CITY OF DALY CITY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2007

Daly City Redevelopment Agency

Daly City Public Facilities Corporation

North San Mateo County Sanitation District

Prepared by

DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES

Donald W. McVey
Director

DALY CITY · CALIFORNIA ·

GATEWAY TO THE PENINSULA

CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

I INTRODUCTORY SECTION

Page

Letter of Transmittal vii

Organizational Structure xii

GFOA Certificate of Achievement for Excellence in Financial Reporting xiv

II FINANCIAL SECTION

Independent Auditor's Report on the Basic Financial Statements 1

Management's Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 14

Statement of Activities 15

Fund Financial Statements:

Governmental Funds:

Balance Sheet 16

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Assets 17

Statement of Revenues, Expenditures, and Changes in Fund Balance 18

CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Page

Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities 19

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

General Fund 20

Gas Tax Special Revenue Fund 22

Redevelopment Agency Special Revenue Fund 23

Proprietary Funds:

Statement of Net Assets 24

Statement of Revenues, Expenses and Changes in Fund Net Assets 25

Statement of Cash Flows 26

Fiduciary Funds:

Statement of Fiduciary Net Assets 27

Notes to Financial Statements 29

Supplemental Information:

Major Governmental Funds Other Than the General and Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

Capital Projects Fund 58

CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Page

Nonmajor Governmental Funds:

Combining Balance Sheets 60

Combining Statements of Revenues, Expenditures, and Changes in Fund Balance 62

Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual 64

Nonmajor Proprietary Funds:

Combining Statement of Net Assets 68

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets 69

Combining Statement of Cash Flows 70

Internal Service Funds:

Combining Statement of Net Assets 72

Combining Statement of Revenues, Expenses and Changes in Net Assets 74

Combining Statement of Cash Flows 76

Agency Funds:

Combining Statement of Changes in Assets and Liabilities 80

CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Page

III STATISTICAL SECTION

Net Assets by Component - Last Five Fiscal Years 85

Changes in Net Assets - Last Five Fiscal Years 86

Fund Balances of Governmental Funds - Last Ten Fiscal Years 89

Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years 90

Assessed Value Taxable Real Property - Last Ten Fiscal Years 92

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years 93

Principal Property Tax Payers – Current Year and Nine Years Ago 94

Property Tax Levies and Collections – Last Ten Fiscal Years 95

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years 96

Computation of Direct and Overlapping Debt 97

Computation of Legal Bonded Debt Margin 98

Revenue Bond Coverage: Sanitation District Certificates of Participation – Last Ten Fiscal Years 99

Revenue Bond Coverage: Water Utility District Certificates of Participation – Last Ten Fiscal Years 100

Demographic and Economic Statistics - Last Ten Fiscal Years 101

Principal Employers – Current Year and Nine Years Ago 102

Full-Time City Government Employees by Function – Last Ten Fiscal Years 103

Operating Indicators by Function/Program – Last Ten Fiscal Years 104

Capital Asset Statistics by Function/Program – Last Ten Fiscal Years 106

CITY OF DALY CITY

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

October 26, 2007

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, 2007. 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

As we close the 2007 fiscal year, we have both overcome a major local uncertainty and are now facing a national one that will likely impact our local revenue picture. As a result of a threatened challenge to our local utility tax, the City went to voters in November 2006 to ask that the tax be validated and that the ordinance be updated with modern wording. This tax represents approximately 12% of General Fund revenues and its loss would have been devastating. Fortunately we gained the support of local business and homeowners groups and the measure passed with a 73% approval.

On a national scale the subprime mortgage crisis is likely to flow over to our local economy. Even though the San Francisco Bay Area has one of the lowest mortgage default rates in the country, one of the effects of the crisis is an overall tightening of credit availability. That credit tightening will affect the local real estate market. Even beginning a year ago we began to see a local impact from the national down-turn in real estate, before the subprime collapse. Property transfer tax declined in fiscal 2006, dropping 22 percent, and building-related fees for permits and plan checks also declined that year. In fiscal 2007 the transfer tax declined another 19%, and first quarter 2008 shows a further decline. Although prices of homes have been stable, the sales volume decline will impact future growth of this largest single General Fund revenue source.

There is good news, however, in local sales tax. Last year we commented on the expected effect of the 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, as expected, have added to local revenues and increased local employment. The result was an 11% increase in sales tax. As we go forward we anticipate average growth in this category.

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 either 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 every year, 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.

Both the water utility and the Sanitation District, whose charges are based on winter water usage, are dependent on how much water is consumed. In turn, consumption level is dependent on water availability (both how much it rains and if it doesn't, whether we go to drought conditions), and conservation measures. The Sanitation

District sees the impact on revenues in the following fiscal year, as there is a one-year lag in calculating charges for the District.

Long-term Financial Planning

The Major Capital Plan, which has been a foremost focus for the last 10 years, is now effectively complete with the War Memorial Community Center and Library scheduled to open in November. As we move forward in the coming year to prepare a new biennial budget and capital plan, the future direction and funding of general infrastructure will be a significant area for discussion and decision making.

The water utility is anticipated to move forward with 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. The beginning of the project has been completed with a new cross connection 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 2006. 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. Beginning with the 2006 fiscal year the CSMFO has chosen to discontinue its awards program for those cities who participate in the national program, so Daly City is no longer eligible to participate in the state program. It is our belief that the accompanying fiscal year 2007 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 2007 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 2007. 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,

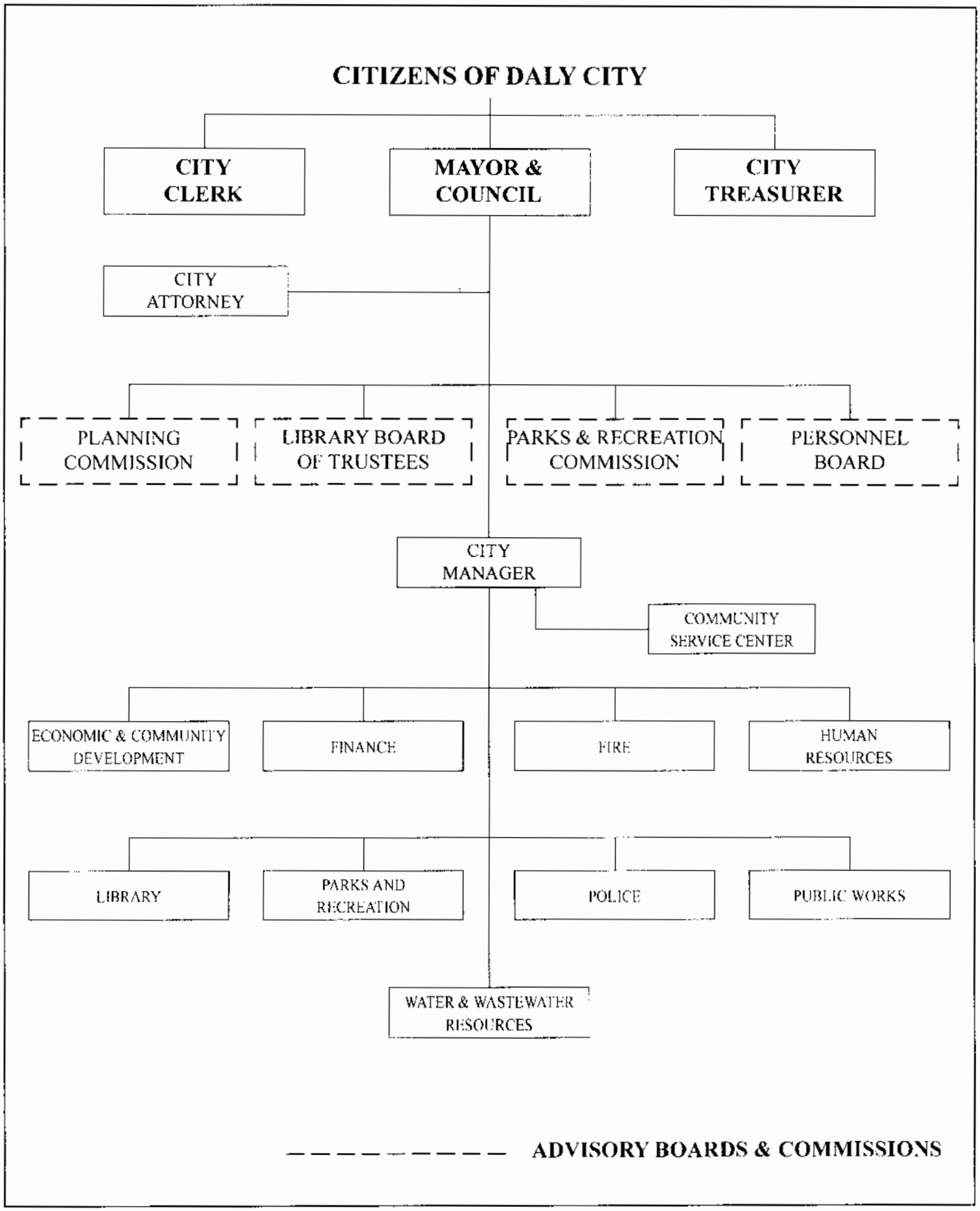
Donald W. McVey

Director of Finance
and Administrative Services

Patricia E. Martel

City Manager

City of Daly City
ORGANIZATION STRUCTURE
Fiscal Year 2006-2007



CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2007

Maggie Gomez, Mayor

Carol L. Klatt, Vice Mayor

Judith Christensen

Michael P. Guingona

Sal Torres

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Patricia E. Martel
City Attorney	Rose Zimmerman
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
Acting Director of Human Resources	Shawna Marques-Maltbie
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

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, 2006

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

MAZE & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS

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, 2007, 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, 2007 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 26, 2007 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 26, 2007 Maze & Associates

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INCORPORATED MARCH 27, 1911

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PENINSULA

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Daly City's financial results provides an overview of the City's financial activities for the year ended June 30, 2007.

FISCAL 2007 FINANCIAL HIGHLIGHTS

- At June 30, 2007, net assets totaled $250.6 million, an increase of $9.2 million from the prior year total of $241.4 million.
- Total City revenues, including program and general revenues, were $116.0 million, while total expenses were $106.8 million in fiscal 2007. Total capital assets increased $3.5 million.
- Net assets in governmental funds were $159.7 million, while net assets in business-type funds were $90.9 million.
- Governmental program revenues were $24.2 million compared with $28.5 million in fiscal 2006. Business-type program revenues were $29.9 million compared with $27.4 million in fiscal 2006.
- Governmental general revenues of $58.8 million represent an increase of $5.7 million over the prior year. Business-type general revenues were $3.1 million, a decrease of $0.1 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 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 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	
	2007	2006	2007	2006	2007	2006
Cash and investments	$ 59,074	$ 55,853	$ 27,261	$ 25,838	$ 86,335	$ 81,691
Other assets	58,338	59,385	4,719	4,721	63,057	64,106
Capital assets	99,026	95,108	77,539	77,911	176,565	173,019
Total assets	216,438	210,346	109,519	108,470	325,957	318,816
Long-term liabilities	40,711	40,498	15,556	17,837	56,267	58,335
Other liabilities	16,055	15,771	3,067	3,351	19,122	19,122
Total liabilities	56,766	56,269	18,623	21,188	75,389	77,457
Net assets:						
Invested in capital assets, net of related debt	93,380	90,110	61,675	59,626	155,055	149,736
Restricted	9,032	6,304	4,372	6,978	13,404	13,282
Unrestricted	57,260	57,663	24,849	20,678	82,109	78,341
Total net assets	$ 159,672	$ 154,077	$ 90,896	$ 87,282	$ 250,568	$ 241,359

Governmental Activities

The City's net assets from governmental activities increased $5.6 million (3.6 percent) to $159.7 million in 2007 from $154.1 million in 2006. 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 increased $3.2 million principally as a result of increases in property tax and sales tax revenues and higher investment earnings. Other individual increases and decreases are not considered material.

- Other assets decreased $1.0 million primarily due to the receipt of the $2.4 million grant from the State of California for the War Memorial Community Center project that was accrued in June 2006, offset by $1.8 million increase in property held for redevelopment. Other individual increases and decreases are not considered material.

- Capital assets increased $3.9 million mainly due to the City's continued investment in infrastructure, including streets and roadways and major capital improvements, specifically the construction costs of rebuilding War Memorial. This increase in capital assets was accompanied by a $3.3 million increase in net assets invested in capital assets.

- Restricted net assets increased $2.7 million while unrestricted net assets decreased $0.4 million. Unrestricted net assets may be used to meet on-going obligations. Unrestricted net assets of $57.3 million are available to finance on-going operations, before allowance for such things as cash flow requirements and other planned but not legally committed expenditures.

Business-type Activities

The net assets of business-type activities increased $3.6 million (4.1 percent) to a total of $90.9 million in fiscal 2007 from $87.3 million in 2006. Increases and decreases of individual assets and liabilities are not considered material.

- Cash and investments increased $1.4 million due to higher enterprise fund revenues, particularly water sales & sewer service charges.

- Long-term liabilities decreased $2.3 million due to payments made on both the Water Utility and Sanitation District Certificates of Participation.

- The City continues to invest in infrastructure and major capital improvements in its enterprise funds including a new booster pump station at reservoir 8 and the construction of interconnection between reservoirs 2B and 8. The excess of the 2007 depreciation expense over the additions resulted in the $0.4 million net decrease in net capital assets during 2007. This was accompanied by a $2.0 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 $2.6 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 $4.2 million.

CHANGES IN NET ASSETS

Table 2 shows that total revenues increased $3.8 million in fiscal 2007. The increase is the result of a $2.5 million increase in property tax due to increased assessed values of properties in Daly City, $1.1 million increase in sales tax resulting mainly from the renovations in the Westlake Shopping Center with better new stores and restaurants, and $2.1 million increase in investment earnings as a result of higher interest rates. Other individual increases and decreases are not considered material. Expenses increased $3.1 million or 4.0 percent for governmental activities while business-type activity expenses decreased $0.2 million or 0.8 percent.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	$ 12,557	$ 12,605	$ 29,886	$ 27,381	$ 42,443	$ 39,986
Operating grants & contributions	10,128	11,296	-	-	10,128	11,296
Capital grants & contributions	1,504	4,628	-	-	1,504	4,628
Total program revenues	24,189	28,529	29,886	27,381	54,075	55,910
General revenues:						
Property tax	28,284	25,918	1,301	1,188	29,585	27,106
Sales tax	10,678	9,619			10,678	9,619
Motor vehicle in-lieu	570	727			570	727
Other taxes	12,967	12,691			12,967	12,691
Investment earnings	4,259	2,530	1,224	843	5,483	3,373
Other	2,029	1,566	621	1,227	2,650	2,793
Total general revenues	58,787	53,051	3,146	3,258	61,933	56,309
Total revenues	82,976	81,580	33,032	30,639	116,008	112,219
Expenses:						
General government	7,444	8,171			7,444	8,171
Public safety	39,270	34,816			39,270	34,816
Public works	6,430	7,100			6,430	7,100
Streets & infrastructures	3,567	2,346			3,567	2,346
Culture & recreation	14,817	14,320			14,817	14,320
Economic & community development	8,034	10,255			8,034	10,255
Nondepartmental	287	276			287	276
Debt service	1,641	1,058			1,641	1,058
Water utility			9,288	8,760	9,288	8,760
Sewer			14,084	14,633	14,084	14,633
Civic center			615	606	615	606
Transfer station	-	-	1,322	1,515	1,322	1,515
Total expenses	81,490	78,342	25,309	25,514	106,799	103,856
Increase(decrease) in net assets before transfers	1,486	3,238	7,723	5,125	9,209	8,363
Transfers	4,109	4,557	(4,109)	(4,557)	-	-
Increase in net assets	5,595	7,795	3,614	568	9,209	8,363
Net assets, July 1	154,077	146,282	87,282	86,714	241,359	232,996
Net assets, June 30	$ 159,672	$ 154,077	$ 90,896	$ 87,282	$ 250,568	$ 241,359

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, 2007
(in thousands)

	Revenues	Expenses	Net Revenue (Expense)
General government	$ 363	$ 7,444	$ (7,081)
Public safety	4,914	39,270	(34,356)
Public works	1,376	6,430	(5,054)
Streets & infrastructure	2,098	3,567	(1,469)
Culture & recreation	5,161	14,817	(9,656)
Economic & community development	5,972	8,034	(2,062)
All others	4,305	1,928	2,377
Total governmental activities	$ 24,189	$ 81,490	$ (57,301)

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2007, 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 $18.0 million at June 30, 2006 to $20.0 million at June 30, 2007, or 12 percent. General Fund revenues increased $1.1 million mainly due to the $1.5 million increase in property taxes, $1.0 million increase in sales tax, and $0.6 million increase in investment earnings, offset by the receipt in 2006 of $1.8 million from the State of California for repayment of loan for motor vehicle license fee gap. This increase in revenues was offset by $3.1 million increase in General Fund expenditures mainly due to $3.0 million increase in total salaries and benefits.

The Gas Tax Special Revenue Fund had $2.7 million of unreserved fund balance as of June 30, 2007 compared to the $3.6 million of unreserved fund balance as of June 30, 2006. 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 $27.9 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 $16.2 million in unreserved fund balance at June 30, 2007 compared to the $15.7 million in unreserved fund balance at June 30, 2006. 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, 2007, the City had two major proprietary funds, the Water Utility fund and the Sanitation District fund.

Water Utility revenues increased $0.7 million compared to the previous year. Revenue from water sales increased $1.1 million or 10.0 percent compared to the previous year mainly due to the 10 percent water rate increase in fiscal 2007. At the same time, expenses increased $0.6 million or 7 percent, mostly from increases in salaries and benefits and purchased water.

Sanitation District revenues increased $1.1 million or 8 percent over the prior year. A 10 percent sewer rate increase was adopted in fiscal 2007. Sewer service charges are billed based on the previous year's winter water usage. Expenses decreased $0.5 million or 3 percent mainly due to the end in 2006 of the ERAF payments.

General Fund Budgetary Highlights

The City of Daly City uses a biennial budgeting process, and fiscal 2007 represents the first 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 savings in some expenditure items realized from holding the line on services and supplies and other charges. Differences between original and final budget occur primarily due to the impact of new revenues, often from small grants or reimbursements, or the need to reallocate resources during the fiscal year. Changes to budget in fiscal 2007 are not considered material.

CAPITAL ASSETS

At the end of fiscal 2007 the City had $176.6 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	
	2007	2006	2007	2006	2007	2006
Land	$ 20,706	$ 20,660	$ 2,863	$ 2,863	$ 23,569	$ 23,523
Buildings & improvements	30,270	31,517	4,179	4,421	34,449	35,938
Streets & infrastructures	24,526	25,268			24,526	25,268
Sewage facilities			28,544	29,540	28,544	29,540
Wells & pump stations			4,825	3,818	4,825	3,818
Water reservoirs			4,149	4,284	4,149	4,284
Water mains			13,375	12,141	13,375	12,141
Sanitation subsurface lines			14,722	15,338	14,722	15,338
Equipment	6,791	5,894	3,860	3,354	10,651	9,248
Furniture & fixtures	44	60	6	10	50	70
Construction in progress	16,689	11,709	1,016	2,142	17,705	13,851
Total net capital assets	$ 99,026	$ 95,108	$ 77,539	$ 77,911	$176,565	$173,019

As of June 30, 2007, the War Memorial rebuild was almost completed and scheduled for grand opening in November 2007. With a total project cost of $14.2 million as of June 30, 2007, 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 2008 fiscal year of $9.6 million.

Various water master plan projects were completed as part of the Water Utility enterprise fund's $2.4 million investment in additional infrastructure in 2007. The Sanitation District contributed an additional $0.3 million net 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)

Description	Interest	Original Principal	Balance at June 30, 2006	Balance at June 30, 2007
Capital Lease for Civic Center Energy Management Project Issued August 13, 2001 Final Maturity August 13, 2011	4.69%	$1,184	$630	$515
HUD Section 108 Loan for Bayshore Community Center Issued January 30, 2004 Final Maturity Aug. 1, 2022	5.41%	$4,500	$4,368	$4,226
Pension Obligation Bonds Issued June 29, 2004 Final Maturity June 1, 2024	5.896%	$36,235	$35,500	$35,065
Refinancing Certificates of Participation for Sanitation District Capacity Expansion Issued Oct. 17, 2002 Final Maturity June 1, 2009	2.5%	$10,475	$4,365	$2,625
State Water Resources Control Board Revolving Fund Loan for Sanitation District Recycled Water Project Issued November 18, 2003 Final Maturity December 1, 2024	2.5%	$4,450	$4,327	$4,146
Certificates of Participation for Bayshore Water Utility Master Plan Project Issued June 11, 2004 Final Maturity June 1, 2024	4.811775%	$9,860	$9,145	$8,785
Redevelopment Agency HELP Loan from California Housing Finance Agency Issued January 30, 2007 Final Maturity January 30, 2017	3%	$905	$0	$905

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Consumer Price Index-All Urban Consumers was 3.4 percent for the San Francisco-Oakland-San Jose region, compared to 2.7 percent for the U.S. City Average for the year ended June 2007. This is down from the prior period, when the index was 3.9 percent locally and 4.3 percent nationally.

The Daly City annual average unemployment rate was 4.6 percent in December 2006, down from 5.0 percent in December 2005, and from 5.7 percent in December 2004. This compares with 3.7, 4.3, and 5.0 percent, respectively, for San Mateo County as a whole. California, and especially Northern California, remained in an economic downturn during fiscal 2007.

Fiscal 2007 continues with the fifth 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 continue to be impacted with the slowdown in property sales. This will result in the leveling out of increases in local property tax revenues. The recent decreases in interest rates by the Federal Reserve will hopefully help increase the affordability index, and therefore increase or at least stabilize property sales. 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 – 90th Street, Daly City California 94015. Additional information about the City of Daly City, including our biennial budget document, can be found at www.dalycity.org.

DALY CITY · CALIFORNIA ·

GATEWAY TO THE PENINSULA

CITY OF DALY CITY
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 1F)	$59,008,820	$22,889,870	$81,898,690
Cash with fiscal agent (Note 1F)	65,592	4,371,497	4,437,089
Accounts receivable, net	5,257,055	2,531,821	7,788,876
Inventories (Note 1G)	277,574	1,939,814	2,217,388
Prepaids (Note 1G)	115,255	247,282	362,537
Notes receivable (Note 11)	702,169		702,169
Property held for redevelopment (Note 1C)	18,573,102		18,573,102
Prepaid PERS pension contribution (Note 7)	33,413,010		33,413,010
Capital assets (Note 4)			
Nondepreciable capital assets	37,394,814	3,878,422	41,273,236
Depreciable capital assets, net	61,630,915	73,660,017	135,290,932
Total Assets	216,438,306	109,518,723	325,957,029
LIABILITIES			
Accounts payable	3,719,101	1,915,063	5,634,164
Accrued payroll	216,759	10,902	227,661
Deposits payable	1,583,159	47,436	1,630,595
Interest payable	288,309	97,873	386,182
Unearned revenue	394,947		394,947
Compensated absences (Note 1J)			
Due within one year	6,184,000	681,000	6,865,000
Due in more than one year	1,546,318	314,098	1,860,416
Accrued claims payable (Note 9)			
Due within one year	1,876,187		1,876,187
Due in more than one year	246,157		246,157
Long-term debt (Note 5):			
Due within one year	817,150	2,325,219	3,142,369
Due in more than one year	39,894,000	13,231,157	53,125,157
Total Liabilities	56,766,087	18,622,748	75,388,835
NET ASSETS (Note 10)			
Invested in capital assets, net of related debt	93,379,579	61,675,498	155,055,077
Restricted for:			
Debt service	65,592	1,048,212	1,113,804
Capital construction		3,323,285	3,323,285
Redevelopment projects	3,578,490		3,578,490
Special revenue projects	5,388,119		5,388,119
Total Restricted Net Assets	9,032,201	4,371,497	13,403,698
Unrestricted	57,260,439	24,848,980	82,109,419
Total Net Assets	$159,672,219	$90,895,975	$250,568,194

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$7,444,142	$96,257	$169,255	$97,436	($7,081,194)		($7,081,194)
Public safety	39,270,270	4,029,069	885,134		(34,356,067)		(34,356,067)
Public works	6,429,613	1,176,476	200,000		(5,053,137)		(5,053,137)
Streets and infrastructure	3,567,017	1,111,118	120,069	867,226	(1,468,604)		(1,468,604)
Culture and recreation	14,817,138	2,674,550	1,946,506	539,556	(9,656,526)		(9,656,526)
Economic and community development	8,033,736	2,673,444	3,297,911		(2,062,381)		(2,062,381)
Nondepartmental	287,243	795,596	3,509,373		4,017,726		4,017,726
Interest on long term debt	1,640,993				(1,640,993)		(1,640,993)
Total Governmental Activities	81,490,152	12,556,510	10,128,248	1,504,218	(57,301,176)		(57,301,176)
Business-type Activities:							
Water Utility	9,287,617	12,030,977				$2,743,360	2,743,360
Civic Center	615,099	959,500				344,401	344,401
Transfer Station	1,322,444	1,622,442				299,998	299,998
Sanitation District	14,084,248	15,273,552				1,189,304	1,189,304
Total Business-type Activities	25,309,408	29,886,471				4,577,063	4,577,063
Total	$106,799,560	$42,442,981	$10,128,248	$1,504,218	(57,301,176)	4,577,063	(52,724,113)
General revenues:							
Taxes:							
Property tax					28,283,735	1,300,831	29,584,566
Sales tax					10,677,978		10,677,978
Utility users tax					6,312,871		6,312,871
Franchise fees					2,736,020		2,736,020
Other taxes					3,918,576		3,918,576
Motor vehicle in lieu, unrestricted					569,826		569,826
Investment earnings					4,259,540	1,224,333	5,483,873
Gain from disposal of capital assets					316,682		316,682
Miscellaneous					1,711,934	620,714	2,332,648
Transfers (Note 6)					4,109,381	(4,109,381)	
Total general revenues and transfers					62,896,543	(963,503)	61,933,040
Change in Net Assets					5,595,367	3,613,560	9,208,927
Net Assets-Beginning					154,076,852	87,282,415	241,359,267
Net Assets-Ending					$159,672,219	$90,895,975	$250,568,194

See accompanying notes to financial statements

CITY OF DALY CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General	Gas Tax	Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 1F)	$18,856,126	$3,665,101	$5,466,324	$17,674,855	$1,307,388	$46,969,794
Accounts receivable, net	3,066,317	453,552	9,776	24,522	1,583,428	5,137,595
Due from other funds (Note 6)	708,357					708,357
Inventories (Note 1G)	134,537					134,537
Prepaids (Note 1G)	108,316				6,939	115,255
Notes receivable (Note 11)					702,169	702,169
Long-term interfund receivables (Note 6)	30,516,645					30,516,645
Property held for redevelopment (Note 1C)			18,573,102			18,573,102
Total Assets	$53,390,298	$4,118,653	$24,049,202	$17,699,377	$3,599,924	$102,857,454
LIABILITIES						
Accounts payable	$1,610,642	$74,688	$96,901	$1,232,361	$493,210	$3,507,802
Accrued payroll	197,687		347		10,848	208,882
Due to other funds (Note 6)					708,357	708,357
Deposits payable	635,701		947,458			1,583,159
Deferred revenue	9,309,550				1,097,116	10,406,666
Long-term interfund payables (Note 6)			30,516,645			30,516,645
Total Liabilities	11,753,580	74,688	31,561,351	1,232,361	2,309,531	46,931,511
FUND BALANCES						
Fund Balance (Note 10)						
Reserved for:						
Encumbrances	153,882	1,380,710	488,688	256,869	581,120	2,861,269
Inventories	134,537					134,537
Prepaids	108,316				6,939	115,255
Long-term interfund receivables	21,207,096					21,207,096
Property held for redevelopment			18,573,102			18,573,102
Restricted purposes			1,375,924		1,332,048	2,707,972
Imprest cash funds	6,264				1,600	7,864
Unreserved:						
Designated for:						
Capital projects		2,570,704		16,210,147		18,780,851
Operating capital	10,000,000					10,000,000
Undesignated, reported in:						
General Fund	10,026,623					10,026,623
Special Revenue Funds		92,551	(27,949,863)		(631,314)	(28,488,626)
Total Fund Balances (Deficits)	41,636,718	4,043,965	(7,512,149)	16,467,016	1,290,393	55,925,943
Total Liabilities and Fund Balances	$53,390,298	$4,118,653	$24,049,202	$17,699,377	$3,599,924	$102,857,454

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, 2007

Total fund balances reported on the Governmental Funds Balance Sheet	$55,925,943
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.	93,189,119
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	12,104,618
Accounts receivable	119,460
Inventories	143,037
Capital assets	5,836,610
Prepaid PERS contribution	33,413,010
Accounts payable	(211,299)
Accrued payroll	(7,877)
Interest payable	(166,526)
Accrued claims payable	(2,122,344)
Compensated absences	(662,685)
Long-term debt - due within one year	(545,000)
Long-term debt - due in more than one year	(34,520,000)
ACCRUAL OF NONCURRENT REVENUES AND EXPENSES	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	10,011,719
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	(5,767,933)
Compensated absences	(7,067,633)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$159,672,219

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, 2007

	General	Gas Tax	Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax	$21,884,130		$6,399,605			$28,283,735
Gas tax		$1,976,287				1,976,287
Sales tax	9,743,428	1,401,276				11,144,704
Utility users tax	6,312,871					6,312,871
Franchise fees	2,736,020					2,736,020
Other taxes	4,488,402					4,488,402
Licenses and permits	1,850,696					1,850,696
Fines and forfeitures	2,106,353					2,106,353
Rents and interest	3,485,813	192,261	268,653	$1,068,982	$53,502	5,069,211
Federal programs and grants	4,418	838,439			3,338,046	4,180,903
Receipts from other agencies	1,305,740	1,115,703		310,784	1,353,947	4,086,174
Charges and fees	5,705,533		7,970	200,000	1,124,408	7,037,911
Miscellaneous	2,437,729		50,100	378,267	263,273	3,129,369
Total Revenues	62,061,133	5,523,966	6,726,328	1,958,033	6,133,176	82,402,636
EXPENDITURES						
Current:						
General government	7,483,067					7,483,067
Public safety	36,782,457				808,743	37,591,200
Public works	5,751,952				14,879	5,766,831
Culture and recreation	11,032,419				2,328,898	13,361,317
Economic and community development	3,273,930		2,548,392		2,267,145	8,089,467
Capital projects		3,181,498		6,572,780		9,754,278
Debt service						
Principal				114,767	142,000	256,767
Interest			1,262,726	29,559	226,925	1,519,210
Total Expenditures	64,323,825	3,181,498	3,811,118	6,717,106	5,788,590	83,822,137
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,262,692)	2,342,468	2,915,210	(4,759,073)	344,586	(1,419,501)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	316,682					316,682
Issuance of long-term debt			904,670			904,670
Transfers in (Note 6)	6,127,440		590,000	1,382,070	619,093	8,718,603
Transfers out (Note 6)	(2,256,222)	(2,039,450)	(400,000)	(41,943)	(1,031,568)	(5,769,183)
Total Other Financing Sources (Uses)	4,187,900	(2,039,450)	1,094,670	1,340,127	(412,475)	4,170,772
NET CHANGE IN FUND BALANCES	1,925,208	303,018	4,009,880	(3,418,946)	(67,889)	2,751,271
BEGINNING FUND BALANCES (DEFICITS)	39,711,510	3,740,947	(11,522,029)	19,885,962	1,358,282	53,174,672
ENDING FUND BALANCES (DEFICITS)	$41,636,718	$4,043,965	($7,512,149)	$16,467,016	$1,290,393	$55,925,943

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, 2007

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	$2,751,271
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.	6,891,082
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of $891,325 which has already been allocated to serviced funds).	(3,120,307)
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	256,767
Proceeds from the issuance of debt are deducted from fund balance	(904,670)
Interest accrued is deducted from fund balance	(121,783)
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	(257,862)
Compensated absences	(162,055)
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	262,924
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$5,595,367

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property tax	$20,927,256	$20,927,256	$21,884,130	$956,874
Sales tax	9,330,590	9,330,590	9,743,428	412,838
Utility users tax	6,178,101	6,178,101	6,312,871	134,770
Franchise fees	2,770,004	2,770,004	2,736,020	(33,984)
Other taxes	4,536,765	4,536,765	4,488,402	(48,363)
Licenses and permits	1,608,641	1,608,641	1,850,696	242,055
Fines and forfeitures	2,660,220	2,340,220	2,106,353	(233,867)
Rents and interest	4,113,202	4,113,202	3,485,813	(627,389)
Federal programs and grants	3,000	3,000	4,418	1,418
Receipts from other agencies	613,833	964,075	1,305,740	341,665
Charges and fees	5,932,575	5,934,099	5,705,533	(228,566)
Miscellaneous	2,131,150	2,250,187	2,437,729	187,542
Total Revenues	60,805,337	60,956,140	62,061,133	1,104,993
EXPENDITURES:				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	156,838	156,838	156,597	241
Services and supplies	61,709	52,465	47,644	4,821
Other charges	19,070	19,070	16,082	2,988
Total Legislative	237,617	228,373	220,323	8,050
Legal:				
Salaries and benefits	732,605	730,685	830,057	(99,372)
Services and supplies	90,155	90,155	95,851	(5,696)
Other charges	6,916	6,916	6,892	24
Total Legal	829,676	827,756	932,800	(105,044)
Administrative				
Salaries and benefits	4,924,258	4,903,538	4,738,133	165,405
Services and supplies	1,020,064	1,129,677	1,152,738	(23,061)
Capital outlay	5,564	4,489		4,489
Other charges	1,616,449	429,300	439,073	(9,773)
Total Administrative	7,566,335	6,467,004	6,329,944	137,060
Total General Government	8,633,628	7,523,133	7,483,067	40,066
Public Safety				
Police:				
Salaries and benefits	17,958,563	18,056,477	18,004,157	52,320
Services and supplies	3,314,647	3,223,955	3,284,446	(60,491)
Capital outlay	130,771	105,966	62,717	43,249
Other charges	191,214	195,602	200,825	(5,223)
Total Police	21,595,195	21,582,000	21,552,145	29,855
Fire:				
Salaries and benefits	11,755,861	11,755,861	12,051,757	(295,896)
Services and supplies	1,147,508	1,226,163	1,201,005	25,158
Capital outlay	39,699	36,044	47,144	(11,100)
Other charges	77,572	86,979	86,821	158
Total Fire	13,020,640	13,105,047	13,386,727	(281,680)

CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Public Safety Communications				
Salaries and benefits	1,642,805	1,635,305	1,578,063	57,242
Services and supplies	228,015	228,015	239,270	(11,255)
Other charges	10,130	32,130	26,252	5,878
Total Public Safety Communications	1,880,950	1,895,450	1,843,585	51,865
Total Public Safety	36,496,785	36,582,497	36,782,457	(199,960)
Public Works				
Salaries and benefits	4,780,165	4,780,165	4,423,595	356,570
Services and supplies	1,289,427	1,288,445	1,258,305	30,140
Capital outlay	1,000	1,000		1,000
Other charges	82,660	83,610	70,052	13,558
Total Public Works	6,153,252	6,153,220	5,751,952	401,268
Culture and Recreation				
Library:				
Salaries and benefits	2,328,755	2,328,755	2,305,420	23,335
Services and supplies	928,548	945,153	951,597	(6,444)
Other charges	16,880	21,282	20,282	1,000
Total Library	3,274,183	3,295,190	3,277,299	17,891
Parks and Recreation:				
Salaries and benefits	4,663,032	4,675,635	4,553,528	122,107
Services and supplies	3,434,944	3,427,081	3,138,762	288,319
Capital outlay	7,900	6,650	6,520	130
Other charges	66,913	67,423	56,310	11,113
Total Parks and Recreation	8,172,789	8,176,789	7,755,120	421,669
Total Culture and Recreation	11,446,972	11,471,979	11,032,419	439,560
Economic and Community Development				
Salaries and benefits	2,709,504	2,634,104	2,616,331	17,773
Services and supplies	573,885	652,485	604,262	48,223
Capital outlay	9,328	9,328	7,485	1,843
Other charges	51,868	53,668	45,852	7,816
Total Economic and Community Developme	3,344,585	3,349,585	3,273,930	75,655
Total Expenditures	66,075,222	65,080,414	64,323,825	756,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,269,885)	(4,124,274)	(2,262,692)	1,861,582
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,500	2,500	316,682	314,182
Transfers in	6,170,918	6,139,061	6,127,440	(11,621)
Transfers out	(1,068,773)	(2,216,358)	(2,256,222)	(39,864)
Total Other Financing Sources (Uses)	5,104,645	3,925,203	4,187,900	262,697
NET CHANGE IN FUND BALANCE	($165,240)	($199,071)	1,925,208	$2,124,279
BEGINNING FUND BALANCE			39,711,510	
ENDING FUND BALANCE			$41,636,718	

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Gas tax	$2,067,481	$2,067,481	$1,976,287	($91,194)
Sales tax	1,295,907	1,295,907	1,401,276	105,369
Rents and interest	118,006	118,006	192,261	74,255
Federal programs and grants	1,427,083	1,427,083	838,439	(588,644)
Receipts from other agencies	1,650,088	1,761,088	1,115,703	(645,385)
Total Revenues	6,558,565	6,669,565	5,523,966	(1,145,599)
EXPENDITURES:				
Capital projects	7,671,358	7,782,358	3,181,498	4,600,860
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,112,793)	(1,112,793)	2,342,468	3,455,261
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,051,071)	(2,051,071)	(2,039,450)	11,621
NET CHANGE IN FUND BALANCES	($3,163,864)	($3,163,864)	303,018	$3,466,882
BEGINNING FUND BALANCE			3,740,947	
ENDING FUND BALANCE			$4,043,965	

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Property tax	$5,029,941	$5,029,941	$6,399,605	$1,369,664
Rents and interest	190,655	190,655	268,653	77,998
Charges and fees	6,360	6,360	7,970	1,610
Miscellaneous	200	200	50,100	49,900
Total Revenues	5,227,156	5,227,156	6,726,328	1,499,172
EXPENDITURES:				
Economic and Community Development:				
Salaries and benefits	431,414	431,414	423,749	7,665
Services and supplies	972,902	859,508	118,649	740,859
Pass thru payments	627,587	627,587	719,007	(91,420)
Other charges	1,311,704	1,425,098	730,416	694,682
Total Economic and Community Development	3,343,607	3,343,607	1,991,821	1,351,786
Debt Service:				
Interest	2,900,000	2,900,000	1,262,726	1,637,274
Total Expenditures	6,243,607	6,243,607	3,254,547	2,989,060
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,016,451)	(1,016,451)	3,471,781	(1,489,888)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	1,340,000	1,340,000	782,392	(557,608)
Issuance of long-term debt			904,670	904,670
Transfers in			590,000	590,000
Transfers out	(400,000)	(400,000)	(400,000)	
Total Other Financing Sources (Uses)	940,000	940,000	1,877,062	937,062
NET CHANGE IN FUND BALANCE	($76,451)	($76,451)	5,348,843	$5,425,294
Adjustments to budgetary basis:				
Disposal of land held for redevelopment			(1,338,963)	
BEGINNING FUND BALANCE (DEFICIT)			(11,522,029)	
ENDING FUND BALANCE (DEFICIT)			($7,512,149)	

See accompanying notes to financial statements

CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 1F)	$3,526,433	$16,416,310	$2,947,127	$22,889,870	$12,039,026
Cash with fiscal agent (Note 1F)	3,323,285	1,048,212		4,371,497	65,592
Accounts receivable, net (Note 1H)	1,681,238	705,399	145,184	2,531,821	119,460
Inventories (Note 1G)	516,519	1,423,295		1,939,814	143,037
Prepaids (Note 1G)	223,236	24,046		247,282	
Total Current Assets	9,270,711	19,617,262	3,092,311	31,980,284	12,367,115
Long-Term Assets:					
Long-term interfund receivables (Note 6)		306,565		306,565	
Prepaid PERS pension contribution (Note 7)					33,413,010
Total Long-Term Assets		306,565		306,565	33,413,010
Capital Assets (Note 4):					
Land	839,856	233,547	1,789,146	2,862,549	378,344
Buildings	153,943	564,546	6,753,006	7,471,495	35,817
Sewage facilities		54,169,930		54,169,930	
Wells and pump stations	6,940,874			6,940,874	
Water reservoirs	7,308,827			7,308,827	
Mains & subsurface lines	16,147,012	20,022,439		36,169,451	
Equipment	4,461,713	2,324,521	676,168	7,462,402	14,164,801
Furniture and fixtures	21,824	28,694		50,518	16,633
Construction in progress	655,821	360,052		1,015,873	
Total Capital Assets	36,529,870	77,703,729	9,218,320	123,451,919	14,595,595
Less accumulated depreciation	(10,056,692)	(32,189,814)	(3,666,974)	(45,913,480)	(8,758,985)
Net Capital Assets	26,473,178	45,513,915	5,551,346	77,538,439	5,836,610
Total Noncurrent Assests	26,473,178	45,820,480	5,551,346	77,845,004	39,249,620
Total Assets	35,743,889	65,437,742	8,643,657	109,825,288	51,616,735
Current Liabilities:					
Accounts payable	548,805	552,485	752,769	1,854,059	211,299
Retentions payable	1,687	59,317		61,004	
Accrued payroll	6,055	4,847		10,902	7,877
Deposits payable	47,436			47,436	
Interest payable	31,936	65,937		97,873	166,526
Accrued claims payable (Note 9)					1,876,187
Compensated absences (Note 1J)	205,000	476,000		681,000	
Long-term debt (Note 5)	370,000	1,955,219		2,325,219	545,000
Total Current Liabilities	1,210,919	3,113,805	752,769	5,077,493	2,806,889
Long-Term Liabilities:					
Compensated absences (Note 1J)	31,274	282,824		314,098	662,685
Accrued claims payable (Note 9)					246,157
Long-term interfund payable (Note 6)			306,565	306,565	
Long term debt (Note 5)	8,415,000	4,816,157		13,231,157	34,520,000
Total Long-Term Liabilities	8,446,274	5,098,981	306,565	13,851,820	35,428,842
Total Liabilities	9,657,193	8,212,786	1,059,334	18,929,313	38,235,731
NET ASSETS (Note 10)					
Invested in capital assets, net of related debt	17,688,178	38,742,539	5,244,781	61,675,498	5,836,610
Restricted for:					
Debt service		1,048,212		1,048,212	65,592
Capital construction	3,323,285			3,323,285	
Unrestricted	5,075,233	17,434,205	2,339,542	24,848,980	7,478,802
Total Net Assets	$26,086,696	$57,224,956	$7,584,323	$90,895,975	$13,381,004

See accompanying notes to financial statements

CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
OPERATING REVENUES					
Water sales	$12,030,977	$136,934		$12,167,911	
Sewer service charges		14,666,112		14,666,112	
Connection charges		470,506		470,506	
Rental income			$959,500	959,500	
Lease revenue			375,000	375,000	
Recycling revenue			1,247,442	1,247,442	
Charges to City departments					$14,093,675
Other revenues	164,720	248,602	207,392	620,714	487,735
Total Operating Revenues	12,195,697	15,522,154	2,789,334	30,507,185	14,581,410
OPERATING EXPENSES					
Salaries and benefits	2,530,224	5,862,631		8,392,855	4,891,451
Services and supplies	1,282,035	4,539,005	296,027	6,117,067	2,452,092
Water purchases	2,354,618			2,354,618	
Transfer station charges			1,247,442	1,247,442	
Utilities	804,091	739,871	129,627	1,673,589	392,783
Insurance	139,245	342,387	13,232	494,864	1,255,867
Claims and settlements					2,074,074
Depreciation (Note 4)	1,042,174	1,816,279	231,523	3,089,976	891,325
Other charges	696,129	496,990	33	1,193,152	567,016
Total Operating Expenses	8,848,516	13,797,163	1,917,884	24,563,563	12,524,608
Operating Income	3,347,181	1,724,991	871,450	5,943,622	2,056,802
NONOPERATING REVENUES (EXPENSES)					
Property taxes		1,300,831		1,300,831	
Gain (loss) on disposal of capital assets					(38,895)
Amortization					(1,464,871)
Interest income	334,289	800,492	89,552	1,224,333	627,688
Interest expense	(439,101)	(287,085)	(19,659)	(745,845)	(2,181,061)
Grant reimbursement					103,300
Total Nonoperating Revenues (Expenses)	(104,812)	1,814,238	69,893	1,779,319	(2,953,839)
Income Before Transfers	3,242,369	3,539,229	941,343	7,722,941	(897,037)
Transfers in (Note 6)	6,065	1,300,673		1,306,738	1,305,199
Transfers out (Note 6)	(2,926,560)	(2,049,628)	(439,931)	(5,416,119)	(145,238)
Net transfers	(2,920,495)	(748,955)	(439,931)	(4,109,381)	1,159,961
Change in net assets	321,874	2,790,274	501,412	3,613,560	262,924
BEGINNING NET ASSETS	25,764,822	54,434,682	7,082,911	87,282,415	13,118,080
ENDING NET ASSETS	$26,086,696	$57,224,956	$7,584,323	$90,895,975	$13,381,004

See accompanying notes to financial statements

CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$11,931,471	$15,908,925	$2,748,904	$30,589,300	$14,493,629
Payments to suppliers	(5,533,155)	(6,333,440)	(1,788,755)	(13,655,350)	(4,897,708)
Payments to employees	(2,520,850)	(5,759,566)		(8,280,416)	(4,851,725)
Claims paid					(2,124,422)
Cash Flows from Operating Activities	3,877,466	3,815,919	960,149	8,653,534	2,619,774
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property tax		1,300,831		1,300,831	
Interfund receipts		141,930		141,930	
Interfund payments			(141,930)	(141,930)	
Principal paid on noncapital debt					(435,000)
Interest paid on noncapital debt					(2,014,535)
Grant reimbursements received					103,300
Transfers in	6,065	1,300,673		1,306,738	1,305,199
Transfers out	(2,926,560)	(2,049,628)	(439,931)	(5,416,119)	(145,238)
Cash Flows from Noncapital Financing Activities	(2,920,495)	693,806	(581,861)	(2,808,550)	(1,186,274)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(2,441,740)	(275,602)		(2,717,342)	(1,110,914)
Proceeds from sale of capital assets					33,433
Principal paid on capital debt	(360,000)	(1,920,702)		(2,280,702)	
Interest paid on capital debt	(407,165)	(221,148)	(19,659)	(647,972)	
Cash Flows from Capital and Related Financing Activities	(3,208,905)	(2,417,452)	(19,659)	(5,646,016)	(1,077,481)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	334,289	800,492	89,552	1,224,333	627,688
Net Cash Flows	(1,917,645)	2,892,765	448,181	1,423,301	983,707
Cash and investments at beginning of period	8,767,363	14,571,757	2,498,946	25,838,066	11,120,911
Cash and investments at end of period	$6,849,718	$17,464,522	$2,947,127	$27,261,367	$12,104,618
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income	$3,347,181	$1,724,991	$871,450	$5,943,622	$2,056,802
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	1,042,174	1,816,279	231,523	3,089,976	891,325
Change in assets and liabilities:					
Accounts receivable, net	(260,006)	386,771	(40,430)	86,335	(87,781)
Inventories	(5,741)	(103,765)		(109,506)	15,783
Other assets	13,132	12,546		25,678	
Accounts payable	(149,481)	(129,298)	(102,394)	(381,173)	(245,733)
Retentions payable	(114,947)	5,330		(109,617)	
Accrued payroll	(4,285)	(4,477)		(8,762)	1,422
Deposits payable	(4,220)			(4,220)	
Accrued claims payable					(50,348)
Compensated absences	13,659	107,542		121,201	38,304
Cash Flows from Operating Activities	$3,877,466	$3,815,919	$960,149	$8,653,534	$2,619,774

See accompanying notes to financial statements

CITY OF DALY CITY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	Agency Funds
ASSETS	
Cash and investments (Note 1F)	$2,509,913
Receivables	1,391,817
Other assets	10,256
Total Assets	$3,911,986
LIABILITIES	
Accounts payable	$1,766,940
Deposits payable	200,000
Due to others	1,945,046
Total Liabilities	$3,911,986

See accompanying notes to financial statements

DALY CITY · CALIFORNIA ·

GATEWAY TO THE PENINSULA

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

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 Allied Waste Services, Peninsula Traffic Congestion Relief Alliance, San Mateo Pre-Hospital Emergency Medical Services Group, Supporters of Senior Center, and Peninsula Partnership. 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 uses a biennial budget process whereby two individual annual budgets are adopted by City Council for all funds and component units other than the Agency Funds, except that disposal of *Investment in Property Held for Redevelopment* is not a budgeted item. The City budgets for the purchase of *Investment in Property Held for Redevelopment* but not for its disposal. 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 Doelger Senior Center Special Revenue Fund incurred expenditures in excess of its budget in the amount of $7,920 as the result of unanticipated disbursements for the year ended June 30, 2007. 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	$81,898,690
Restricted cash and investments	4,437,089
Cash and investments of the City	86,335,779
Cash and investments in Fiduciary Funds (separate statement)	2,509,913
Total cash and investments	$88,845,692

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	$40,000,000 per account	$40,000,000 per account
San Mateo County Investment Pool	Upon Demand	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 Years	AA	30%	No Limit
U. S. Treasury Bonds, Notes and Bills	5 Years	N/A	No Limit	No Limit
U.S. Government Agency Securities and U.S. Government Sponsored Enterprise Agencies	5 Years	N/A	No Limit	No Limit
Bankers Acceptances	180 Days	N/A	40%	30%
Commercial Paper	270 Days	Highest Rating Category	25%	10%
Passbook Savings Account	5 Years	N/A	$100,000	No Limit
Money Market Mutual Funds	Upon Demand	AAA	15%	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
Repurchase Agreements	1 year	N/A	15%	No Limit
Reverse Repurchase Agreements	92 Days	N/A	15%	No Limit

Investments Authorized by Debt Agreements

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	N/A	N/A	No Limit	No Limit
U.S. Government Agency Securities 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
Repurchase Agreements	N/A	A	No Limit	No Limit

Interest Rate Risk

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

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

Investment Type	Less than One Year	One to Five Years	More than Ten Years	Total
U.S. Government-Sponsored Enterprise Agencies			$1,125,627	$1,125,627
Guaranteed Investment Contracts		$1,047,500		1,047,500
Certificates of Deposit	$38,497,000			38,497,000
Money Market Mutual Funds	3,389,589			3,389,589
California Local Agency Investment Fund	25,284,292			25,284,292
San Mateo County Investment Pool	18,781,416			18,781,416
Total Investments	$85,952,297	$1,047,500	$1,125,627	88,125,424
Cash in Bank and on Hand				720,268
Total Cash and Investments				$88,845,692

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, 2007, these investments have an average maturity of 176 days.

Mutual Funds investments are available for withdrawal on demand and at June 30, 2007 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, 2007 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	Fitch AA/V1+	Total Investments
Money Market Mutual Funds	$3,389,589		$3,389,589
San Mateo County Investment Pool		$18,781,416	18,781,416
Total	$3,389,589	$18,781,416	22,171,005
Not rated:			
Certificates of Deposit			38,497,000
Guaranteed Investment Contracts			1,047,500
California Local Agency Investment Fund			25,284,292
Exempt from rating requirement:			
U.S. Government-Sponsored Enterprise Agencies			1,125,627
Total Investments			$88,125,424

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, 2007, those investments consisted of (dollars in thousands):

Reporting Unit	Issuer	Investment Type	Reported Amount
Major Proprietary Funds:			
Sanitation District Fund	FSA Capital Management Services LLC	Guaranteed Investment Contract	$1,047,500

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.

Prepaids 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 in arrears. At any given time, an average of one month's usage is unread and unbilled. These unbilled estimated usages have been recognized as revenue and receivables in the financial statements of the Water Utility enterprise fund.

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, 2006	$7,529,959	$873,897	$8,403,856
Additions	6,429,417	847,632	7,277,049
Payments	(6,229,058)	(726,431)	(6,955,489)
Balance June 30, 2007	$7,730,318	$995,098	$8,725,416
Due in One Year	$6,184,000	$681,000	$6,865,000

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.

	SECURED	UNSECURED
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, 2007, the City had made commitments of approximately $5.1 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
Vehicle, Equipment, Furniture & Fixtures	5-20 years	Water Mains	25 years
Streets and Infrastructure	20-60 years	Sewage Collection Facilities	10-50 years
Wells and Pump Stations	40-50 years	Sewage Treatment Facilities	15-50 years
Water Reservoirs	40-99 years	Sewage Disposal Facilities	15-50 years
Park Structures & Improvements	20-30 years		

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

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

A. *CAPITAL ASSET ADDITIONS AND RETIREMENTS*

Capital assets at June 30 comprise:

	Balance June 30, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
Governmental activities:					
Capital assets not being depreciated:					
Land	$20,660,468	$45,000			$20,705,468
Construction in progress	11,709,290	$5,617,946		($637,890)	16,689,346
Total capital assets not being depreciated	32,369,758	5,662,946		(637,890)	37,394,814
Capital assets being depreciated:					
Buildings & improvements	41,008,293	326,648	($180,000)		41,154,941
Streets & infrastructure	60,340,371	718,599			61,058,970
Vehicles, equipment, furniture and fixtures	16,801,420	1,338,804	(1,379,765)	637,890	17,398,349
Park structures and improvements	5,611,852				5,611,852
Total capital assets being depreciated	123,761,936	2,384,051	(1,559,765)	637,890	125,224,112
Less accumulated depreciation for:					
Buildings & improvements	14,497,135	1,224,391	(63,000)		15,658,526
Streets & infrastructure	35,072,588	1,460,927			36,533,515
Vehicles, equipment, furniture and fixtures	10,848,108	1,094,581	(1,379,437)		10,563,252
Park structures and improvements	606,171	231,733			837,904
Total accumulated depreciation	61,024,002	4,011,632	(1,442,437)		63,593,197
Net depreciable assets	62,737,934	(1,627,581)	(117,328)	637,890	61,630,915
Governmental activity capital assets, net	$95,107,692	$4,035,365	($117,328)		$99,025,729

	Balance June 30, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
Business-type activities:					
Capital assets not being depreciated:					
Land	$2,862,549				$2,862,549
Construction in progress	2,142,411	$97,006		($1,223,544)	1,015,873
Total capital assets not being depreciated	5,004,960	97,006		(1,223,544)	3,878,422
Capital assets being depreciated:					
Buildings	7,471,495				7,471,495
Sewage facilities	54,169,930				54,169,930
Wells & pump stations	5,774,189	257,318		909,367	6,940,874
Water reservoirs	7,308,827				7,308,827
Mains & subsurface lines	34,447,739	1,552,258		169,454	36,169,451
Equipment	6,515,820	810,759	($8,900)	144,723	7,462,402
Furniture and fixtures	50,518				50,518
Total capital assets being depreciated	115,738,518	2,620,335	(8,900)	1,223,544	119,573,497
Less accumulated depreciation for:					
Buildings	3,050,062	242,280			3,292,342
Sewage facilities	24,629,609	996,383			25,625,992
Wells & pump stations	1,956,465	159,714			2,116,179
Water reservoirs	3,025,220	134,426			3,159,646
Mains & subsurface lines	6,968,640	1,103,808			8,072,448
Equipment	3,161,504	450,246	(8,900)		3,602,850
Furniture and fixtures	40,904	3,119			44,023
Total accumulated depreciation	42,832,404	3,089,976	(8,900)		45,913,480
Net depreciable assets	72,906,114	(469,641)		1,223,544	73,660,017
Business-type activity capital assets, net	$77,911,074	($372,635)			$77,538,439

B. CAPITAL ASSET CONTRIBUTIONS

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

C. DEPRECIATION ALLOCATION

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

Governmental Activities	
General government	$4,531
Public safety	286,643
Public works	6,102
Culture and recreation	1,059,718
Economic and community development	2,290
Streets and infrastructure	1,473,780
Nondepartmental	287,243
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	891,325
Total Governmental Activities	$4,011,632
Business-Type Activities	
Water Utility	$1,042,174
Civic Center	187,819
Transfer Station	43,704
Sanitation District	1,816,279
Total Business-Type Activities	$3,089,976

Note 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2007, are as follows:

	Original Issue Amount	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
Governmental Activity Debt						
2002 Capital Lease, 4.69%, due 2011	$1,184,477	$630,247		$114,767	$515,480	$120,150
Housing & Urban Development Section 108 Loan						
2.31%-6.01%, due 2023	4,500,000	4,368,000		142,000	4,226,000	152,000
2004 Series A-1 Pension Obligation Bonds						
2.650%-5.896%, due 2024	36,235,000	35,500,000		435,000	35,065,000	545,000
Redevelopment Agency:						
2007 California Housing Finance Agency Loan						
3%, due 2017	1,500,000		$904,670		904,670	
Total Governmental Activity		40,498,247	904,670	691,767	40,711,150	817,150
Business-Type Activity Debt						
2002 Certificates of Participation						
2%-2.5%, due 2009	10,475,000	4,365,000		1,740,000	2,625,000	1,770,000
State Water Resources Control Board Loan						
2.5%, due 2025	4,450,128	4,327,078		180,702	4,146,376	185,219
2004 Certificates of Participation						
3%-5%, due 2024	9,860,000	9,145,000		360,000	8,785,000	370,000
Total Business-Type Activity		17,837,078		2,280,702	15,556,376	2,325,219
Total City Long-Term Obligations		$58,335,325	$904,670	$2,972,469	$56,267,526	$3,142,369

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.

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 January 30, 2007, the City's Redevelopment Agency entered into a loan agreement with California Housing Finance Agency in amount of $1,500,000 to assist the Agency in operating a local revolving loan program which provides short-term financing for the development of homeownership and multifamily rental projects. The loan bears a simple interest rate of 3% per annum. All principal and interest payments are deferred for ten years. The balance of the loan as of June 30, 2007, is $911,660, which consists of principal and accrued interest of $904,670 and $6,990, respectively.

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:

	Governmental Activities		Business-Type Activities	
Year ending June 30	Principal	Interest	Principal	Interest
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	1,279,000	2,053,182	629,447	411,052
2013-2017	10,341,670	9,301,222	3,506,505	1,708,804
2018-2022	16,308,000	5,581,136	4,236,254	985,141
2023-2025	8,668,000	753,795	2,230,045	147,844
	$40,711,150	$26,427,038	$15,556,376	$5,178,553

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, 2007 the amounts of current interfund balances were as follows:

Due From Other Funds	Due To Other Funds	
General Fund	Community Block Grant Special Revenue Fund	$276,251
	Grants Special Revenue Fund	382,341
	Peninsula Partnership Special Revenue Fund	49,765
	Total	$708,357

LONG-TERM INTERFUND BALANCES

The Sanitation Enterprise Fund loaned $1.2 million, (a balance of $306,565 remained at June 30, 2007), 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 4.163 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 2007 additions to loans payable amounted to $1,262,726 of interest, as the terms of the agreement stipulate that any unpaid interest shall be added to the principal. During fiscal 2007, the Agency repaid the City $140,041 of principal and $1,309,959 in interest. At June 30, 2007, the total amount of loans payable from the Agency to the General Fund was $30,516,645.

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2007 were as follows:

Fund Making Transfer	Fund Receiving Transfer	Transfer Amount
General Fund	Capital Projects Fund	$379,832
	Nonmajor Governmental Funds	619,093
	Internal Service Funds	1,257,297
Gas Tax Special Revenue Fund	General Fund	2,039,450
Redevelopment Agency Fund	Capital Projects Fund	400,000
Capital Projects Fund	General Fund	473
	Internal Service Funds	41,470
Water Utility Enterprise Fund	General Fund	1,624,205
	Sanitation District Enterprise Fund	1,300,673
	Internal Service Funds	1,682
Sanitation District Enterprise Fund	General Fund	2,041,881
	Water Utility Enterprise Fund	6,065
	Internal Service Funds	1,682
Nonmajor Governmental Funds	General Fund	1,500
	Redevelopment Agency Fund	590,000
	Capital Projects Fund	437,000
	Internal Service Funds	3,068
Nonmajor Enterprise Funds	General Fund	419,931
	Capital Projects Fund	20,000
Internal Service Funds	Capital Projects Fund	145,238
		$11,330,540

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, 2007, 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	14.67%	15.189%	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 $33,413,010 at June 30, 2007. During fiscal 2006-2007, the amortization of the prepayment amounted to $1,464,871. 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, 2007, 2006 and 2005 amounted to $8,191,809, $6,861,301 and $5,830,607 respectively. The City uses an internal service fund to accumulate the debt service payments required for the Pension Obligation Bonds, charging an internal contribution rate as a percent of payroll in addition to the required contribution rates shown above.

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.

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, 2007, the City contributed $245,854 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, 2007 and 2006:

	2007	2006
Beginning balance of claims payable	$2,172,692	$3,715,209
Increase in estimated claims liability	2,074,074	426,628
Claims paid	(2,124,422)	(1,969,145)
Ending balance of claims payable	$2,122,344	$2,172,692
Current Portion	$1,876,187	$1,051,117

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, 2007, 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	$1,406,975	$382,062	$5,444,414
Operating capital				7,500,000
Recycling			22,906	
Capital projects	372,556			1,767,392
Unrestricted, undesignated	2,225,600	527,599		2,722,399
Total unrestricted net assets	$5,075,233	$1,934,574	$404,968	$17,434,205

At June 30, 2007, 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	$1,150,938	$64,095	$332,457	$1,608,922	
Capital projects	394,511				
Possible future claims					$3,505,044
Unrestricted, undesignated			285,152	522,204	
Total unrestricted net assets	$1,545,449	$64,095	$617,609	$2,131,126	$3,505,044

Note 11.

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 2007 the City made loans to 3 participants under this program. Fiscal 2007 CDBG loan program activity is as follows:

Beginning Balance	$726,294
New loans	113,006
Loan repayments	(137,131)
Ending Balance	$702,169

Note 12.
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 an 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.

During fiscal year 2006, the Agency entered into an Exclusive Right to Negotiate (ERN) to develop a hotel on the remaining vacant parcel of Pacific Plaza. During fiscal year 2007, the developer refined his project to contain 150 full service hotel rooms, 60 residential condominium units, two restaurants and an 8,900 square foot ballroom plus additional meeting space. The developer applied for a use permit for the residential component of the project which resulted in public participation through three community meetings. Based on this input, the developer lowered the building height by one story, to eight floors. There was still some dissatisfaction with the design of the condominium component and near the end of the fiscal year the developer withdrew his application for a use permit. The developer is now exploring the feasibility of a full service hotel with no condominiums.

In January 2006, Summit Commercial Properties chose not to exercise its option to develop Phase III of Pacific Plaza, which was the construction of an Office Building and the addition of a parking garage connected to the already constructed Phase I parking garage. During fiscal 2007, the Agency and a new developer entered into an ERN, followed by a DDA, to develop Phase III of the Pacific Plaza project. The DDA is currently in negotiation with the scope of development to include a 270,000 square foot office building and a separate, yet contiguous, parking structure with 775 spaces.

Landmark

During fiscal 2005, the Agency entered into a DDA with a developer to construct, in Phase I of the project, a mixed-use retail and residential complex consisting of approximately 17,000 square feet ground floor retail and 95 residential condominiums, of which 15% are to be sold as affordable housing for low/moderate income households. In addition, Phase I will 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 and 40 additional off-street parking spaces. Under the terms of the DDA, the Agency received $1,000,000 in cash, 15 dedicated parking spaces and use of 148 more parking spaces by users of the War Memorial Community Center, 13% ownership of the parking structure once completed and participation in the proceeds from the sale of the condominiums above an agreed price, which could range between $0 and $5,600,000 or higher. The estimated value of Phase I of the project is $45 million and $15 million for Phase II. Costs to the Agency that include 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. During fiscal year 2007, construction has proceeded with the completion of the parking garage and the commencement of the superstructure.

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 affordable senior housing 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 year 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. The existing DDA is scheduled to be terminated in the Fall of 2007 as it is no longer necessary for the construction of this 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 CDBG 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 began in the Spring of 2007 and is expected to be completed by Fall of 2008.

Note 13.
FUND DEFICIT

The Redevelopment Agency Special Revenue Fund had a deficit amounting to $7,512,149, the Grants Special Revenue Fund had a deficit amounting to $53,761, the Building Maintenance Internal Service Fund had a deficit amounting to $212,398, and the PERS Contributions Internal Service Fund had a deficit amounting to $89,488 at June 30, 2007. The deficits will be eliminated with future revenues.

MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS

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, 2007

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Rents and interest	$68,921	$1,068,982	$1,000,061
Receipts from other agencies	790,784	310,784	(480,000)
Charges and fees	646,744	200,000	(446,744)
Miscellaneous	364,953	378,267	13,314
Total Revenues	1,871,402	1,958,033	86,631
EXPENDITURES			
Capital projects	12,101,820	6,572,780	5,529,040
Debt Service			
Principal	114,767	114,767	
Interest	29,559	29,559	
Total Expenditures	12,246,146	6,717,106	5,529,040
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,374,744)	(4,759,073)	5,615,671
OTHER FINANCING SOURCES (USES)			
Transfers in	1,727,188	1,382,070	(345,118)
Transfers out	(46,904)	(41,943)	4,961
Total Other Financing Sources (Uses)	1,680,284	1,340,127	(340,157)
NET CHANGE IN FUND BALANCES	($8,694,460)	(3,418,946)	$5,275,514
BEGINNING FUND BALANCE		19,885,962	
ENDING FUND BALANCE		$16,467,016	

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.
- Grants - to account for miscellaneous grant monies, such as HOME, law enforcement special grants, and after school safety 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, 2007

	SPECIAL REVENUE FUNDS				
	Doelger Senior Center	Community Block Grant	Linda Vista Benefit Assessment	AB 1600 Public Facility Fees	Traffic Safety
ASSETS					
Cash and investments	$15,866		$224,439	$987,433	$79,150
Accounts receivable, net	31,203	$374,280			
Prepaids	6,140				
Notes receivable		702,169			
Total Assets	$53,209	$1,076,449	$224,439	$987,433	$79,150
LIABILITIES					
Accounts payable	$42,903	$97,872			$4,442
Accrued payroll	2,068	157			
Due to other funds		276,251			
Deferred revenue		702,169			
Total Liabilities	44,971	1,076,449			4,442
FUND BALANCES					
Reserved for:					
Encumbrances	5,700	1,501			
Prepaids	6,140				
Restricted purposes			$224,439	$987,433	74,708
Imprest cash funds	1,100				
Unreserved, Undesignated	(4,702)	(1,501)			
Total Fund Balances	8,238		224,439	987,433	74,708
Total Liabilities and Fund Balances	$53,209	$1,076,449	$224,439	$987,433	$79,150

Grants	Peninsula Partnership	Total Nonmajor Governmental Funds
	$500	$1,307,388
$1,052,770	125,175	1,583,428
	799	6,939
		702,169
$1,052,770	$126,474	$3,599,924
$328,775	$19,218	$493,210
468	8,155	10,848
382,341	49,765	708,357
394,947		1,097,116
1,106,531	77,138	2,309,531
571,350	2,569	581,120
	799	6,939
	45,468	1,332,048
	500	1,600
(625,111)		(631,314)
(53,761)	49,336	1,290,393
$1,052,770	$126,474	$3,599,924

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Doelger Senior Center	Community Block Grant	Linda Vista Benefit Assessment	AB 1600 Public Facility Fees	Traffic Safety
REVENUES					
Rents and interest			$10,931	$42,419	
Federal programs and grants	$103,565	$1,694,792			
Receipts from other agencies					$5,999
Charges and fees	375,948		29,976	649,717	68,767
Miscellaneous	96,471	158,466			
Total Revenues	575,984	1,853,258	40,907	692,136	74,766
EXPENDITURES					
Public safety					134,000
Public works			14,879		
Culture and recreation	1,121,933				
Economic and community development		1,257,106			
Debt service:					
Principal		142,000			
Interest		226,925			
Total Expenditures	1,121,933	1,626,031	14,879		134,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(545,949)	227,227	26,028	692,136	(59,234)
OTHER FINANCING SOURCES (USES)					
Transfers in	546,767				
Transfers out	(1,500)	(227,227)		(437,000)	
Total Other Financing Sources (Uses)	545,267	(227,227)		(437,000)	
NET CHANGE IN FUND BALANCES	(682)		26,028	255,136	(59,234)
BEGINNING FUND BALANCES	8,920		198,411	732,297	133,942
ENDING FUND BALANCES (DEFICIT)	$8,238		$224,439	$987,433	$74,708

Grants	Peninsula Partnership	Total Nonmajor Governmental Funds
$152		$53,502
1,539,689		3,338,046
354,014	$993,934	1,353,947
		1,124,408
	8,336	263,273
1,893,855	1,002,270	6,133,176
674,743		808,743
		14,879
108,939	1,098,026	2,328,898
1,010,039		2,267,145
		142,000
		226,925
1,793,721	1,098,026	5,788,590
100,134	(95,756)	344,586
2,712	69,614	619,093
(362,773)	(3,068)	(1,031,568)
(360,061)	66,546	(412,475)
(259,927)	(29,210)	(67,889)
206,166	78,546	1,358,282
($53,761)	$49,336	$1,290,393

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, 2007

	DOELGER SENIOR CENTER			COMMUNITY BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Rents and interest						
Federal programs and grants	$103,713	$103,565	($148)	$2,397,112	1,694,792	(702,320)
Receipts from other agencies						
Charges and fees	387,770	375,948	(11,822)			
Miscellaneous	120,190	96,471	(23,719)	63,600	158,466	94,866
Total Revenues	611,673	575,984	(35,689)	2,460,712	1,853,258	(607,454)
EXPENDITURES						
Public Safety						
Salaries and benefits						
Services and supplies						
Capital outlay						
Other charges						
Total Public Safety						
Public Works						
Services and supplies						
Capital outlay						
Total Public Works						
Culture and Recreation						
Salaries and benefits	549,951	575,819	(25,868)			
Services and supplies	555,037	537,368	17,669			
Other charges	9,025	8,746	279			
Total Culture and Recreation	1,114,013	1,121,933	(7,920)			
Economic and Community Development						
Salaries and benefits				580,641	561,961	18,680
Services and supplies				607,795	450,917	156,878
Capital outlay				282,676	116,181	166,495
Other charges				393,448	128,047	265,401
Debt Service						
Principal				142,000	142,000	
Interest				226,925	226,925	
Total Economic and Community Development				2,233,485	1,626,031	607,454
Total Expenditures	1,114,013	1,121,933	(7,920)	2,233,485	1,626,031	607,454
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(502,340)	(545,949)	(43,609)	227,227	227,227	
OTHER FINANCING SOURCES (USES)						
Transfers in	503,840	546,767	42,927			
Transfers out	(1,500)	(1,500)		(227,227)	(227,227)	
Total Other Financing Sources (Uses)	502,340	545,267	42,927	(227,227)	(227,227)	
NET CHANGE IN FUND BALANCES		(682)	($682)			
BEGINNING FUND BALANCES		8,920				
ENDING FUND BALANCES (DEFICIT)		$8,238				

LINDA VISTA BENEFIT ASSESSMENT			AB 1600 PUBLIC FACILITY FEES			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$7,550	$10,931	$3,381		$42,419	$42,419			
							$5,999	$5,999
31,134	29,976	(1,158)	$584,658	649,717	65,059	$92,100	68,767	(23,333)
						5,000		(5,000)
38,684	40,907	2,223	584,658	692,136	107,478	97,100	74,766	(22,334)
						18,100	22,361	(4,261)
						88,447	76,840	11,607
						15,090	15,227	(137)
						25,000	19,572	5,428
						146,637	134,000	12,637
15,610	13,273	2,337						
3,463	1,606	1,857						
19,073	14,879	4,194						
19,073	14,879	4,194				146,637	134,000	12,637
19,611	26,028	6,417	584,658	692,136	107,478	(49,537)	(59,234)	(9,697)
			(437,000)	(437,000)				
			(437,000)	(437,000)				
$19,611	26,028	$6,417	$147,658	255,136	$107,478	($49,537)	(59,234)	($9,697)
	198,411			732,297			133,942	
	$224,439			$987,433			$74,708	

(Continued)

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, 2007

	GRANTS			PENINSULA PARTNERSHIP		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Rents and interest		$152	$152			
Federal programs and grants	3,403,319	1,539,689	(1,863,630)			
Receipts from other agencies	354,014	354,014		$1,253,997	$993,934	($260,063)
Charges and fees						
Miscellaneous				4,500	8,336	3,836
Total Revenues	3,757,333	1,893,855	(1,863,478)	1,258,497	1,002,270	(256,227)
EXPENDITURES						
Public Safety						
Salaries and benefits	476,102	333,521	142,581			
Services and supplies	492,039	256,408	235,631			
Capital outlay	645,137	81,853	563,284			
Other charges	8,995	2,961	6,034			
Total Public Safety	1,622,273	674,743	947,530			
Public Works						
Services and supplies						
Capital outlay						
Total Public Works						
Culture and Recreation						
Salaries and benefits	245,780	78,314	167,466	1,137,997	876,743	261,254
Services and supplies	103,234	30,625	72,609	227,195	209,613	17,582
Other charges	5,000		5,000	18,179	11,670	6,509
Total Culture and Recreation	354,014	108,939	245,075	1,383,371	1,098,026	285,345
Economic and Community Development						
Salaries and benefits	52,663	51,697	966			
Services and supplies	1,449,449	949,330	500,119			
Capital outlay	95,637	9,012	86,625			
Other charges						
Debt Service						
Principal						
Interest						
Total Economic and Community Development	1,597,749	1,010,039	587,710			
Total Expenditures	3,574,036	1,793,721	1,780,315	1,383,371	1,098,026	285,345
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	183,297	100,134	(83,163)	(124,874)	(95,756)	29,118
OTHER FINANCING SOURCES (USES)						
Transfers in	2,712	2,712		69,614	69,614	
Transfers out	(362,773)	(362,773)		(3,068)	(3,068)	
Total Other Financing Sources (Uses)	(360,061)	(360,061)		66,546	66,546	
NET CHANGE IN FUND BALANCES	($176,764)	(259,927)	($83,163)	($58,328)	(29,210)	$29,118
BEGINNING FUND BALANCES		206,166			78,546	
ENDING FUND BALANCES (DEFICIT)		($53,761)			$49,336	

NONMAJOR PROPRIETARY FUNDS

The City maintains the following nonmajor enterprise funds:

- Civic Center - to account for rental activity of real property owned by the City in the Civic Center area.

- Transfer Station - to account for the activity of the Mussel Rock garbage transfer station.

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Civic Center	Transfer Station	Total
ASSETS			
Current Assets:			
Cash and investments	$1,883,413	$1,063,714	$2,947,127
Accounts receivable, net	65,893	79,291	145,184
Total Current Assets	1,949,306	1,143,005	3,092,311
Capital Assets:			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	443,801	232,367	676,168
Total Capital Assets	7,708,291	1,510,029	9,218,320
Less accumulated depreciation	(2,714,746)	(952,228)	(3,666,974)
Net Capital Assets	4,993,545	557,801	5,551,346
Total Assets	6,942,851	1,700,806	8,643,657
LIABILITIES			
Current Liabilities:			
Accounts payable	14,732	738,037	752,769
Long-Term Liabilities:			
Long-term interfund payable	306,565		306,565
Total Liabilities	321,297	738,037	1,059,334
NET ASSETS			
Invested in capital assets, net of related debt	4,686,980	557,801	5,244,781
Unrestricted	1,934,574	404,968	2,339,542
Total Net Assets	$6,621,554	$962,769	$7,584,323

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Civic Center	Transfer Station	Total
OPERATING REVENUES			
Rental income	$959,500		$959,500
Lease revenue		$375,000	375,000
Recycling revenue		1,247,442	1,247,442
Other revenues	67,755	139,637	207,392
Total Operating Revenues	1,027,255	1,762,079	2,789,334
OPERATING EXPENSES			
Services and supplies	268,520	27,507	296,027
Transfer station charges		1,247,442	1,247,442
Utilities	129,627		129,627
Insurance	9,474	3,758	13,232
Depreciation	187,819	43,704	231,523
Other charges		33	33
Total Operating Expenses	595,440	1,322,444	1,917,884
Operating Income	431,815	439,635	871,450
NONOPERATING REVENUES (EXPENSES)			
Interest income	89,552		89,552
Interest expense	(19,659)		(19,659)
Total Nonoperating Revenues (Expenses)	69,893		69,893
Income Before Transfers	501,708	439,635	941,343
Transfers out	(20,000)	(419,931)	(439,931)
Change in Net Assets	481,708	19,704	501,412
BEGINNING NET ASSETS	6,139,846	943,065	7,082,911
ENDING NET ASSETS	$6,621,554	$962,769	$7,584,323

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Civic Center	Transfer Station	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$994,916	$1,753,988	$2,748,904
Payments to suppliers	(407,848)	(1,380,907)	(1,788,755)
Cash Flows from Operating Activities	587,068	373,081	960,149
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund payments	(141,930)		(141,930)
Transfers out	(20,000)	(419,931)	(439,931)
Cash Flows from Noncapital Financing Activities	(161,930)	(419,931)	(581,861)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Interest paid on capital debt	(19,659)		(19,659)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	89,552		89,552
Net Cash Flows	495,031	(46,850)	448,181
Cash and investments at beginning of period	1,388,382	1,110,564	2,498,946
Cash and investments at end of period	$1,883,413	$1,063,714	$2,947,127
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	$431,815	$439,635	$871,450
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	(32,339)	(8,091)	(40,430)
Accounts payable	(227)	(102,167)	(102,394)
Cash Flows from Operating Activities	$587,068	$373,081	$960,149

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, 2007

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	$1,717,513	$120,041	$632,052	$170,790
Cash with fiscal agent				
Accounts receivable, net	11,719			
Inventories	87,720	41,253		14,064
Total Current Assets	1,816,952	161,294	632,052	184,854
Long-Term Assets				
Prepaid PERS contribution				
Capital Assets:				
Land				
Buildings	35,817			
Equipment	11,159,853	270,854	435,549	32,321
Furniture and fixtures				6,093
Total Capital Assets	11,195,670	270,854	435,549	38,414
Less Accumulated Depreciation	(7,046,539)	(193,701)	(380,449)	(21,371)
Net Capital Assets	4,149,131	77,153	55,100	17,043
Total Assets	5,966,083	238,447	687,152	201,897
LIABILITIES				
Current Liabilities:				
Accounts payable	80,123	38,274	14,443	60,466
Accrued payroll	1,039	411		5,558
Interest payable				
Accrued claims payable				
PERS obligation bonds				
Total Current Liabilities	81,162	38,685	14,443	66,024
Long-Term Liabilities:				
Compensated absences	190,341	58,514		348,271
Accrued claims payable				
PERS obligation bonds				
Total Long-Term Liabilities	190,341	58,514		348,271
Total Liabilities	271,503	97,199	14,443	414,295
NET ASSETS				
Invested in capital assets, net of related debt	4,149,131	77,153	55,100	17,043
Restricted for debt service				
Unrestricted	1,545,449	64,095	617,609	(229,441)
Total Net Assets (Deficit)	$5,694,580	$141,248	$672,709	($212,398)

Information Services	Self-Insurance	PERS Contributions	Total
$2,199,897	$5,535,297	$1,663,436	$12,039,026
		65,592	65,592
150	107,591		119,460
			143,037
2,200,047	5,642,888	1,729,028	12,367,115
		33,413,010	33,413,010
	378,344		378,344
			35,817
2,266,224			14,164,801
10,540			16,633
2,276,764	378,344		14,595,595
(1,116,925)			(8,758,985)
1,159,839	378,344		5,836,610
3,359,886	6,021,232	35,142,038	51,616,735
2,493	15,500		211,299
869			7,877
		166,526	166,526
	1,876,187		1,876,187
		545,000	545,000
3,362	1,891,687	711,526	2,806,889
65,559			662,685
	246,157		246,157
		34,520,000	34,520,000
65,559	246,157	34,520,000	35,428,842
68,921	2,137,844	35,231,526	38,235,731
1,159,839	378,344		5,836,610
		65,592	65,592
2,131,126	3,505,044	(155,080)	7,478,802
$3,290,965	$3,883,388	($89,488)	$13,381,004

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Motor Vehicles	Central Services	PBX	Building Maintenance
OPERATING REVENUES				
Charges to City departments	$2,866,653	$427,909	$183,678	$2,864,221
Other revenues	102,043		1,354	279,342
Total Operating Revenues	2,968,696	427,909	185,032	3,143,563
OPERATING EXPENSES				
Salaries and benefits	1,201,051	256,967		2,167,112
Services and supplies	986,748	230,615	28,207	603,530
Utilities	26,931	467	150,276	185,470
Insurance	309,091	821		3,553
Claims and settlements				
Depreciation	739,143	24,079	47,992	6,464
Other charges	106,916	3,343	25,616	2,081
Total Operating Expenses	3,369,880	516,292	252,091	2,968,210
Operating Income (Loss)	(401,184)	(88,383)	(67,059)	175,353
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of capital assets	33,433	(328)		
Amortization				
Interest income	109,679	7,014	34,851	4,958
Interest expense				
Grant reimbursement				
Total Nonoperating Revenues (Expenses)	143,112	6,686	34,851	4,958
Income (Loss) Before Transfers	(258,072)	(81,697)	(32,208)	180,311
Transfers in	148,596	61,867	29,094	
Transfers out	(912)			(144,326)
Net Transfers	147,684	61,867	29,094	(144,326)
Change in Net Assets	(110,388)	(19,830)	(3,114)	35,985
BEGINNING NET ASSETS (DEFICITS)	5,804,968	161,078	675,823	(248,383)
ENDING NET ASSETS (DEFICITS)	$5,694,580	$141,248	$672,709	($212,398)

Information Services	Self-Insurance	PERS Contributions	Total
$1,747,934	$3,386,880	$2,616,400	$14,093,675
150	104,846		487,735
1,748,084	3,491,726	2,616,400	14,581,410
1,112,494	153,827		4,891,451
379,339	213,330	10,323	2,452,092
29,150	489		392,783
1,542	940,860		1,255,867
	2,074,074		2,074,074
65,397	8,250		891,325
427,698	1,362		567,016
2,015,620	3,392,192	10,323	12,524,608
(267,536)	99,534	2,606,077	2,056,802
	(72,000)		(38,895)
		(1,464,871)	(1,464,871)
125,870	274,226	71,090	627,688
		(2,181,061)	(2,181,061)
	103,300		103,300
125,870	305,526	(3,574,842)	(2,953,839)
(141,666)	405,060	(968,765)	(897,037)
65,642		1,000,000	1,305,199
			(145,238)
65,642		1,000,000	1,159,961
(76,024)	405,060	31,235	262,924
3,366,989	3,478,328	(120,723)	13,118,080
$3,290,965	$3,883,388	($89,488)	$13,381,004

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$2,968,850	$428,150	$185,032	$3,159,396
Payments to suppliers	(1,710,661)	(202,144)	(193,353)	(753,697)
Payments to employees	(1,192,692)	(258,122)		(2,140,786)
Claims paid				
Cash Flows from Operating Activities	65,497	(32,116)	(8,321)	264,913
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Grant reimbursements received				
Transfers in	148,596	61,867	29,094	
Transfers out	(912)			(144,326)
Cash Flows from Noncapital Financing Activities	147,684	61,867	29,094	(144,326)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(966,164)	(61,774)	(35,171)	
Proceeds from sale of capital assets	33,433			
Cash Flows from Capital and Related Financing Activities	(932,731)	(61,774)	(35,171)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	109,679	7,014	34,851	4,958
Net Cash Flows	(609,871)	(25,009)	20,453	125,545
Cash and investments at beginning of period	2,327,384	145,050	611,599	45,245
Cash and investments at end of period	$1,717,513	$120,041	$632,052	$170,790
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	($401,184)	($88,383)	($67,059)	$175,353
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	739,143	24,079	47,992	6,464
Change in assets and liabilities:				
Receivables, net	154	241		15,833
Inventories	7,393	799		7,591
Accounts payable	(288,368)	32,303	10,746	33,346
Accrued claims payable				
Accrued payroll	29	39		1,605
Compensated absences	8,330	(1,194)		24,721
Cash Flows from Operating Activities	$65,497	($32,116)	($8,321)	$264,913

Information Services	Self-Insurance	PERS Contribution	Total
$1,748,084	$3,387,717	$2,616,400	$14,493,629
(871,289)	(1,156,241)	(10,323)	(4,897,708)
(1,106,298)	(153,827)		(4,851,725)
	(2,124,422)		(2,124,422)
(229,503)	(46,773)	2,606,077	2,619,774
		(435,000)	(435,000)
		(2,014,535)	(2,014,535)
	103,300		103,300
65,642		1,000,000	1,305,199
			(145,238)
65,642	103,300	(1,449,535)	(1,186,274)
(47,805)			(1,110,914)
			33,433
(47,805)			(1,077,481)
125,870	274,226	71,090	627,688
(85,796)	330,753	1,227,632	983,707
2,285,693	5,204,544	501,396	11,120,911
$2,199,897	$5,535,297	$1,729,028	$12,104,618
($267,536)	$99,534	$2,606,077	$2,056,802
65,397	8,250		891,325
	(104,009)		(87,781)
			15,783
(33,560)	(200)		(245,733)
	(50,348)		(50,348)
(251)			1,422
6,447			38,304
($229,503)	($46,773)	$2,606,077	$2,619,774

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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:

- Billing Services - an agency fund to account for the cash temporarily held by the City in its role as billing agent for garbage collection services provided by Allied Waste Services.

- Peninsula Traffic Congestion Relief Alliance (PTCRA) - an agency fund to reflect cash held by the City in its role as fiscal agent for this agency. The PTCRA works with San Mateo County Cities to encourage use of public transportation.

- San Mateo Pre-Hospital Emergency Services Group (SMPHESG) - an agency fund to reflect cash held by the City in its role as fiscal agent for this agency. SMPHESG was established to provide paramedic first responder service as part of fire agencies' response to medical calls.

- Supporters of Senior Center – an agency fund to reflect cash held by the City in its role as fiscal agent for the Supporters of Doelger Senior Center, a private nonprofit organization benefiting seniors in Daly City.

- 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, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Billing Services				
Assets				
Cash and investments	$482,063	$10,125,326	$9,735,658	$871,731
Receivables	825,089	2,093,112	2,210,360	707,841
Total Assets	$1,307,152	$12,218,438	$11,946,018	$1,579,572
Liabilities				
Accounts payable	$1,307,152	$11,897,602	$11,825,182	$1,379,572
Deposits payable		320,836	120,836	200,000
Total Liabilities	$1,307,152	$12,218,438	$11,946,018	$1,579,572
PTCRA				
Assets				
Cash and investments	$220,778	$2,659,022	$2,445,332	$434,468
Receivables	365,399	182,012	365,399	182,012
Other assets	5,957	335	2,562	3,730
Total Assets	$592,134	$2,841,369	$2,813,293	$620,210
Liabilities				
Accounts payable	$225,066	$1,692,195	$1,724,438	$192,823
Due to others	367,068	1,149,174	1,088,855	427,387
Total Liabilities	$592,134	$2,841,369	$2,813,293	$620,210
SMPHESG				
Assets				
Cash and investments	$1,309,148	$3,654,611	$3,776,771	$1,186,988
Receivables		4,046,202	3,661,918	384,284
Total Assets	$1,309,148	$7,700,813	$7,438,689	$1,571,272
Liabilities				
Accounts payable	$482	$4,102,810	$3,936,774	$166,518
Due to others	1,308,666	3,598,003	3,501,915	1,404,754
Total Liabilities	$1,309,148	$7,700,813	$7,438,689	$1,571,272

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Supporters of Senior Center				
Assets				
Cash and investments	$31,511	$256,853	$288,064	$300
Receivables		36,000		36,000
Other assets	6,526			6,526
Total Assets	$38,037	$292,853	$288,064	$42,826
Liabilities				
Accounts payable	$15,793	$93,431	$88,642	$20,582
Due to others	22,244	199,422	199,422	22,244
Total Liabilities	$38,037	$292,853	$288,064	$42,826
Peninsula Partnership				
Assets				
Cash and investments	$40,227	$251,715	$275,516	$16,426
Receivables		81,680		81,680
Total Assets	$40,227	$333,395	$275,516	$98,106
Liabilities				
Accounts payable	$1,627	$82,901	$77,083	$7,445
Due to others	$38,600	250,494	$198,433	90,661
Total Liabilities	$40,227	$333,395	$275,516	$98,106
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	$2,083,727	$16,947,527	$16,521,341	$2,509,913
Receivables	1,190,488	6,439,006	6,237,677	1,391,817
Other assets	12,483	335	2,562	10,256
Total Assets	$3,286,698	$23,386,868	$22,761,580	$3,911,986
Liabilities				
Accounts payable	$1,550,120	$17,868,939	$17,652,119	$1,766,940
Deposits payable		320,836	120,836	200,000
Due to others	1,736,578	5,197,093	4,988,625	1,945,046
Total Liabilities	$3,286,698	$23,386,868	$22,761,580	$3,911,986

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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

Operating Information

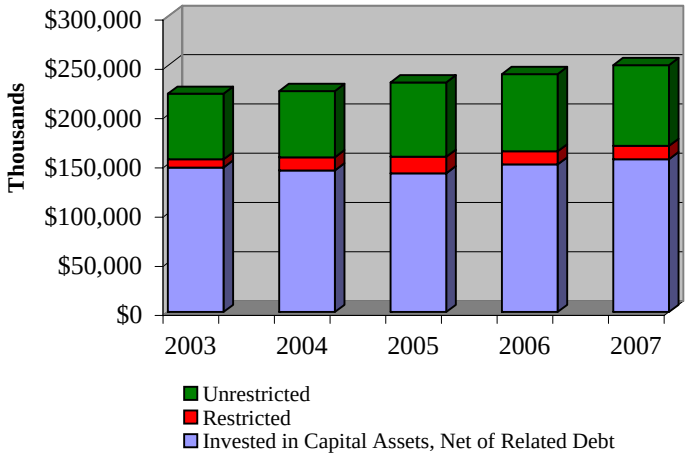
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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 Five Fiscal Years
(Accrual Basis of Accounting)



	June 30,				
	2003	**2004**	**2005**	**2006**	**2007**
Governmental activities					
Invested in capital assets, net of related debt	$74,918,083	$79,115,127	$83,777,323	$90,109,445	$93,379,579
Restricted	7,225,405	12,231,497	7,361,686	6,304,192	9,032,201
Unrestricted	58,271,382	49,372,484	55,142,657	57,663,215	57,260,439
Total governmental activities net assets	$140,414,870	$140,719,108	$146,281,666	$154,076,852	$159,672,219
Business-type activities					
Invested in capital assets, net of related debt	$71,690,579	$64,624,867	$57,054,050	$59,625,501	$61,675,498
Restricted	1,047,654	1,047,605	9,252,661	6,978,418	4,371,497
Unrestricted	8,261,377	17,813,030	20,407,241	20,678,496	24,848,980
Total business-type activities net assets	$80,999,610	$83,485,502	$86,713,952	$87,282,415	$90,895,975
Primary government					
Invested in capital assets, net of related debt	$146,608,662	$143,739,994	$140,831,373	$149,734,946	$155,055,077
Restricted	8,273,059	13,279,102	16,614,347	13,282,610	13,403,698
Unrestricted	66,532,759	67,185,514	75,549,898	78,341,711	82,109,419
Total primary government net assets	$221,414,480	$224,204,610	$232,995,618	$241,359,267	$250,568,194

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

	For The Fiscal Years Ended June 30,				
	2003	**2004**	**2005**	**2006**	**2007**
Expenses					
Governmental activities:					
General government	$3,861,142	$7,049,253	$7,864,080	$8,170,802	$7,444,142
Public safety	29,896,315	31,706,399	36,824,085	34,815,945	39,270,270
Public works	5,819,840	5,808,559	6,454,908	7,099,777	6,429,613
Streets and infrastructure	1,909,043	2,296,403	2,647,535	2,346,510	3,567,017
Culture and recreation	11,471,728	12,118,778	12,239,462	14,319,938	14,817,138
Economic and community development	10,272,554	6,718,322	8,509,016	10,254,528	8,033,736
Nondepartmental	407,667	277,871	304,420	275,911	287,243
Interest on long term debt	1,032,337	667,851	626,872	1,058,505	1,640,993
Total governmental activities expenses	64,670,626	66,643,436	75,470,378	78,341,916	81,490,152
Business-type activities:					
Water	8,440,424	9,026,033	9,254,676	8,759,733	9,287,617
Civic center	626,682	654,354	675,630	606,319	615,099
Transfer station	1,270,705	1,291,865	1,290,494	1,514,890	1,322,444
Sanitation district	12,115,172	11,672,157	13,079,301	14,633,188	14,084,248
Total business-type activities expenses	22,452,983	22,644,409	24,300,101	25,514,130	25,309,408
Total primary government expenses	$87,123,609	$89,287,845	$99,770,479	$103,856,046	$106,799,560
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$376,564	$143,481	$166,527	$221,542	$96,257
Public safety	3,658,856	4,066,392	4,285,174	4,456,640	4,029,069
Public works	2,044,763	1,849,348	1,967,014	1,736,993	1,176,476
Streets and infrastructure	1,179,774	998,664	1,140,519	967,326	1,111,118
Culture and recreation	2,466,170	2,810,198	2,731,652	2,483,548	2,674,550
Economic and community development	2,215,902	2,143,008	2,459,591	2,386,374	2,673,444
Nondepartmental	288,268	932,656	2,145,568	352,195	795,596
Operating grants and contributions	12,013,823	8,504,372	10,036,375	11,296,078	10,128,248
Capital grants and contributions	2,997,194	597,162	1,173,226	4,628,183	1,504,218
Total governmental activities program revenues	27,241,314	22,045,281	26,105,646	28,528,879	24,188,976
Business-type activities:					
Charges for services:					
Water	10,202,528	10,914,100	11,206,380	10,930,958	12,030,977
Civic center	869,306	892,122	918,213	933,137	959,500
Transfer station	1,591,840	1,615,257	1,613,410	1,616,423	1,622,442
Sanitation district	13,114,197	13,269,512	14,191,177	13,900,269	15,273,552
Operating grants and contributions	385,293				
Capital grants and contributions	1,430,442		1,426,912		
Total business-type activities program revenues	27,593,606	26,690,991	29,356,092	27,380,787	29,886,471
Total primary government program revenues	$54,834,920	$48,736,272	$55,461,738	$55,909,666	$54,075,447
Net (Expense)/Revenue					
Governmental activities	($37,429,312)	($44,598,155)	($49,364,732)	($49,813,037)	($57,301,176)
Business-type activities	5,140,623	4,046,582	5,055,991	1,866,657	4,577,063
Total primary government net expense	($32,288,689)	($40,551,573)	($44,308,741)	($47,946,380)	($52,724,113)

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

	For The Fiscal Years Ended June 30,				
	2003	**2004**	**2005**	**2006**	**2007**
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	$15,426,462	$15,822,888	$23,567,900	$25,918,087	$28,283,735
Sales taxes	8,949,909	8,972,708	9,294,700	9,619,289	10,677,978
Utility users tax	5,246,566	5,467,435	5,644,684	6,132,745	6,312,871
Franchise fees	2,281,204	2,471,180	2,534,935	2,680,415	2,736,020
Other taxes	1,927,177	2,068,815	2,232,036	3,877,653	3,918,576
Motor vehicle in-lieu	6,091,761	4,803,122	682,042	726,666	569,826
Investment earnings	3,503,897	713,346	2,024,600	2,530,208	4,259,540
Other revenues	941,110	373,413	4,352,038	1,566,401	2,028,616
Transfers	4,222,495	4,209,488	4,594,355	4,556,759	4,109,381
Total government activities	48,590,581	44,902,395	54,927,290	57,608,223	62,896,543
Business-type activities:					
Property taxes	939,013	1,026,537	1,136,181	1,188,249	1,300,831
Investment earnings	706,251	123,277	727,399	843,264	1,224,333
Other revenues	250,772	1,498,984	903,234	1,227,052	620,714
Transfers	(4,222,495)	(4,209,488)	(4,594,355)	(4,556,759)	(4,109,381)
Total business-type activities	(2,326,459)	(1,560,690)	(1,827,541)	(1,298,194)	(963,503)
Total primary government	$46,264,122	$43,341,705	$53,099,749	$56,310,029	$61,933,040
Change in Net Assets					
Governmental activities	$11,161,269	$304,240	$5,562,558	$7,795,186	$5,595,367
Business-type activities	2,814,164	2,485,892	3,228,450	568,463	3,613,560
Total primary government	$13,975,433	$2,790,132	$8,791,008	$8,363,649	$9,208,927

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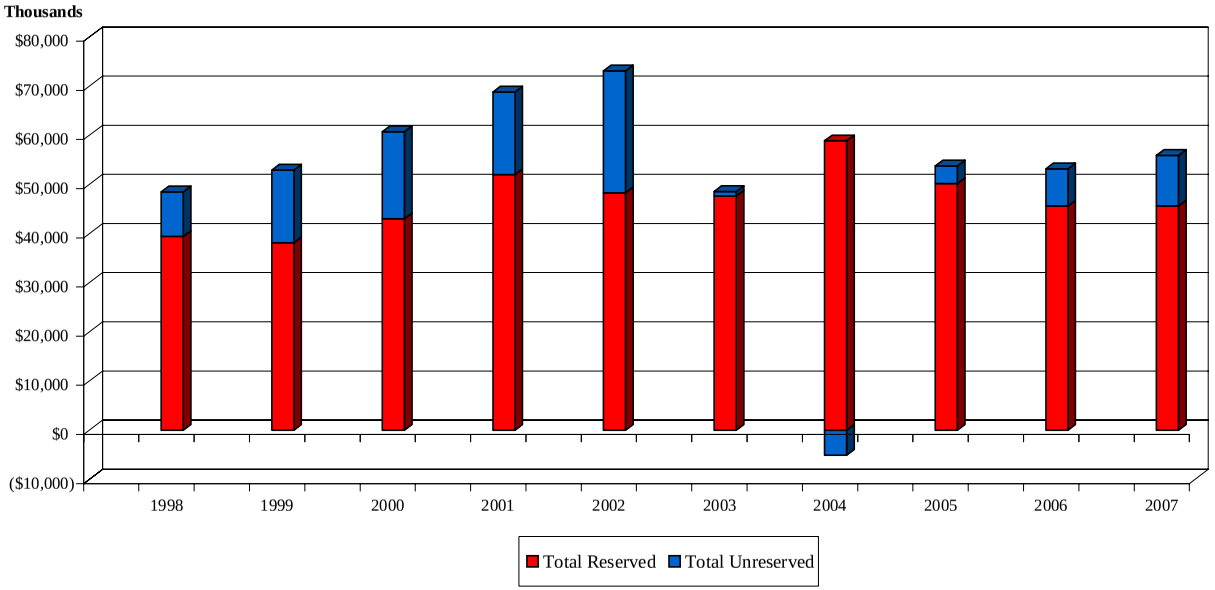
CITY OF DALY CITY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	$14,502,132	$15,903,765	$20,781,004	$21,133,806	$20,806,148	$20,567,853	$20,204,534	$21,342,822	$21,757,037	$21,610,095
Unreserved	9,392,007	10,385,856	8,524,065	11,167,827	11,365,284	11,679,539	11,843,779	14,448,324	17,954,473	20,026,623
Total General Fund	$23,894,139	$26,289,621	$29,305,069	$32,301,633	$32,171,432	$32,247,392	$32,048,313	$35,791,146	$39,711,510	$41,636,718 (a)
All Other Governmental Funds										
Reserved	$24,929,878	$22,238,610	$22,250,442	$30,877,790	$27,499,700	$27,048,025	$38,657,154	$28,849,256	$23,828,456	$23,997,000
Unreserved, reported in:										
Special revenue funds	(4,903,467)	(1,498,568)	(583,542)	(8,362,999)	(4,296,111)	(28,229,422)	(26,551,366)	(26,358,019)	(28,624,382)	(28,488,626)
Capital project funds	4,544,754	5,875,642	9,739,942	13,969,512	17,706,488	17,502,063	9,609,432	15,490,285	18,259,088	18,780,851
Total all other governmental funds	$24,571,165	$26,615,684	$31,406,842	$36,484,303	$40,910,077	$16,320,666	$21,715,220	$17,981,522	$13,463,162	$14,289,225 (a)
All Governmental Funds										
Total Reserved	39,432,010	38,142,375	43,031,446	52,011,596	48,305,848	47,615,878	58,861,688	50,192,078	45,585,493	45,607,095
Total Unreserved	9,033,294	14,762,930	17,680,465	16,774,340	24,775,661	952,180	(5,098,155)	3,580,590	7,589,179	10,318,848
Total All Governmental Funds	$48,465,304	$52,905,305	$60,711,911	$68,785,936	$73,081,509	$48,568,058 (b)	$53,763,533	$53,772,668	$53,174,672	$55,925,943

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

(b) Decrease due to GASB 34 implementation: reclassification of City advance to Redevelopment Agency

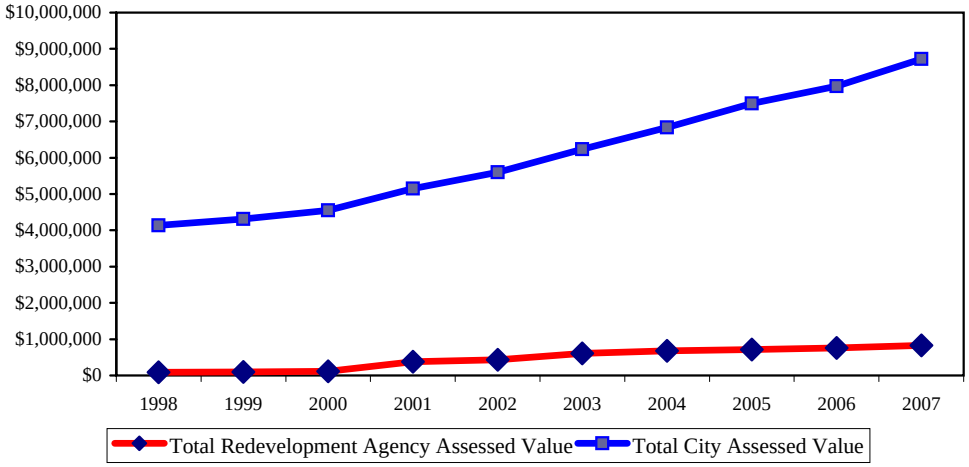
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	For The Fiscal Year Ended June 30,			
	1998	**1999**	**2000**	**2001**
Revenues				
Taxes	$30,630,704	$31,914,131	$33,604,262	$37,283,455
Licenses, permits and fees	1,021,551	1,235,589	1,261,249	1,717,826
Fines and forfeitures	1,076,549	1,361,881	1,743,307	1,952,893
Use of money and property	2,369,205	1,440,087	4,398,826	5,239,340
Intergovernmental revenues	12,058,735	10,694,365	6,628,930	5,742,356
Charges for services	5,994,178	5,828,513	8,124,716	8,484,939
Other	1,108,453	3,192,134	5,989,814	917,018
Total Revenues	54,259,375	55,666,700	61,751,104	61,337,827
Expenditures				
Current:				
General government	4,383,366	4,693,150	3,453,983	3,221,234
Public safety	19,943,745	21,290,839	22,536,109	24,477,735
Public works	3,821,988	3,636,014	3,967,831	4,344,717
Culture and recreation	7,417,461	7,905,879	8,351,000	9,198,923
Community development	11,936,063	8,221,623	12,707,618	5,712,316
Capital projects	8,519,827	8,446,994	7,361,191	11,600,677
Debt service:				
Principal repayment	7,100	7,538	1,197,207	527,813
Interest and fiscal charges	1,639,851	1,759,579	1,634,568	1,987,374
Total Expenditures	57,669,401	55,961,616	61,209,507	61,070,789
Excess (deficiency) of revenues over (under) expenditures	(3,410,026)	(294,916)	541,597	267,038
Other Financing Sources (Uses)				
Transfers in	6,529,454	7,485,583	17,410,215	14,605,237
Transfers out	(4,572,991)	(5,191,374)	(14,963,303)	(11,335,312)
Loan proceeds	1,422,013	2,440,708	4,818,097	516,282
Sale of capital assets				4,020,780
Total other financing sources (uses)	3,378,476	4,734,917	7,265,009	7,806,987
Residual equity transfer out	(905,843)			
GASB 34 Implementation adjustment				
Net Change in fund balances	($937,393)	$4,440,001	$7,806,606	$8,074,025
Debt service as a percentage of noncapital expenditures	(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,					
2002	**2003**	**2004**	**2005**	**2006**	**2007**
$39,190,492	$42,619,588	$42,083,182	$46,437,398	$51,409,010	$54,942,019
1,550,157	1,710,137	1,538,705	1,840,586	1,779,575	1,850,696
1,919,172	2,468,498	2,584,331	2,584,993	2,527,979	2,106,353
3,423,313	4,655,827	3,973,562	4,134,619	3,682,476	5,069,211
11,113,990	15,423,663	6,294,903	7,334,878	11,217,670	8,267,077
8,429,965	7,323,517	7,407,716	7,576,630	7,347,459	7,037,911
1,548,411	1,818,067	2,086,069	5,286,001	6,594,371	3,129,369
67,175,500	76,019,297	65,968,468	75,195,105	84,558,540	82,402,636
4,316,653	3,668,450	6,275,456	7,885,826	7,867,397	7,483,067
26,244,842	29,289,862	29,348,401	34,599,971	34,747,286	37,591,200
4,728,791	5,343,382	5,554,845	5,838,199	6,111,691	5,766,831
10,483,474	10,895,484	11,422,401	11,050,212	12,132,440	13,361,317
9,632,934	10,205,969	6,728,371	8,437,272	14,053,768	8,089,467
12,070,574	10,260,963	9,358,983	13,750,189	12,009,663	9,754,278
144,326	95,542	100,023	104,714	361,522	256,767
2,040,552	1,032,337	667,851	626,872	1,058,505	1,519,210
69,662,146	70,791,989	69,456,331	82,293,255	88,342,272	83,822,137
(2,486,646)	5,227,308	(3,487,863)	(7,098,150)	(3,783,732)	(1,419,501)
14,820,229	13,598,763	11,814,022	12,124,753	8,833,353	8,718,603
(11,038,062)	(9,566,179)	(7,631,875)	(7,583,837)	(6,658,468)	(5,769,183)
2,130,399		4,500,000			904,670
869,653	774,194	1,191	2,566,369	1,010,851	316,682
6,782,219	4,806,778	8,683,338	7,107,285	3,185,736	4,170,772
	(34,547,537)				
$4,295,573	($24,513,451)	$5,195,475	$9,135	($597,996)	$2,751,271
(a)	1.9%	1.3%	1.1%	1.9%	2.5%

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



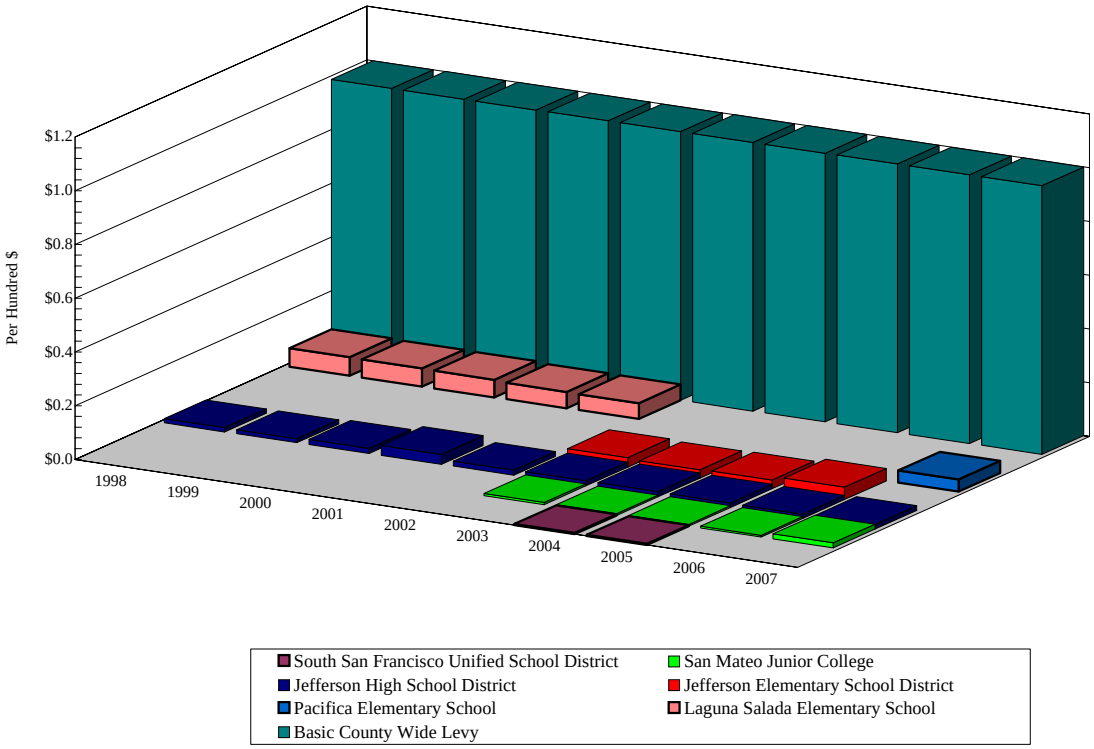
Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
1998	$3,819,223	$111,058	$111,769	$4,042,050	$82,585	$8,813	$147	$91,545	1.00%
1999	3,979,648	121,252	112,291	4,213,191	87,200	8,845	147	96,192	1.00%
2000	4,203,781	122,919	112,832	4,439,532	102,605	9,725	140	112,470	1.00%
2001	4,526,329	132,850	112,196	4,771,375	359,902	11,813	6,118	377,833	1.00%
2002	4,918,573	132,094	115,067	5,165,734	410,544	16,148	6,199	432,891	1.00%
2003	5,372,625	148,800	109,666	5,631,091	569,543	30,675	6,005	606,223	1.00%
2004	5,879,650	169,352	111,056	6,160,058	624,315	47,661	6,237	678,213	1.00%
2005	6,497,074	176,673	109,169	6,782,916	664,376	41,116	6,237	711,729	1.00%
2006	6,939,021	165,404	108,329	7,212,754	711,685	42,975	6,488	761,148	1.00%
2007	7,602,177	181,063	107,290	7,890,530	778,698	41,163	6,556	826,417	1.00%

(1) The State Constitution requires properties to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually. These values are considered to be full market values.

(2) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount by an annual calculation to all the taxing entities within a tax rate area.

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

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



Fiscal Year	Basic County Wide Levy	Jefferson Elementary School District	Jefferson High School District	San Mateo Junior College	So San Francisco Unified School District	Laguna Salada Elementary School	Pacifica Elementary School	Total
1998	$1.0000		$0.0159			$0.0695		$1.0854
1999	1.0000		0.0148			0.0677		1.0825
2000	1.0000		0.0193			0.0658		1.0851
2001	1.0000		0.0370			0.0607		1.0977
2002	1.0000		0.0181			0.0589		1.0770
2003	1.0000	$0.0357	0.0194	$0.0079				1.0630
2004	1.0000	0.0308	0.0187	0.0065	$0.0042			1.0602
2005	1.0000	0.0329	0.0170	0.0065	0.0042			1.0606
2006	1.0000	0.0466	0.0153	0.0065				1.0684
2007	1.0000		0.0174	0.0184			0.0457	1.0815

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

The City of Daly City has 64 tax code areas, many with different rates because of differing school district boundaries. The highest tax rate is shown here.

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

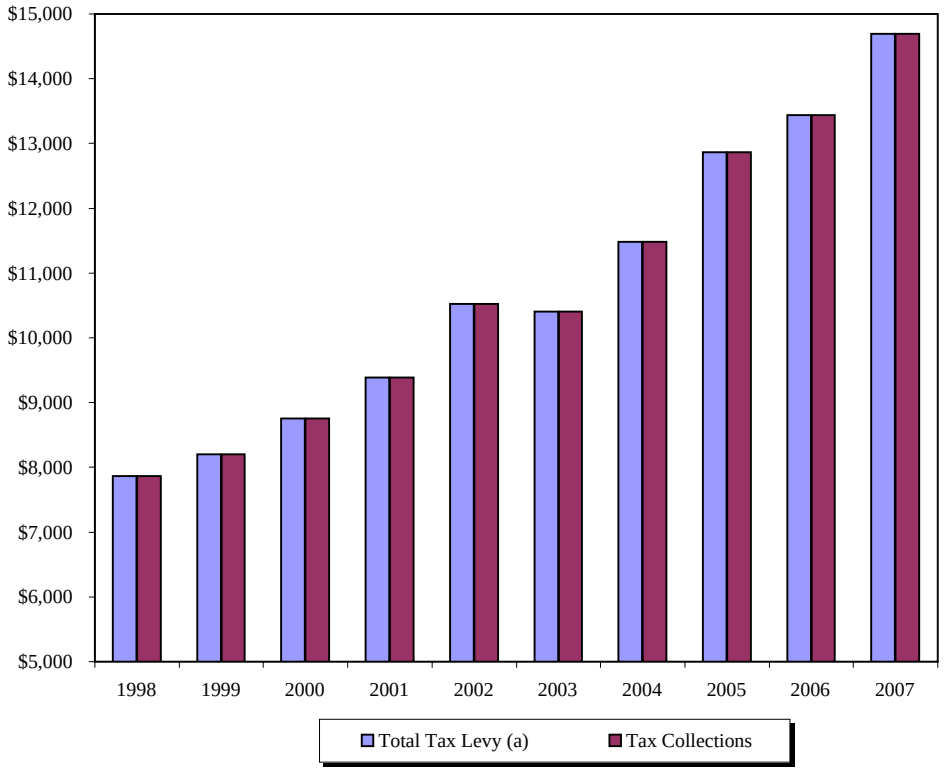
CITY OF DALY CITY
Principal Property Tax Payers
Current Year and Nine Years Ago

	2006-07			1997-98		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Seton Medical Center	$195,234,509	1	2.5%	$129,119,221	2	3.2%
Daly City Serramonte Center, LLC	106,930,727	2	1.4%			
Pacific Plaza Partners	129,540,000	3	1.6%			
Westlake Associates (Apartments)	112,978,655	4	1.4%	16,715,575	7	0.4%
Westlake Kimco	92,772,649	5	1.2%			
LINC Franciscan Mobile Home Park	45,543,521	6	0.6%			
Serramonte Corporate Center (Kaiser)	35,887,578	7	0.5%			
Met Life (Skyline Heights Apartments)	36,751,338	8	0.5%			
Lavaca Portfolio Investors	31,466,081	9	0.4%	26,401,843	5	0.7%
Daly City Partners (Serramonte Plaza)	29,769,912	10	0.4%	28,458,094	4	0.7%
Gelsar, Inc.				157,264,150	1	3.9%
John Daly Blvd. Associates				50,266,614	3	1.2%
Sebanc, Allan A, & Beverly M				17,191,472	6	0.4%
Lincoln Vista, LLC				14,845,516	8	0.4%
Montgomery Ward				13,280,391	9	0.3%
Serramonte Medical Offices				10,400,000	10	0.3%
Subtotal	$816,874,970		10.4%	$463,942,876		11.5%

Total Net Assessed Valuation:
Fiscal Year 2006-2007 $7,890,530,353
Fiscal Year 1997-1998 $4,042,049,743

Source: San Mateo County Assessor Fiscal Year Combined Tax Rolls.

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



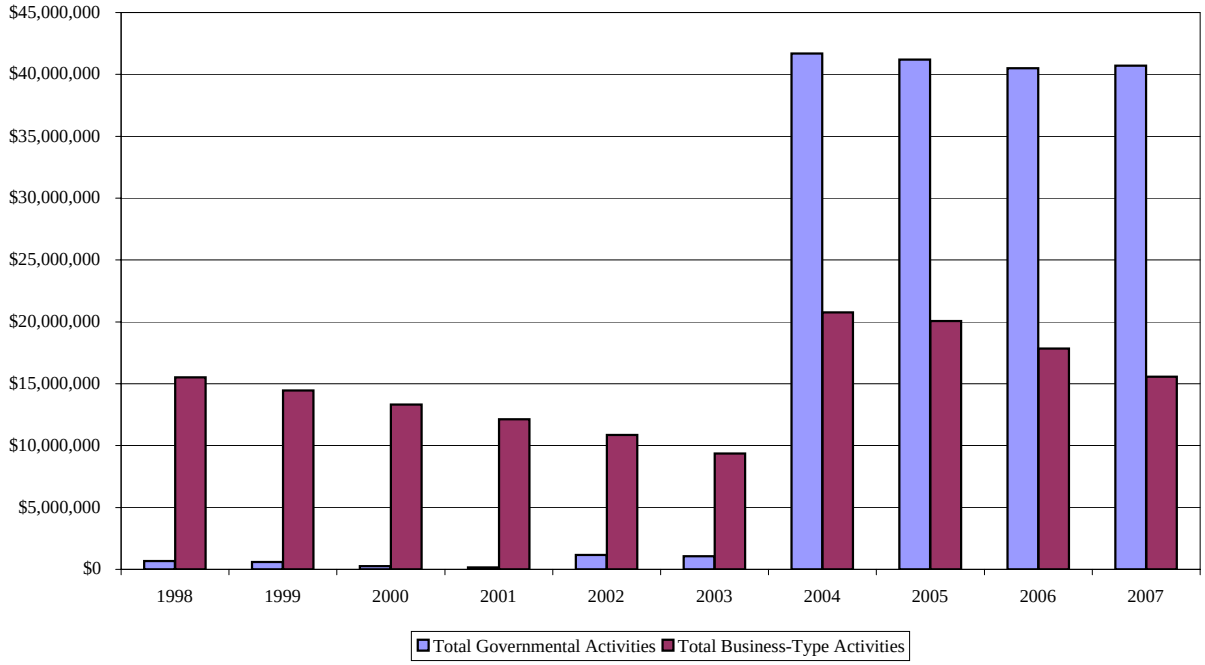
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1998	$7,861	$7,861	100.00%		$7,861	100.00%
1999	8,206	8,206	100.00%		8,206	100.00%
2000	8,756	8,756	100.00%		8,756	100.00%
2001	9,387	9,387	100.00%		9,387	100.00%
2002	10,524	10,524	100.00%		10,524	100.00%
2003	10,401	10,401	100.00%		10,401	100.00%
2004	11,485	11,485	100.00%		11,485	100.00%
2005	12,866	12,866	100.00%		12,866	100.00%
2006	13,435	13,435	100.00%		13,435	100.00%
2007	14,693	14,693	100.00%		14,693	100.00%

Source: City of Daly City

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

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

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



	Governmental Activities						
Fiscal Year	Notes Payable	Line of Credit	Capital Lease	HUD Section 108 Loan	PERS Pension Obligation Bonds	CHFA HELP Loan	Total
1998	$303,026	$164,000	$196,679				$663,705
1999	295,488	163,897	148,277				607,662
2000		163,897	97,031				260,928
2001		119,897	42,774				162,671
2002		119,897	1,040,151				1,160,048
2003		119,897	944,609				1,064,506
2004		119,897	844,586	$4,500,000	$36,235,000		41,699,483
2005		119,897	739,872	4,500,000	35,835,000		41,194,769
2006			630,247	4,368,000	35,500,000		40,498,247
2007			515,480	4,226,000	35,065,000	$904,670	40,711,150

	Business-Type Activities					
Fiscal Year	Sewer Certificates of Participation	Water Certificates of Participation	State Water Resources Board Loan	Total	Total Primary Government	Per Capita (a)
1998	$15,525,000			$15,525,000	$16,188,705	$156.60
1999	14,450,000			14,450,000	15,057,662	144.53
2000	13,315,000			13,315,000	13,575,928	129.82
2001	12,125,000			12,125,000	12,287,671	116.55
2002	10,870,000			10,870,000	12,030,048	115.22
2003	9,375,000			9,375,000	10,439,506	100.09
2004	7,740,000	$9,860,000	$3,160,733	20,760,733	62,460,216	604.83
2005	6,070,000	9,495,000	4,506,387	20,071,387	61,266,156	585.38
2006	4,365,000	9,145,000	4,327,078	17,837,078	58,335,325	556.53
2007	2,625,000	8,785,000	4,146,376	15,556,376	56,267,526	530.03

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

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

(a) See Demographic Statistics for population data.

CITY OF DALY CITY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2007

2006-07 Assessed Valuation	$7,890,530,353

OVERLAPPING TAX AND ASSESSMENT DEBT	Net Debt Outstanding	Percentage Applicable To City of Daly City	Amount Applicable To City of Daly City
San Mateo Community College District	$662,864,994	6.537%	$43,331,485
South San Francsico Unified School District	36,825,170	12.102%	4,456,582
Jefferson Union High School District	74,365,000	49.721%	36,975,022
Brisbane School District	7,880,437	21.778%	1,716,202
Jefferson School District	51,225,000	84.555%	43,313,299
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$833,160,601		$129,792,590
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
San Mateo County General Fund Obligations	$401,964,816	6.537%	$26,276,440
San Mateo County Board of Education Certificates of Participation	13,680,000	6.537%	894,262
San Mateo County Flood Control District Certificates of Participation	24,320,000	31.964%	7,773,645
South San Francisco Unified School District Certificates of Participation	2,135,000	12.102%	258,378
City of Daly City Pension Obligation Bonds	35,065,000	100.000%	35,065,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	$477,164,816		$70,267,725
COMBINED TOTAL DEBT			$200,060,315 (1)

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

RATIOS TO 2006-07 ASSESSED VALUATION:	
Direct Debt	0.44%
Total Gross Overlapping Tax Assessment Debt	1.64%
Total Gross Combined Debt	2.54%

Source: California Municipal Statistics, Inc.

CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2007

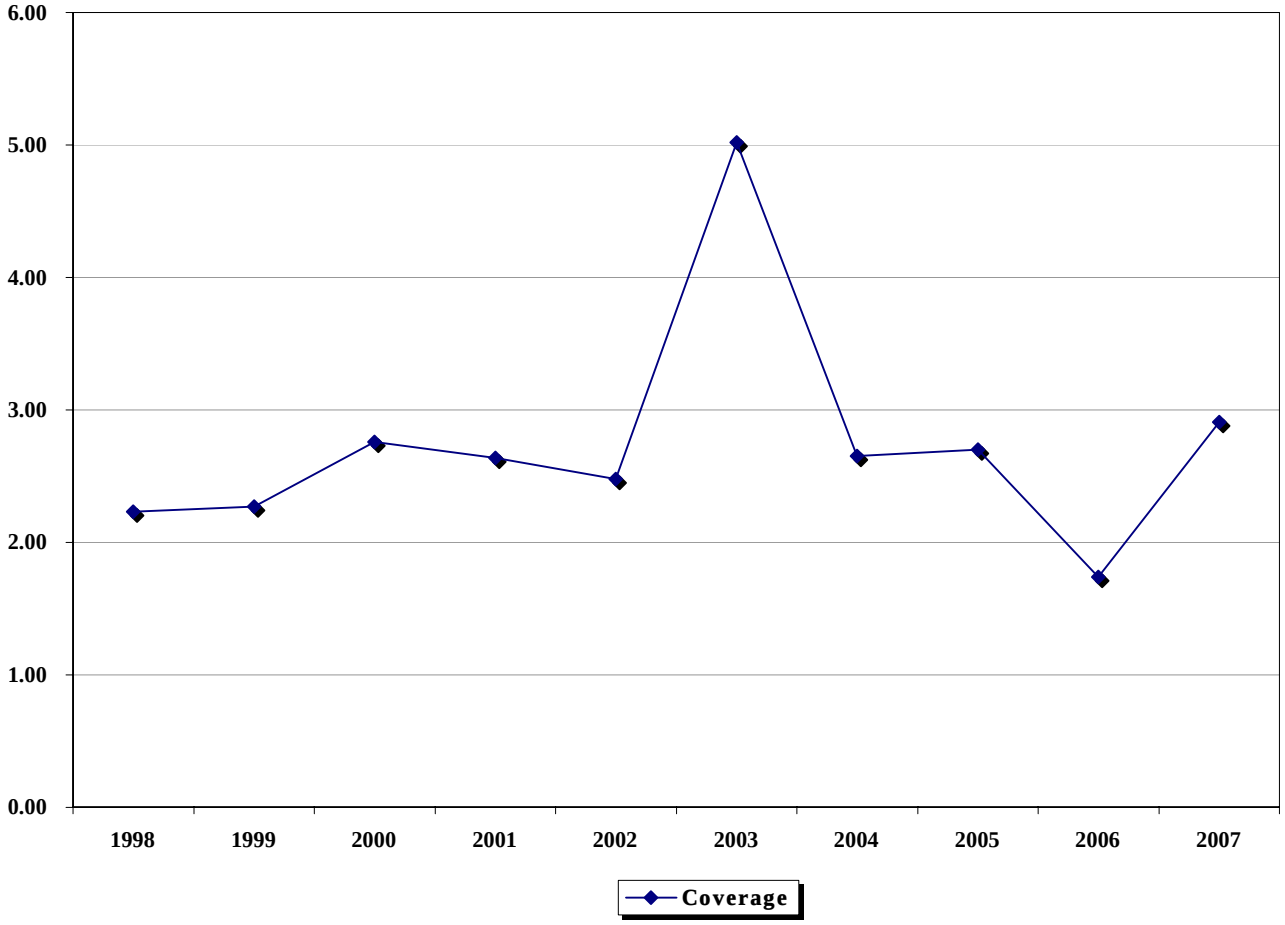
ASSESSED VALUATION:		
Total property assessed value, net of exempt real property	$7,890,530,353	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$295,894,888
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$11,410,000	
Less: Tax Allocation Bonds and Certificate of Participation not subject to limit	11,410,000	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$295,894,888

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
		(in thousand dollars)		
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%
2007	295,895	0	295,895	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
REVENUE BOND COVERAGE
SANITATION DISTRICT CERTIFICATES OF PARTICIPATION
LAST TEN FISCAL YEARS

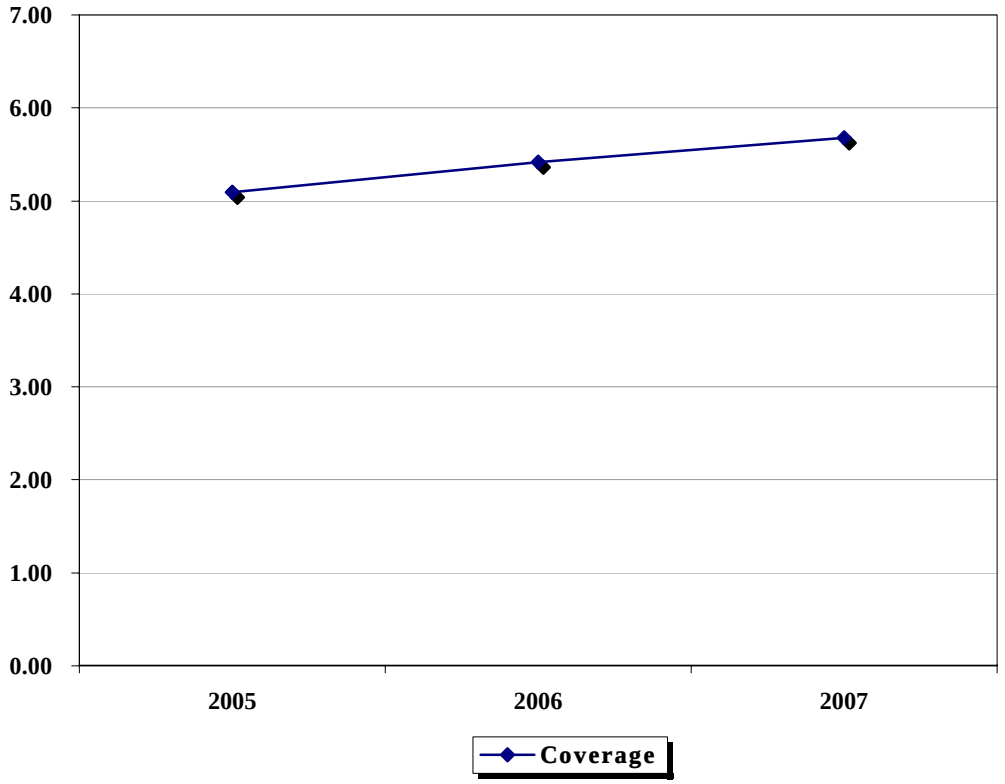


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	$12,062,841	$7,808,670	$4,254,171	$1,025,000	$879,642	$1,904,642	2.23
1999	11,822,449	7,510,410	4,312,039	1,075,000	827,110	1,902,110	2.27
2000	13,591,752	8,328,436	5,263,316	1,135,000	772,016	1,907,016	2.76
2001	13,844,767	8,811,238	5,033,529	1,190,000	713,848	1,903,848	2.64
2002	14,216,890	9,491,285	4,725,605	1,255,000	650,778	1,905,778	2.48
2003	16,039,399	9,816,348	6,223,051	1,100,000	138,522	1,238,522	5.02
2004	14,605,218	9,745,881	4,859,337	1,635,000	200,625	1,835,625	2.65
2005	16,213,371	11,252,381	4,960,990	1,670,000	167,925	1,837,925	2.70
2006	16,086,357	12,878,569	3,207,788	1,705,000	134,525	1,839,525	1.74
2007	17,623,477	12,267,969	5,355,508	1,740,000	100,425	1,840,425	2.91

Notes: (1) Includes all Sanitation District Operating Revenue, Nonoperating Interest Revenue, Connection Fees and other Nonoperating Revenue
(2) Includes all Sanitation District Operating Expenses and Interest Expense less Depreciation expense.

Source: City of Daly City Annual Financial Statements

CITY OF DALY CITY
REVENUE BOND COVERAGE
WATER UTILITY DISTRICT CERTIFICATES OF PARTICIPATION
LAST THREE FISCAL YEARS

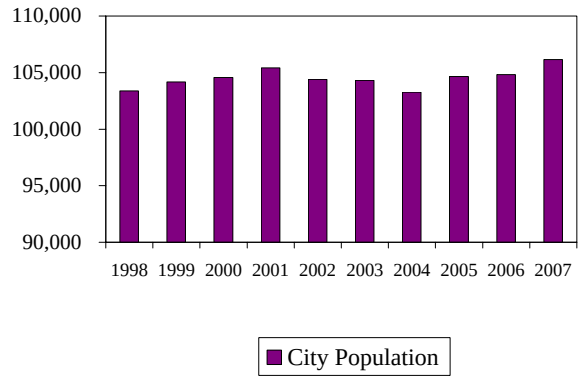


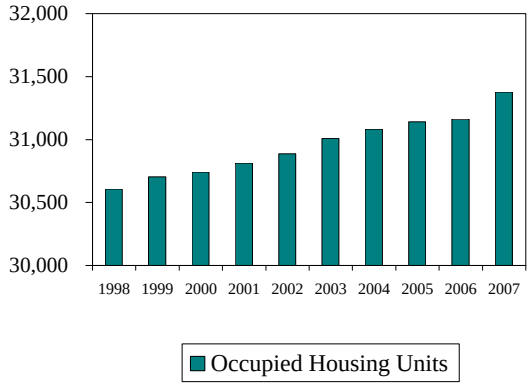
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	$11,783,383	$7,948,731	$3,834,652	$365,000	$388,939	$753,939	5.09
2006	11,842,561	7,749,256	4,093,305	350,000	404,534	754,534	5.42
2007	12,529,986	8,245,443	4,284,543	360,000	394,034	754,034	5.68

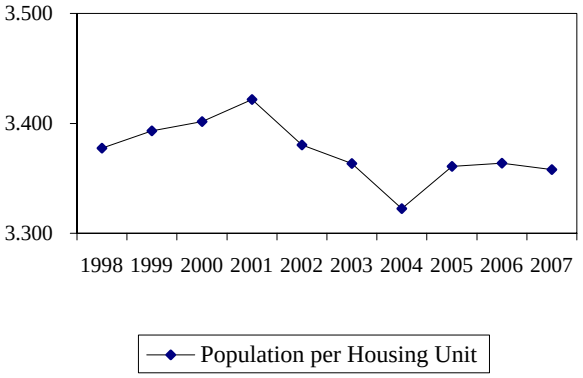
Notes: (1) Includes all Water Utility Operating Revenue, Nonoperating Interest Revenue, Connection Fees and other Nonoperating Revenue
(2) Includes all Water Utility Operating Expenses and Interest Expense less Depreciation Expense.
(3) Not applicable prior to 2005.

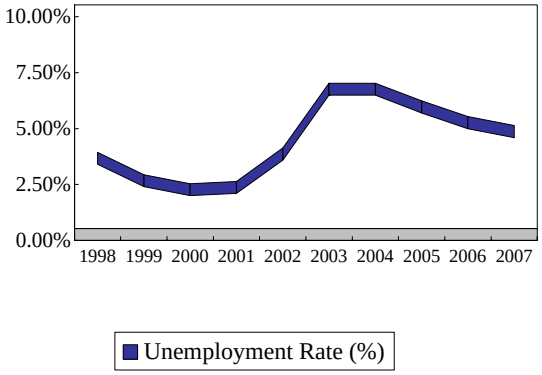
Source: City of Daly City Annual Financial Statements

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









Fiscal Year	Daly City Population (1)	Occupied Housing Units (1)	Population per Housing Unit	Unemployment Rate (%) (2)	San Mateo County Population (1)	City Population % of County
1998	103,374	30,607	3.377	3.4%	715,382	14.45%
1999	104,186	30,705	3.393	2.4%	722,762	14.41%
2000	104,571	30,741	3.402	2.0%	730,029	14.32%
2001	105,427	30,812	3.422	2.1%	720,147	14.64%
2002	104,407	30,886	3.380	3.6%	717,006	14.56%
2003	104,305	31,010	3.364	6.5%	717,041	14.55%
2004	103,269	31,082	3.322	6.5%	712,386	14.50%
2005	104,661	31,140	3.361	5.7%	723,453	14.47%
2006	104,820	31,162	3.364	5.0%	724,104	14.48%
2007	106,160	31,378	3.358	4.6%	733,386	14.48%

Sources:
(1) California State Department of Finance
(2) California Employment Development Department

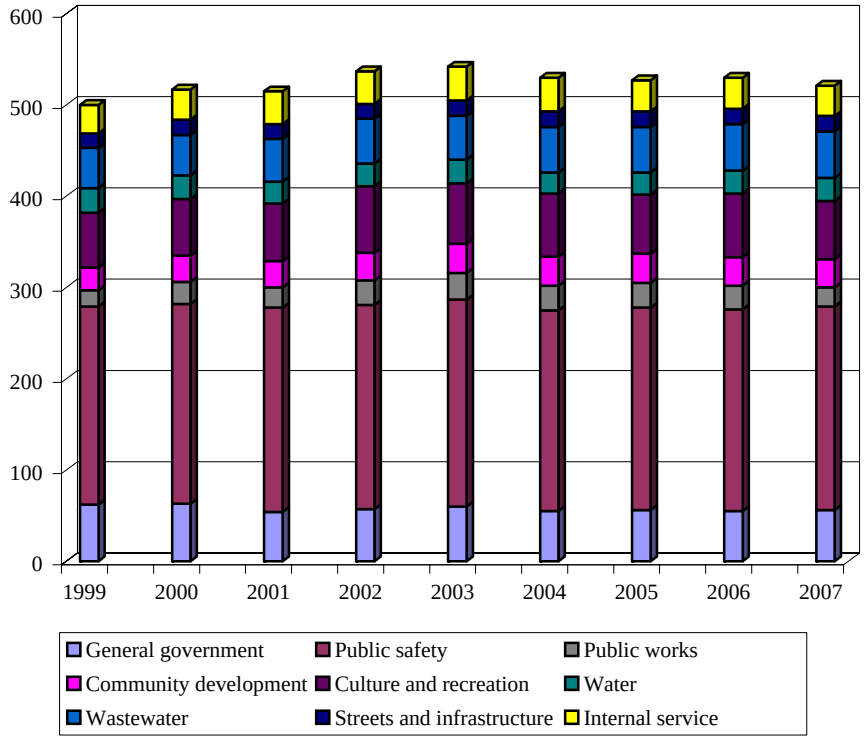
CITY OF DALY CITY
Principal Employers
Current Year and Nine Years Ago

	2006-07			1997-98		
Employer	**Number of Employees (1)**	**Rank**	**Percentage of Total City Employment**	**Number of Employees (1)**	**Rank**	**Percentage of Total City Employment**
Seton Medical Center	1,659	1	8.7%	1,029	1	10.6%
City of Daly City	744	2	3.9%	758	3	7.8%
Jefferson High School District	700	3	3.7%	636	4	6.6%
Jefferson Elementary School District	604	4	3.2%	788	2	8.1%
U.S. Postal Service	584	5	3.1%			
Cow Palace	407	6	2.1%	426	5	4.4%
Genesys Telecommunications Laboratories	375	7	2.0%			
St. Francis Convalescent Pavilion	343	8	1.8%	355	7	3.7%
Target Stores - Serramonte	330	9	1.7%			
Macy's	296	10	1.6%	249	10	2.6%
S. E. Rykoff				365	6	3.8%
Pacific Gas & Electric				270	8	2.8%
Montgomery Wards				266	9	2.7%
Subtotal	6,042		31.8%	5,142		53.1%
Total Daly City Employment (2)	19,020 (3)			9,688		

Note: (1) Includes both full-time and part-time employees
(2) Excludes public administration employees
(3) Based on ABAG projections & census data

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

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



	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function									
General government	62	63	54	57	60	55	56	55	56
Public safety	217	219	224	224	227	220	222	221	223
Public works	18	24	22	27	29	27	27	26	21
Community development	25	29	29	30	32	32	32	31	31
Culture and recreation	60	62	63	73	66	69	65	70	64
Water	27	26	24	25	26	23	24	25	25
Wastewater	44	44	47	49	48	50	50	51	51
Streets and infrastructure	16	17	16	16	17	17	17	17	17
Internal service	31	33	36	36	37	37	34	34	33
Total	500	517	515	537	542	530	527	530	521

Source: City of Daly City

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

	1998	1999	2000	2001
Function/Program				
Public safety (calendar year data)				
Fire				
Fire calls for service	4,839	5,632	5,814	5,878
Fire inspections conducted	2,594	3,509	2,664	3,922
Police				
Police calls for service	n/a	62,009	70,153	77,607
Law violations				
Part I crimes	2,797	n/a	2,140	2,308
Part II crimes	2,917	n/a	3,944	4,376
Physical arrests (adults)	n/a	n/a	1,936	1,790
Physical arrests (juvenile)	n/a	n/a	487	510
Traffic violations	15,902	n/a	13,506	11,234
Parking violations	66,123	n/a	n/a	n/a
Public works				
Street repairs - asphalt patching (sq. ft.)	n/a	n/a	n/a	36,473
Street slurry seal (ft.)	n/a	n/a	n/a	20,205
Street resurfacing (ft.)	n/a	n/a	n/a	31,282
Traffic signal responses	n/a	n/a	n/a	205
Street light responses	n/a	n/a	n/a	373
Street signs replaced	n/a	n/a	n/a	n/a
Streets swept (miles)	n/a	n/a	n/a	n/a
Line striping and curb painting (linear ft.)	n/a	n/a	n/a	n/a
Sidewalks inspected (miles)	n/a	n/a	n/a	n/a
Weeds and rubbish responses	n/a	n/a	n/a	n/a
Culture and recreation				
Recreation				
Recreation class participants	n/a	n/a	n/a	n/a
Performing Arts Center participants	n/a	n/a	n/a	n/a
Youth recreation playground program participants	n/a	n/a	n/a	n/a
Volunteer support hours	n/a	n/a	n/a	n/a
Senior meals served	n/a	n/a	n/a	n/a
Number of health fair events	n/a	n/a	n/a	n/a
Health fair events attendance (6 events)	n/a	n/a	n/a	n/a
Daly City Peninsula Partnership # of agencies	n/a	n/a	n/a	n/a
Facility rentals (non City events)	n/a	n/a	n/a	n/a
Library				
Volumes in collection - all formats	162,777	152,404	158,964	156,458
Total volumes borrowed	369,276	410,565	428,123	434,471
# of uses of electronic resources	n/a	n/a	n/a	n/a
Youth services program attendance	6,622	8,442	7,866	10,875
Water				
Water service connections	22,316	22,330	22,343	22,425
Water main breaks	n/a	45	92	64
Average daily consumption (thousands of gallons)	8,240	8,110	8,300	8,450
Wastewater				
Sewer service connections	22,858	22,880	22,880	22,873
Sewer main blockages	3	6	1	1
Average daily treatment (thousands of gallons)	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	2007
5,850	5,712	5,660	5,745	6,086	n/a
2,955	2,987	3,248	3,169	3,576	n/a
79,402	91,145	91,464	86,979	79,953	n/a
2,210	2,526	2,664	2,458	2,656	n/a
4,135	5,212	4,619	4,564	4,807	n/a
1,707	2,071	2,065	2,068	1,995	n/a
436	496	577	523	479	n/a
10,279	16,176	17,500	14,926	13,119	n/a
80,035	72,753	68,851	67,849	60,056	n/a
35,947	27,477	17,596	11,470	22,338	20,610
23,296	32,231	41,360	68,519	49,141	63,659
26,595	9,472	9,055	17,403	18,127	5,973
239	108	84	100	98	83
464	561	415	431	444	407
n/a	596	528	1,218	689	548
n/a	21,245	19,675	20,624	21,346	21,754
n/a	7,240	7,988	8,800	2,290	8,671
n/a	35	25	15	18	13
n/a	355	465	495	475	493
n/a	n/a	n/a	9,600	9,600	7,500
n/a	n/a	n/a	500	525	530
n/a	n/a	n/a	1,000	900	900
n/a	n/a	n/a	45,000	45,000	45,000
n/a	n/a	n/a	23,190	21,229	21,130
n/a	n/a	n/a	6	6	4
n/a	n/a	n/a	2,000	2,250	2,000
n/a	n/a	n/a	60	63	60
n/a	n/a	n/a	1,300	1,300	900
159,614	174,065	182,954	189,402	197,034	206,581
470,770	519,180	597,841	592,208	591,336	625,783
n/a	94,500	139,138	142,852	151,316	185,068
9,323	14,051	11,923	11,661	14,818	9,864
22,505	22,614	22,610	22,745	22,887	23,034
74	79	90	56	49	58
7,930	7,920	7,860	7,890	7,240	7,324
22,990	23,025	23,035	23,052	23,087	29,000
21	10	11	14	10	6
6,948	6,653	7,260	7,440	7,436	7,370

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

	1998	1999	2000	2001	2002	2003
Function/Program						
Public safety						
Fire stations	5	5	5	5	5	5
Police stations	1	1	1	1	1	1
Police patrol vehicles	28	28	28	28	33	33
Public works						
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)	37	38	38	39	39	40
Miles of storm drains	45	45	45	45	45	45
Culture and recreation						
Parks and recreation						
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
Library						
City Libraries (# of branches)	4	4	4	4	4	4
Water						
Miles of water mains	187	187	187	187	205	205
Fire hydrants	1,417	1,417	1,417	1,431	1,445	1,425
Storage capacity (thousands of gallons)	22,981	22,981	22,981	22,981	22,981	22,981
Wastewater						
Number of treatment plants	1	1	1	1	1	1
Miles of sanitary sewers	175	175	175	176	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.

Fiscal Year			
2004	**2005**	**2006**	**2007**
5	5	5	5
1	1	1	1
33	33	33	31
112	112	112	112
3,200	3,200	3,200	3,200
40	40	40	40
45	45	45	45
15	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	2,700
12	13	13	13
1	1	1	1
1	1	1	1
2	2	2	2
2	2	2	2
7	7	7	7
1	1	1	2
15	15	15	15
8	8	8	8
1	1	1	1
9	9	9	9
4	4	4	4
205	205	205	187
1,425	1,472	1,472	1,437
22,981	22,981	22,981	22,981
1	1	1	1
177	177	177	177
14	14	14	14
8,000	8,000	8,000	8,000
25,000	25,000	25,000	25,000

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GATEWAY
TO THE
PENINSULA