681,833
4,995,361	4,726,801	4,712,465	7,053,586	7,589,698	8,480,954
12,650,231	12,105,970	11,932,443	10,085,356	10,569,151	10,802,067
5,773,301	4,666,975	3,896,212	4,917,443	4,306,935	4,340,191
6,977,961	4,336,490	4,149,538	4,359,239	5,726,698	10,019,069
2,679,000	212,000	227,000	244,000	260,000	279,000
312,381	181,942	170,919	235,066	28,730	41,216
<u>84,297,334</u>	<u>76,575,800</u>	<u>78,709,250</u>	<u>81,363,292</u>	<u>88,306,205</u>	<u>94,711,834</u>
<u>(1,951,627)</u>	<u>(747,610)</u>	<u>1,532,432</u>	<u>10,487,859</u>	<u>5,276,098</u>	<u>(2,377,712)</u>
5,787	18,057		(3,003,763)	1,600	262,490
			(3,750,000)		
5,753,543	5,812,723	5,523,006	6,306,265	5,561,713	6,633,748
(2,838,147)	(2,903,573)	(5,369,677)	(4,750,215)	(4,776,760)	(2,346,255)
<u>2,921,183</u>	<u>2,927,207</u>	<u>153,329</u>	<u>(5,197,713)</u>	<u>786,553</u>	<u>4,549,983</u>
<u>(18,543,965)</u>	<u>3,366,888</u>				<u>4,579,613</u>
<u>(\$17,574,409)</u>	<u>\$5,546,485</u>	<u>\$1,685,761</u>	<u>\$5,290,146</u>	<u>\$6,062,651</u>	<u>\$6,751,884</u>
4.0%	0.5%	0.5%	0.6%	0.3%	0.4%

**CITY OF DALY CITY
 ASSESSED VALUE OF TAXABLE REAL PROPERTY
 LAST TEN FISCAL YEARS
 (in thousand dollars)**

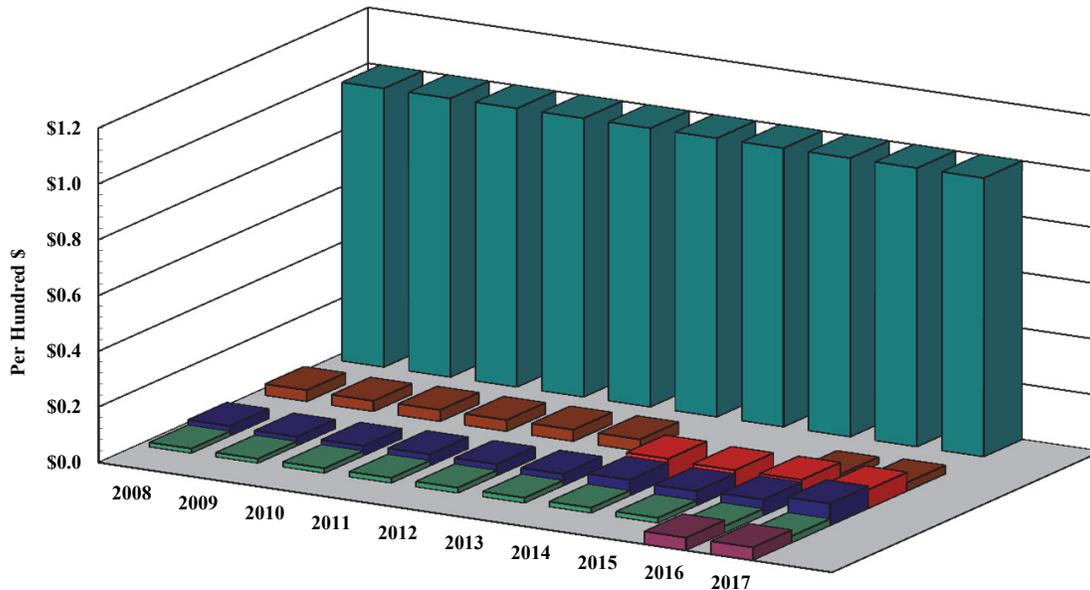


Fiscal Year Ended June 30	City			Total Assessed Value (1)	Redevelopment Agency			Total Assessed Value (1)	Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions		Secured	Unsecured	Exemptions		
2008	\$8,175,019	\$236,671	\$105,501	\$8,517,191	\$849,990	\$73,358	\$6,530	\$929,878	1.00%
2009	8,589,324	212,333	103,778	8,905,435	881,309	48,519	6,474	936,302	1.00%
2010	8,181,880	224,478	104,176	8,510,534	846,570	47,811	6,443	900,824	1.00%
2011	8,224,722	235,725	104,742	8,565,189	875,392	53,443	6,523	935,358	1.00%
2012	8,287,585	242,088	103,652	8,633,325	860,939	53,608	6,507	921,054	1.00%
2013	8,391,284	237,106	102,195	8,730,585	893,143	50,023	6,516	949,682	1.00%
2014	8,951,230	227,850	100,563	9,279,643	929,050	51,354	6,413	986,817	1.00%
2015	9,426,340	239,970	99,548	9,765,858	980,736	53,445	6,373	1,040,554	1.00%
2016	9,962,576	257,377	98,669	10,318,622	1,011,512	57,075	6,370	1,074,957	1.00%
2017	10,556,650	238,395	97,391	10,892,436	1,050,088	56,063	6,304	1,112,455	1.00%

- (1) The State Constitution requires properties to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually. These values are considered to be full market values.
- (2) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount by an annual calculation to all the taxing entities within a tax rate area.

Source: San Mateo County Controller's Office Annual Publication: Tax Rates and Valuation of Taxable Property

**CITY OF DALY CITY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of Assessed Value)
LAST TEN FISCAL YEARS**



■ South San Francisco Unified School District	■ San Mateo Junior College
■ Jefferson High School District	■ Jefferson Elementary School District
■ Pacifica Elementary School	■ Laguna Salada Elementary School
■ Basic County Wide Levy	

Fiscal Year	Basic County Wide Levy	Jefferson Elementary School District	Jefferson High School District	San Mateo Junior College	So San Francisco Unified School District	Pacifica Elementary School	Total
2008	1.0000		0.0361	0.0171		0.0411	1.0943
2009	1.0000		0.0333	0.0165		0.0384	1.0882
2010	1.0000		0.0360	0.0182		0.0417	1.0959
2011	1.0000		0.0416	0.0193		0.0412	1.1021
2012	1.0000		0.0422	0.0199		0.0422	1.1043
2013	1.0000		0.0430	0.0194		0.0432	1.1056
2014	1.0000	\$0.0713	0.0574	0.0194			1.1481
2015	1.0000	0.0662	0.0530	0.0190			1.1382
2016	1.0000	0.0674	0.0583	0.0250	\$0.0457	0.0250	1.2214
2017	1.0000	0.0680	0.0800	0.0247	0.0467	0.0311	1.2505

Notes: In 1979, State Proposition 13 amended the constitution to provide that the general tax rate be limited to one percent of market value, distributed among all tax agencies. Assessed valuation is set at 100 percent of market value at transfer of title and the tax rate is \$1 per \$100 of assessed value.

The City of Daly City has 67 tax code areas, many with different rates because of differing school district boundaries. The highest tax rate is shown here.

Source: San Mateo County Controller's Office Annual Publication: Tax Rates and Valuation of Taxable Property

**CITY OF DALY CITY
Principal Property Tax Payers
Current Year and Nine Years Ago**

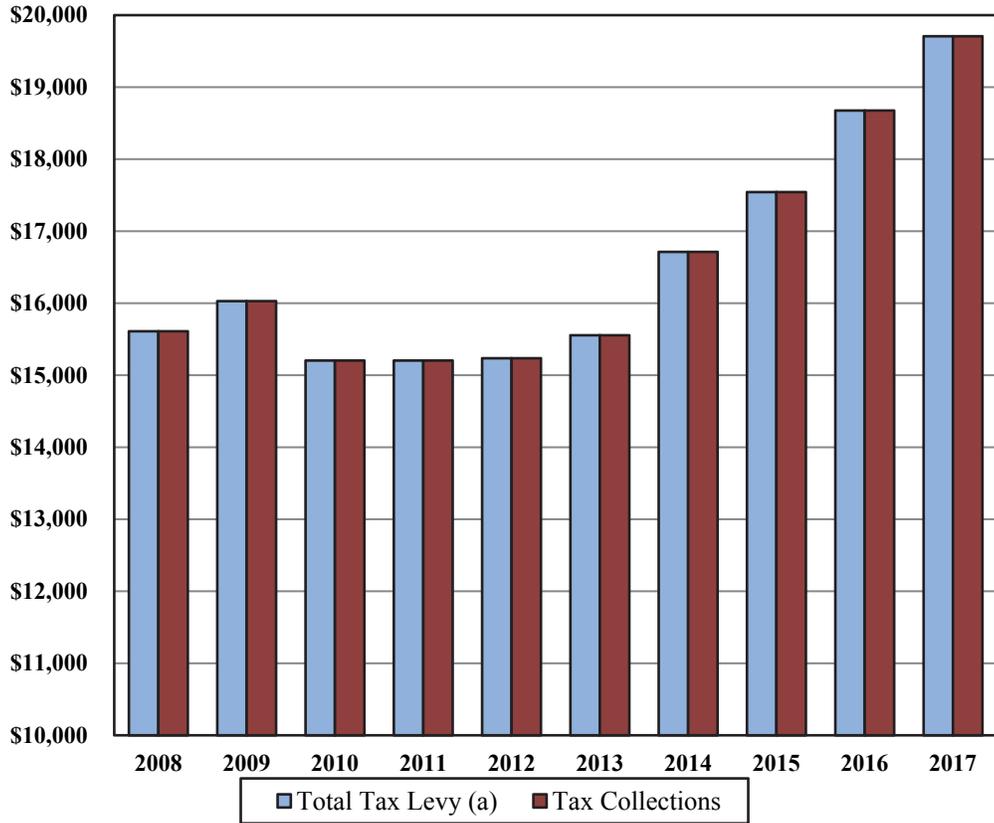
<u>Taxpayer</u>	<u>2016-2017</u>			<u>2007-2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Daly City Serramonte Center, LLC	\$197,469,470	1	1.85%	\$109,886,383	4	1.3%
Seton Medical Center	184,567,194	2	1.73%	199,465,921	1	2.4%
Kimco Westlake LP	162,424,925	3	1.52%			
Pacific Plaza (includes Century Theaters)	151,829,083	4	1.43%	132,152,590	2	1.6%
Westlake Assoc Lessee	129,022,787	5	1.21%	114,687,336	3	1.4%
BRE Piper MF (Skyline Heights)	66,904,971	6	0.63%			
WASL Daly City Investors	55,000,000	7	0.52%			
Franciscan Park LLC	52,486,659	8	0.49%			
Daly City Partners (Serramonte Plaza)	49,019,215	9	0.46%	30,365,308	10	0.4%
Equity Hillside (88 Hillside)	41,988,312	10	0.39%			
Serramonte Corporate Center (Kaiser)				36,605,328	8	0.4%
Westlake Kimco				94,628,094	5	1.2%
LINC Franciscan Mobile Home Park				38,097,887	7	0.5%
Met Life Skyline Apartments				45,223,894	6	0.6%
Lavaca Portfolio Investors				32,095,402	9	0.4%
Subtotal	<u>\$1,090,712,616</u>		<u>10.2%</u>	<u>\$833,208,143</u>		<u>10.2%</u>

Total Assessed Valuation:

Fiscal Year 2016-2017	\$10,654,040,825
Fiscal Year 2007-2008	\$8,175,018,741

Source: San Mateo County Assessor Fiscal Year Combined Tax Rolls
California Municipal Statistics, Inc.

**CITY OF DALY CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousand dollars)**



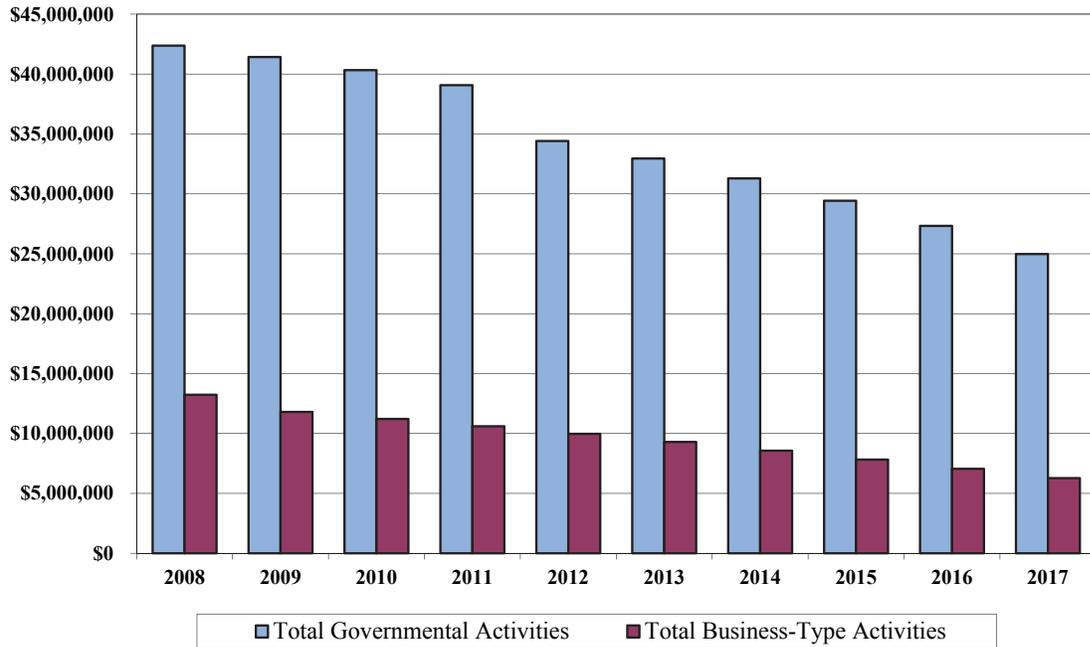
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2008	\$15,610	\$15,610	100.00%		\$15,610	100.00%
2009	16,029	16,029	100.00%		16,029	100.00%
2010	15,204	15,204	100.00%		15,204	100.00%
2011	15,204	15,204	100.00%		15,204	100.00%
2012	15,236	15,236	100.00%		15,236	100.00%
2013	15,555	15,555	100.00%		15,555	100.00%
2014	16,713	16,713	100.00%		16,713	100.00%
2015	17,543	17,543	100.00%		17,543	100.00%
2016	18,675	18,675	100.00%		18,675	100.00%
2017	19,707	19,707	100.00%		19,707	100.00%

Source: City of Daly City

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) Beginning fiscal year 1995, the County began providing the City 100% of its tax levy under the "Teeter Plan", an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF DALY CITY
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities							
Fiscal Year	Line of Credit	Capital Lease	HUD Section 108 Loan	PERS Pension Obligation Bonds	CHFA HELP Loan	Promissory Note	Total
2008		\$395,330	\$4,074,000	\$34,520,000	\$904,670	\$2,480,000	\$42,374,000
2009		269,545	3,912,000	33,860,000	904,670	2,480,000	41,426,215
2010		137,861	3,738,000	33,070,000	904,670	2,480,000	40,330,531
2011			3,552,000	32,140,000	904,670	2,480,000	39,076,670
2012			3,353,000	31,060,000			34,413,000
2013			3,141,000	29,810,000			32,951,000
2014			2,914,000	28,380,000			31,294,000
2015			2,670,000	26,755,000			29,425,000
2016			2,410,000	24,915,000			27,325,000
2017			2,131,000	22,845,000			24,976,000

Business-Type Activities								
Fiscal Year	Sewer Certificates of Participation	Water Certificates of Participation	Water Revenue Bond	State Water Resources Board Loan	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2008	\$855,000	\$8,415,000		\$3,961,157	\$13,231,157	\$55,605,157	1.97%	522.80
2009		8,030,000		3,771,308	11,801,308	53,227,523	1.85%	496.99
2010		7,635,000		3,576,713	11,211,713	51,542,244	1.78%	475.56
2011		7,225,000		3,377,252	10,602,252	49,678,922	1.81%	487.43
2012		6,800,000		3,172,805	9,972,805	44,385,805	1.51%	432.64
2013			\$6,330,000	2,963,246	9,293,246	42,244,246	1.43%	408.76
2014			5,815,000	2,748,449	8,563,449	39,857,449	1.33%	379.32
2015			5,290,000	2,528,282	7,818,282	37,243,282	1.22%	351.98
2016			4,750,000	2,302,610	7,052,610	34,377,610	0.90%	324.90
2017			4,205,000	2,071,298	6,276,298	31,252,298	n/a	285.97

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of Daly City
 State of California, Department of Finance (population)

(a) See Demographic Statistics for population and personal income data.

CITY OF DALY CITY
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Pensions Obligation Bonds	Percentage of Personal Income (a)	Per Capita (a)
2008	\$34,520,000	1.22%	\$324.56
2009	33,860,000	1.18%	316.16
2010	33,070,000	1.14%	305.12
2011	32,140,000	1.17%	315.35
2012	31,060,000	1.06%	302.75
2013	29,810,000	1.01%	288.45
2014	28,380,000	0.94%	270.09
2015	26,755,000	0.88%	252.86
2016	24,915,000	0.65%	229.55
2017	22,845,000	n/a	209.04

Sources: City of Daly City
State of California, Department of Finance (population)

(a) See Demographic Statistics for population and personal income data.

**CITY OF DALY CITY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2017**

2016-17 Assessed Valuation \$ 10,892,436,301

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>Total Debt 06/30/17</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 06/30/17</u>
San Mateo Community College District	\$611,812,998	5.677%	\$34,732,624
South San Francisco Unified School District	175,812,364	8.794%	15,460,939
Jefferson Union High School District	180,406,091	50.664%	91,400,942
Bayshore School District	9,145,000	77.827%	7,117,279
Brisbane School District	5,820,437	19.178%	1,116,243
Jefferson School District	86,495,000	86.134%	<u>74,501,603</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			 <u>224,329,630</u>
 <u>OVERLAPPING GENERAL FUND DEBT</u>			
San Mateo County General Fund Obligations	\$399,389,816	5.677%	\$22,673,360
San Mateo County Board of Education Certificates of Participation	9,330,000	5.677%	529,664
San Mateo County Flood Control District Certificates of Participation	18,095,000	27.646%	5,002,544
South San Francisco Unified School District Certificates of Participation	4,360,746	8.794%	383,484
Jefferson Union H.S.D. Certificates of Participation	1,279,477	50.664%	<u>648,234</u>
 TOTAL OVERLAPPING GENERAL FUND DEBT			 <u>29,237,286</u>
 TOTAL OVERLAPPING DEBT			 <u>253,566,916</u>
 <u>DIRECT DEBT</u>			
City of Daly City Pension Obligation Bonds	\$22,845,000	100.000%	\$22,845,000
HUD Section 108 Loan	2,131,000	100.000%	2,131,000
 TOTAL DIRECT DEBT			 <u>\$24,976,000</u>
 COMBINED TOTAL DEBT			 <u><u>\$278,542,916</u></u> (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation

Total Overlapping Tax and Assessment Debt	2.06%
Combined Total Debt	2.56%

Source: California Municipal Statistics, Inc.

**CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2017**

ASSESSED VALUATION:

Total property assessed value, net of exempt real property	\$10,892,436,301
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$408,466,361
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (b)	\$4,205,000
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Less: Tax Allocation Bonds and Certificate of Participation not subject to limit	4,205,000
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Amount of debt subject to limit	0
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LEGAL BONDED DEBT MARGIN	\$408,466,361
--------------------------	---------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
(in thousand dollars)				
2004	\$231,002	0	\$231,002	0.00%
2005	254,359	0	254,359	0.00%
2006	270,478	0	270,478	0.00%
2007	295,895	0	295,895	0.00%
2008	319,395	0	319,395	0.00%
2009	333,954	0	333,954	0.00%
2010	319,145	0	319,145	0.00%
2011	321,195	0	321,195	0.00%
2012	323,750	0	323,750	0.00%
2013	327,397	0	327,397	0.00%
2014	347,987	0	347,987	0.00%
2015	366,220	0	366,220	0.00%
2016	386,948	0	386,948	0.00%
2017	408,466	0	408,466	0.00%

NOTE:

(a) California Government Code Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

(b) 2012 Water Revenue Refunding Bond

**CITY OF DALY CITY
WATER UTILITY FUND**

NUMBER OF CONNECTIONS BY USERS AS OF JUNE 30, 2017

<u>Category</u>	<u>Number of Connections</u>
Residential	21,956
Commercial	783
Government	93
Irrigation	220
Hydrant	23
Other	<u>-</u>
 Total Connections	 <u><u>23,075</u></u>

**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gross Revenues (1)	<u>\$13,448,021</u>	<u>\$13,115,342</u>	<u>\$12,699,761</u>	<u>\$13,497,857</u>	<u>\$15,185,857</u>
Operating Expenses (including depreciation) (2)	10,382,294	11,111,591	10,637,744	10,424,358	12,718,342
Depreciation	(1,142,717)	(1,149,384)	(1,192,935)	(1,218,606)	(1,257,540)
Operating Transfers Out	<u>3,078,501</u>	<u>2,204,264</u>	<u>2,376,455</u>	<u>2,158,670</u>	<u>2,372,007</u>
Total Operating Expenses	<u>12,318,078</u>	<u>12,166,471</u>	<u>11,821,264</u>	<u>11,364,422</u>	<u>13,832,809</u>
Net Revenue Available for Debt	<u>\$1,129,943</u>	<u>\$948,871</u>	<u>\$878,497</u>	<u>\$2,133,435</u>	<u>\$1,353,048</u>
Total Debt Service Requirement	<u>\$753,234</u>	<u>\$755,284</u>	<u>\$751,809</u>	<u>\$751,996</u>	<u>\$751,621</u>
Coverage	1.50	1.26	1.17	2.84	1.80

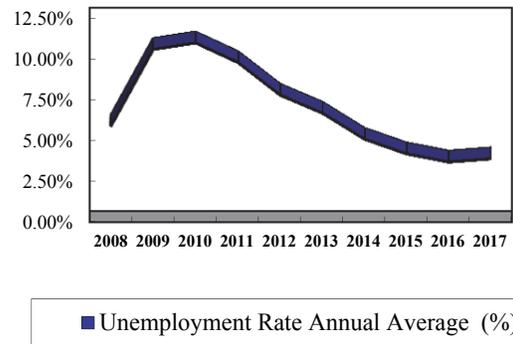
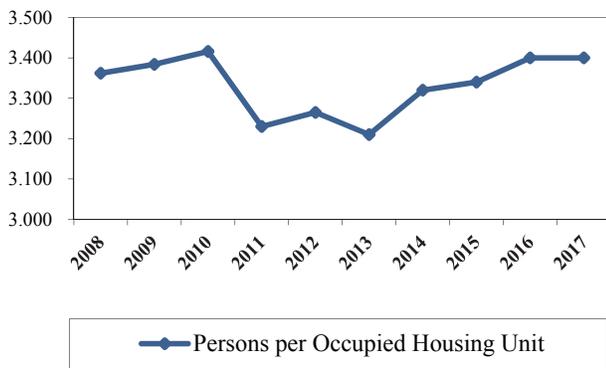
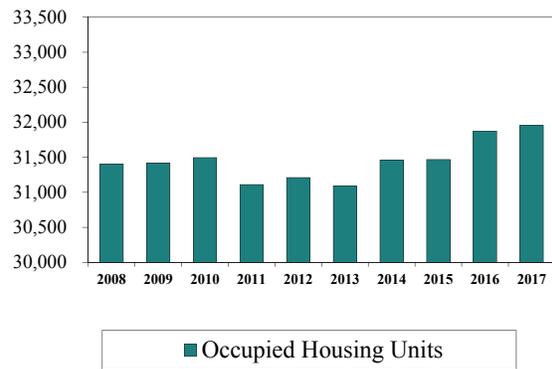
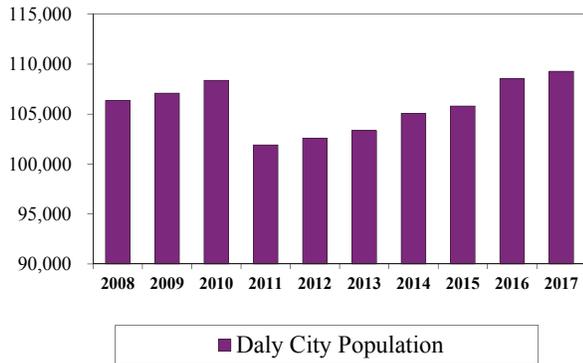
Notes: (1) Includes all Water Utility Operating Revenue, and Nonoperating Revenue including Nonoperating Interest Revenue and Transfers in
(2) Includes all Water Utility Operating Expenses

Source: City of Daly City Annual Financial Statements

**WATER UTILITY FUND CERTIFICATES OF PARTICIPATION
HISTORICAL REVENUES, EXPENDITURES AND BOND COVERAGE
LAST TEN FISCAL YEARS**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gross Revenues (1)	\$16,801,668	\$18,931,871	\$20,425,104	\$17,186,361	\$17,616,918
Operating Expenses (including depreciation) (2)	13,910,737	13,276,951	14,354,432	15,950,589	15,337,854
Depreciation	(1,263,850)	(1,261,733)	(1,255,728)	(1,274,779)	(1,342,258)
Operating Transfers Out	2,587,195	2,318,226	2,378,434	1,689,464	2,156,009
<u>Total Operating Expenses</u>	<u>15,234,082</u>	<u>14,333,444</u>	<u>15,477,138</u>	<u>16,365,274</u>	<u>16,151,605</u>
Net Revenue Available for Debt	<u>\$1,567,586</u>	<u>\$4,598,427</u>	<u>\$4,947,966</u>	<u>\$821,087</u>	<u>\$1,465,313</u>
Total Debt Service Requirement	<u>\$649,531</u>	<u>\$647,050</u>	<u>\$647,750</u>	<u>\$651,250</u>	<u>\$645,450</u>
Coverage	2.41	7.11	7.64	1.26	2.27

**CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



Year	Daly City Population as of January (1)	Occupied Housing Units as of January (1)	Persons per Occupied Housing Unit (1)	Unemployment Rate Annual Average (%) (2)	Per Capita Personal Income (3)	Total Personal Income (3) (in thousands)	San Mateo County Population (1)	City Population % of County
2008	106,361	31,401	3.362	5.9%	\$26,513	\$2,819,949	739,171	14.39%
2009	107,099	31,419	3.384	10.6%	26,797	2,869,932	745,563	14.36%
2010	108,383	31,495	3.416	11.0%	26,650	2,888,407	754,061	14.37%
2011	101,920	31,110	3.230	9.8%	26,902	2,741,852	724,452	14.07%
2012	102,593	31,210	3.265	7.8%	28,649	2,939,187	729,196	14.07%
2013	103,347	31,090	3.210	6.7%	28,498	2,945,183	735,678	14.05%
2014	105,076	31,460	3.320	5.1%	28,627	3,008,011	745,193	14.10%
2015	105,810	31,468	3.340	4.2%	28,753	3,042,355	753,123	14.05%
2016	108,538	31,873	3.400	3.7%	35,320	3,833,562	765,895	14.17%
2017	109,287	31,957	3.400	3.9%	n/a	n/a	770,203	14.19%

Sources:

- (1) California State Department of Finance
- (2) California Employment Development Department
- (3) US Census Bureau

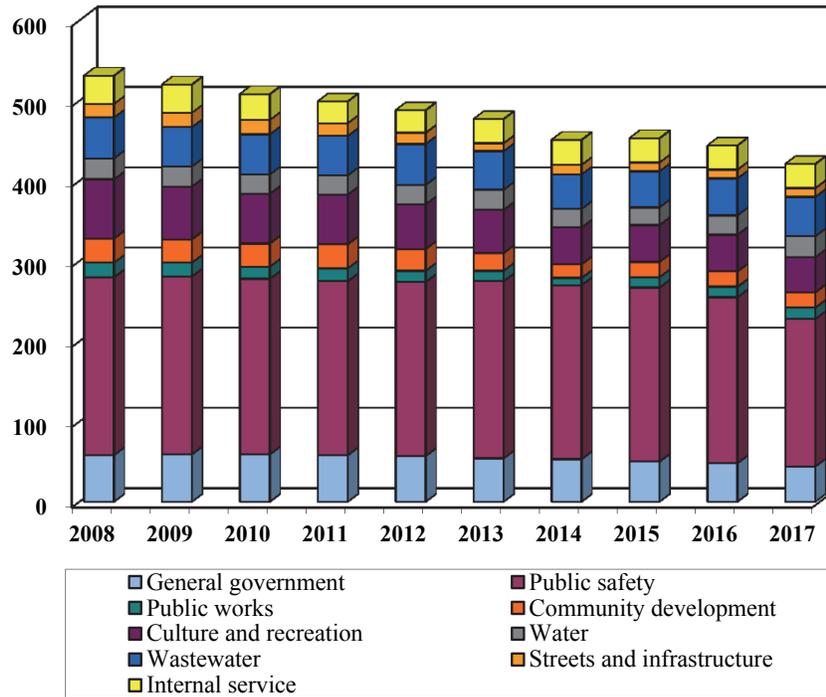
**CITY OF DALY CITY
Principal Employers
Current Year and Nine Years Ago**

Employer	2016-2017			2007-2008		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Seton Medical Center	1,134	1	8.2%	1,659	1	8.7%
Jefferson Elementary School District	1,073	2	7.8%	607	4	3.2%
City of Daly City	747	3	5.4%	778	2	4.1%
Jefferson High School District	496	4	3.6%	693	3	3.2%
Genesys Telecommunications Laboratory	440	5	3.2%	366	7	1.9%
St. Francis Convalescent Pavilion	360	6	2.6%			
Cow Palace	350	7	2.5%	407	6	2.1%
Target Stores - Serramonte	333	8	2.4%	336	8	1.8%
Kaiser Permanente	255	9	1.8%			
Original Joe's Westlake	200	10	1.4%			
Macy's				296	9	1.6%
US Postal Service including Intl Mail Facility				602	5	3.2%
McDonald's (4 stores)				250	10	1.3%
Subtotal	<u>5,388</u>		<u>39.1%</u>	<u>5,994</u>		<u>31.5%</u>
Total Daly City Employment	<u>13,795</u>	(3)		<u>19,020</u>	(2)	

Note: (1) Includes both full-time and part-time employees
(2) Based on ABAG projections & census data
(3) Based on 2012 Economic Census - data updated only every 5 years

Source: City of Daly City Economic and Community Development Department
U.S. Bureau of Census

CITY OF DALY CITY
Full-Time City Government Employees by Function
Last Ten Fiscal Years



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General government	58	59	59	58	57	54	53	50	48	44
Public safety	222	222	219	217	217	221	217	217	207	184
Public works	18	17	15	16	14	13	9	13	13	14
Community development	30	29	29	30	27	22	17	19	19	19
Culture and recreation	74	66	62	62	56	54	46	46	46	44
Water	26	25	24	24	24	25	23	22	24	26
Wastewater	51	49	50	49	51	48	43	45	46	49
Streets and infrastructure	17	18	18	16	14	10	12	11	11	11
Internal service	35	35	32	27	28	30	31	30	30	30
Total	531	520	508	499	488	477	451	453	444	421

Source: City of Daly City



CITY OF DALY CITY
Operating Indicators by Function/Program
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function/Program					
Public safety (calendar year data)					
Fire					
Fire calls for service	6,206	6,308	6,309	6,516	7,129
Fire inspections conducted	4,544	3,951	3,510	3,554	3,309
Police					
Police calls for service	81,375	55,098	75,970	72,665	73,095
Law violations					
Part I crimes	2,349	2,006	2,071	2,079	2,040
Part II crimes	4,082	4,428	4,791	4,745	4,641
Physical arrests (adults)	1,644	1,896	2,315	2,450	2,494
Physical arrests (juvenile)	365	333	316	342	352
Traffic violations	8,359	13,345	14,843	8,910	9,637
Parking violations	74,512	91,549	72,128	65,505	62,867
Public works					
Street repairs - asphalt patching (sq. ft.)	5,655	4,350	40,067	17,118	9,500
Street slurry seal (ft.)	65,472	79,960	57,250	60,720	64,416
Street resurfacing (ft.)	3,907	0	9,963	7,920	14,256
Traffic signal responses	93	71	67	58	14
Street light responses	402	393	371	314	78
Street signs replaced	1,796	436	560	1,108	450
Streets swept (miles)	19,629	17,956	19,956	20,712	21,966
Line striping and curb painting (linear ft.)	3,403	5,732	3,785	500	10,778
Sidewalks inspected (miles)	17	20	16	3	0
Weeds and rubbish responses	387	445	396	400	804
Culture and recreation					
Recreation					
Recreation class participants	10,000	8,000	7,500	6,158	10,621
Youth recreation playground program participants	900	900	500	3,400	4,251
Volunteer support hours	45,000	45,000	50,000	78,921	60,667
Senior meals served	22,218	24,804	23,821	29,586	26,305
Number of health fair events	0	2	2	1	1
Health fair events attendance	0	1,000	1,100	150	300
Facility rentals (non City events)	900	750	800	2,255	1,252
Library					
Volumes in collection - all formats	211,999	217,529	225,109	222,946	215,373
Total volumes borrowed	632,935	664,348	729,420	596,428	533,135
# of uses of electronic resources	200,601	207,800	234,308	115,846	81,318
Youth services program attendance	15,195	19,296	17,021	14,941	17,624
Water					
Water service connections	22,814	22,790	22,843	22,830	22,868
Water main breaks	55	72	60	43	79
Average daily consumption (thousands of gallons)	7,785	7,317	7,521	6,519	6,868
Wastewater					
Storm drain inlets					
Sewer service connections	29,000	29,000	29,000	29,000	22,946
Sewer main blockages	7	7	1	2	1
Average daily treatment (thousands of gallons)	7,270	6,820	6,817	7,160	6,500

Source: City of Daly City

Note: n/a denotes information not available.

CITY OF DALY CITY
Operating Indicators by Function/Program
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program					
Public safety (calendar year data)					
Fire					
Fire calls for service	7,179	7,497	7,543	8,046	8,204
Fire inspections conducted	3,558	3,247	3,143	3,099	3,394
Police					
Police calls for service	79,999	84,417	86,688	82,376	n/a
Law violations					
Part I crimes	2,082	1,888	2,020	1,890	n/a
Part II crimes	4,685	4,899	5,040	4,774	n/a
Physical arrests (adults)	2,562	2,931	3,212	3,054	n/a
Physical arrests (juvenile)	207	218	159	160	n/a
Traffic violations	8,134	7,323	7,515	6,858	n/a
Parking violations	60,301	74,178	96,244	109,025	n/a
Public works					
Street repairs - asphalt patching (sq. ft.)	20,000	59,050	32,000	38,000	87,780
Street slurry seal (ft.)	87,648	59,140	46,400	78,125	71,517
Street resurfacing (ft.)	12,144	8,444	3,800	11,476	0
Traffic signal responses	10	35	116	127	105
Street light responses	54	225	281	202	214
Street signs replaced	320	455	430	305	950
Streets swept (miles)	25,019	25,054	25,224	25,305	25,260
Line striping and curb painting (linear ft.)	12,000	5,600	5,800	4,800	47,250
Sidewalks inspected (miles)	0	0	0	0	0
Weeds and rubbish responses	800	450	450	196	196
Culture and recreation					
Recreation					
Recreation class participants	10,862	13,075	14,000	14,800	15,000
Youth recreation playground program participants	4,472	5,002	4,657	5,814	5,335
Volunteer support hours	63,753	82,475	63,597	68,085	64,359
Senior meals served	32,971	24,700	35,749	40,942	38,027
Number of health fair events	1	2	2	2	2
Health fair events attendance	400	800	800	800	800
Facility rentals (non City events)	1,300	1,000	956	981	976
Library					
Volumes in collection - all formats	214,466	220,123	220,123	224,431	226,238
Total volumes borrowed	501,757	480,349	480,349	457,642	400,368
# of uses of electronic resources	66,982	60,374	60,413	58,284	37,568
Youth services program attendance	16,025	13,194	16,025	18,967	18,967
Water					
Water service connections	22,921	22,910	22,936	22,964	22,983
Water main breaks	98	86	95	64	70
Average daily consumption (thousands of gallons)	7,142	6,571	5,933	6,220	6,220
Wastewater					
Storm drain inlets					
Storm drain inlets				2,181	2,181
Sewer service connections	22,942	22,942	22,995	22,965	22,965
Sewer main blockages	1	3	3	2	2
Average daily treatment (thousands of gallons)	6,290	6,940	6,382	5,510	5,500

CITY OF DALY CITY
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year June 30,				
	2008	2009	2010	2011	2012
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	31	30	30	29	30
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,200	3,200
Traffic signals (# of intersections)	40	40	40	40	40
Miles of storm drains	70	70	70	70	70
Culture and recreation					
Parks and recreation					
City parks	19	19	19	19	19
City parks acreage	200	200	200	200	200
Park trees	2,400	2,400	2,400	2,400	2,400
Playgrounds	26	26	26	26	26
Picnic areas	23	23	23	23	23
Tot lots	7	7	7	7	7
Dog off-leash areas	2	2	2	2	2
Street landscaped medians (miles)	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500
Street trees	2,700	2,700	2,700	2,700	2,700
Community centers and clubhouses	12	12	12	12	12
Senior centers	1	1	1	1	1
Gymnasiums	4	4	4	4	4
Tennis courts	9	9	9	9	9
Artificial turf sports fields	1	1	1	1	1
Outdoor basketball courts	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8
Soccer/football fields	1	1	1	1	1
Night sport lighted facilities	9	9	9	9	9
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	187	187	187	187	187
Fire hydrants	1,489	1,497	1,497	1,497	1,497
Storage capacity (thousands of gallons)	22,981	22,981	24,490	24,490	24,490
Wastewater					
Number of treatment plants	1	1	1	1	1
Miles of sanitary sewers	177	177	177	177	177
Miles of combined sewers	14	14	14	14	14
Treatment capacity (thousands of gallons)					
Dry weather	8,000	8,000	8,000	8,000	8,000
Wet weather	25,000	25,000	25,000	25,000	25,000

Source: City of Daly City

Note:

(1) In FY 2014-15, the City completed a digitized inventory of all City owned street trees as well as in City parks with updated numbers.

CITY OF DALY CITY
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year June 30,				2017
	2013	2014	2015	2016	
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	32	31	31	31	32
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,200	3,200
Traffic signals (# of intersections)	40	40	40	40	40
Miles of storm drains	70	70	70	70	70
Culture and recreation					
Parks and recreation					
City parks	19	19	19	19	19
City parks acreage	200	200	200	200	200
Park trees	2,300	2,300	4,144	4,135	3,655 (1)
Playgrounds	26	26	26	26	26
Picnic areas	23	23	23	23	23
Tot lots	7	7	7	7	7
Dog off-leash areas	2	2	2	2	2
Street landscaped medians (miles)	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500
Street trees	2,675	2,675	3,067	3,048	3,598 (1)
Community centers and clubhouses	12	12	12	12	12
Senior centers	1	1	1	1	1
Gymnasiums	4	3	3	3	3
Tennis courts	9	9	9	9	9
Artificial turf sports fields	1	1	1	1	1
Outdoor basketball courts	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8
Soccer/football fields	1	1	1	1	1
Night sport lighted facilities	6	6	6	6	6
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	187	187	187	187	199
Fire hydrants	1,497	1,497	1,497	1,497	1,505
Storage capacity (thousands of gallons)	24,490	24,490	23,512	23,512	23,512
Wastewater					
Number of treatment plants	1	1	1	1	1
Miles of sanitary sewers	177	177	177	177	177
Miles of combined sewers	14	14	14	14	14
Treatment capacity (thousands of gallons)					
Dry weather	8,000	8,000	8,000	8,000	8,000
Wet weather	25,000	25,000	25,000	25,000	19,000

