

**CITY OF DALY CITY, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2006**



**Prepared by**  
**DEPARTMENT OF FINANCE**  
**AND**  
**ADMINISTRATIVE SERVICES**

**Donald W. McVey**  
**Director**



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# CITY OF DALY CITY

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

October 27, 2006

Honorable Mayor  
Members of the City Council  
Citizens of Daly City

We are pleased to submit the Comprehensive Annual Financial Report of the City of Daly City for the fiscal year ended June 30, 2006. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

This report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations the City has established a comprehensive system of internal controls that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive system of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City Council contracts for an annual audit of the books of accounts, financial records and transactions of City departments, divisions and functions by the firm of Maze and Associates, Certified Public Accountants. The audit is complete and the accounting firm's unqualified report is presented as the first component of the financial section of this comprehensive annual financial report. The goal of such an audit is to provide reasonable assurance that these financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the City; and evaluating the overall financial statement presentation. The results of that audit concluded that these financial statements are fairly presented in conformity with GAAP.

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.

GAAP requires that the City provide a narrative introduction, overview, and analysis to accompany the basic financial statements referred to as Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to supplement and complement the MD&A and should be read in conjunction with it.

## **PROFILE OF THE CITY OF DALY CITY**

The City of Daly City is located at the northern edge of San Mateo County. A population of 105,000 is contained within approximately 7.6 square miles of substantially developed land. The City is considered the "Gateway to the Peninsula", as it is strategically placed directly south of San Francisco.

Incorporated on March 22, 1911, the City has 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 engages a City Manager and a 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 annual 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 provides a full range of municipal services. These include police, fire, library, recreation and related social services, 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, sanitary sewer services, and a transfer station for solid waste under an enterprise fund system, with user fees covering the cost of providing the programs.

This report includes all funds and accounts of the City of Daly City. The financial statements include the financial activities of the City, the Daly City Redevelopment Agency, and the North San Mateo County Sanitation District. 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 Redevelopment Agency and of the North San Mateo County Sanitation District. The City Manager also serves as the Executive Director of the Redevelopment Agency and as the General Manager of the Sanitation District. The Sanitation District is included in the proprietary fund types as an enterprise fund.

The biennial budget serves as the foundation of the City of Daly City's system of financial planning and control. City departments are responsible for submitting draft budgets to the City Manger for review and development of the City-wide budget document. This preliminary budget is presented to the City Council by the City manager and reviewed with the City Council during public budget study sessions. Changes as directed by City Council are made and the budget is submitted for final adoption before July 1, the beginning of the next budget year. Individual 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. Midbudget 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**

### **Local Economy**

The Daly City housing market, while still reasonably strong, has shown effects of the national down-turn. Overall growth of secured property tax reflects the change, in that the increase in fiscal 2006 was 4.4 percent compared with an 11 percent increase in the previous fiscal year. Property transfer tax also declined, dropping 22 percent, and building-related fees for permits and plan checks have also declined. All of these revenues remain strong compared to longer range historical amounts, but are clearly not holding up to the extraordinary gains experienced in fiscal 2005.

A year ago there were uncertainties on the national level that were of local concern. For several months the interest rate yield curve was close to going inverted. Each time in recent history this has happened the country has suffered a significant recession. Since California still has yet to fully recover from the last recession, especially in Northern California, if this had come to be it would be very difficult to maintain service levels. Fortunately the national economy, even given the “correction” in housing, has remained in at least a slow growth mode.

As we move in to fiscal 2007, the City should see a reasonable growth in local sales tax. There has been a lot of activity at one of our two major shopping centers. We now have a Home Depot plus an upgraded Trader Joe’s, along with a number of new stores that are expected to add to local revenues and help with local employment. Overall we expect very moderate growth in the local economy.

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The City’s two major enterprise funds, the water utility and Sanitation District, have seen continually increasing costs due to additional regulatory requirements, along with State fees never charged before or dramatically increased as a result of the State budget problems. The water utility in particular is experiencing continued price increases on water purchased from the City and County of San Francisco. With San Francisco’s multibillion dollar renovation of the Hetch Hetchy system occurring over the next ten years purchased water will continue to cost more, resulting in increasing rates to our residents. On the plus side, we continue to pump local well water for about half our needs, which somewhat mitigates the need for rate increases.

Further complicating the revenue picture of the water utility was a second very wet winter. Usage remained significantly down over prior years, decreasing revenues and necessitating consideration of rate increases greater than normal. The Sanitation District is seeing the impact on revenues in fiscal 2006, as there is a one-year lag in calculating charges for the District.

## **Long-term Financial Planning**

Major capital projects continue to move forward thanks to City Council's decision some years ago to set aside one-time revenues to fund a major capital program. Of the two major projects that were remaining, the new Bayshore Community Center and Library is now open, and the replacement War Memorial Community Center and Library should be complete within the next year.

The water utility has undertaken a major improvement project in the Bayshore district. A replacement reservoir with substantially increased capacity along with a new pump station and piping will increase the capability for delivery to the developments in the area. As part of the project new cross connections will be established allowing a redundant method of moving water from one side of the City to another in the case of a major event impacting water delivery.

## **Cash Management**

The City is allowed a wide range of investment opportunities under State law. Some of the options are U.S. Treasury securities, notes or bonds of other government agencies within the State, bankers acceptances and commercial paper, certificates of deposit, repurchase or reverse repurchase agreements, medium-term notes issued by U.S. Corporations, mutual funds which invest exclusively in otherwise allowed investments, the State Treasurer's Local Agency Investment Fund, and the County of San Mateo Investment Pool. Pooled investments at year-end consisted primarily of the State Treasurer's Local Agency Investment Fund, certificates of deposit, and the San Mateo County Treasurer's Investment Pool. These were the primary investment vehicles throughout the fiscal year. Investment income includes any adjustment necessary to bring the portfolio to fair value for financial reporting purposes. However, it is the City's practice and policy to hold all investments until maturity, so any temporary market gain or loss is unlikely to be realized.

## **Risk Management**

The City's self-insurance programs cover general, auto, property and specialty liability, unemployment benefits, and workers' compensation. Most recurring program costs are paid through annual charges assessed to every City department, with additional funding provided from reserve fund investment income. The City uses purchased insurance in excess of self-insured deductibles to mitigate any potential losses. The City also employs various risk reduction techniques, including employee safety training and an employee safety committee that evaluates each on-the-job injury and makes constructive suggestions to help prevent future injuries.

## **AWARDS**

The Government Finance Officers Association awards a Certificate of Achievement for Excellence in Financial Reporting to those entities whose annual financial reports are judged to conform substantially to high standards of public financial reporting, including generally accepted accounting principles promulgated by the Governmental Accounting

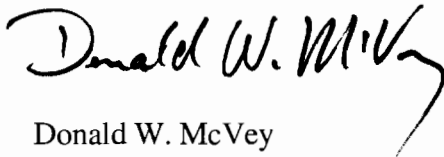
Standard Board and its predecessor, the National Council on Governmental Accounting. The City of Daly City was awarded a Certificate of Conformance for its annual report for the fiscal years 1982, 1983 and 1984, and the Certificate of Achievement for Excellence in Financial Reporting in 1985 through 2005. The 1982 and 1983 reports were also awarded the Certificate of Award for Meritorious Financial Reporting by the California Society of Municipal Finance Officers, and the 1984 through 2005 reports received the Outstanding Award. It is our belief that the accompanying fiscal year 2006 financial report meets the same high standards, and it will be submitted for review.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its Comprehensive Operating and Capital Budget for the 1991 through 2006 fiscal years. In order 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.

### **ACKNOWLEDGMENT**

The Department of Finance and Administrative Services sincerely appreciates the support, cooperation, and assistance of the City Council and City staff in addressing the financial concerns of fiscal year 2006. Special acknowledgment is due the staff of the Accounting Division for their continued outstanding level of performance, allowing this report to continue to meet the highest standards of financial reporting.

Respectfully submitted,



Donald W. McVey  
Director of Finance  
and Administrative Services



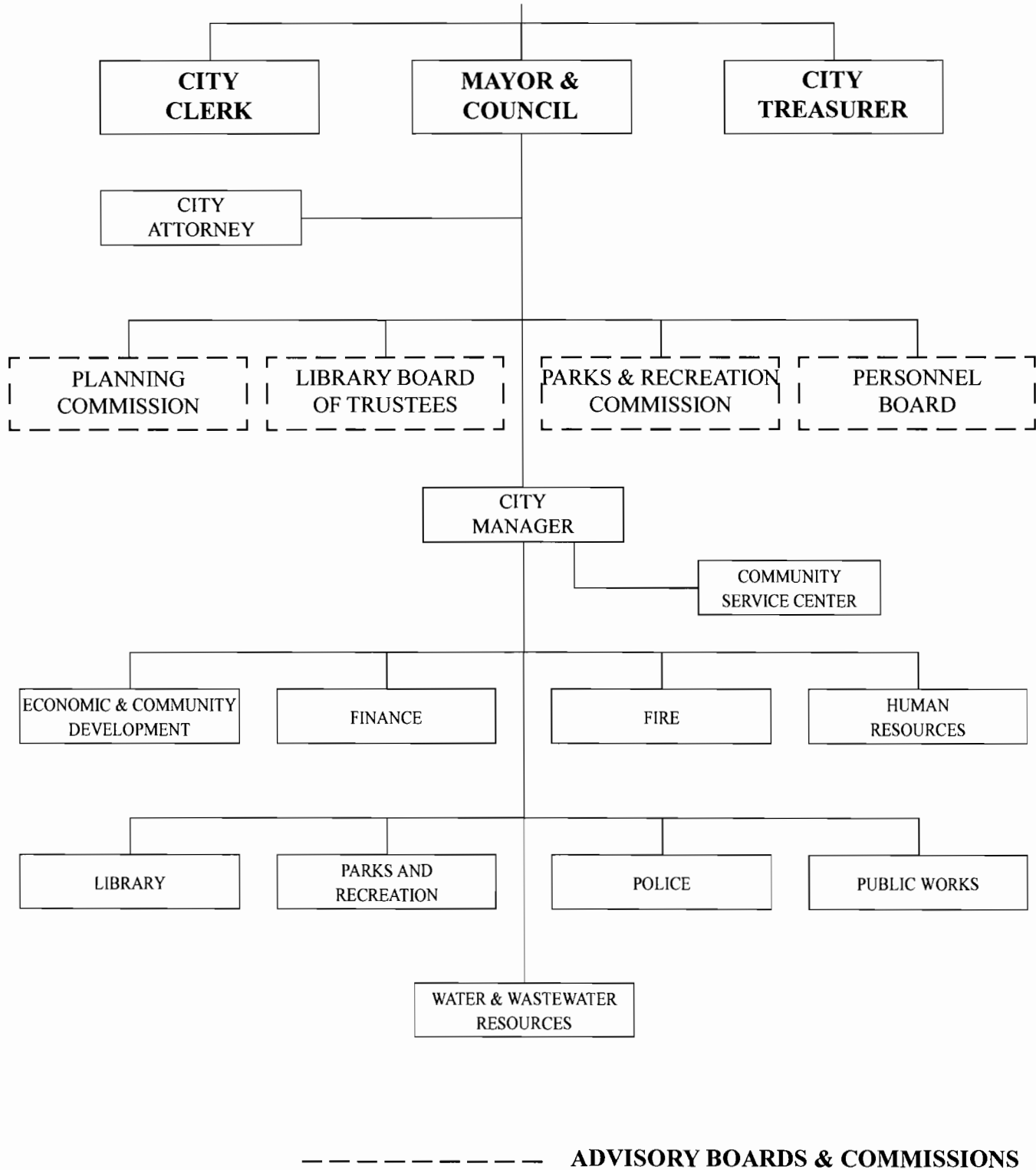
Patricia E. Martel  
City Manager



# City of Daly City ORGANIZATION STRUCTURE

Fiscal Year 2005-2006

## CITIZENS OF DALY CITY



**CITY OF DALY CITY  
CITY COUNCIL  
JUNE 30, 2006**

Michael P. Guingona, Mayor

Sal Torres, Vice Mayor

Judith Christensen

Maggie Gomez

Carol L. Klatt

**ADMINISTRATION AND DEPARTMENT HEADS**

City Manager	Patricia E. Martel
City Attorney	Stan Gustavson
City Clerk	Maria Cortes
City Treasurer	Anthony J. Zidich
Fire Chief	Ron Myers
Police Chief	Gary S. McLane
Library Director	Carol Simmons
Director of Public Works	Peter Gleichenhaus
Director of Human Resources	Anne Larsen - Carella
Director of Parks & Recreation	Michael F. Stallings
Director of Finance and Administrative Services	Donald W. McVey
Director of Water & Wastewater Resources	Patrick Sweetland
Director of Economic & Community Development	Terry Sedik

*California Society of  
Municipal Finance Officers*

*Certificate of Award*

*Outstanding Financial Reporting 2004-05*

*Presented to the*

*City of Daly City*

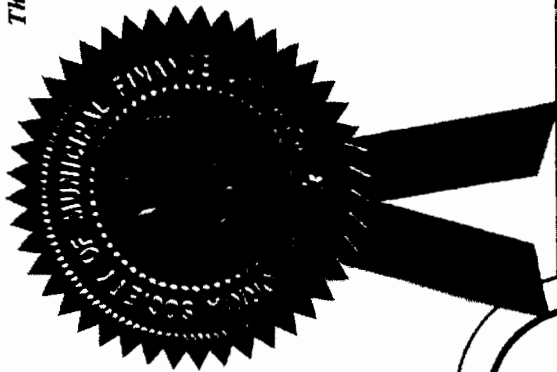
*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

*February 24, 2006*

*William A. Shank*

*Bill Thomas, Chair  
Professional & Technical Standards Committee*

*Dedicated to Excellence in Municipal Financial Management*



# 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, 2005

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



President

Executive Director





## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS

**ACCOUNTANCY CORPORATION**  
3478 Buskirk Ave. - Suite 215  
Pleasant Hill, California 94523  
(925) 930-0902 • FAX (925) 930-0135  
maze@mazeassociates.com  
www.mazeassociates.com

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

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 as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic 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 of Daly City, California as of June 30, 2006 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 27, 2006 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 27, 2006

*Maze & Associates*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal 2006 is the fourth year the City has issued its financial statements in the format prescribed by Governmental Accounting Standards Board Statement 34 (GASB 34), which requires the City to provide this overview of its financial activities for the fiscal year.

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, 2006. The following information, especially the information presented about government-wide financial status and results, include many new concepts introduced with the advent of GASB 34.

With these changes, great care must be taken when comparing the 2006 (and 2005) financial statements with those of prior years. The inclusion of infrastructure assets as well as adding their annual depreciation costs to governmental activities show a different picture of costs and makes comparisons to previous reports challenging.

### **FISCAL 2006 FINANCIAL HIGHLIGHTS**

- The City's total net assets increased \$8.4 million during fiscal 2006. At June 30, 2006, net assets totaled \$241.4 million.
- Total City revenues, including program and general revenues, were \$112.2 million, while total expenses were \$103.9 million in fiscal 2006. Total capital assets increased \$6.2 million.
- Net assets in governmental funds were \$154.1 million, while net assets in business activities were \$87.3 million.
- Governmental program revenues were \$28.5 million compared with \$26.1 million in fiscal 2005.
- Governmental general revenues of \$53.0 million represent an increase of \$2.7 million over the prior year.

### **OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report is in three sections:

- 1) Introductory Section, containing the Transmittal Letter and miscellaneous other information
- 2) Financial Section, containing the Independent Auditors' Report, Management's Discussion and Analysis (this part), 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 Nonmajor Governmental Funds and Fiduciary Funds
- 3) Statistical Section containing financial trend data, insurance information 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 Assets and the Statement of Activities. The Statement of Net Assets 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 assets 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 Assets 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 nonmajor 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, including assessment districts and where the City acts as a fiscal agent.

### ***The Government-wide Financial Statements***

The Statement of Net Assets 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. The City's governmental activities include the activities of a separate legal entity, the Daly City Redevelopment Agency, because the City is financially accountable for the Agency
- 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 nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor 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 assets 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 agent for certain assessment districts and several small local agencies. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets. 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 assets and changes in net assets of the City's Governmental Activities and Business-Type Activities (Tables 1, 2, and 3) presented in the City-wide Statement of Net Assets and Statement of Activities that follow.

**Table 1**  
**Net Assets at June 30**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Cash and investments	\$ 55,853	\$ 63,115	\$ 25,838	\$ 27,288	\$ 81,691	\$ 90,403
Other assets	59,385	55,565	4,721	4,654	64,106	60,219
Capital assets	<u>95,108</u>	<u>89,137</u>	<u>77,911</u>	<u>77,709</u>	<u>173,019</u>	<u>166,846</u>
Total assets	<u>210,346</u>	<u>207,817</u>	<u>108,470</u>	<u>109,651</u>	<u>318,816</u>	<u>317,468</u>
Long-term liabilities	42,837	49,913	15,780	18,620	58,617	68,533
Other liabilities	<u>13,432</u>	<u>11,622</u>	<u>5,408</u>	<u>4,317</u>	<u>18,840</u>	<u>15,939</u>
Total liabilities	<u>56,269</u>	<u>61,535</u>	<u>21,188</u>	<u>22,937</u>	<u>77,457</u>	<u>84,472</u>
Net assets:						
Invested in capital assets, net of related debt	90,110	83,777	59,626	57,054	149,736	140,831
Restricted	6,304	7,362	6,978	9,253	13,282	16,615
Unrestricted	<u>57,663</u>	<u>55,143</u>	<u>20,678</u>	<u>20,407</u>	<u>78,341</u>	<u>75,550</u>
Total net assets	<u>\$ 154,077</u>	<u>\$ 146,282</u>	<u>\$ 87,282</u>	<u>\$ 86,714</u>	<u>\$ 241,359</u>	<u>\$ 232,996</u>

### ***Governmental Activities***

The City's net assets from governmental activities increased \$7.8 million (5.33 percent) to \$154.1 million in 2006 from \$146.3 million in 2005. This increase is the Change in Net Assets reflected in the Statement of Activities, as shown in Table 2, and is explained below.

- Cash and investments decreased \$7.3 million principally as a result of payments made on major capital improvements, the return to the San Francisco International Airport of \$3.6 million residual cash upon completion of the Aircraft Noise Soundproofing Project, and the purchase of a property for redevelopment for \$3.0 million. Other individual increases and decreases are not considered material.

- Other assets increased \$3.8 million primarily due to the accrual of a \$2.4 million grant from the State of California for the War Memorial Community Center project. Other individual increases and decreases are not considered material.
- Capital assets increased \$6.0 million mainly due to the City's continued investment in infrastructure, including streets and roadways and major capital improvements, specifically the new Bayshore Community Center and Library. This was accompanied by a \$6.3 million increase in net assets invested in capital assets.
- Restricted net assets decreased \$1.1 million while unrestricted net assets increased \$2.5 million. Unrestricted net assets is the part of net assets that can be used to finance day-to-day operations and other expenditures approved by City Council without constraints established by debt covenants or other legal requirements. Unrestricted net assets of \$57.7 million are available to finance day-to-day operations, before allowance for such things as cash flow requirements and other planned but not legally committed expenditures.

### ***Business-type Activities***

The net assets of business-type activities increased \$0.6 million in fiscal 2006 to a total of \$87.3 million from \$86.7 million in 2005. Increases and decreases of individual assets and liabilities are not considered material

- Cash and investments decreased \$1.4 million while long-term liabilities decreased \$2.8 million mainly due to payments made on both the Water Utility and Sanitation District Certificates of Participation.
- Capital assets increased \$0.2 million due to the City's continued investment in infrastructure and major capital improvements in its enterprise funds. This was accompanied by a \$2.6 million increase in net assets invested in capital assets net of related debt, resulting from the payments made on both the Water Utility and Sanitation District Certificates of Participation.
- Restricted net assets decreased \$2.3 million due to lower cash held by the trustee for the construction of water utility improvement projects in the Bayshore area. Monthly drawdowns are made from the trustee to pay for these construction costs. Unrestricted net assets increased \$0.3 million.

### **CHANGES IN NET ASSETS**

Table 2 shows that total revenues increased \$3.7 million in fiscal 2006. The increase is the result of a \$2.4 million increase in Property Tax, \$0.6 million increase in Investment Earnings as a result of higher interest rates, and \$1.7 million increase in Business License Tax resulting from the passage of Measure N, the new Business License Tax ordinance. Other individual increases and decreases are not considered material. Expenses increased \$2.9 million or 3.8 percent for governmental activities while business-type activity expenses increased \$1.2 million or 5.0 percent.

**Table 2**  
**Changes in Net Assets**  
**For the Years Ended June 30**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,605	\$ 14,896	\$ 27,381	\$ 27,929	\$ 39,986	\$ 42,825
Operating grants & contributions	11,296	10,036	-	-	11,296	10,036
Capital grants & contributions	4,628	1,173	-	1,427	4,628	2,600
Total program revenues	<u>28,529</u>	<u>26,105</u>	<u>27,381</u>	<u>29,356</u>	<u>55,910</u>	<u>55,461</u>
General revenues:						
Property tax	25,918	23,568	1,188	1,136	27,106	24,704
Sales tax	9,619	9,295			9,619	9,295
Motor vehicle in-lieu	727	682			727	682
Other taxes	12,691	10,412			12,691	10,412
Investment earnings	2,530	2,025	843	727	3,373	2,752
Other	1,566	4,352	1,227	903	2,793	5,255
Total general revenues	<u>53,051</u>	<u>50,334</u>	<u>3,258</u>	<u>2,766</u>	<u>56,309</u>	<u>53,100</u>
Total revenues	<u>81,580</u>	<u>76,439</u>	<u>30,639</u>	<u>32,122</u>	<u>112,219</u>	<u>108,561</u>
Expenses:						
General government	8,171	7,864			8,171	7,864
Public safety	34,816	36,824			34,816	36,824
Public works	7,100	6,455			7,100	6,455
Streets & infrastructures	2,346	2,648			2,346	2,648
Culture & recreation	14,320	12,239			14,320	12,239
Economic & community development	10,255	8,509			10,255	8,509
Nondepartmental	276	304			276	304
Debt service	1,058	627			1,058	627
Water utility			8,760	9,255	8,760	9,255
Sewer			14,633	13,079	14,633	13,079
Civic center			606	676	606	676
Transfer station	-	-	1,515	1,290	1,515	1,290
Total expenses	<u>78,342</u>	<u>75,470</u>	<u>25,514</u>	<u>24,300</u>	<u>103,856</u>	<u>99,770</u>
Increase(decrease) in net assets before transfers	3,238	969	5,125	7,822	8,363	8,791
Transfers	4,557	4,594	(4,557)	(4,594)	-	-
Increase in net assets	7,795	5,563	568	3,228	8,363	8,791
Net assets, July 1	<u>146,282</u>	<u>140,719</u>	<u>86,714</u>	<u>83,486</u>	<u>232,996</u>	<u>224,205</u>
Net assets, June 30	<u>\$ 154,077</u>	<u>\$ 146,282</u>	<u>\$ 87,282</u>	<u>\$ 86,714</u>	<u>\$ 241,359</u>	<u>\$ 232,996</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, 2006**  
**(in thousands)**

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Revenue (Expense)</u>
General government	\$ 369	\$ 8,171	\$ (7,802)
Public safety	5,364	34,816	(29,452)
Public works	2,551	7,100	(4,549)
Streets & infrastructure	1,055	2,346	(1,291)
Culture & recreation	7,646	14,320	(6,674)
Economic & community development	8,009	10,255	(2,246)
All others	<u>3,535</u>	<u>1,334</u>	<u>2,201</u>
Total governmental activities	<u>\$ 28,529</u>	<u>\$ 78,342</u>	<u>\$ (49,813)</u>

## THE CITY'S FUND FINANCIAL STATEMENTS

### *Governmental Funds*

At June 30, 2006, the City's major governmental funds consisted of the General Fund, Gas Tax, Redevelopment Agency, and Capital Projects funds. 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 unreserved fund balance increased from \$14.4 million at June 30, 2005 to \$18.0 million at June 30, 2006, or 24 percent. General Fund revenues increased \$5.8 million mainly due to the \$1.7 million increase in Property Taxes, \$0.5 million increase in Utility User's Tax, \$1.7 million increase in Business License Tax, and the receipt of \$1.8 million from the State of California for repayment of loan for motor vehicle license fee gap. This was offset by \$2.2 million increase in General Fund expenditures mainly due to \$0.9 million increase in the City's contribution towards employee retirement. Unreserved fund balance represents 29 percent of General Fund total expenditures for fiscal 2006.

The Gas Tax Special Revenue Fund had \$3.6 million of unreserved fund balance as of June 30, 2006 compared to the \$3.9 million of unreserved fund balance as of June 30, 2005. This amount represents uncommitted 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 five year capital plan.

Redevelopment Agency unreserved fund deficit of \$29.5 million is due to the long-term advances payable to the City's General Fund. These advances are expected to be repaid from future property tax increment revenues.



The City's Capital Projects Fund had \$15.7 million in unreserved fund balance at June 30, 2006 compared to the \$13.5 million in unreserved fund balance at June 30, 2005. The Capital Projects Fund fund balance is all designated for specific capital projects that will benefit the community as a whole.

### ***Proprietary Funds***

At June 30, 2006, the City had two major proprietary funds, the Water Utility fund and the Sanitation District fund.

Water Utility revenues remained constant compared to the previous year. Revenue from water sales decreased \$0.3 million or 2.5 percent compared to the previous year mainly due to the decrease in water usage due to record-setting heavy rains in the period from January to June 2006. There was no water rate increase in fiscal 2006. At the same time, expenses decreased \$0.6 million or 6.5 percent, mostly from decrease in purchased water.

Sanitation District revenues decreased \$0.3 million or 2 percent over the prior year, while expenses increased \$1.4 million or 11 percent. Sewer service charges are billed based on the previous year's winter water usage. A 5 percent sewer rate increase was adopted for fiscal 2006.

### **General Fund Budgetary Highlights**

The City of Daly City uses a biennial budgeting process, and fiscal 2006 represents the second year of a two-year budget. Two individual budget years are proposed to the City Council at the same time, with midbudget 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, including on occasion adjustments to the first year. After midbudget adjustments, both revenues and expenditures were in line with expectations, with some savings in expenditures realized from holding the line on services and supplies and other charges. These savings were realized consistently over all operating departments.

## CAPITAL ASSETS

At the end of fiscal 2006 the City had \$166.8 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	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 20,660	\$ 20,689	\$ 2,863	\$ 2,863	\$ 23,523	\$ 23,552
Buildings & improvements	31,517	22,837	4,421	4,664	35,938	27,501
Streets & infrastructures	25,268	24,246			25,268	24,246
Sewage facilities			29,540	22,909	29,540	22,909
Wells & pump stations			3,818	3,966	3,818	3,966
Water reservoirs			4,284	4,458	4,284	4,458
Water mains			12,141	9,364	12,141	9,364
Sanitation subsurface lines			15,338	15,076	15,338	15,076
Equipment	5,894	5,394	3,354	3,759	9,248	9,153
Furniture & fixtures	60	51	10	21	70	72
Construction in progress	<u>11,709</u>	<u>15,920</u>	<u>2,142</u>	<u>10,629</u>	<u>13,851</u>	<u>26,549</u>
Total net capital assets	<u>\$ 95,108</u>	<u>\$ 89,137</u>	<u>\$ 77,911</u>	<u>\$ 77,709</u>	<u>\$173,019</u>	<u>\$166,846</u>

The Bayshore Community Center and Library was completed in fiscal 2006 for a total cost of \$10.0 million. This project is located in the Bayshore neighborhood and will provide a much needed community facility for recreation programs, as well as a new library facility. As of June 30, 2006, the War Memorial rebuild was under construction. With a total budget of \$13.5 million, this is the single most significant project in the entire major capital plan. This facility will also include a new library facility along with recreation space and community rooms.

Local roadway projects of various types were in the design phase or under construction, with a total available budget for the coming 2007 fiscal year of \$9.7 million.

Various water master plan projects were completed as part of the Water Utility enterprise fund's \$3.1 million investment in additional infrastructure in 2006. The Sanitation District contributed an additional \$0.1 million to add to the City's enterprise fund infrastructure.

## 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 at June 30, 2005</u>	<u>Balance at June 30, 2006</u>
<u>Sanitation District Capacity Expansion</u> Refinancing Certificates of Participation Issued Oct. 17, 2002 Final Maturity June 1, 2009	2.5%	\$10,475	\$6,070	\$4,365
<u>Sanitation District Recycled Water</u> <u>Project</u> State Water Resources Revolving Fund Issued March 1, 2005 Final Maturity March 1, 2024	2.5%	\$4,450	\$4,506	\$4,327
<u>Bayshore Community Center</u> HUD Sec 108 Loan Issued June 30, 2005 Final Maturity Aug. 1, 2022	5.41%	\$4,500	\$4,500	\$4,368
<u>Water System Improvements</u> Certificates of Participation Issued June 11, 2005 Final Maturity June 1, 2024	4.811775%	\$9,860	\$9,495	\$9,145
<u>Pension Obligation Bonds</u> Issued June 29, 2005 Final Maturity June 1, 2024	5.973% (taxable)	\$36,235	\$35,835	\$35,500

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Consumer Price Index-All Urban Consumers was 3.9 percent for the San Francisco-Oakland region, compared to 4.3 percent for the U.S. City Average as of June 2006. This is up from the prior period, when the index was 1.1 percent locally and 2.5 percent nationally.

The Daly City annual average unemployment rate was 5.0 percent in December 2005, down from 5.7 percent in December 2004, and from 6.5 percent in December of both 2003 and 2002. This compares with 4.3, 5.0, 5.1, and 5.0 percent, respectively, for San Mateo County as a whole, California, and especially Northern California, remained in an economic downturn during fiscal 2006.

Fiscal 2006 continues with the fourth year of a selective hiring freeze to aid in balancing the General Fund budget. With the successful passage of State Proposition 1A and a local measure increasing the business license tax, Daly City is in better financial shape than it could have been.

Local revenues are likely to be impacted with a predicted slowdown in property sales over the coming year. With the continued increases in interest rates by the Federal Reserve, long-term mortgage rates are going to be impacted. The affordability index continues to climb because of increasing prices, and when coupled with the anticipated long-term interest rate increases, there will be a leveling out of increases in

local property tax revenues. Overall we are taking a cautionary approach to revenue forecasting in the coming year.

#### **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 – 90<sup>th</sup> 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](http://www.dalycity.org).



CITY OF DALY CITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 1F)	\$55,803,545	\$18,859,648	\$74,663,193
Cash with fiscal agent (Note 1F)	49,485	6,978,418	7,027,903
Accounts receivable, net	6,445,200	2,618,156	9,063,356
Inventories (Note 1G)	310,731	1,830,308	2,141,039
Prepays (Note 1G)	197,549	272,960	470,509
Notes receivable (Note 12)	726,294		726,294
Property held for redevelopment (Note 1C)	16,828,066		16,828,066
Prepaid PERS pension contribution (Note 7)	34,877,881		34,877,881
Capital assets (Note 4)			
Nondepreciable capital assets	32,369,758	5,004,960	37,374,718
Depreciable capital assets, net	62,737,934	72,906,114	135,644,048
<b>Total Assets</b>	<b>210,346,443</b>	<b>108,470,564</b>	<b>318,817,007</b>
<b>LIABILITIES</b>			
Accounts payable	4,838,068	2,405,854	7,243,922
Accrued payroll	709,586	19,664	729,250
Deposits payable	521,039	51,656	572,695
Compensated absences (Note 1J)			
Due within one year	5,620,419	649,930	6,270,349
Due in more than one year	1,909,540	223,967	2,133,507
Accrued claims payable (Note 9)			
Due within one year	1,051,117		1,051,117
Due in more than one year	1,121,575		1,121,575
Long-term debt (Note 5):			
Due within one year	691,767	2,280,701	2,972,468
Due in more than one year	39,806,480	15,556,377	55,362,857
<b>Total Liabilities</b>	<b>56,269,591</b>	<b>21,188,149</b>	<b>77,457,740</b>
<b>NET ASSETS (Note 10)</b>			
Invested in capital assets, net of related debt	90,109,445	59,625,501	149,734,946
Restricted for:			
Debt service	49,485	1,048,977	1,098,462
Capital construction		5,929,441	5,929,441
Redevelopment projects	1,155,478		1,155,478
Special revenue projects	5,099,229		5,099,229
<b>Total Restricted Net Assets</b>	<b>6,304,192</b>	<b>6,978,418</b>	<b>13,282,610</b>
Unrestricted	57,663,215	20,678,496	78,341,711
<b>Total Net Assets</b>	<b>\$154,076,852</b>	<b>\$87,282,415</b>	<b>\$241,359,267</b>

See accompanying notes to financial statements

CITY OF DALY CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$8,170,802	\$221,542	\$147,684		(\$7,801,576)		(\$7,801,576)
Public safety	34,815,945	4,456,640	907,825		(29,451,480)		(29,451,480)
Public works	7,099,777	1,736,993	220,000	\$594,087	(4,548,697)		(4,548,697)
Streets and infrastructure	2,346,510	967,326	87,209		(1,291,975)		(1,291,975)
Culture and recreation	14,319,938	2,483,548	1,256,452	3,905,788	(6,674,150)		(6,674,150)
Economic and community development	10,254,528	2,386,374	5,548,113	74,112	(2,245,929)		(2,245,929)
Nondepartmental	275,911	352,195	3,128,795	54,196	3,259,275		3,259,275
Interest on long term debt	1,058,505				(1,058,505)		(1,058,505)
<b>Total Governmental Activities</b>	<b>78,341,916</b>	<b>12,604,618</b>	<b>11,296,078</b>	<b>4,628,183</b>	<b>(49,813,037)</b>		<b>(49,813,037)</b>
<b>Business-type Activities:</b>							
Water Utility	8,759,733	10,930,958				\$2,171,225	2,171,225
Civic Center	606,319	933,137				326,818	326,818
Transfer Station	1,514,890	1,616,423				101,533	101,533
Sanitation District	14,633,188	13,900,269				(732,919)	(732,919)
<b>Total Business-type Activities</b>	<b>25,514,130</b>	<b>27,380,787</b>				<b>1,866,657</b>	<b>1,866,657</b>
<b>Total</b>	<b>\$103,856,046</b>	<b>\$39,985,405</b>	<b>\$11,296,078</b>	<b>\$4,628,183</b>	<b>(49,813,037)</b>	<b>1,866,657</b>	<b>(47,946,380)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property tax					25,918,087	1,188,249	27,106,336
Sales tax					9,619,289		9,619,289
Utility users tax					6,132,745		6,132,745
Franchise fees					2,680,415		2,680,415
Other taxes					3,877,653		3,877,653
Motor vehicle in lieu, unrestricted					726,666		726,666
Investment earnings					2,530,208	843,264	3,373,472
Gain from disposal of capital assets					467,349		467,349
Loss on sale of property held for redevelopment					(3,661,144)		(3,661,144)
Miscellaneous					4,760,196	1,227,052	5,987,248
Transfers (Note 6)					4,556,759	(4,556,759)	
<b>Total general revenues and transfers</b>					<b>57,608,223</b>	<b>(1,298,194)</b>	<b>56,310,029</b>
<b>Change in Net Assets</b>					<b>7,795,186</b>	<b>568,463</b>	<b>8,363,649</b>
<b>Net Assets-Beginning</b>					<b>146,281,666</b>	<b>86,713,952</b>	<b>232,995,618</b>
<b>Net Assets-Ending</b>					<b>\$154,076,852</b>	<b>\$87,282,415</b>	<b>\$241,359,267</b>

See accompanying notes to financial statements

CITY OF DALY CITY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2006

	General	Gas Tax	Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments (Note 1F)	\$17,972,662	\$3,651,411	\$2,562,917	\$19,355,966	\$1,189,163	\$44,732,119
Accounts receivable, net	2,844,028	550,671	4,475	2,403,099	611,247	6,413,520
Due from other funds (Note 6)	222,250					222,250
Inventories (Note 1G)	151,911					151,911
Prepays (Note 1G)	192,266				5,283	197,549
Notes receivable (Note 12)					726,294	726,294
Long-term interfund receivables (Note 6)	30,703,919					30,703,919
Property held for redevelopment (Note 1C)			16,828,066			16,828,066
<b>Total Assets</b>	<b>\$52,087,036</b>	<b>\$4,202,082</b>	<b>\$19,395,458</b>	<b>\$21,759,065</b>	<b>\$2,531,987</b>	<b>\$99,975,628</b>
<b>LIABILITIES</b>						
Accounts payable	\$1,873,122	\$274,631	\$148,727	\$1,873,103	\$211,453	\$4,381,036
Accrued payroll	689,328		95		13,708	703,131
Due to other funds (Note 6)					222,250	222,250
Deposits payable	456,293		64,746			521,039
Deferred revenue	9,356,783	186,504			726,294	10,269,581
Long-term interfund payables (Note 6)			30,703,919			30,703,919
<b>Total Liabilities</b>	<b>12,375,526</b>	<b>461,135</b>	<b>30,917,487</b>	<b>1,873,103</b>	<b>1,173,705</b>	<b>46,800,956</b>
<b>FUND BALANCES</b>						
<b>Fund Balance (Note 10)</b>						
Reserved for:						
Encumbrances	59,360	158,887	22,596	4,197,578	313,735	4,752,156
Inventories	151,911					151,911
Prepays	192,266				5,283	197,549
Long-term interfund receivables	21,347,136					21,347,136
Property held for redevelopment			16,828,066			16,828,066
Restricted purposes			1,155,478		1,145,383	2,300,861
Imprest cash funds	6,364				1,450	7,814
Unreserved:						
Designated for:						
Capital projects		2,570,704		15,688,384		18,259,088
Operating capital	8,000,000					8,000,000
Undesignated, reported in:						
General Fund	9,954,473					9,954,473
Special Revenue Funds		1,011,356	(29,528,169)		(107,569)	(28,624,382)
<b>Total Fund Balances (Deficits)</b>	<b>39,711,510</b>	<b>3,740,947</b>	<b>(11,522,029)</b>	<b>19,885,962</b>	<b>1,358,282</b>	<b>53,174,672</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$52,087,036</b>	<b>\$4,202,082</b>	<b>\$19,395,458</b>	<b>\$21,759,065</b>	<b>\$2,531,987</b>	<b>\$99,975,628</b>

See accompanying notes to financial statements



CITY OF DALY CITY  
 Reconciliation of the  
 GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006

Total fund balances reported on the Governmental Funds Balance Sheet \$53,174,672

Amounts reported for Governmental Activities in the Statement of Net Assets  
 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. 89,418,344

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to  
 charge the costs of certain activities, such as insurance and 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 Assets.

Cash and investments	11,120,911
Accounts receivable	31,680
Inventories	158,820
Capital assets	5,689,348
Prepaid PERS contribution	34,877,881
Accounts payable	(457,032)
Accrued payroll	(6,455)
Accrued claims payable	(2,172,692)
Compensated absences	(624,381)
Long-term debt - due within one year	(435,000)
Long-term debt - due in more than one year	(35,065,000)

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. 10,269,581

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(4,998,247)
Compensated absences	(6,905,578)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$154,076,852

See accompanying notes to financial statements

CITY OF DALY CITY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2006

	General	Gas Tax	Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property tax	\$20,408,945		\$5,509,142			\$25,918,087
Gas tax		\$1,986,985				1,986,985
Sales tax	8,728,964	1,357,495				10,086,459
Utility users tax	6,132,745					6,132,745
Franchise fees	2,680,415					2,680,415
Other taxes	4,604,319					4,604,319
Licenses and permits	1,779,575					1,779,575
Fines and forfeitures	2,527,979					2,527,979
Rents and interest	2,540,295	110,654	121,648	\$713,162	\$196,717	3,682,476
Federal programs and grants	1,281	407,583			2,584,450	2,993,314
Receipts from other agencies	716,049	583,987		2,407,224	4,517,096	8,224,356
Charges and fees	6,199,039		8,520	254,196	885,704	7,347,459
Miscellaneous	4,637,086		10,803	1,627,755	318,727	6,594,371
<b>Total Revenues</b>	<b>60,956,692</b>	<b>4,446,704</b>	<b>5,650,113</b>	<b>5,002,337</b>	<b>8,502,694</b>	<b>84,558,540</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	7,867,397					7,867,397
Public safety	33,957,700				789,586	34,747,286
Public works	6,094,965				16,726	6,111,691
Culture and recreation	10,124,428				2,008,012	12,132,440
Economic and community development	3,036,919		1,746,576		5,609,129	10,392,624
Capital projects		2,718,949		9,290,714		12,009,663
Debt service						
Principal	119,897			109,625	132,000	361,522
Interest	1,947		791,213	34,701	230,644	1,058,505
<b>Total Expenditures</b>	<b>61,203,253</b>	<b>2,718,949</b>	<b>2,537,789</b>	<b>9,435,040</b>	<b>8,786,097</b>	<b>84,681,128</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(246,561)</b>	<b>1,727,755</b>	<b>3,112,324</b>	<b>(4,432,703)</b>	<b>(283,403)</b>	<b>(122,588)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	1,010,851					1,010,851
Loss on sale of property held for redevelopment			(3,661,144)			(3,661,144)
Transfers in (Note 6)	6,420,013			1,842,466	570,874	8,833,353
Transfers out (Note 6)	(3,263,939)	(1,958,868)	(321,500)	(56,689)	(1,057,472)	(6,658,468)
<b>Total Other Financing Sources (Uses)</b>	<b>4,166,925</b>	<b>(1,958,868)</b>	<b>(3,982,644)</b>	<b>1,785,777</b>	<b>(486,598)</b>	<b>(475,408)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,920,364</b>	<b>(231,113)</b>	<b>(870,320)</b>	<b>(2,646,926)</b>	<b>(770,001)</b>	<b>(597,996)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>35,791,146</b>	<b>3,972,060</b>	<b>(10,651,709)</b>	<b>22,532,888</b>	<b>2,128,283</b>	<b>53,772,668</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$39,711,510</b>	<b>\$3,740,947</b>	<b>(\$11,522,029)</b>	<b>\$19,885,962</b>	<b>\$1,358,282</b>	<b>\$53,174,672</b>

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, 2006

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 Assets 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 (\$597,996)

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.	8,398,521
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of \$830,347 which has already been allocated to serviced funds).	(2,666,118)
Retirements of capital assets	(543,504)

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 Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	361,522
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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:

Deferred revenue	6,384
Compensated absences	(304,108)

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 assets of all internal service funds	3,140,485
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$7,795,186
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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, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property tax	\$12,698,717	\$19,998,717	\$20,408,945	\$410,228
Sales tax	8,959,796	8,959,796	8,728,964	(230,832)
Utility users tax	5,886,173	5,886,173	6,132,745	246,572
Franchise fees	2,685,909	2,685,909	2,680,415	(5,494)
Other taxes	9,283,296	2,783,296	4,604,319	1,821,023
Licenses and permits	1,441,152	1,441,152	1,779,575	338,423
Fines and forfeitures	2,786,975	2,472,975	2,527,979	55,004
Rents and interest	3,812,116	3,836,839	2,540,295	(1,296,544)
Federal programs and grants			1,281	1,281
Receipts from other agencies	521,960	672,974	716,049	43,075
Charges and fees	6,597,758	6,990,234	6,199,039	(791,195)
Miscellaneous	474,077	2,530,708	4,637,086	2,106,378
<b>Total Revenues</b>	<b>55,147,929</b>	<b>58,258,773</b>	<b>60,956,692</b>	<b>2,697,919</b>
<b>EXPENDITURES:</b>				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	125,319	126,453	140,575	(14,122)
Services and supplies	61,499	61,499	60,821	678
Other charges	14,037	21,737	20,338	1,399
<b>Total Legislative</b>	<b>200,855</b>	<b>209,689</b>	<b>221,734</b>	<b>(12,045)</b>
Legal:				
Salaries and benefits	619,897	627,197	688,145	(60,948)
Services and supplies	92,125	92,125	87,096	5,029
Other charges	4,738	4,738	4,723	15
<b>Total Legal</b>	<b>716,760</b>	<b>724,060</b>	<b>779,964</b>	<b>(55,904)</b>
Administrative				
Salaries and benefits	4,323,341	4,563,923	4,581,679	(17,756)
Services and supplies	886,312	885,612	877,022	8,590
Capital outlay	4,638	4,638	3,027	1,611
Other charges	2,790,593	1,926,540	1,403,971	522,569
<b>Total Administrative</b>	<b>8,004,884</b>	<b>7,380,713</b>	<b>6,865,699</b>	<b>515,014</b>
<b>Total General Government</b>	<b>8,922,499</b>	<b>8,314,462</b>	<b>7,867,397</b>	<b>447,065</b>
Public Safety				
Police:				
Salaries and benefits	16,094,970	16,262,141	16,571,750	(309,609)
Services and supplies	3,360,414	3,043,850	3,020,685	23,165
Capital outlay	164,863	203,138	86,226	116,912
Other charges	171,926	174,826	157,802	17,024
<b>Total Police</b>	<b>19,792,173</b>	<b>19,683,955</b>	<b>19,836,463</b>	<b>(152,508)</b>
Fire:				
Salaries and benefits	10,741,354	10,945,473	11,101,445	(155,972)
Services and supplies	866,952	887,876	911,474	(23,598)
Capital outlay	21,800	56,232	55,488	744
Other charges	68,375	69,127	80,343	(11,216)
<b>Total Fire</b>	<b>11,698,481</b>	<b>11,958,708</b>	<b>12,148,750</b>	<b>(190,042)</b>

CITY OF DALY CITY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety Communications				
Salaries and benefits	1,284,840	1,297,753	1,561,785	(264,032)
Services and supplies	379,320	395,479	398,922	(3,443)
Capital outlay	3,070	3,070	2,586	484
Other charges	6,341	6,341	9,194	(2,853)
<b>Total Public Safety Communications</b>	<b>1,673,571</b>	<b>1,702,643</b>	<b>1,972,487</b>	<b>(269,844)</b>
<b>Total Public Safety</b>	<b>33,164,225</b>	<b>33,345,306</b>	<b>33,957,700</b>	<b>(612,394)</b>
Public Works				
Salaries and benefits	4,522,342	4,632,973	4,814,860	(181,887)
Services and supplies	1,306,190	1,306,190	1,210,982	95,208
Capital outlay	1,000	1,000	556	444
Other charges	74,638	74,638	68,567	6,071
<b>Total Public Works</b>	<b>5,904,170</b>	<b>6,014,801</b>	<b>6,094,965</b>	<b>(80,164)</b>
Culture and Recreation				
Library:				
Salaries and benefits	1,793,274	2,007,546	2,060,498	(52,952)
Services and supplies	794,134	893,331	823,943	69,388
Other charges	15,568	18,042	16,343	1,699
<b>Total Library</b>	<b>2,602,976</b>	<b>2,918,919</b>	<b>2,900,784</b>	<b>18,135</b>
Parks and Recreation:				
Salaries and benefits	4,249,769	4,454,123	4,204,263	249,860
Services and supplies	3,101,779	3,480,729	2,967,909	512,820
Capital outlay	7,947	7,947	6,875	1,072
Other charges	58,850	67,837	44,597	23,240
<b>Total Parks and Recreation</b>	<b>7,418,345</b>	<b>8,010,636</b>	<b>7,223,644</b>	<b>786,992</b>
<b>Total Culture and Recreation</b>	<b>10,021,321</b>	<b>10,929,555</b>	<b>10,124,428</b>	<b>805,127</b>
Economic and Community Development				
Salaries and benefits	2,301,347	2,301,251	2,501,180	(199,929)
Services and supplies	495,247	532,425	493,934	38,491
Capital outlay	2,828	9,328	107	9,221
Other charges	46,996	43,981	41,698	2,283
<b>Total Economic and Community Development</b>	<b>2,846,418</b>	<b>2,886,985</b>	<b>3,036,919</b>	<b>(149,934)</b>
Debt Service:				
Principal		119,897	119,897	
Interest	7,000	1,947	1,947	
<b>Total Expenditures</b>	<b>60,865,633</b>	<b>61,612,953</b>	<b>61,203,253</b>	<b>409,700</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,717,704)	(3,354,180)	(246,561)	3,107,619
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,500	1,500	1,010,851	1,009,351
Transfers in	6,399,916	6,471,999	6,420,013	(51,986)
Transfers out	(916,635)	(3,225,103)	(3,263,939)	(38,836)
<b>Total Other Financing Sources (Uses)</b>	<b>5,484,781</b>	<b>3,248,396</b>	<b>4,166,925</b>	<b>918,529</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$232,923)</b>	<b>(\$105,784)</b>	<b>3,920,364</b>	<b>\$4,026,148</b>
BEGINNING FUND BALANCE			35,791,146	
ENDING FUND BALANCE			<u>\$39,711,510</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Gas tax	\$2,010,836	\$2,010,836	\$1,986,985	(\$23,851)
Sales tax	1,238,779	1,238,779	1,357,495	118,716
Rents and interest	120,000	120,000	110,654	(9,346)
Federal programs and grants	139,170	139,170	407,583	268,413
Receipts from other agencies		626,000	583,987	(42,013)
<b>Total Revenues</b>	<u>3,508,785</u>	<u>4,134,785</u>	<u>4,446,704</u>	<u>311,919</u>
EXPENDITURES:				
Capital projects	4,883,883	5,574,885	2,718,949	2,855,936
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,375,098)</u>	<u>(1,440,100)</u>	<u>1,727,755</u>	<u>3,167,855</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,010,854)</u>	<u>(2,010,854)</u>	<u>(1,958,868)</u>	<u>51,986</u>
NET CHANGE IN FUND BALANCES	<u>(\$3,385,952)</u>	<u>(\$3,450,954)</u>	<u>(231,113)</u>	<u>\$3,219,841</u>
BEGINNING FUND BALANCE			<u>3,972,060</u>	
ENDING FUND BALANCE			<u>\$3,740,947</u>	

See accompanying notes to financial statements

CITY OF DALY CITY  
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property tax	\$4,801,794	\$4,941,794	\$5,509,142	\$567,348
Rents and interest	75,624	75,624	121,648	46,024
Charges and fees	4,080	4,080	8,520	4,440
Miscellaneous	1,000	1,000	10,803	9,803
<b>Total Revenues</b>	<b>4,882,498</b>	<b>5,022,498</b>	<b>5,650,113</b>	<b>627,615</b>
<b>EXPENDITURES:</b>				
Economic and Community Development:				
Salaries and benefits	330,361	330,361	372,039	(41,678)
Services and supplies	546,000	143,758	84,182	59,576
ERAF payment		430,000	402,435	27,565
Pass thru payments		487,000	617,780	(130,780)
Other charges	1,192,368	417,110	270,140	146,970
<b>Total Economic and Community Development</b>	<b>2,068,729</b>	<b>1,808,229</b>	<b>1,746,576</b>	<b>61,653</b>
Debt Service:				
Interest	2,500,000	2,500,000	791,213	1,708,787
<b>Total Expenditures</b>	<b>4,568,729</b>	<b>4,308,229</b>	<b>2,537,789</b>	<b>1,770,440</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>313,769</b>	<b>714,269</b>	<b>3,112,324</b>	<b>(1,142,825)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss on sale of property held for redevelopment			(3,661,144)	(3,661,144)
Transfers out		(721,500)	(321,500)	400,000
<b>Total Other Financing Sources (Uses)</b>		<b>(721,500)</b>	<b>(3,982,644)</b>	<b>(3,261,144)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$313,769</b>	<b>(\$7,231)</b>	<b>(870,320)</b>	<b>(\$863,089)</b>
<b>BEGINNING FUND BALANCE (DEFICIT)</b>			<b>(10,651,709)</b>	
<b>ENDING FUND BALANCE (DEFICIT)</b>			<b>(\$11,522,029)</b>	

See accompanying notes to financial statements

CITY OF DALY CITY  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments (Note 1F)	\$2,837,922	\$13,522,780	\$2,498,946	\$18,859,648	\$11,071,426
Cash with fiscal agent (Note 1F)	5,929,441	1,048,977		6,978,418	49,485
Accounts receivable, net (Note 1H)	1,421,232	1,092,170	104,754	2,618,156	31,680
Inventories (Note 1G)	510,778	1,319,530		1,830,308	158,820
Prepays (Note 1G)	236,368	36,592		272,960	
<b>Total Current Assets</b>	<b>10,935,741</b>	<b>17,020,049</b>	<b>2,603,700</b>	<b>30,559,490</b>	<b>11,311,411</b>
<b>Long-Term Assets:</b>					
Long-term interfund receivables (Note 6)		448,495		448,495	
Prepaid PERS pension contribution (Note 7)					34,877,881
<b>Total Long-Term Assets</b>		<b>448,495</b>		<b>448,495</b>	<b>34,877,881</b>
<b>Capital Assets (Note 4):</b>					
Land	839,856	233,547	1,789,146	2,862,549	333,343
Buildings	153,943	564,546	6,753,006	7,471,495	215,817
Sewage facilities		54,169,930		54,169,930	
Wells and pump stations	5,774,189			5,774,189	
Water reservoirs	7,308,827			7,308,827	
Mains & subsurface lines	14,425,300	20,022,439		34,447,739	
Equipment	3,757,537	2,082,115	676,168	6,515,820	14,235,127
Furniture and fixtures	21,824	28,694		50,518	16,633
Construction in progress	1,806,653	335,758		2,142,411	
<b>Total Capital Assets</b>	<b>34,088,129</b>	<b>77,437,029</b>	<b>9,218,320</b>	<b>120,743,478</b>	<b>14,800,920</b>
Less accumulated depreciation	9,014,517	30,382,437	3,435,450	42,832,404	9,111,572
<b>Net Capital Assets</b>	<b>25,073,612</b>	<b>47,054,592</b>	<b>5,782,870</b>	<b>77,911,074</b>	<b>5,689,348</b>
<b>Total Noncurrent Assets</b>	<b>25,073,612</b>	<b>47,503,087</b>	<b>5,782,870</b>	<b>78,359,569</b>	<b>40,567,229</b>
<b>Total Assets</b>	<b>36,009,353</b>	<b>64,523,136</b>	<b>8,386,570</b>	<b>108,919,059</b>	<b>51,878,640</b>
<b>Current Liabilities:</b>					
Accounts payable	698,286	681,783	855,164	2,235,233	457,032
Retentions payable	116,634	53,987		170,621	
Accrued payroll	10,340	9,324		19,664	6,455
Deposits payable	51,656			51,656	
Accrued claims payable (Note 9)					1,051,117
Compensated absences (Note 1J)	194,979	454,951		649,930	
Long-term debt (Note 5)	360,000	1,920,701		2,280,701	435,000
<b>Total Current Liabilities</b>	<b>1,431,895</b>	<b>3,120,746</b>	<b>855,164</b>	<b>5,407,805</b>	<b>1,949,604</b>
<b>Long-Term Liabilities:</b>					
Compensated absences (Note 1J)	27,636	196,331		223,967	624,381
Accrued claims payable (Note 9)					1,121,575
Long-term interfund payable (Note 6)			448,495	448,495	
Long term debt (Note 5)	8,785,000	6,771,377		15,556,377	35,065,000
<b>Total Long-Term Liabilities</b>	<b>8,812,636</b>	<b>6,967,708</b>	<b>448,495</b>	<b>16,228,839</b>	<b>36,810,956</b>
<b>Total Liabilities</b>	<b>10,244,531</b>	<b>10,088,454</b>	<b>1,303,659</b>	<b>21,636,644</b>	<b>38,760,560</b>
<b>NET ASSETS (Note 10)</b>					
Invested in capital assets, net of related debt	15,928,612	38,362,514	5,334,375	59,625,501	5,689,348
Restricted for:					
Debt service		1,048,977		1,048,977	49,485
Capital construction	5,929,441			5,929,441	
Unrestricted	3,906,769	15,023,191	1,748,536	20,678,496	7,379,247
<b>Total Net Assets</b>	<b>\$25,764,822</b>	<b>\$54,434,682</b>	<b>\$7,082,911</b>	<b>\$87,282,415</b>	<b>\$13,118,080</b>



CITY OF DALY CITY  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
OPERATING REVENUES					
Water sales	\$10,930,958	\$99,348		\$11,030,306	
Sewer service charges		13,572,772		13,572,772	
Connection charges		228,149		228,149	
Rental income			\$933,137	933,137	
Lease revenue			375,000	375,000	
Recycling revenue			1,241,423	1,241,423	
Charges to City departments					\$12,962,652
Other revenues	591,347	512,042	123,663	1,227,052	453,841
<b>Total Operating Revenues</b>	<b>11,522,305</b>	<b>14,412,311</b>	<b>2,673,223</b>	<b>28,607,839</b>	<b>13,416,493</b>
OPERATING EXPENSES					
Salaries and benefits	2,405,307	5,246,943		7,652,250	4,625,038
Services and supplies	1,320,191	4,280,327	283,849	5,884,367	2,226,546
Water purchases	2,200,358			2,200,358	
Transfer station charges			1,241,423	1,241,423	
Utilities	690,225	794,144	131,011	1,615,380	406,578
Insurance	136,515	335,673	12,972	485,160	1,308,628
Claims and settlements					426,629
Depreciation (Note 4)	939,230	1,631,867	231,523	2,802,620	830,347
Other charges	578,995	1,964,842	193,704	2,737,541	631,766
<b>Total Operating Expenses</b>	<b>8,270,821</b>	<b>14,253,796</b>	<b>2,094,482</b>	<b>24,619,099</b>	<b>10,455,532</b>
<b>Operating Income</b>	<b>3,251,484</b>	<b>158,515</b>	<b>578,741</b>	<b>3,988,740</b>	<b>2,960,961</b>
NONOPERATING REVENUES (EXPENSES)					
Property taxes		1,188,249		1,188,249	
Gain (loss) on disposal of capital assets	(71,247)	(122,752)		(193,999)	(184,096)
Amortization					(329,129)
Interest income	320,256	485,797	37,211	843,264	335,962
Interest expense	(417,665)	(256,640)	(26,727)	(701,032)	(2,025,087)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(168,656)</b>	<b>1,294,654</b>	<b>10,484</b>	<b>1,136,482</b>	<b>(2,202,350)</b>
<b>Income Before Transfers</b>	<b>3,082,828</b>	<b>1,453,169</b>	<b>589,225</b>	<b>5,125,222</b>	<b>758,611</b>
Transfers in (Note 6)		1,195,478		1,195,478	2,526,915
Transfers out (Note 6)	(3,108,793)	(2,181,309)	(462,135)	(5,752,237)	(145,041)
<b>Net transfers</b>	<b>(3,108,793)</b>	<b>(985,831)</b>	<b>(462,135)</b>	<b>(4,556,759)</b>	<b>2,381,874</b>
<b>Change in net assets</b>	<b>(25,965)</b>	<b>467,338</b>	<b>127,090</b>	<b>568,463</b>	<b>3,140,485</b>
<b>BEGINNING NET ASSETS</b>	<b>25,790,787</b>	<b>53,967,344</b>	<b>6,955,821</b>	<b>86,713,952</b>	<b>9,977,595</b>
<b>ENDING NET ASSETS</b>	<b>\$25,764,822</b>	<b>\$54,434,682</b>	<b>\$7,082,911</b>	<b>\$87,282,415</b>	<b>\$13,118,080</b>

See accompanying notes to financial statements

CITY OF DALY CITY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$11,700,330	\$13,985,279	\$2,819,862	\$28,505,471	\$13,428,901
Payments to suppliers	(4,684,862)	(7,156,904)	(1,707,997)	(13,549,763)	(4,294,732)
Payments to employees	(2,463,088)	(5,283,250)		(7,746,338)	(4,755,674)
Claims paid					(1,969,146)
<b>Cash Flows from Operating Activities</b>	<u>4,552,380</u>	<u>1,545,125</u>	<u>1,111,865</u>	<u>7,209,370</u>	<u>2,409,349</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Property tax		1,188,249		1,188,249	
Interfund receipts		134,861		134,861	
Interfund payments			(134,861)	(134,861)	
Principal paid on noncapital debt					(335,000)
Interest paid on noncapital debt					(2,025,087)
Transfers in		1,195,478		1,195,478	2,526,915
Transfers out	(3,108,793)	(2,181,309)	(462,135)	(5,752,237)	(145,041)
<b>Cash Flows from Noncapital Financing Activities</b>	<u>(3,108,793)</u>	<u>337,279</u>	<u>(596,996)</u>	<u>(3,368,510)</u>	<u>21,787</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(3,062,226)	(136,908)		(3,199,134)	(1,813,583)
Proceeds from sale of capital assets	234			234	17,439
Principal paid on capital debt	(350,000)	(1,884,309)		(2,234,309)	
Interest paid on capital debt	(417,665)	(256,640)	(26,727)	(701,032)	
<b>Cash Flows from Capital and Related Financing Activities</b>	<u>(3,829,657)</u>	<u>(2,277,857)</u>	<u>(26,727)</u>	<u>(6,134,241)</u>	<u>(1,796,144)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest income	320,256	485,797	37,211	843,264	335,962
<b>Net Cash Flows</b>	<u>(2,065,814)</u>	<u>90,344</u>	<u>525,353</u>	<u>(1,450,117)</u>	<u>970,954</u>
Cash and investments at beginning of period	10,833,177	14,481,413	1,973,593	27,288,183	10,149,957
Cash and investments at end of period	<u>\$8,767,363</u>	<u>\$14,571,757</u>	<u>\$2,498,946</u>	<u>\$25,838,066</u>	<u>\$11,120,911</u>
<b>Reconciliation of Operating Income to Cash Flows from Operating Activities:</b>					
Operating income	\$3,251,484	\$158,515	\$578,741	\$3,988,740	\$2,960,961
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	939,230	1,631,867	231,523	2,802,620	830,347
Change in assets and liabilities:					
Accounts receivable, net	176,634	(427,032)	146,639	(103,759)	12,408
Inventories	(16,473)	(18,182)		(34,655)	16,094
Advance to others			44,597	44,597	
Other assets	13,132	13,296		26,428	
Accounts payable	225,434	213,453	110,365	549,252	262,692
Retentions payable	19,329	9,515		28,844	
Accrued payroll	(57,684)	(127,361)		(185,045)	(116,956)
Deposits payable	1,391			1,391	
Accrued claims payable					(1,542,517)
Compensated absences	(97)	91,054		90,957	(13,680)
<b>Cash Flows from Operating Activities</b>	<u>\$4,552,380</u>	<u>\$1,545,125</u>	<u>\$1,111,865</u>	<u>\$7,209,370</u>	<u>\$2,409,349</u>

See accompanying notes to financial statements

CITY OF DALY CITY  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 1F)	\$2,083,727
Receivables	1,190,488
Other assets	<u>12,483</u>
Total Assets	<u><u>\$3,286,698</u></u>
LIABILITIES	
Accounts payable	\$242,968
Deposits payable	1,307,152
Due to others	<u>1,736,578</u>
Total Liabilities	<u><u>\$3,286,698</u></u>

See accompanying notes to financial statements



CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2006

**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 Daly City Redevelopment Agency, 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 Assets 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. 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.

**REDEVELOPMENT AGENCY SPECIAL REVENUE FUND** is used to account for monies restricted for the purpose of eliminating blight in designated redevelopment project areas. The Redevelopment Agency was established in 1971 for the purpose of redeveloping certain portions of the City's older business areas. While the Redevelopment Agency is technically an administrative arm of the State, exercising State powers, it is governed and effectively controlled by the City Council.

**CAPITAL PROJECTS FUND** is used to account for financial resources to be used for the acquisition or construction of major capital facilities 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.** The funds account for motor vehicles, central services, telephone, building maintenance, information services, self-insurance and pension bond payments; all of which 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 individuals, private organizations, and other governments. The financial activities of these funds are excluded from the entity-wide financial statements, but are presented in separate fiduciary fund financial statements.

### ***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.

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.

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 assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type and Proprietary fund activities, which do not conflict with Governmental Accounting Standards Board statements.

*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.

Inventories and prepaids are valued at cost (on the first-in, first-out basis). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the General Fund at the time individual inventory items are consumed. Reported General Fund inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.



***E. BUDGETS, BUDGETARY ACCOUNTING AND ENCUMBRANCES***

The City adopts an annual budget before June 30, 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 fund by fund 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 five year capital plan, and each project year budget (GAAP Basis) is appropriated separately on an on-going basis.

The Traffic Safety Special Revenue Fund incurred expenditures in excess of its budget in the amount of \$14,275 as the result of unanticipated disbursements for the year ended June 30, 2006. Sufficient funds were available to fund these expenditures.

***F. 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	\$74,663,193
Restricted cash and investments	7,027,903
Cash and investments of the City	<u>81,691,096</u>
Cash and investments in Fiduciary Funds (separate statement)	<u>2,083,727</u>
Total cash and investments	<u><u>\$83,774,823</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
Repurchase Agreements	1 year	N/A	15%	No Limit
Reverse Repurchase Agreements	92 Days	N/A	15%	No Limit
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$40,000,000 per account	\$40,000,000 per account
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%	30%
Commercial Paper	270 Days	Highest Rating Category	25%	10%
Negotiable Certificates of Deposit	5 Years	AA	30%	No Limit
Passbook Savings Account	5 Years	N/A	\$100,000	No Limit
Money Market Mutual Funds	Upon Demand	AAA	15%	No Limit
San Mateo County Investment Pool	Upon Demand	N/A	No Limit	No Limit
State of California Obligations	5 Years	N/A	No Limit	No Limit
Local Agency Obligations	5 Years	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
Repurchase Agreements	N/A	A	No Limit	No Limit
U. S. Treasury Bonds, Notes and Bills	N/A	N/A	No Limit	No Limit
U.S. Government Agency Securities and U.S. Government Sponsored Enterprise Agencies	N/A	AAA	No Limit	No Limit
State Obligations	N/A	Highest Rating Category	No Limit	No Limit
Commercial Paper	270 Days	A-1+	No Limit	No Limit
Negotiable Certificates of Deposit	365 days	A-1+	No Limit	No Limit
Guaranteed Investment Contracts	N/A	N/A	No Limit	No Limit
Money Market Mutual Funds	N/A	Aam	No Limit	No Limit
Bankers Acceptances	180	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	\$40,000,000 per account	\$40,000,000 per account
Municipal Obligations	N/A	AAA	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	One to Five Years	More than Ten Years	Total
U.S. Government-Sponsored Enterprise Agencies			\$1,300,200	\$1,300,200
Guaranteed Investment Contracts	\$5,929,381	\$1,047,501		6,976,882
Certificates of Deposit	21,197,000			21,197,000
Money Market Mutual Funds	51,021			51,021
California Local Agency Investment Fund	19,690,422			19,690,422
San Mateo County Investment Pool	33,737,355			33,737,355
<b>Total Investments</b>	<b>\$80,605,179</b>	<b>\$1,047,501</b>	<b>\$1,300,200</b>	<b>82,952,880</b>
Cash in Bank and on Hand				821,943
<b>Total Cash and Investments</b>				<b>\$83,774,823</b>

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, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2006, these investments have an average maturity of 152 days.

Mutual Funds investments are available for withdrawal on demand and at June 30, 2006 have an average maturity of less than 30 days.

**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, 2006 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	Fitch AA/V1+	Total Investments
Money Market Mutual Funds	\$51,021		\$51,021
San Mateo County Investment Pool		\$33,737,355	33,737,355
Total	\$51,021	\$33,737,355	33,788,376
<i>Not rated:</i>			
Certificates of Deposit			21,197,000
Guaranteed Investment Contracts			6,976,882
California Local Agency Investment Fund			19,690,422
<i>Exempt from rating requirement:</i>			
U.S. Government-Sponsored Enterprise Agencies			1,300,200
Total Investments			\$82,952,880

**Concentration of Credit Risk**

The City’s investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual City Funds in the securities of issuers other than U.S. Treasury securities, mutual funds and external investment pools. At June 30, 2006, those investments consisted of (dollars in thousands):

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-Wide:	FSA Capital Management Services LLC	Guaranteed Investment Contract	\$6,976,882
Major Proprietary Funds:			
Water Utility Fund	FSA Capital Management Services LLC	Guaranteed Investment Contract	5,929,381
Sanitation District Fund	FSA Capital Management Services LLC	Guaranteed Investment Contract	1,047,501

**G. 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. Such amounts are equally offset by a reservation of fund balance. 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. They are equally offset by a reservation of fund balance. For the Water Utility and Sanitation District enterprise funds, prepaids represent the unamortized portion of the certificates of participation issue costs.

**H. WATER UTILITY ACCOUNTS RECEIVABLE**

The City bills usage to water utility customers on a bimonthly basis. Each day's meter readings are usually billed on the next business day. 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 enterprise funds.

**I. ADVANCES TO OTHER FUNDS AND AGENCIES**

In governmental funds, noncurrent portions of long-term interfund loans receivable (reported in "advances to" asset accounts) are equally offset by a reservation of fund balance which indicates that they do not constitute available spendable resources since they are not a component of net current assets. These advances accumulate interest annually and because interest revenue is not expected to be collected within the next year, the accumulated interest has been reflected as deferred revenue in the General Fund. Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered available spendable resources.

**J. 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 July 1, 2005	\$7,239,531	\$782,940	\$8,022,471
Additions	5,840,121	725,212	6,565,333
Payments	(5,549,693)	(634,255)	(6,183,948)
Balance June 30, 2006	<u>\$7,529,959</u>	<u>\$873,897</u>	<u>\$8,403,856</u>
Due in One Year	<u>\$5,620,419</u>	<u>\$649,930</u>	<u>\$6,270,349</u>

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

**K. 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.

**L. 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.

**Note 2.**

REPORTING ENTITY

The City's Basic Financial Statements include the financial activities of the City, the Daly City Redevelopment Agency (Redevelopment Agency), 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. Component unit reports for the Redevelopment Agency can be obtained from the City of Daly City, 333 - 90th Street, Daly City, California 94015-1895.

The Redevelopment Agency was established in 1971 for the purpose of developing certain portions of the City's older business areas, and is overseen by and dependent upon the City. While the Redevelopment Agency is a separate legal entity and technically an administrative arm of the State, exercising State powers, it is governed and effectively controlled by the City Council. The activities of the Redevelopment Agency are included with the Special Revenue Funds.

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 activity of the Daly City Public Facilities Financing Corporation (the Corporation) is included in the basic financial statements within the Sanitation District Enterprise Fund because the City Council sits as the Board for this entity. The City established the Corporation to facilitate the issuance of Certificates of Participation to complete an expansion project for the North San Mateo County Sanitation District. The Corporation acts as a conduit for the leasing of the facilities of the Sanitation District (See Note 5).

**Note 3.**

COMMITMENTS AND CONTINGENCIES

At June 30, 2006, the City had made commitments of approximately \$7.2 million for construction work, legal and consulting fees, and purchases of supplies and equipment.

**Note 4.**

CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. 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 provided 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
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

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, 2005	Additions	Retirements	Transfers	Balance June 30, 2006
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$20,689,287		(\$28,819)		\$20,660,468
Construction in progress	15,920,067	\$3,998,487		(\$8,209,264)	11,709,290
Total capital assets not being depreciated	<u>36,609,354</u>	<u>3,998,487</u>	<u>(28,819)</u>	<u>(8,209,264)</u>	<u>32,369,758</u>
Capital assets being depreciated:					
Buildings & improvements	31,408,868	2,511,172	(374,431)	7,462,684	41,008,293
Streets & infrastructure	57,969,099	1,624,692		746,580	60,340,371
Vehicles, equipment, furniture and fixtures	17,924,898	2,042,751	(3,166,229)		16,801,420
Park structures and improvements	5,576,852	35,000			5,611,852
Total capital assets being depreciated	<u>112,879,717</u>	<u>6,213,615</u>	<u>(3,540,660)</u>	<u>8,209,264</u>	<u>123,761,936</u>
Less accumulated depreciation for:					
Buildings & improvements	13,772,541	913,923	(189,329)		14,497,135
Streets & infrastructure	33,723,340	1,349,248			35,072,588
Vehicles, equipment, furniture and fixtures	12,480,322	1,002,899	(2,635,113)		10,848,108
Park structures and improvements	375,776	230,395			606,171
Total accumulated depreciation	<u>60,351,979</u>	<u>3,496,465</u>	<u>(2,824,442)</u>		<u>61,024,002</u>
Net depreciable assets	<u>52,527,738</u>	<u>2,717,150</u>	<u>(716,218)</u>	<u>8,209,264</u>	<u>62,737,934</u>
Governmental activity capital assets, net	<u>\$89,137,092</u>	<u>\$6,715,637</u>	<u>(\$745,037)</u>		<u>\$95,107,692</u>

	Balance June 30, 2005	Additions	Retirements	Transfers	Balance June 30, 2006
<b><i>Business-type activities:</i></b>					
Capital assets not being depreciated:					
Land	\$2,862,549				\$2,862,549
Construction in progress	10,629,193	\$1,083,503		(\$9,570,285)	2,142,411
Total capital assets not being depreciated	13,491,742	1,083,503		(9,570,285)	5,004,960
Capital assets being depreciated:					
Buildings	7,473,232		(\$1,737)		7,471,495
Sewage facilities	46,957,477	4,371	(282,526)	7,490,608	54,169,930
Wells & pump stations	5,775,390		(1,201)		5,774,189
Water reservoirs	7,308,827				7,308,827
Mains & subsurface lines	30,464,256	1,922,485	(18,679)	2,079,677	34,447,739
Equipment	6,910,256	188,775	(592,111)	8,900	6,515,820
Furniture and fixtures	83,898		(24,480)	(8,900)	50,518
Total capital assets being depreciated	104,973,336	2,115,631	(920,734)	9,570,285	115,738,518
Less accumulated depreciation for:					
Buildings	2,809,517	242,282	(1,737)		3,050,062
Sewage facilities	24,048,277	859,720	(278,388)		24,629,609
Wells & pump stations	1,808,950	148,435	(920)		1,956,465
Water reservoirs	2,850,921	174,299			3,025,220
Mains & subsurface lines	6,024,455	952,535	(8,350)		6,968,640
Equipment	3,151,182	418,960	(417,538)	8,900	3,161,504
Furniture and fixtures	62,983	6,389	(19,568)	(8,900)	40,904
Total accumulated depreciation	40,756,285	2,802,620	(726,501)		42,832,404
Net depreciable assets	64,217,051	(686,989)	(194,233)	9,570,285	72,906,114
Business-type activity capital assets, net	\$77,708,793	\$396,514	(\$194,233)		\$77,911,074

## ***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:

<b>Governmental Activities</b>	
General government	\$9,010
Public safety	278,045
Public works	13,001
Culture and recreation	727,217
Economic and community development	353
Streets and infrastructure	1,362,583
Nondepartmental	275,909
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	<u>830,347</u>
<b>Total Governmental Activities</b>	<b><u><u>\$3,496,465</u></u></b>
<b>Business-Type Activities</b>	
Water Utility	\$939,230
Civic Center	187,819
Transfer Station	43,704
Sanitation District	<u>1,631,867</u>
<b>Total Business-Type Activities</b>	<b><u><u>\$2,802,620</u></u></b>

**Note 5.**  
**LONG-TERM DEBT**

Changes in Long-Term Debt for the fiscal year ended June 30, 2006, are as follows:

	Original Issuance Amount	Balance June 30, 2005	Retirements	Balance June 30, 2006	Current Portion
<b><i>Governmental Activity Debt</i></b>					
2002 Capital Lease, 4.69%, due 2011	\$1,184,477	\$739,872	\$109,625	\$630,247	\$114,767
Line of Credit, 5.7%, repaid 2006	164,000	119,897	119,897		
Housing & Urban Development Section 108 Loan					
2.31%-6.01%, due 2023	4,500,000	4,500,000	132,000	4,368,000	142,000
2004 Series A-1 Pension Obligation Bonds					
2.650%-5.896%, due 2024	36,235,000	35,835,000	335,000	35,500,000	435,000
<b>Total Governmental Activity</b>		<u>41,194,769</u>	<u>696,522</u>	<u>40,498,247</u>	<u>691,767</u>
<b><i>Business-Type Activity Debt</i></b>					
2002 Certificates of Participation					
2%-2.5%, due 2009	10,475,000	6,070,000	1,705,000	4,365,000	1,740,000
State Water Resources Control Board Loan					
2.5%, due 2025	4,450,128	4,506,387	179,309	4,327,078	180,701
2004 Certificates of Participation					
3%-5%, due 2024	9,860,000	9,495,000	350,000	9,145,000	360,000
<b>Total Business-Type Activity</b>		<u>20,071,387</u>	<u>2,234,309</u>	<u>17,837,078</u>	<u>2,280,701</u>
<b>Total City Long-Term Obligations</b>		<u>\$61,266,156</u>	<u>\$2,930,831</u>	<u>\$58,335,325</u>	<u>\$2,972,468</u>

On August 13, 2001, the City entered into a \$1,184,477 capital lease agreement to fund the Civic Center Energy Management Project to improve the lighting, heating and ventilation of the building. Principal and interest payments are due annually on August 13 until 2011. Debt service is repayable from Capital Project Fund resources.

The City had a bank line of credit bearing interest. The initial \$164,000 draw-down on the line was used to finance improvements to office space used in the City's Small Business Incubator Program. Under this Program, the City assists start-up companies by providing office space and secretarial and administrative services for a fee. The line of credit was fully repaid during the fiscal year ended June 30, 2006.

During fiscal 2003 the City entered into a \$4,500,000 variable interest rate note payable, 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 Block Grant monies.

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 August 1 and interest is due semiannually on August 1 and February 1, through August 1, 2024. Debt service is payable from available City resources.

On October 17, 2002, the City, through the Daly City Public Facilities Financing Corporation, issued \$10,475,000 of 2002 Certificates of Participation to retire the 1992 Refunding Certificates of Participation. Principal is due annually on June 1 and interest is due semiannually on June 1 and December 1, through June 1, 2009. Debt service is payable from Sanitation District Enterprise Fund revenues.

On November 18, 2003 the City authorized 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. Debt service is payable from Sanitation District Enterprise Fund revenues.

On June 24, 2004 the City, through the Daly City Public Facilities Financing Corporation, issued \$9,860,000 of 2004 Certificates of Participation to fund the Bayshore Water Utility Master Plan Project, to provide expanded service to the Bayshore area as well as to provide emergency interconnection and water system redundancy in the City. 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 Water Utility Enterprise Fund revenues.

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

<u>Year ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$691,767	\$2,271,018	\$2,280,701	\$602,636
2008	817,150	2,244,465	2,325,219	552,518
2009	947,785	2,210,276	1,429,849	490,688
2010	1,095,684	2,167,612	589,596	451,092
2011	1,253,861	2,115,350	609,461	431,414
2012-2016	8,367,000	9,487,425	3,384,640	1,829,107
2017-2021	14,707,000	6,448,523	4,070,857	1,147,031
2022-2025	12,618,000	1,486,305	3,146,755	276,703
	<u>\$40,498,247</u>	<u>\$28,430,974</u>	<u>\$17,837,078</u>	<u>\$5,781,189</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. At June 30, 2006 the amounts of current interfund balances were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	
General Fund	Community Block Grant Special Revenue Fund	\$125,110
	Federal Grants Special Revenue Fund	<u>97,140</u>
	Total	<u><u>\$222,250</u></u>

LONG-TERM INTERFUND BALANCES

The Sanitation Enterprise Fund loaned \$1.2 million, (a balance of \$448,495 remained at June 30, 2006), to the Civic Center Enterprise Fund to finance construction of Civic Center North remodeling costs. This long-term interfund advance bears interest at 5.119 percent and is due in monthly installments including interest, with a final payment due on June 30, 2009. The payments are being made from Civic Center operating revenues.

Loans payable from the Redevelopment Agency to the General Fund have no scheduled repayment date. Management has prepared a cash flow projection of redevelopment activities through fiscal 2024. This projection indicates that funds should be available to repay the above loans, including interest, prior to the expiration of the project areas. Loans currently bear interest at 2.545 percent and this rate is adjusted annually based on the LAIF rate as defined in the agreement between the Agency and the City. The fiscal 2006 additions to loans payable amounting to \$1,801,212 include \$1,010,000 of additional loans for property acquisition, and \$791,212 interest, as the terms of the agreement stipulate that any unpaid interest shall be added to the principal. During fiscal 2006, the Agency repaid the City \$714,668 of principal and \$935,332 in interest. At June 30, 2006, the total amount of loans payable from the Agency to the General Fund was \$30,703,919.

## INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2006 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Transfer Amount</u>
General Fund	Capital Project Funds	\$329,868
	Internal Services Funds	2,363,196
	Nonmajor Governmental Funds	570,874
Gas Tax	General Fund	1,958,868
Redevelopment Agency Fund	Capital Project Funds	321,000
	Internal Services Funds	500
Capital Project Funds	Internal Services Funds	56,689
Nonmajor Governmental Funds	Capital Project Funds	1,047,272
	Internal Services Funds	10,200
Water Utility Enterprise Fund	General Fund	1,872,067
	Sanitation District Enterprise Fund	1,195,478
	Internal Services Funds	41,248
Sanitation District Enterprise Fund	General Fund	2,178,538
	Internal Services Funds	2,771
Nonmajor Enterprise Funds	General Fund	410,540
	Internal Services Funds	51,596
Building Maintenance Internal Services Fund	Capital Project Funds	144,326
	Information Services Internal Services Fund	715
		<u>\$12,555,746</u>

The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of 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 entity-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

CALPERS Safety and Miscellaneous Employees Plans

All employees meeting PERS membership requirements must participate in pension plans offered by the California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees, and their beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under the Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2006, are summarized as follows:

	Safety	Miscellaneous	Redevelopment Agency Miscellaneous
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Benefits, as a % of annual salary for each credited service year	2.4%-3.0%	2%-3%	1.426%-2.418%
Required employee contribution rates	9%	8%	7%
Required employer contribution rates	14.209%	15.122%	0%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS.

The City prepaid its pension contributions with proceeds from the 2004 Series A-1 Pension Obligation Bonds (See Note 5). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Pension Contributions which amounted to \$34,877,881 at June 30, 2006. During fiscal 2005-2006, the amortization of the prepayment amounted to \$329,129. Annual Pension Costs, representing the amortization of Prepaid PERS Pension Contribution and payment of all contributions required by CALPERS, for the years ended June 30, 2006, 2005 and 2004 amounted to \$6,861,301, \$5,830,607 and \$3,041,371 respectively.



CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payrolls on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

The Plans' actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

***Safety Plan:***

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2003	\$139,959,522	\$123,202,028	\$16,757,494	88.0%	\$16,046,803	104.4%
2004	151,480,654	147,379,164	4,101,490	97.3%	16,626,468	24.7%
2005	161,905,563	156,740,636	5,164,927	96.8%	17,273,192	29.9%

***Miscellaneous Plan:***

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2003	\$118,963,932	\$95,362,266	\$23,601,666	80.2%	\$25,188,016	93.7%
2004	132,097,074	121,442,248	10,654,826	91.9%	25,138,773	42.4%
2005	144,665,255	132,624,755	12,040,500	91.7%	25,187,952	47.8%

As required by new State law, effective July 1, 2005, the City's Miscellaneous Redevelopment Agency Plan was terminated, and the plan was required by CALPERS to join a new State-wide pool. One of the conditions of entry was that the City true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS.

CALPERS' latest available actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30, 2004. Actuarial values for 2002 are not available as the State-wide pool is based on a fresh-start valuation as of June 30, 2003:

***Redevelopment Agency Plan Risk Pool:***

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2003	\$319,127,268	\$307,383,212	\$11,744,056	96.3%	-	N/A
2004	357,919,985	331,405,998	26,513,987	92.6%	-	N/A

Audited annual financial statements and ten year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**Note 8.**

**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 9.**

SELF-INSURANCE

The Self-Insurance Internal Service Fund was established as of January 1, 1979, to provide for payment of workers' compensation claims. At July 1, 1979, the Fund was expanded to consolidate essentially all of 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 \$19,750,000 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 assets (which provision is not charged to expense) for possible future claims.

In February 2003, the City joined the California Public Entity Insurance Authority (CPEIA), a joint powers authority 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 \$150,000,000 limit. CPEIA was established for the purpose of creating a risk management pool for all California public entities. CPEIA is governed by a Board of Directors consisting of representatives of its member public entities. During the fiscal year ended June 30, 2006, the City contributed \$246,147 to CPEIA for current year coverage. Audited financial statements for CPEIA are available from CSAC-Excess Insurance Authority at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, CA 95670.

The City's liability for uninsured claims including a provision for claims incurred but not reported was computed as follows based on claims experience for the years ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Beginning balance of claims payable	\$3,715,209	\$2,833,241
Increase in estimated claims liability	426,628	3,650,603
Claims paid	<u>(1,969,145)</u>	<u>(2,768,635)</u>
Ending balance of claims payable	<u>\$2,172,692</u>	<u>\$3,715,209</u>

**Note 10.**

NET ASSETS

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

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

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

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

RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

The term "reserve" is used to indicate that a portion of reported fund equity is legally restricted to a specific use or not available for appropriation or expenditure. The City will sometimes designate portions of unreserved fund equity based on tentative future spending plans. Such plans are subject to change, have not been legally authorized and may not result in expenditures. Unreserved, undesignated portions of fund equity represent financial resources legally available for uses other than those tentatively planned.

The City has reserved and designated fund equity as follows:

Reserved for Encumbrances - to reflect outstanding contractual obligations for which goods and services have not been received.

Reserved for Inventories, Prepaids, Notes Receivable, Long-term Interfund Receivables and Property Held for Development - to reflect that prepaid expenditures, inventories, long-term notes receivable and land held for investment do not constitute available spendable resources in the governmental funds.

Reserved for Restricted Purposes - the City receives grants and other revenues legally restricted for certain functions.

Reserved for Imprest Cash Funds - these amounts represent revolving petty cash funds maintained in various City departments to facilitate small, nonroutine, purchases of goods.

Designated for Equipment Replacement - these monies are set aside in accordance with the depreciation schedule for a specific piece of equipment. The reserve for equipment replacement increases generally in the same amount as depreciation charged in each of the internal service and enterprise funds and decreases when monies are used to buy replacement equipment.

Designated for Recycling - these monies are set aside for expenditures to reduce the amount of refuse by encouraging recycling of reusable materials

Designated for Possible Future Claims - the City has a self-insurance fund that is explained in Note 9. Monies have been set aside in this reserve in the event that the City will be found liable for future claims for personal injury or accident or other significant damage within the City.

Designated for Capital Projects - these funds represent amounts anticipated to be expended in the upcoming fiscal year for capital projects.

Designated for Operating Capital - these amounts represent estimates of the cash required for expenditures in various funds which are necessary to bridge the time period between year-end and the receipt of major revenues, such as property taxes and sewer service fees billed with property taxes.

At June 30, 2006, the City had made the following Enterprise Funds fund equity designations:

	Water Utility	Civic Center	Transfer Station	Sanitation District
Unrestricted, designated for:				
Equipment replacement	\$2,477,077	\$1,406,976	\$318,654	\$5,444,414
Operating capital				7,500,000
Recycling			22,906	
Capital projects	1,429,692			709,039
Unrestricted, undesignated				1,369,738
	<u>\$3,906,769</u>	<u>\$1,406,976</u>	<u>\$341,560</u>	<u>\$15,023,191</u>
Total unrestricted net assets				

At June 30, 2006, the City had made the following Internal Service Funds fund equity designations:

	Motor Vehicles	Central Services	PBX	Information Services	Self- Insurance
Unrestricted, designated for:					
Equipment replacement	\$1,531,273	\$121,292	\$332,457	\$1,608,922	
Capital projects	351,585			55,095	
Possible future claims					\$3,019,735
Unrestricted, undesignated			275,445	525,541	
Total unrestricted net assets	<u>\$1,882,858</u>	<u>\$121,292</u>	<u>607,902</u>	<u>\$2,189,558</u>	<u>\$3,019,735</u>

**Note 11.**

CARTER/MARTIN SPECIAL ASSESSMENT DISTRICT

In fiscal 1985 the City authorized assessments for improvements of streets and water facilities, forming the Carter/Martin Special Assessments District (Carter/Martin). Carter/Martin issued \$4,365,000 principal amount special assessment bonds in July 1985, and subsequently performed refinancing and reassessments of Carter/Martin in July 1987 and again in December 1993. The bonds were fully repaid as of June 30, 2006

**Note 12.**

LOANS AND NOTES RECEIVABLE

The City administers a housing rehabilitation program using Housing and Community Development Block Grant (CDBG) funds that is accounted for in the Community Block Grant 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, for construction work on their homes. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue as they are not expected to be repaid during the next fiscal year.

During fiscal 2006 the City made loans to 7 participants under this program. Fiscal 2006 CDBG loan program activity is as follows:

Beginning Balance	\$762,294
New loans	126,748
Loan repayments	<u>(162,748)</u>
Ending Balance	<u>\$726,294</u>

**Note 13.****DEVELOPMENT AGREEMENTS****Pacific Plaza**

In fiscal 1999, the Agency entered into a three-phase Disposition and Development Agreement (DDA) with a developer to construct a \$175 million commercial project, including a hotel, commonly known as Pacific Plaza. The DDA was later amended, with the hotel portion of the project being removed. The developer has completed construction of the first two phases, which consist of a nine-story office building with ground floor retail space, restaurants and shops surrounding a central public event plaza, a 20 screen three story theater complex and two parking structures. In January 2006 the developer informed the City that it will not extend its option for the right to develop Phase III of Pacific Plaza, which was the construction of an Office Building and the addition of parking spaces in the already constructed Phase I parking garage.

During fiscal 2006 the Agency entered into an Exclusive Right to Negotiate (ERN) to develop a hotel on the remaining vacant parcel as a part of Pacific Plaza. The Agency and the hotel Developer are currently negotiating a DDA.

**Landmark**

During fiscal 2005, the Agency entered into a Disposition and Development Agreement with Landmark Daly City LLC. The developer is to construct, in Phase I of the project, a mixed-use retail and residential complex consisting of approximately 17,000 square feet of ground floor retail and 95 residential condominiums of which 15% are to be sold as affordable housing for low/moderate income households. Phase I will also provide approximately 395 off-street parking spaces. The developer has first right of refusal (until July 1, 2009) to develop Phase II, which includes approximately 66,000 square feet of office space, 10,000 square feet of retail space and 40 additional off-street parking spaces. Under the terms of the DDA the Agency received \$1,000,000 in cash, the developer's obligation to provide 15 dedicated parking spaces and use of 148 more parking spaces for the War Memorial Community Center that is currently being constructed, and 13 percent ownership of the parking structure once completed. The Agency will also participate in the proceeds from the sale of the condominiums above an agreed price, which may range between \$0 and \$5,600,000. The estimated value of Phase I of the project is \$45 million and Phase II is \$15 million. Costs to the Agency that includes land costs and soil remediation by the Agency total \$4.6 million. Phase I construction started in late 2005 and is slated to be complete by spring 2008.

## **El Rancho Site**

During fiscal 2004 the Agency entered into a DDA with a developer under which the developer is to construct a mixed-use project consisting of approximately 14,780 square feet of ground floor commercial space, 87 affordable senior housing apartments, and six single family homes, commonly known as the El Rancho Site. The Agency contributed \$300,000 in low/moderate income housing set-aside funds to assist in the predevelopment costs for the affordable senior housing portion of the project. As a part of the agreement the developer will set aside \$150,000 of proceeds from each of the six single family homes upon their sale to be used to insure the development of the mixed-use portion of the project. If the developer does not obtain a certificate of occupancy for the senior affordable housing component by February 2011, the funds from the home sales will be disbursed to the Agency to be used for other affordable housing projects. In addition, any portion of the \$300,000 in Agency low/moderate income housing set-aside funds that have been distributed to the Developer for predevelopment costs will be reimbursed to the Agency.

During fiscal 2006 the developer, upon determining the economic infeasibility of the affordable senior project, has redesigned the project to include 72 condominiums, of which 15% would be affordable, and 14,750 square feet of ground floor commercial space. The developer has secured the necessary planning entitlements and is currently working to obtain bank financing. As a part of the financing of the project, the Development Agreement will be modified to accommodate the new project.

## **ABHOW Senior Housing at Hillcrest**

During fiscal 2006 the Agency continued to work with American Baptist Homes of the West (ABHOW) to complete architectural drawings and funding agreements associated with the Hillcrest Senior Housing project. In fiscal 2005 the Agency entered into a DDA with ABHOW to develop a senior housing project on property located on Hillcrest Drive near Mission Street. The site consists of six Agency-owned parcels totaling 17,500 square feet.

ABHOW proposes to build 39 one-bedroom apartment units, one 2-bedroom manager unit and 24 off-street parking spaces. All of these will be offered at rents affordable to households with incomes at or below 50 percent of the area median as established by the U.S. Department of Housing and Urban Development (HUD). All of the units will be reserved for senior residents, meaning that at least one member of the household will be 62 years of age or older.

The primary funding source for the proposed project is HUD Section 202 funds. HUD notified ABHOW in December 2005 that a total of \$5 million has been reserved for the Hillcrest Senior project.

Under the terms of the DDA, the Agency will offer the site to ABHOW at a price of \$590,000, a value that is discounted substantially from the appraised market value of the \$1.785 million. In addition the Agency will offer \$480,000 in housing set-aside funds to subsidize construction costs. An affordable housing covenant will be recorded requiring the units to remain affordable for 55 years.



In addition to Agency and HUD funds, the City of Daly City has committed \$2.05 million in federal HOME funds and \$227,000 in Community Development Block Grant funds to the project. The San Mateo County Housing Endowment and Regional Trust has committed \$510,000 and the San Mateo County Housing Department has committed \$395,000. Pursuant to the terms of the DDA, ABHOW has established a Community Housing Development Organization (CHDO) that will own the proposed project. Construction of the project is expected to begin in Spring 2007.

**Note 14.**

FUND DEFICIT

The Redevelopment Agency Special Revenue Fund had a deficit amounting to \$11,522,029, the Building Maintenance Internal Service Fund had a deficit amounting to \$248,383, and the PERS Contributions Internal Service Fund had a deficit amounting to \$120,723, at June 30, 2006. The deficits will be eliminated with future revenues.



<p style="text-align: center;"><b>MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b></p>
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Capital Projects Fund - 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, 2006

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Rents and interest	\$238,400	\$713,162	\$474,762
Receipts from other agencies	3,144,924	2,407,224	(737,700)
Charges and fees	1,074,750	254,196	(820,554)
Miscellaneous	1,625,288	1,627,755	2,467
Total Revenues	6,083,362	5,002,337	(1,081,025)
EXPENDITURES			
Capital projects	29,602,585	9,290,714	20,311,871
Debt Service			
Principal	109,625	109,625	
Interest	34,701	34,701	
Total Expenditures	29,746,911	9,435,040	20,311,871
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,663,549)	(4,432,703)	19,230,846
OTHER FINANCING SOURCES (USES)			
Transfers in	2,244,568	1,842,466	(402,102)
Transfers out	(56,689)	(56,689)	
Total Other Financing Sources (Uses)	2,187,879	1,785,777	(402,102)
NET CHANGE IN FUND BALANCES	(\$21,475,670)	(2,646,926)	\$18,828,744
BEGINNING FUND BALANCE		22,532,888	
ENDING FUND BALANCE		\$19,885,962	

## 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:

- 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.
- AB 1600 Public Facility Fees - to account for the revenues derived from developer fees required, under AB 1600, to be expended for infrastructure expansion caused by new development.
- Traffic Safety – to account for grant funds and vehicle impound fees authorized by State law specifically to provide traffic safety programs.
- Federal Grants - to account for miscellaneous federal grant monies, such as aircraft noise mitigation and law enforcement special grants.
- Peninsula Partnership – to account for the combined efforts of the City, the County of San Mateo, and local school districts to provide a multifaceted after school program for pre-kindergartners through third grade.

CITY OF DALY CITY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2006

	SPECIAL REVENUE FUNDS				
	Doelger Senior Center	Community Block Grant	Linda Vista Benefit Assessment	AB 1600 Public Facility Fees	Traffic Safety
<b>ASSETS</b>					
Cash and investments	\$5,378		\$198,411	\$732,297	\$150,910
Accounts receivable, net	43,503	\$194,221			
Prepays	5,283				
Notes receivable		726,294			
	<u>\$54,164</u>	<u>\$920,515</u>	<u>\$198,411</u>	<u>\$732,297</u>	<u>\$150,910</u>
Total Assets	<u>\$54,164</u>	<u>\$920,515</u>	<u>\$198,411</u>	<u>\$732,297</u>	<u>\$150,910</u>
<b>LIABILITIES</b>					
Accounts payable	\$42,580	\$69,111			\$16,968
Accrued payroll	2,664				
Due to other funds		125,110			
Deferred revenue		726,294			
	<u>45,244</u>	<u>920,515</u>	<u></u>	<u></u>	<u>16,968</u>
Total Liabilities	<u>45,244</u>	<u>920,515</u>	<u></u>	<u></u>	<u>16,968</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances		40,462			
Prepays	5,283				
Restricted purposes	2,687		\$198,411	\$732,297	133,942
Imprest cash funds	950				
Unreserved, Undesignated		(40,462)			
	<u>8,920</u>	<u></u>	<u>198,411</u>	<u>732,297</u>	<u>133,942</u>
Total Fund Balances	<u>8,920</u>	<u></u>	<u>198,411</u>	<u>732,297</u>	<u>133,942</u>
Total Liabilities and Fund Balances	<u>\$54,164</u>	<u>\$920,515</u>	<u>\$198,411</u>	<u>\$732,297</u>	<u>\$150,910</u>

Federal Grants	Peninsula Partnership	Total Nonmajor Governmental Funds
	\$102,167	\$1,189,163
\$362,195	11,328	611,247
		5,283
		726,294
<u>\$362,195</u>	<u>\$113,495</u>	<u>\$2,531,987</u>
\$54,659	\$28,135	\$211,453
4,230	6,814	13,708
97,140		222,250
		726,294
<u>156,029</u>	<u>34,949</u>	<u>1,173,705</u>
273,273		313,735
		5,283
	78,046	1,145,383
	500	1,450
(67,107)		(107,569)
<u>206,166</u>	<u>78,546</u>	<u>1,358,282</u>
<u>\$362,195</u>	<u>\$113,495</u>	<u>\$2,531,987</u>

CITY OF DALY CITY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS				
	Doelger Senior Center	Community Block Grant	Linda Vista Benefit Assessment	AB 1600 Public Facility Fees	Traffic Safety
REVENUES					
Rents and interest		\$74,112	\$7,138	\$22,977	
Federal programs and grants	\$137,020	1,383,849			
Receipts from other agencies					
Charges and fees	360,942		29,864	402,123	\$92,775
Miscellaneous	96,676	193,617			5,106
Total Revenues	<u>594,638</u>	<u>1,651,578</u>	<u>37,002</u>	<u>425,100</u>	<u>97,881</u>
EXPENDITURES					
Public safety					94,010
Public works			16,726		
Culture and recreation	1,085,465				
Economic and community development		1,288,934			
Debt service:					
Principal		132,000			
Interest		230,644			
Total Expenditures	<u>1,085,465</u>	<u>1,651,578</u>	<u>16,726</u>		<u>94,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(490,827)</u>		<u>20,276</u>	<u>425,100</u>	<u>3,871</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	490,827				
Transfers out		(547,272)		(500,000)	
Total Other Financing Sources (Uses)	<u>490,827</u>	<u>(547,272)</u>		<u>(500,000)</u>	
NET CHANGE IN FUND BALANCES		(547,272)	20,276	(74,900)	3,871
BEGINNING FUND BALANCES	<u>8,920</u>	<u>547,272</u>	<u>178,135</u>	<u>807,197</u>	<u>130,071</u>
ENDING FUND BALANCES	<u><u>\$8,920</u></u>	<u><u>547,272</u></u>	<u><u>\$198,411</u></u>	<u><u>\$732,297</u></u>	<u><u>\$133,942</u></u>



Federal Grants	Peninsula Partnership	Total Nonmajor Governmental Funds
\$92,490		\$196,717
1,063,581		2,584,450
3,698,496	\$818,600	4,517,096
		885,704
12,180	11,148	318,727
<u>4,866,747</u>	<u>829,748</u>	<u>8,502,694</u>
695,576		789,586
		16,726
	922,547	2,008,012
4,320,195		5,609,129
		132,000
		230,644
<u>5,015,771</u>	<u>922,547</u>	<u>8,786,097</u>
<u>(149,024)</u>	<u>(92,799)</u>	<u>(283,403)</u>
10,433	69,614	570,874
	(10,200)	(1,057,472)
<u>10,433</u>	<u>59,414</u>	<u>(486,598)</u>
(138,591)	(33,385)	(770,001)
<u>344,757</u>	<u>111,931</u>	<u>2,128,283</u>
<u>\$206,166</u>	<u>\$78,546</u>	<u>\$1,358,282</u>

CITY OF DALY CITY  
 BUDGETED NONMAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006

	DOELGER SENIOR CENTER			COMMUNITY BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Rents and interest					\$74,112	\$74,112
Federal programs and grants	\$143,809	\$137,020	(\$6,789)	\$2,304,091	1,383,849	(920,242)
Receipts from other agencies						
Charges and fees	373,668	360,942	(12,726)			
Miscellaneous	161,000	96,676	(64,324)	150,000	193,617	43,617
<b>Total Revenues</b>	<b>678,477</b>	<b>594,638</b>	<b>(83,839)</b>	<b>2,454,091</b>	<b>1,651,578</b>	<b>(802,513)</b>
<b>EXPENDITURES</b>						
<b>Public Safety</b>						
Salaries and benefits						
Services and supplies						
Capital outlay						
Other charges						
<b>Total Public Safety</b>						
<b>Public Works</b>						
Services and supplies						
Capital outlay						
Other charges						
<b>Total Public Works</b>						
<b>Culture and Recreation</b>						
Salaries and benefits	544,850	540,798	4,052			
Services and supplies	568,034	531,170	36,864			
Other charges	14,095	13,497	598			
<b>Total Culture and Recreation</b>	<b>1,126,979</b>	<b>1,085,465</b>	<b>41,514</b>			
<b>Economic and Community Development</b>						
Salaries and benefits				612,883	618,935	(6,052)
Services and supplies				784,102	515,847	268,255
Capital outlay				194,182	11,507	182,675
Other charges				399,955	142,645	257,310
Debt Service						
Principal				223,981	132,000	91,981
Interest				238,988	230,644	8,344
<b>Total Economic and Community Development</b>				<b>2,454,091</b>	<b>1,651,578</b>	<b>802,513</b>
<b>Total Expenditures</b>	<b>1,126,979</b>	<b>1,085,465</b>	<b>41,514</b>	<b>2,454,091</b>	<b>1,651,578</b>	<b>802,513</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(448,502)</b>	<b>(490,827)</b>	<b>(42,325)</b>			
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	447,122	490,827	43,705			
Transfers out				(547,272)	(547,272)	
<b>Total Other Financing Sources (Uses)</b>	<b>447,122</b>	<b>490,827</b>	<b>43,705</b>	<b>(547,272)</b>	<b>(547,272)</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$1,380)</b>		<b>\$1,380</b>	<b>(\$547,272)</b>	<b>(547,272)</b>	
<b>BEGINNING FUND BALANCES</b>		<b>8,920</b>			<b>547,272</b>	
<b>ENDING FUND BALANCES</b>		<b>\$8,920</b>				



CITY OF DALY CITY  
 BUDGETED NONMAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2006

	FEDERAL GRANTS			PENINSULA PARTNERSHIP		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Rents and interest	\$78,000	\$92,490	\$14,490			
Federal programs and grants	3,028,870	1,063,581	(1,965,289)	\$14,900		(\$14,900)
Receipts from other agencies	3,698,532	3,698,496	(36)	873,576	\$818,600	(54,976)
Charges and fees						
Miscellaneous		12,180	12,180	25,000	11,148	(13,852)
<b>Total Revenues</b>	<b>6,805,402</b>	<b>4,866,747</b>	<b>(1,938,655)</b>	<b>913,476</b>	<b>829,748</b>	<b>(83,728)</b>
<b>EXPENDITURES</b>						
<b>Public Safety</b>						
Salaries and benefits	552,785	220,077	332,708			
Services and supplies	598,290	272,213	326,077			
Capital outlay	223,933	199,099	24,834			
Other charges	26,753	4,187	22,566			
<b>Total Public Safety</b>	<b>1,401,761</b>	<b>695,576</b>	<b>706,185</b>			
<b>Public Works</b>						
Services and supplies						
Capital outlay						
Other charges						
<b>Total Public Works</b>						
<b>Culture and Recreation</b>						
Salaries and benefits				925,972	759,482	166,490
Services and supplies				217,927	158,400	59,527
Other charges				15,129	4,665	10,464
<b>Total Culture and Recreation</b>				<b>1,159,028</b>	<b>922,547</b>	<b>236,481</b>
<b>Economic and Community Development</b>						
Salaries and benefits	55,023	54,967	56			
Services and supplies	599,588	260,860	338,728			
Capital outlay	1,122,977	15,091	1,107,886			
Other charges	3,959,055	3,989,277	(30,222)			
Debt Service						
Principal						
Interest						
<b>Total Economic and Community Development</b>	<b>5,736,643</b>	<b>4,320,195</b>	<b>1,416,448</b>			
<b>Total Expenditures</b>	<b>7,138,404</b>	<b>5,015,771</b>	<b>2,122,633</b>	<b>1,159,028</b>	<b>922,547</b>	<b>236,481</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(333,002)</b>	<b>(149,024)</b>	<b>183,978</b>	<b>(245,552)</b>	<b>(92,799)</b>	<b>152,753</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	13,200	10,433	(2,767)	69,614	69,614	
Transfers out				(10,200)	(10,200)	
<b>Total Other Financing Sources (Uses)</b>	<b>13,200</b>	<b>10,433</b>	<b>(2,767)</b>	<b>59,414</b>	<b>59,414</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$319,802)</b>	<b>(138,591)</b>	<b>\$181,211</b>	<b>(\$186,138)</b>	<b>(33,385)</b>	<b>\$152,753</b>
<b>BEGINNING FUND BALANCES</b>		<b>344,757</b>			<b>111,931</b>	
<b>ENDING FUND BALANCES</b>		<b>\$206,166</b>			<b>\$78,546</b>	

<b>NONMAJOR PROPRIETARY FUNDS</b>
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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 NET ASSETS  
JUNE 30, 2006

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments	\$1,388,382	\$1,110,564	\$2,498,946
Accounts receivable, net	<u>33,554</u>	<u>71,200</u>	<u>104,754</u>
Total Current Assets	<u>1,421,936</u>	<u>1,181,764</u>	<u>2,603,700</u>
<b>Capital Assets:</b>			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	<u>443,801</u>	<u>232,367</u>	<u>676,168</u>
Total Capital Assets	<u>7,708,291</u>	<u>1,510,029</u>	<u>9,218,320</u>
Less accumulated depreciation	<u>2,526,926</u>	<u>908,524</u>	<u>3,435,450</u>
Net Capital Assets	<u>5,181,365</u>	<u>601,505</u>	<u>5,782,870</u>
Total Assets	<u>6,603,301</u>	<u>1,783,269</u>	<u>8,386,570</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	<u>14,960</u>	<u>840,204</u>	<u>855,164</u>
<b>Long-Term Liabilities:</b>			
Long-term interfund payable	<u>448,495</u>	<u></u>	<u>448,495</u>
Total Liabilities	<u>463,455</u>	<u>840,204</u>	<u>1,303,659</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,732,870	601,505	5,334,375
Unrestricted	<u>1,406,976</u>	<u>341,560</u>	<u>1,748,536</u>
Total Net Assets	<u>\$6,139,846</u>	<u>\$943,065</u>	<u>\$7,082,911</u>

CITY OF DALY CITY  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Rental income	\$933,137		\$933,137
Lease revenue		\$375,000	375,000
Recycling revenue		1,241,423	1,241,423
Other revenues	66,291	57,372	123,663
<b>Total Operating Revenues</b>	<u>999,428</u>	<u>1,673,795</u>	<u>2,673,223</u>
<b>OPERATING EXPENSES</b>			
Services and supplies	251,474	32,375	283,849
Transfer station charges		1,241,423	1,241,423
Utilities	131,011		131,011
Insurance	9,288	3,684	12,972
Depreciation	187,819	43,704	231,523
Other charges		193,704	193,704
<b>Total Operating Expenses</b>	<u>579,592</u>	<u>1,514,890</u>	<u>2,094,482</u>
<b>Operating Income</b>	<u>419,836</u>	<u>158,905</u>	<u>578,741</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	37,211		37,211
Interest expense	(26,727)		(26,727)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>10,484</u>		<u>10,484</u>
<b>Income Before Transfers</b>	430,320	158,905	589,225
<b>Transfers out</b>	<u>(51,595)</u>	<u>(410,540)</u>	<u>(462,135)</u>
<b>Change in Net Assets</b>	378,725	(251,635)	127,090
<b>BEGINNING NET ASSETS</b>	<u>5,761,121</u>	<u>1,194,700</u>	<u>6,955,821</u>
<b>ENDING NET ASSETS</b>	<u>\$6,139,846</u>	<u>\$943,065</u>	<u>\$7,082,911</u>

CITY OF DALY CITY  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

	Civic Center	Transfer Station	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$1,036,717	\$1,783,145	\$2,819,862
Payments to suppliers	(392,218)	(1,315,779)	(1,707,997)
<b>Cash Flows from Operating Activities</b>	<b>644,499</b>	<b>467,366</b>	<b>1,111,865</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund payments	(134,861)		(134,861)
Transfers out	(51,595)	(410,540)	(462,135)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(186,456)</b>	<b>(410,540)</b>	<b>(596,996)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Interest paid on capital debt	(26,727)		(26,727)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	37,211		37,211
<b>Net Cash Flows</b>	<b>468,527</b>	<b>56,826</b>	<b>525,353</b>
Cash and investments at beginning of period	919,855	1,053,738	1,973,593
Cash and investments at end of period	<u>\$1,388,382</u>	<u>\$1,110,564</u>	<u>\$2,498,946</u>
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$419,836	\$158,905	\$578,741
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	187,819	43,704	231,523
Change in assets and liabilities:			
Accounts receivable	37,289	109,350	146,639
Advance to others		44,597	44,597
Accounts payable	(445)	110,810	110,365
<b>Cash Flows from Operating Activities</b>	<b><u>\$644,499</u></b>	<b><u>\$467,366</u></b>	<b><u>\$1,111,865</u></b>



## 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 Assets. 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 purchasing and maintaining supplies inventory and providing printing and 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 Contribution - to account for the long-term debt, prepaid PERS contribution 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 ASSETS  
JUNE 30, 2006

	Motor Vehicles	Central Services	PBX	Building Maintenance
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$2,327,384	\$145,050	\$611,599	\$45,245
Cash with fiscal agent				
Accounts receivable, net	11,873	241		15,833
Inventories	95,113	42,052		21,655
<b>Total Current Assets</b>	<b>2,434,370</b>	<b>187,343</b>	<b>611,599</b>	<b>82,733</b>
Long-Term Assets				
Prepaid PERS contribution				
Capital Assets:				
Land				
Buildings	35,817			
Equipment	10,743,812	282,804	400,378	32,321
Furniture and fixtures				6,093
<b>Total Capital Assets</b>	<b>10,779,629</b>	<b>282,804</b>	<b>400,378</b>	<b>38,414</b>
Less Accumulated Depreciation	6,857,519	243,018	332,457	14,907
<b>Net Capital Assets</b>	<b>3,922,110</b>	<b>39,786</b>	<b>67,921</b>	<b>23,507</b>
<b>Total Assets</b>	<b>6,356,480</b>	<b>227,129</b>	<b>679,520</b>	<b>106,240</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	368,491	5,971	3,697	27,120
Accrued payroll	1,010	372		3,953
Accrued claims payable				
PERS obligation bonds				
<b>Total Current Liabilities</b>	<b>369,501</b>	<b>6,343</b>	<b>3,697</b>	<b>31,073</b>
Long-Term Liabilities:				
Compensated absences	182,011	59,708		323,550
Accrued claims payable				
PERS obligation bonds				
<b>Total Long-Term Liabilities</b>	<b>182,011</b>	<b>59,708</b>		<b>323,550</b>
<b>Total Liabilities</b>	<b>551,512</b>	<b>66,051</b>	<b>3,697</b>	<b>354,623</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,922,110	39,786	67,921	23,507
Restricted for debt service				
Unrestricted	1,882,858	121,292	607,902	(271,890)
<b>Total Net Assets (Deficit)</b>	<b>\$5,804,968</b>	<b>\$161,078</b>	<b>\$675,823</b>	<b>(\$248,383)</b>

<u>Information Services</u>	<u>Self-Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,285,693	\$5,204,544	\$451,911	\$11,071,426
150	3,583	49,485	49,485
			31,680
			158,820
<u>2,285,843</u>	<u>5,208,127</u>	<u>501,396</u>	<u>11,311,411</u>
		<u>34,877,881</u>	<u>34,877,881</u>
	333,343		333,343
	180,000		215,817
2,775,812			14,235,127
10,540			16,633
<u>2,786,352</u>	<u>513,343</u>		<u>14,800,920</u>
<u>1,608,921</u>	<u>54,750</u>		<u>9,111,572</u>
<u>1,177,431</u>	<u>458,593</u>		<u>5,689,348</u>
<u>3,463,274</u>	<u>5,666,720</u>	<u>35,379,277</u>	<u>51,878,640</u>
36,053	15,700		457,032
1,120			6,455
	1,051,117		1,051,117
		435,000	435,000
<u>37,173</u>	<u>1,066,817</u>	<u>435,000</u>	<u>1,949,604</u>
59,112			624,381
	1,121,575		1,121,575
		35,065,000	35,065,000
<u>59,112</u>	<u>1,121,575</u>	<u>35,065,000</u>	<u>36,810,956</u>
<u>96,285</u>	<u>2,188,392</u>	<u>35,500,000</u>	<u>38,760,560</u>
1,177,431	458,593		5,689,348
		49,485	49,485
2,189,558	3,019,735	(170,208)	7,379,247
<u>\$3,366,989</u>	<u>\$3,478,328</u>	<u>(\$120,723)</u>	<u>\$13,118,080</u>

CITY OF DALY CITY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	Motor Vehicles	Central Services	PBX	Building Maintenance
<b>OPERATING REVENUES</b>				
Charges to City departments	\$2,806,064	\$447,704	\$227,629	\$2,675,525
Other revenues	120,335		2,643	265,546
<b>Total Operating Revenues</b>	<b>2,926,399</b>	<b>447,704</b>	<b>230,272</b>	<b>2,941,071</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	1,141,937	279,212		2,089,058
Services and supplies	1,016,415	211,296	23,868	530,020
Utilities	26,865	642	158,041	192,930
Insurance	303,030	805		3,717
Claims and settlements				
Depreciation	626,750	24,755	66,529	5,561
Other charges	170,490	8,580	15,064	977
<b>Total Operating Expenses</b>	<b>3,285,487</b>	<b>525,290</b>	<b>263,502</b>	<b>2,822,263</b>
<b>Operating Income (Loss)</b>	<b>(359,088)</b>	<b>(77,586)</b>	<b>(33,230)</b>	<b>118,808</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain (loss) on disposal of capital assets	(6,300)	(13,030)		(8,110)
Amortization				
Interest income	86,155	4,864	19,388	
Interest expense				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>79,855</b>	<b>(8,166)</b>	<b>19,388</b>	<b>(8,110)</b>
<b>Income (Loss) Before Transfers</b>	<b>(279,233)</b>	<b>(85,752)</b>	<b>(13,842)</b>	<b>110,698</b>
Transfers in	139,692	68,607	29,901	51,595
Transfers out				(145,041)
<b>Net Transfers</b>	<b>139,692</b>	<b>68,607</b>	<b>29,901</b>	<b>(93,446)</b>
<b>Change in Net Assets</b>	<b>(139,541)</b>	<b>(17,145)</b>	<b>16,059</b>	<b>17,252</b>
<b>BEGINNING NET ASSETS (DEFICITS)</b>	<b>5,944,509</b>	<b>178,223</b>	<b>659,764</b>	<b>(265,635)</b>
<b>ENDING NET ASSETS (DEFICITS)</b>	<b>\$5,804,968</b>	<b>\$161,078</b>	<b>\$675,823</b>	<b>(\$248,383)</b>

Information Services	Self-Insurance	PERS Contributions	Total
\$1,708,124	\$2,510,194	\$2,587,412	\$12,962,652
150	65,167		453,841
<u>1,708,274</u>	<u>2,575,361</u>	<u>2,587,412</u>	<u>13,416,493</u>
988,656	126,175		4,625,038
237,114	207,833		2,226,546
27,585	515		406,578
1,512	999,564		1,308,628
	426,629		426,629
97,752	9,000		830,347
429,552	1,727	5,376	631,766
<u>1,782,171</u>	<u>1,771,443</u>	<u>5,376</u>	<u>10,455,532</u>
<u>(73,897)</u>	<u>803,918</u>	<u>2,582,036</u>	<u>2,960,961</u>
(155,688)	(968)		(184,096)
		(329,129)	(329,129)
70,401	105,628	49,526	335,962
		(2,025,087)	(2,025,087)
<u>(85,287)</u>	<u>104,660</u>	<u>(2,304,690)</u>	<u>(2,202,350)</u>
<u>(159,184)</u>	<u>908,578</u>	<u>277,346</u>	<u>758,611</u>
237,120	2,000,000		2,526,915
			(145,041)
<u>237,120</u>	<u>2,000,000</u>		<u>2,381,874</u>
77,936	2,908,578	277,346	3,140,485
3,289,053	569,750	(398,069)	9,977,595
<u>\$3,366,989</u>	<u>\$3,478,328</u>	<u>(\$120,723)</u>	<u>\$13,118,080</u>

CITY OF DALY CITY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006

	Motor Vehicles	Central Services	PBX	Building Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$2,921,479	\$447,492	\$230,272	\$2,925,238
Payments to suppliers	(1,209,124)	(223,634)	(196,064)	(729,008)
Payments to employees	(1,158,393)	(285,966)		(2,152,374)
Claims paid				
<b>Cash Flows from Operating Activities</b>	<b>553,962</b>	<b>(62,108)</b>	<b>34,208</b>	<b>43,856</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Transfers in	139,692	68,607	29,901	51,595
Transfers out				(145,041)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>139,692</b>	<b>68,607</b>	<b>29,901</b>	<b>(93,446)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(1,593,147)	(26,024)	(29,901)	(9,028)
Proceeds from disposal of capital assets	17,376			
<b>Cash Flows from Capital and Related Financing Activities</b>	<b>(1,575,771)</b>	<b>(26,024)</b>	<b>(29,901)</b>	<b>(9,028)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	86,155	4,864	19,388	
<b>Net Cash Flows</b>	<b>(795,962)</b>	<b>(14,661)</b>	<b>53,596</b>	<b>(58,618)</b>
Cash and investments at beginning of period	3,123,346	159,711	558,003	103,863
Cash and investments at end of period	<u>\$2,327,384</u>	<u>\$145,050</u>	<u>\$611,599</u>	<u>\$45,245</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	(\$359,088)	(\$77,586)	(\$33,230)	\$118,808
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>				
Depreciation	626,750	24,755	66,529	5,561
<b>Change in assets and liabilities:</b>				
Receivables, net	(4,920)	(212)		(15,833)
Inventories	12,826	(67)		3,335
Accounts payable	294,850	(2,244)	909	(4,699)
Accrued claims payable				
Accrued payroll	(27,738)	(7,106)		(50,961)
Compensated absences	11,282	352		(12,355)
<b>Cash Flows from Operating Activities</b>	<b>\$553,962</b>	<b>(\$62,108)</b>	<b>\$34,208</b>	<b>\$43,856</b>

Information Services	Self-Insurance	PERS Contribution	Total
\$1,708,124	\$2,608,884	\$2,587,412	\$13,428,901
(707,150)	(1,224,376)	(5,376)	(4,294,732)
(1,030,318)	(128,623)		(4,755,674)
	(1,969,146)		(1,969,146)
<u>(29,344)</u>	<u>(713,261)</u>	<u>2,582,036</u>	<u>2,409,349</u>
		(335,000)	(335,000)
		(2,025,087)	(2,025,087)
237,120	2,000,000		2,526,915
			(145,041)
<u>237,120</u>	<u>2,000,000</u>	<u>(2,360,087)</u>	<u>21,787</u>
(155,483)			(1,813,583)
63			17,439
<u>(155,420)</u>			<u>(1,796,144)</u>
<u>70,401</u>	<u>105,628</u>	<u>49,526</u>	<u>335,962</u>
122,757	1,392,367	271,475	970,954
2,162,936	3,812,177	229,921	10,149,957
<u>\$2,285,693</u>	<u>\$5,204,544</u>	<u>\$501,396</u>	<u>\$11,120,911</u>
(73,897)	\$803,918	\$2,582,036	\$2,960,961
97,752	9,000		830,347
(150)	33,523		12,408
			16,094
(11,387)	(14,737)		262,692
(28,703)	(1,542,517)		(1,542,517)
(12,959)	(2,448)		(116,956)
			(13,680)
<u>(\$29,344)</u>	<u>(\$713,261)</u>	<u>\$2,582,036</u>	<u>\$2,409,349</u>





## AGENCY FUNDS

Agency funds are required to be presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and nonpublic organizations. These funds include the following:

- BFI - 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 Browning-Ferris Industries (BFI).
- 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 fire agencies' response to medical calls.
- Carter Martin Debt Service - an agency fund to account for the retirement of debt on assessment bonds for the widening and extension of Carter and Martin Streets.
- 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.
- Peninsula Partnership – an agency fund to reflect cash held by the City in its role as fiscal agent for this 501(c)(3) public nonprofit organization that provides services to school age children.

CITY OF DALY CITY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<u>BFI</u>				
<u>Assets</u>				
Cash and investments	\$728,153	\$8,846,127	\$9,092,217	\$482,063
Receivables	687,367	2,097,882	1,960,160	825,089
Total Assets	<u>\$1,415,520</u>	<u>\$10,944,009</u>	<u>\$11,052,377</u>	<u>\$1,307,152</u>
<u>Liabilities</u>				
Deposits payable	<u>\$1,415,520</u>	<u>\$10,944,009</u>	<u>\$11,052,377</u>	<u>\$1,307,152</u>
<u>PTCRA</u>				
<u>Assets</u>				
Cash and investments	\$849,555	\$1,959,255	\$2,588,032	\$220,778
Receivables	6,949	365,399	6,949	365,399
Other assets	16,865	2,563	13,471	5,957
Total Assets	<u>\$873,369</u>	<u>\$2,327,217</u>	<u>\$2,608,452</u>	<u>\$592,134</u>
<u>Liabilities</u>				
Accounts payable	\$539,942	\$1,528,565	\$1,843,441	\$225,066
Due to others	333,427	798,652	765,011	367,068
Total Liabilities	<u>\$873,369</u>	<u>\$2,327,217</u>	<u>\$2,608,452</u>	<u>\$592,134</u>
<u>SMPHESG</u>				
<u>Assets</u>				
Cash and investments	<u>\$1,416,163</u>	<u>\$4,186,785</u>	<u>\$4,293,800</u>	<u>\$1,309,148</u>
<u>Liabilities</u>				
Accounts payable	\$3,157	\$4,099,295	\$4,101,970	\$482
Due to others	1,413,006	87,490	191,830	1,308,666
Total Liabilities	<u>\$1,416,163</u>	<u>\$4,186,785</u>	<u>\$4,293,800</u>	<u>\$1,309,148</u>
<u>Carter/Martin</u>				
<u>Assets</u>				
Cash and investments	<u>\$799,757</u>	<u>\$28,290</u>	<u>\$828,047</u>	
<u>Liabilities</u>				
Due to bondholders	<u>\$799,757</u>	<u>\$28,290</u>	<u>\$828,047</u>	

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<u>Supporters of Senior Center</u>				
<u>Assets</u>				
Cash and investments	\$40,050	\$369,378	\$377,917	\$31,511
Other assets	13,351		6,825	6,526
Total Assets	<u>\$53,401</u>	<u>\$369,378</u>	<u>\$384,742</u>	<u>\$38,037</u>
<u>Liabilities</u>				
Accounts payable	\$31,157	\$160,187	\$175,551	\$15,793
Due to others	22,244	209,191	209,191	22,244
Total Liabilities	<u>\$53,401</u>	<u>\$369,378</u>	<u>\$384,742</u>	<u>\$38,037</u>
<u>Peninsula Partnership</u>				
<u>Assets</u>				
Cash and investments		<u>\$83,430</u>	<u>\$43,203</u>	<u>\$40,227</u>
<u>Liabilities</u>				
Accounts payable		\$44,830	\$43,203	\$1,627
Due to others		38,600		38,600
Total Liabilities		<u>\$83,430</u>	<u>\$43,203</u>	<u>\$40,227</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$3,833,678	\$15,473,265	\$17,223,216	\$2,083,727
Receivables	694,316	2,463,281	1,967,109	1,190,488
Other assets	30,216	2,563	20,296	12,483
Total Assets	<u>\$4,558,210</u>	<u>\$17,939,109</u>	<u>\$19,210,621</u>	<u>\$3,286,698</u>
<u>Liabilities</u>				
Accounts payable	\$574,256	\$5,832,877	\$6,164,165	\$242,968
Deposits payable	1,415,520	10,944,009	11,052,377	1,307,152
Due to bondholders	799,757	28,290	828,047	
Due to others	1,768,677	1,133,933	1,166,032	1,736,578
Total Liabilities	<u>\$4,558,210</u>	<u>\$17,939,109</u>	<u>\$19,210,621</u>	<u>\$3,286,698</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 Assets by Component
2. Changes in Net Assets
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 and Estimated Market Value of Taxable 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. Continuing Disclosure Requirements:
  - a. Debt Service Coverage Schedule

### **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

<b>STATISTICAL SECTION - (Continued)</b>
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**Operating Information**

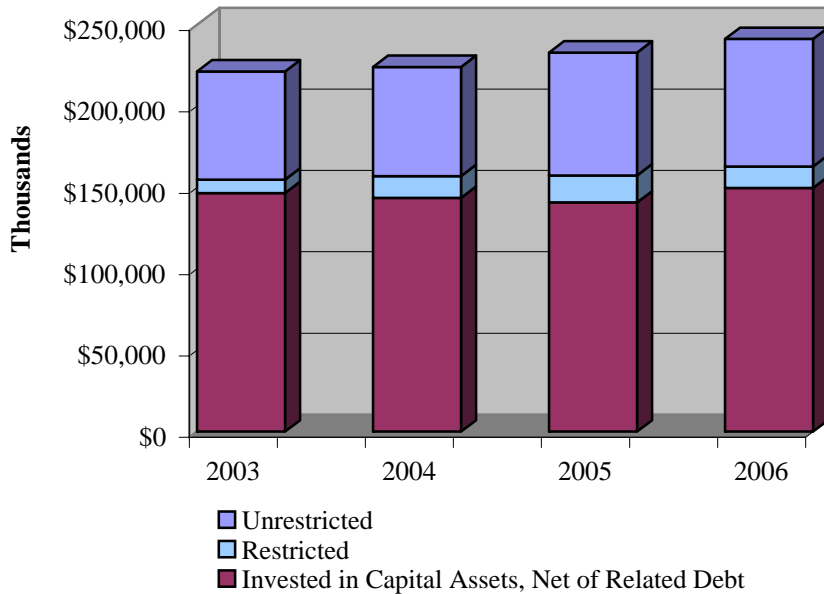
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF DALY CITY**  
**Net Assets by Component**  
**Last Four Fiscal Years**  
**(Accrual Basis of Accounting)**



	<b>June 30,</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b><i>Governmental activities</i></b>				
Invested in capital assets, net of related debt	\$74,918,083	\$79,115,127	\$83,777,323	\$90,109,445
Restricted	7,225,405	12,231,497	7,361,686	6,304,192
Unrestricted	58,271,382	49,372,484	55,142,657	57,663,215
<b>Total governmental activities net assets</b>	<b>\$140,414,870</b>	<b>\$140,719,108</b>	<b>\$146,281,666</b>	<b>\$154,076,852</b>
<b><i>Business-type activities</i></b>				
Invested in capital assets, net of related debt	\$71,690,579	\$64,624,867	\$57,054,050	\$59,625,501
Restricted	1,047,654	1,047,605	9,252,661	6,978,418
Unrestricted	8,261,377	17,813,030	20,407,241	20,678,496
<b>Total business-type activities net assets</b>	<b>\$80,999,610</b>	<b>\$83,485,502</b>	<b>\$86,713,952</b>	<b>\$87,282,415</b>
<b><i>Primary government</i></b>				
Invested in capital assets, net of related debt	\$146,608,662	\$143,739,994	\$140,831,373	\$149,734,946
Restricted	8,273,059	13,279,102	16,614,347	13,282,610
Unrestricted	66,532,759	67,185,514	75,549,898	78,341,711
<b>Total primary government net assets</b>	<b>\$221,414,480</b>	<b>\$224,204,610</b>	<b>\$232,995,618</b>	<b>\$241,359,267</b>

**CITY OF DALY CITY**  
**Changes in Net Assets**  
**Last Four Fiscal Years**  
**(Accrual Basis of Accounting)**

	For The Fiscal Years Ended June 30,			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$3,861,142	\$7,049,253	\$7,864,080	\$8,170,802
Public safety	29,896,315	31,706,399	36,824,085	34,815,945
Public works	5,819,840	5,808,559	6,454,908	7,099,777
Streets and infrastructure	1,909,043	2,296,403	2,647,535	2,346,510
Culture and recreation	11,471,728	12,118,778	12,239,462	14,319,938
Economic and community development	10,272,554	6,718,322	8,509,016	10,254,528
Nondepartmental	407,667	277,871	304,420	275,911
Interest on long term debt	1,032,337	667,851	626,872	1,058,505
Total governmental activities expenses	<u>64,670,626</u>	<u>66,643,436</u>	<u>75,470,378</u>	<u>78,341,916</u>
Business-type activities:				
Water	8,440,424	9,026,033	9,254,676	8,759,733
Civic center	626,682	654,354	675,630	606,319
Transfer station	1,270,705	1,291,865	1,290,494	1,514,890
Sanitation district	12,115,172	11,672,157	13,079,301	14,633,188
Total business-type activities expenses	<u>22,452,983</u>	<u>22,644,409</u>	<u>24,300,101</u>	<u>25,514,130</u>
Total primary government expenses	<u>\$87,123,609</u>	<u>\$89,287,845</u>	<u>\$99,770,479</u>	<u>\$103,856,046</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$376,564	\$143,481	\$166,527	\$221,542
Public safety	3,658,856	4,066,392	4,285,174	4,456,640
Public works	2,044,763	1,849,348	1,967,014	1,736,993
Streets and infrastructure	1,179,774	998,664	1,140,519	967,326
Culture and recreation	2,466,170	2,810,198	2,731,652	2,483,548
Economic and community development	2,215,902	2,143,008	2,459,591	2,386,374
Nondepartmental	288,268	932,656	2,145,568	352,195
Operating grants and contributions	12,013,823	8,504,372	10,036,375	11,296,078
Capital grants and contributions	2,997,194	597,162	1,173,226	4,628,183
Total governmental activities program revenues	<u>27,241,314</u>	<u>22,045,281</u>	<u>26,105,646</u>	<u>28,528,879</u>
Business-type activities:				
Charges for services:				
Water	10,202,528	10,914,100	11,206,380	10,930,958
Civic center	869,306	892,122	918,213	933,137
Transfer station	1,591,840	1,615,257	1,613,410	1,616,423
Sanitation district	13,114,197	13,269,512	14,191,177	13,900,269
Operating grants and contributions	385,293			
Capital grants and contributions	1,430,442		1,426,912	
Total business-type activities program revenues	<u>27,593,606</u>	<u>26,690,991</u>	<u>29,356,092</u>	<u>27,380,787</u>
Total primary government program revenues	<u>\$54,834,920</u>	<u>\$48,736,272</u>	<u>\$55,461,738</u>	<u>\$55,909,666</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(\$37,429,312)	(\$44,598,155)	(\$49,364,732)	(\$49,813,037)
Business-type activities	5,140,623	4,046,582	5,055,991	1,866,657
Total primary government net expense	<u>(\$32,288,689)</u>	<u>(\$40,551,573)</u>	<u>(\$44,308,741)</u>	<u>(\$47,946,380)</u>



**CITY OF DALY CITY**  
**Changes in Net Assets**  
**(continued)**  
**Last Four Fiscal Years**  
**(Accrual Basis of Accounting)**

	For The Fiscal Years Ended June 30,			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	\$15,426,462	\$15,822,888	\$23,567,900	\$25,918,087
Sales taxes	8,949,909	8,972,708	9,294,700	9,619,289
Utility users tax	5,246,566	5,467,435	5,644,684	6,132,745
Franchise fees	2,281,204	2,471,180	2,534,935	2,680,415
Other taxes	1,927,177	2,068,815	2,232,036	3,877,653
Motor vehicle in-lieu	6,091,761	4,803,122	682,042	726,666
Investment earnings	3,503,897	713,346	2,024,600	2,530,208
Other revenues	941,110	373,413	4,352,038	1,566,401
Transfers	4,222,495	4,209,488	4,594,355	4,556,759
Total government activities	<u>48,590,581</u>	<u>44,902,395</u>	<u>54,927,290</u>	<u>57,608,223</u>
Business-type activities:				
Property taxes	939,013	1,026,537	1,136,181	1,188,249
Investment earnings	706,251	123,277	727,399	843,264
Other revenues	250,772	1,498,984	903,234	1,227,052
Transfers	(4,222,495)	(4,209,488)	(4,594,355)	(4,556,759)
Total business-type activities	<u>(2,326,459)</u>	<u>(1,560,690)</u>	<u>(1,827,541)</u>	<u>(1,298,194)</u>
Total primary government	<u>\$46,264,122</u>	<u>\$43,341,705</u>	<u>\$53,099,749</u>	<u>\$56,310,029</u>
<b>Change in Net Assets</b>				
Governmental activities	\$11,161,269	\$304,240	\$5,562,558	\$7,795,186
Business-type activities	2,814,164	2,485,892	3,228,450	568,463
Total primary government	<u>\$13,975,433</u>	<u>\$2,790,132</u>	<u>\$8,791,008</u>	<u>\$8,363,649</u>





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

	For The Fiscal Year Ended June 30,				
	1997	1998	1999	2000	2001
<b>Revenues</b>					
Taxes	\$29,645,120	\$30,630,704	\$31,914,131	\$33,604,262	\$37,283,455
Licenses, permits and fees	1,205,724	1,021,551	1,235,589	1,261,249	1,717,826
Fines and forfeitures	1,092,822	1,076,549	1,361,881	1,743,307	1,952,893
Use of money and property	1,748,159	2,369,205	1,440,087	4,398,826	5,239,340
Intergovernmental revenues	13,739,795	12,058,735	10,694,365	6,628,930	5,742,356
Charges for services	5,861,605	5,994,178	5,828,513	8,124,716	8,484,939
Other	820,713	1,108,453	3,192,134	5,989,814	917,018
<b>Total Revenues</b>	<b>54,113,938</b>	<b>54,259,375</b>	<b>55,666,700</b>	<b>61,751,104</b>	<b>61,337,827</b>
<b>Expenditures</b>					
Current:					
General government	4,212,479	4,383,366	4,693,150	3,453,983	3,221,234
Public safety	19,048,486	19,943,745	21,290,839	22,536,109	24,477,735
Public works	3,624,518	3,821,988	3,636,014	3,967,831	4,344,717
Culture and recreation	7,049,208	7,417,461	7,905,879	8,351,000	9,198,923
Community development	12,805,347	11,936,063	8,221,623	12,707,618	5,712,316
Capital projects	4,340,899	8,519,827	8,446,994	7,361,191	11,600,677
Debt service:					
Principal repayment	6,687	7,100	7,538	1,197,207	527,813
Interest and fiscal charges	1,571,753	1,639,851	1,759,579	1,634,568	1,987,374
<b>Total Expenditures</b>	<b>52,659,377</b>	<b>57,669,401</b>	<b>55,961,616</b>	<b>61,209,507</b>	<b>61,070,789</b>
Excess (deficiency) of revenues over (under) expenditures	1,454,561	(3,410,026)	(294,916)	541,597	267,038
<b>Other Financing Sources (Uses)</b>					
Transfers in	7,847,137	6,529,454	7,485,583	17,410,215	14,605,237
Transfers out	(5,002,312)	(4,572,991)	(5,191,374)	(14,963,303)	(11,335,312)
Loan proceeds	1,353,757	1,422,013	2,440,708	4,818,097	516,282
Gain (Loss) on sale of property held for redevelopment					
Sale of capital assets					4,020,780
<b>Total other financing sources (uses)</b>	<b>4,198,582</b>	<b>3,378,476</b>	<b>4,734,917</b>	<b>7,265,009</b>	<b>7,806,987</b>
Residual equity transfer out	(1,827,496)	(905,843)			
GASB 34 Implementation adjustment					
<b>Net Change in fund balances</b>	<b>\$3,825,647</b>	<b>(\$937,393)</b>	<b>\$4,440,001</b>	<b>\$7,806,606</b>	<b>\$8,074,025</b>
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	(a)

**NOTE:**

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for that fiscal year and thereafter.

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

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$39,190,492	\$42,619,588	\$42,083,182	\$46,437,398	\$51,409,010
1,550,157	1,710,137	1,538,705	1,840,586	1,779,575
1,919,172	2,468,498	2,584,331	2,584,993	2,527,979
3,423,313	4,655,827	3,973,562	4,134,619	3,682,476
11,113,990	15,423,663	6,294,903	7,334,878	11,217,670
8,429,965	7,323,517	7,407,716	7,576,630	7,347,459
1,548,411	1,818,067	2,086,069	5,286,001	6,594,371
<u>67,175,500</u>	<u>76,019,297</u>	<u>65,968,468</u>	<u>75,195,105</u>	<u>84,558,540</u>
4,316,653	3,668,450	6,275,456	7,885,826	7,867,397
26,244,842	29,289,862	29,348,401	34,599,971	34,747,286
4,728,791	5,343,382	5,554,845	5,838,199	6,111,691
10,483,474	10,895,484	11,422,401	11,050,212	12,132,440
9,632,934	10,205,969	6,728,371	8,437,272	10,392,624
12,070,574	10,260,963	9,358,983	13,750,189	12,009,663
144,326	95,542	100,023	104,714	361,522
2,040,552	1,032,337	667,851	626,872	1,058,505
<u>69,662,146</u>	<u>70,791,989</u>	<u>69,456,331</u>	<u>82,293,255</u>	<u>84,681,128</u>
<u>(2,486,646)</u>	<u>5,227,308</u>	<u>(3,487,863)</u>	<u>(7,098,150)</u>	<u>(122,588)</u>
14,820,229	13,598,763	11,814,022	12,124,753	8,833,353
(11,038,062)	(9,566,179)	(7,631,875)	(7,583,837)	(6,658,468)
2,130,399		4,500,000		(3,661,144)
869,653	774,194	1,191	2,566,369	1,010,851
<u>6,782,219</u>	<u>4,806,778</u>	<u>8,683,338</u>	<u>7,107,285</u>	<u>(475,408)</u>
	<u>(34,547,537)</u>			
<u>\$4,295,573</u>	<u>(\$24,513,451)</u>	<u>\$5,195,475</u>	<u>\$9,135</u>	<u>(\$597,996)</u>
(a)	1.9%	1.3%	1.1%	2.0%

**CITY OF DALY CITY  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2006**

2005-06 Assessed Valuation \$7,212,753,576

	Net Debt Outstanding	Percentage Applicable To City of Daly City	Amount Applicable To City of Daly City
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
San Mateo Community College District	\$332,729,800	6.478%	\$21,554,236
South San Francisco Unified School District	36,825,170	12.213%	4,497,458
Jefferson Union High School District	24,775,000	49.706%	12,314,662
Brisbane School District	7,965,437	22.354%	1,780,594
Jefferson School District	<u>50,500,000</u>	84.716%	<u>42,781,580</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	 <u>\$452,795,407</u>		 <u>\$82,928,530</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Mateo County General Fund Obligations	\$409,824,816	6.478%	\$26,548,452
San Mateo County Board of Education Certificates of Participation	14,000,000	6.478%	906,920
San Mateo County Flood Control District Certificates of Participation	14,235,000	32.193%	4,582,674
San Mateo Community College District Certificates of Participation	30,885,000	6.478%	2,000,730
South San Francisco Unified School District Certificates of Participation	2,260,000	12.213%	276,014
City of Daly City Pension Obligation Bonds	<u>35,500,000</u>	100.000%	<u>35,500,000</u>
 TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	 <u>\$506,704,816</u>		 <u>\$69,814,790</u>
 COMBINED TOTAL DEBT			 <u>\$152,743,320</u> (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and nonbonded capital lease obligations.

<u>RATIOS TO 2005-06 ASSESSED VALUATION:</u>	
Direct Debt	0.49%
Total Gross Overlapping Tax Assessment Debt	1.15%
Total Gross Combined Debt	2.12%

Source: California Municipal Statistics, Inc.

**CITY OF DALY CITY  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2006**

ASSESSED VALUATION:

Total property assessed value	<u>\$7,212,753,576</u>
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$270,478,259</u>
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$13,510,000
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Less: Tax Allocation Bonds and Certificates of Participation not subject to limit	<u>13,510,000</u>
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Amount of debt subject to limit	<u>0</u>
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LEGAL BONDED DEBT MARGIN	<u><u>\$270,478,259</u></u>
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Fiscal Year	Debt Limit	Total Net Debt Subject to the Limit	Legal Debt Margin	Total Net Debt Subject to the Limit as a Percentage of Debt Limit
		(in thousand dollars)		
1997	\$147,366	\$0	\$147,366	0.00%
1998	151,577	0	151,577	0.00%
1999	157,995	0	157,995	0.00%
2000	166,482	0	166,482	0.00%
2001	178,927	0	178,927	0.00%
2002	193,715	0	193,715	0.00%
2003	211,166	0	211,166	0.00%
2004	231,002	0	231,002	0.00%
2005	254,359	0	254,359	0.00%
2006	270,478	0	270,478	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.

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

<b>Employer</b>	<b>2005-06</b>			<b>1996-97</b>		
	<b>Number of Employees (1)</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees (1)</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Seton Medical Center	1,711	1	15.5%	1,029	1	10.6%
City of Daly City	766	2	6.9%	750	3	7.7%
Jefferson Elementary School District	718	3	6.5%	788	2	8.1%
Jefferson High School District	700	4	6.3%	636	4	6.6%
U.S. Postal Service	584	5	5.3%			
St. Francis Convalescent Pavilion	350	6	3.2%	355	7	3.7%
Genesys Telecommunications Laboratories	350	7	3.2%			
Cow Palace	345	8	3.1%	426	5	4.4%
Target Stores - Serramonte	330	9	3.0%			
Macy's	296	10	2.7%	249	10	2.6%
S. E. Rykoff				365	6	3.8%
Pacific Gas & Electric				270	8	2.8%
Montgomery Wards				266	9	2.7%
<b>Subtotal</b>	<b>6,150</b>		<b>55.7%</b>	<b>5,134</b>		<b>53.0%</b>
<b>Total Daly City Employment (2)</b>	<b>11,048 (3)</b>			<b>9,688</b>		

Note: (1) Includes both full-time and part-time employees  
(2) Excludes public administration employees  
(3) Based on the 2002 economic census, the latest employment data available

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



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

Function/Program	Fiscal Year				
	1997	1998	1999	2000	2001
<b>Public safety (calendar year data)</b>					
Fire					
Fire calls for service	4,876	4,839	5,632	5,814	5,878
Fire inspections conducted	2,894	2,594	3,509	2,664	3,922
Police					
Police calls for service	n/a	n/a	62,009	70,153	77,607
Law violations					
Part I crimes	2,837	2,797	n/a	2,140	2,308
Part II crimes	3,755	2,917	n/a	3,944	4,376
Physical arrests (adults)	n/a	n/a	n/a	1,936	1,790
Physical arrests (juvenile)	n/a	n/a	n/a	487	510
Traffic violations	16,786	15,902	n/a	13,506	11,234
Parking violations	67,177	66,123	n/a	n/a	n/a
<b>Public works</b>					
Street repairs - asphalt patching (sq. ft.)	n/a	n/a	n/a	n/a	36,473
Street slurry seal (ft.)	n/a	n/a	n/a	n/a	20,205
Street resurfacing (ft.)	n/a	n/a	n/a	n/a	31,282
Traffic signal responses	n/a	n/a	n/a	n/a	205
Street light responses	n/a	n/a	n/a	n/a	373
Street signs replaced	n/a	n/a	n/a	n/a	n/a
Streets swept (miles)	n/a	n/a	n/a	n/a	n/a
Line striping and curb painting (linear ft.)	n/a	n/a	n/a	n/a	n/a
Sidewalks inspected (miles)	n/a	n/a	n/a	n/a	n/a
Weeds and rubbish responses	n/a	n/a	n/a	n/a	n/a
<b>Culture and recreation</b>					
Recreation					
Recreation class participants	n/a	n/a	n/a	n/a	n/a
Performing Arts Center participants	n/a	n/a	n/a	n/a	n/a
Youth recreation playground program participants	n/a	n/a	n/a	n/a	n/a
Volunteer support hours	n/a	n/a	n/a	n/a	n/a
Senior meals served	n/a	n/a	n/a	n/a	n/a
Health fair events attendance (6 events)	n/a	n/a	n/a	n/a	n/a
Daly City Peninsula Partnership # of agencies	n/a	n/a	n/a	n/a	n/a
Facility rentals (non City events)	n/a	n/a	n/a	n/a	n/a
Library					
Volumes in collection - all formats	160,680	162,777	152,404	158,964	156,458
Total volumes borrowed	364,171	369,276	410,565	428,123	434,471
# of uses of electronic resources	n/a	n/a	n/a	n/a	n/a
Youth services program attendance	4,717	6,622	8,442	7,866	10,875
<b>Water</b>					
Water service connections	22,150	22,316	22,330	22,343	22,425
Water main breaks	n/a	n/a	45	92	64
Average daily consumption (thousands of gallons)	7,440	8,240	8,110	8,300	8,450
<b>Wastewater</b>					
Sewer service connections	22,817	22,858	22,880	22,880	22,873
Sewer main blockages	3	3	6	1	1
Average daily treatment (thousands of gallons)	6,054	6,237	6,421	6,715	7,010

Source: City of Daly City

Note: n/a denotes information not available.

Fiscal Year				
2002	2003	2004	2005	2006
5,850	5,712	5,660	5,745	n/a
2,955	2,987	3,248	3,169	n/a
79,402	91,145	91,464	86,979	n/a
2,210	2,526	2,664	2,458	n/a
4,135	5,212	4,619	4,564	n/a
1,707	2,071	2,065	2,068	n/a
436	496	577	523	n/a
10,279	16,176	17,500	14,926	n/a
80,035	72,753	68,851	67,849	n/a
35,947	27,477	17,596	11,470	22,338
23,296	32,231	41,360	68,519	49,141
26,595	9,472	9,055	17,403	18,127
239	108	84	100	98
464	561	415	431	444
n/a	596	528	1,218	689
n/a	21,245	19,675	20,624	21,346
n/a	7,240	7,988	8,800	2,290
n/a	35	25	15	18
n/a	355	465	495	475
n/a	n/a	n/a	9,600	9,600
n/a	n/a	n/a	500	525
n/a	n/a	n/a	1,000	900
n/a	n/a	n/a	45,000	45,000
n/a	n/a	n/a	23,190	21,229
n/a	n/a	n/a	2,000	2,250
n/a	n/a	n/a	60	63
n/a	n/a	n/a	1,300	1,300
159,614	174,065	182,954	189,402	197,034
470,770	519,180	597,841	592,208	591,336
n/a	94,500	139,138	142,852	151,316
9,323	14,051	11,923	11,661	14,818
22,505	22,614	22,610	22,745	22,887
74	79	90	56	49
7,930	7,920	7,860	7,890	7,240
22,990	23,025	23,035	23,052	23,087
21	10	11	14	10
6,948	6,653	7,260	7,440	7,436

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

	Fiscal Year					
	1997	1998	1999	2000	2001	2002
<b>Function/Program</b>						
<b>Public safety</b>						
Fire stations	5	5	5	5	5	5
Police stations	1	1	1	1	1	1
Police patrol vehicles	28	28	28	28	28	33
<b>Public works</b>						
Miles of streets	112	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,200	3,200	3,200
Traffic signals (# of intersections)	36	37	38	38	39	39
Miles of storm drains	45	45	45	45	45	45
<b>Culture and recreation</b>						
<b>Parks and recreation</b>						
City parks	14	14	14	14	14	14
City parks acreage	200	200	200	200	200	200
Park trees	2,500	2,500	2,500	2,500	2,500	2,500
Playgrounds	26	26	26	26	26	26
Picnic areas	23	23	23	23	23	23
Tot lots	9	9	9	9	9	9
Dog off-leash areas	2	2	2	2	2	2
Street landscaped medians	21	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500	500
Street trees	2,800	2,800	2,800	2,800	2,800	2,800
Community centers and clubhouses	12	12	12	12	12	12
Senior centers	1	1	1	1	1	1
Performing arts centers	1	1	1	1	1	1
Swimming pools (property of school district)	2	2	2	2	2	2
Gymnasiums	2	2	2	2	2	2
Tennis courts	7	7	7	7	7	7
Artificial turf sports fields	0	0	0	0	0	0
Outdoor basketball courts	15	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8	8
Soccer/football fields	0	0	0	0	0	0
Night sport lighted facilities	9	9	9	9	9	9
<b>Library</b>						
City Libraries (# of branches)	4	4	4	4	4	4
<b>Water</b>						
Miles of water mains	187	187	187	187	187	205
Fire hydrants	1,417	1,417	1,417	1,417	1,431	1,445
Storage capacity (thousands of gallons)	22,981	22,981	22,981	22,981	22,981	22,981
<b>Wastewater</b>						
Number of treatment plants	1	1	1	1	1	1
Miles of sanitary sewers	175	175	175	175	176	176
Miles of combined sewers	14	14	14	14	14	14
Treatment capacity (thousands of gallons)						
Dry weather	8,000	8,000	8,000	8,000	8,000	8,000
Wet weather	25,000	25,000	25,000	25,000	25,000	25,000

Source: City of Daly City

Note: n/a denotes information is not available.

<b>Fiscal Year</b>			
<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
5	5	5	5
1	1	1	1
33	33	33	33
112	112	112	112
3,200	3,200	3,200	3,200
40	40	40	40
45	45	45	45
14	15	15	15
200	200	200	200
2,500	2,500	2,500	2,500
26	26	26	26
23	23	23	23
9	9	9	9
2	2	2	2
21	21	21	21
500	500	500	500
2,800	2,800	2,800	2,800
12	12	13	13
1	1	1	1
1	1	1	1
2	2	2	2
2	2	2	2
7	7	7	7
0	1	1	1
15	15	15	15
8	8	8	8
0	1	1	1
9	9	9	9
4	4	4	4
205	205	205	205
1,425	1,425	1,472	1,472
22,981	22,981	22,981	22,981
1	1	1	1
176	177	177	177
14	14	14	14
8,000	8,000	8,000	8,000
25,000	25,000	25,000	25,000

