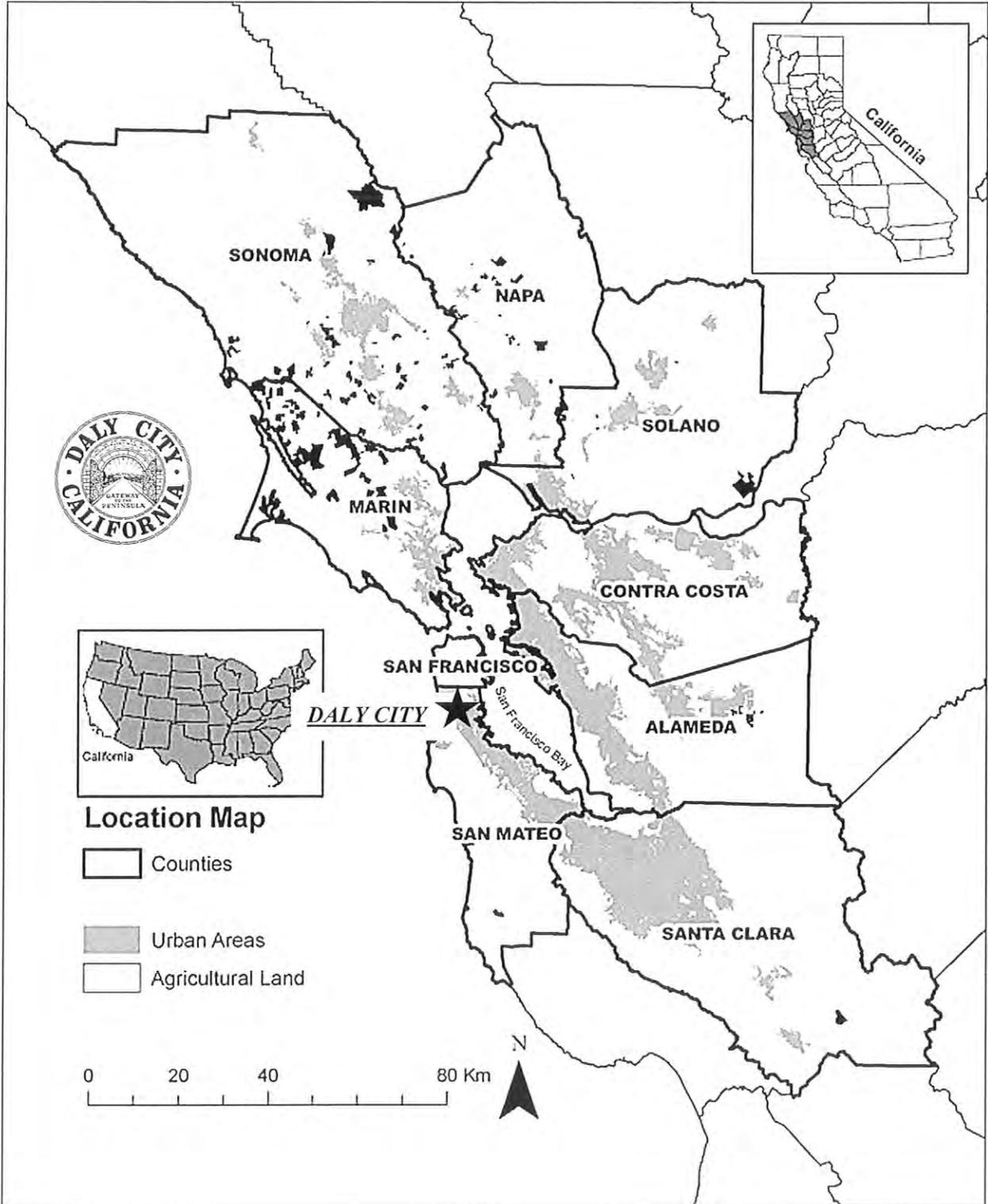




**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**
of the
**CITY OF DALY CITY
CALIFORNIA**

for the FISCAL YEAR ended June 30, 2012



CITY OF DALY CITY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012



Prepared by
DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES

Donald W. McVey
Director



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CITY OF DALY CITY

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

October 19, 2012

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, 2012. 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 102,593 (based on 2010 census) 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 (through February 1, 2012, the date of dissolution), 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 served as the governing board of the Redevelopment Agency and serve as the governing board of the North San Mateo County Sanitation District. The City Manager also served as the Executive Director of the Redevelopment Agency and serves 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 is 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 the 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

Fiscal Challenges and the Local Economy

For the Silicon Valley and the surrounding areas including Daly City, revenue sources remain unpredictable, no longer following long-term trends as they once did. Consumer behavior across revenues sources is inconsistent and less predictable.

Total General Fund revenues for fiscal 2012 were up by 0.8 percent, leaving the General Fund nearly balanced. Expenditures increased by 1.25%, a very small amount considering that inflation was 2.6% for the Bay Area.

Local property tax values seem to have stabilized. In fiscal 2012 the base secured property tax decreased just slightly – one half of one percent – after a one quarter of one percent increase in fiscal 2011, as a result of some lingering declines in value of reassessed properties. Total property tax increased 5.8% due to the reallocation of Redevelopment dollars. Based on data from the County Assessor's Office, it appears that base property tax will increase by at least two percent in fiscal 2013.

Total sales tax has seen a four percent increase in fiscal 2012 over the previous year. That follows the previous year which showed an approximate five percent increase. This is a welcome change from two years of back-to-back eight percent declines in fiscal 2009 and 2010. The sales tax increase was generally across all sales categories, which may indicate that the gain continues to be a result of pent up demand after several years of austerity.

Utility users tax declined by 1.6 percent from fiscal 2011, following a 2.1 percent decline in fiscal 2011, marking the fourth straight year of decline in utility taxes. With an increase in sales tax, one would predict a concurrent increase in utility taxes, but that is not the case. There were declines in gas, electricity, cable television and cellular taxes, while the tax on basic land line service actually increased for the third year after declining for the previous eight years. Clearly there is a long-term trend in terms of expenditures on these utilities.

The national news on local government continues to say that staff reductions are continuing, and that is true for Daly City as well. In order to achieve a balanced General Fund the City has and will need to continue to reduce the number of employees. In conjunction with staff reductions, all controllable costs continue to be closely monitored, which has a negative impact on the local economy.

The Dissolution of Redevelopment

As a part of the State's attempt to balance its budget for fiscal 2012, a pair of bills were passed by the legislature and signed by the Governor with a goal of raising \$1.7 billion state-wide in 2012 and an on-going \$600 million each year thereafter. The first bill would dissolve all redevelopment agencies. The second bill would allow redevelopment agencies to continue to exist if a portion of their revenues was perpetually shared with the State.

Consequently, the League of California Cities and the California Redevelopment Association brought suit on constitutional grounds. The State Supreme Court found only the first bill constitutional, thereby dissolving all redevelopment agencies in the state, effective February 1, 2012.

The Daly City Redevelopment Agency owed significant debt to the City's General Fund, the repayment of which was used to fund operating costs. The standing of the City in relationship to repayment is uncertain as certain measures and approval of the State Department of Finance are required to validate the debt. In addition, available monies to pay the debt are currently inadequate. As a result, the City wrote off the principal balance of the loan in fiscal 2012. Because the property taxes that once were allocated to the Redevelopment Agency are now distributed to all taxing entities, there is some offset to the loss of revenue to the General Fund.

The City's two major enterprise funds, the Water Utility and Sanitation District, have experienced declining revenues due to an increase in foreclosures and the resulting vacant dwelling units. As a result, the City Council adopted a five-year revenue and rate increase plan for the Water Utility, which began in fiscal 2011 with a nine percent rate increase, and a 12 percent increase in fiscal 2012. The water utility continues to experience 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, 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 of the community's needs, which somewhat mitigates the amount of water rate increases. There was no increase in rates for the Sanitation District in fiscal 2012.

Long-term Financial Planning

The City has nearly completed an updated General Plan, which is the main document that will guide future development in Daly City. The future decisions reached as a result of the guidance provided by the City's General Plan will have a significant impact on future revenue generating activities in the City and the costs associated with providing services to future development and redevelopment. Community input has been solicited via a number of communications methods, including Web-based input and live community meetings.

Beginning with the 2008-09/2009-10 Biennial Budget, we extended the planning horizon to 20 years in the Capital Plan. The next few years will be a period of relatively low activity, fairly typical of capital activity levels in Daly City. We anticipate using this period to reflect on our major upcoming capital needs and the methods that might be available to fund them.

As anticipated, General Fund results were slightly negative in fiscal 2012. There have been increased costs associated with pension expenses in 2012 that were mostly covered by additional cost reductions. In particular, wage and benefit concessions negotiated with approximately half of the City's bargaining units began to reduce costs in fiscal 2012, and further concessions will be sought from the remaining bargaining groups in the upcoming round of labor negotiations. Reductions in staffing as a result of vacancies and retirements have also been employed in targeted areas to help balance the budget.

In addition, there is an on-going structural deficit that must be addressed in order for Daly City to be a sustainable organization. Retiree healthcare, infrastructure repairs and maintenance, and underfunded operating expenses need to be dealt with as the City moves forward. Developing long-term plans for addressing this structural deficit will be a primary focus in the years ahead.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Daly City for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 25th consecutive year that the City of Daly City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its Comprehensive Operating and Capital Budget for the 1991 through 2012 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.

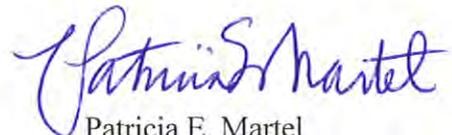
ACKNOWLEDGMENT

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 2012. 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



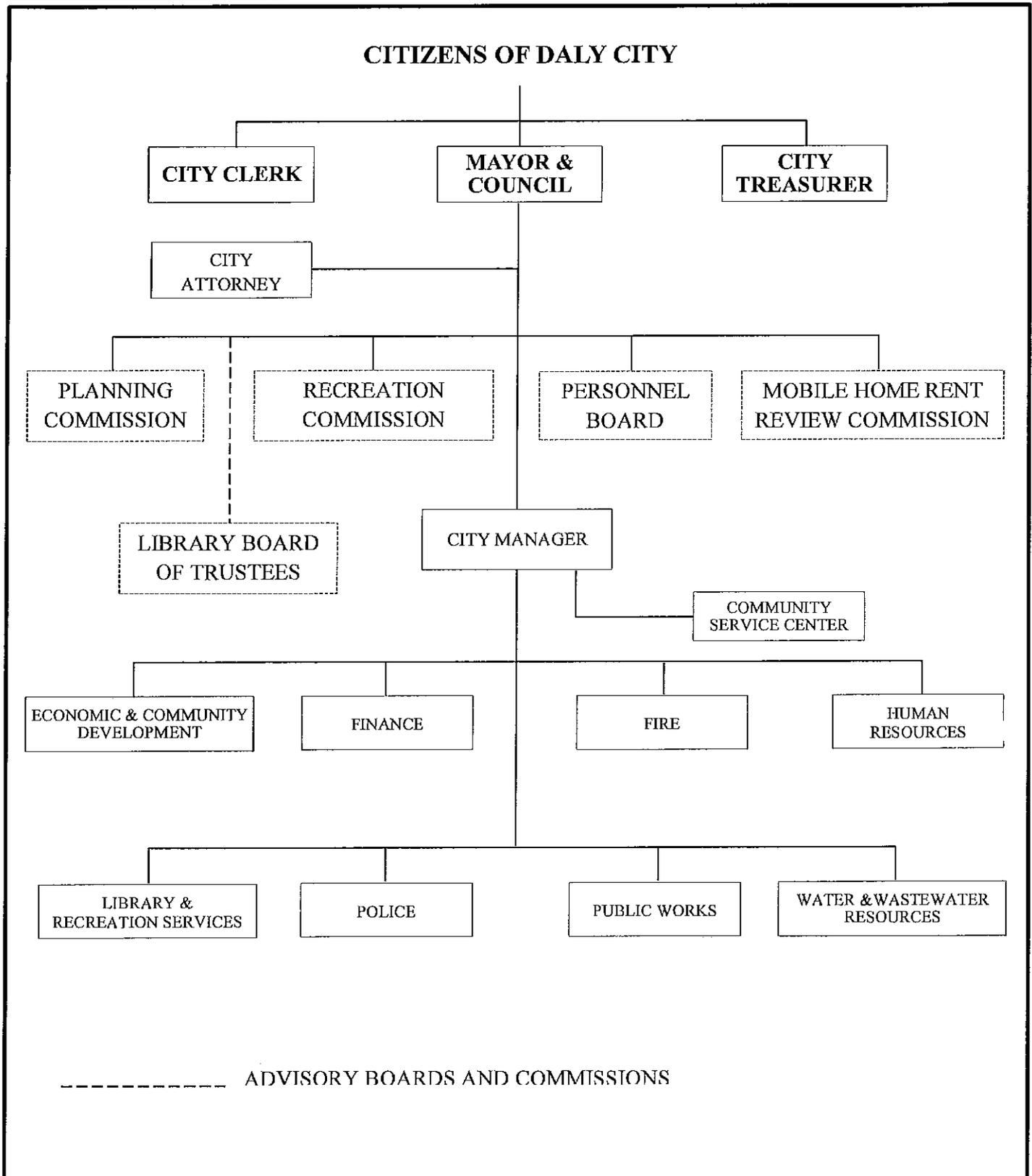
Patricia E. Martel
City Manager



City of Daly City

ORGANIZATION STRUCTURE

Fiscal Years 2012 – 2013 and 2013 – 2014



**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2012**

Sal Torres, Mayor

Raymond Buenaventura, Vice Mayor

David Canepa

Michael P. Guingona

Carol L. Klatt

Annette Hipona
City Clerk

Anthony J. Zidich
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

Patricia E. Martel
Rose Zimmerman
Ron Myers
Manuel Martinez, Jr.
John Fuller
Shawna Marques-Maltbie
Patrick Sweetland
Donald W. McVey
Brian Millar

City Manager
City Attorney
Fire Chief
Police Chief
Director of Public Works
Director of Human Resources
Director of Water & Wastewater Resources
Director of Finance and Administrative Services
Director of Economic & Community Development

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, 2011

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



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

INDEPENDENT AUDITOR'S REPORT

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 (the City) as of and for the year ended June 30, 2012, 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, 2012 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.

As discussed in Note 14, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Redevelopment Agency of the City of Daly City has been dissolved and its assets turned over to and liabilities assumed by the Successor Agency effective February 1, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2012 on our consideration of the City of Daly City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the City of Daly City's financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mare & Associates

October 19, 2012

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, 2012.

FISCAL 2012 FINANCIAL HIGHLIGHTS

- At June 30, 2012, net assets totaled \$227.4 million, a decrease of \$21.9 million from the prior year total of \$249.3 million.
- Net assets of governmental activities were \$126.5 million, while net assets of business-type activities were \$100.9 million.
- Total City revenues, including program and general revenues, were \$114.8 million, while total expenses were \$117.8 million in fiscal 2012.
- Governmental program revenues were \$24.3 million compared with \$25.1 million in fiscal 2011. Business-type program revenues were \$30.8 million compared with \$30.0 million in fiscal 2011.
- Governmental general revenues were \$57.1 million, a decrease of \$1.8 million from the prior year. Business-type general revenues were \$2.7 million, a decrease of \$0.3 million from 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 in its capacity 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 fiscal 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	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 60,391	\$ 64,209	\$ 33,599	\$ 36,994	\$ 93,990	\$ 101,203
Other assets	35,438	52,480	3,846	5,164	39,284	57,644
Capital assets	<u>90,903</u>	<u>91,478</u>	<u>78,561</u>	<u>76,947</u>	<u>169,464</u>	<u>168,425</u>
Total assets	<u>186,732</u>	<u>208,167</u>	<u>116,006</u>	<u>119,105</u>	<u>302,738</u>	<u>327,272</u>
Long-term liabilities	34,413	39,077	9,973	10,602	44,386	49,679
Other liabilities	<u>25,831</u>	<u>22,787</u>	<u>5,154</u>	<u>5,504</u>	<u>30,985</u>	<u>28,291</u>
Total liabilities	<u>60,244</u>	<u>61,864</u>	<u>15,127</u>	<u>16,106</u>	<u>75,371</u>	<u>77,970</u>
Net assets:						
Invested in capital assets, net of related debt	87,550	87,925	68,588	66,345	156,138	154,270
Restricted	15,053	17,883	-	-	15,053	17,883
Unrestricted	<u>23,885</u>	<u>40,495</u>	<u>32,291</u>	<u>36,654</u>	<u>56,176</u>	<u>77,149</u>
Total net assets	<u>\$ 126,488</u>	<u>\$ 146,303</u>	<u>\$ 100,879</u>	<u>\$ 102,999</u>	<u>\$ 227,367</u>	<u>\$ 249,302</u>

Governmental Activities

The City's net assets from governmental activities decreased \$19.8 million (13.5 percent) to \$126.5 million in 2012 from \$146.3 million in 2011. This decrease is the Change in Net Assets reflected in the Statement of Activities, as shown in Table 2. The main reason for this huge decrease is the dissolution of the Daly City Redevelopment Agency which used to be a major governmental fund. The net assets of the Successor Agency to the Daly City Redevelopment Agency are now shown as Fiduciary Funds. Other changes are explained below.

- Capital assets decreased \$0.6 million mainly due to the excess of depreciation over capital asset additions. This decrease in capital assets was accompanied by a \$0.4 million decrease in net assets invested in capital assets.
- Long-term liabilities decreased \$4.7 million mainly due to the \$2.5 million balloon payment on the promissory note for the purchase of the Mission/Miriam property and the \$1.1 million payment on the PERS pension obligation bonds. Other individual increases and decreases are not considered material.
- Restricted net assets decreased \$2.8 million and unrestricted net assets decreased \$16.6 million. Unrestricted net assets of \$23.9 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 decreased \$2.1 million (2.0 percent) to a total of \$100.9 million in fiscal 2012 from \$103.0 million in 2011. Increases and decreases of individual assets and liabilities are not considered material.

- Cash and investments decreased \$3.4 million mainly due to higher operating expenses overall. Other individual increases and decreases are not considered material.
- Long-term liabilities decreased \$0.6 million due to payments made on the Water Utility Certificates of Participation and on the loan from the State Water Resources Control Board for the recycled water project.
- The City continues to invest in infrastructure and major capital improvements in its enterprise funds including upgrades to well #3, secondary clarifiers weir replacement and replacing sewer subsurface lines in various sections of the City. Total net capital assets increased \$1.6 million to \$78.6 million. The net assets invested in capital assets net of related debt increased \$2.2 million.
- Restricted net assets remained at zero as of June 30, 2012 while unrestricted net assets decreased \$4.4 million to \$32.3 million.

CHANGES IN NET ASSETS

Table 2 shows that total governmental revenues decreased \$2.6 million (3.2 percent) while total business-type activity revenues increased \$0.5 million (1.4 percent) in fiscal 2012. Expenses decreased \$1.3 million (1.5 percent) for governmental activities while business-type activity expenses increased \$5.8 million (21.3 percent).

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

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,672	\$ 12,786	\$ 30,777	\$ 29,952	\$ 43,449	\$ 42,738
Operating grants & contributions	8,190	10,609			8,190	10,609
Capital grants & contributions	<u>3,422</u>	<u>1,745</u>	<u>-</u>	<u>-</u>	<u>3,422</u>	<u>1,745</u>
Total program revenues	<u>24,284</u>	<u>25,140</u>	<u>30,777</u>	<u>29,952</u>	<u>55,061</u>	<u>55,092</u>
General revenues:						
Property tax	27,904	29,886	1,434	1,378	29,338	31,264
Sales tax	10,639	10,178			10,639	10,178
Motor vehicle in-lieu	109	493			109	493
Other taxes	14,236	14,297			14,236	14,297
Investment earnings	1,019	712	534	414	1,553	1,126
Other	<u>3,180</u>	<u>3,314</u>	<u>718</u>	<u>1,252</u>	<u>3,898</u>	<u>4,566</u>
Total general revenues	<u>57,087</u>	<u>58,880</u>	<u>2,686</u>	<u>3,044</u>	<u>59,773</u>	<u>61,924</u>
Total revenues	<u>81,371</u>	<u>84,020</u>	<u>33,463</u>	<u>32,996</u>	<u>114,834</u>	<u>117,016</u>
Expenses:						
General government	10,261	9,269			10,261	9,269
Public safety	45,511	42,430			45,511	42,430
Public works	5,406	6,350			5,406	6,350
Streets & infrastructure	3,396	3,133			3,396	3,133
Culture & recreation	14,416	16,182			14,416	16,182
Economic & community development	5,655	8,581			5,655	8,581
Debt service	335	362			335	362
Water utility			13,461	10,538	13,461	10,538
Sewer			18,587	15,711	18,587	15,711
Civic center			686	682	686	682
Transfer station	<u>-</u>	<u>-</u>	<u>49</u>	<u>98</u>	<u>49</u>	<u>98</u>
Total expenses	<u>84,980</u>	<u>86,307</u>	<u>32,783</u>	<u>27,029</u>	<u>117,763</u>	<u>113,336</u>
Increase(decrease) in net assets before transfers	(3,609)	(2,287)	680	5,967	(2,929)	3,680
Transfers	2,800	658	(2,800)	(658)	-	-
Extraordinary item	<u>(19,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,006)</u>	<u>-</u>
Increase (decrease) in net assets	(19,815)	(1,629)	(2,120)	5,309	(21,935)	3,680
Net assets, July 1	<u>146,303</u>	<u>147,932</u>	<u>102,999</u>	<u>97,690</u>	<u>249,302</u>	<u>245,622</u>
Net assets, June 30	<u>\$ 126,488</u>	<u>\$ 146,303</u>	<u>\$ 100,879</u>	<u>\$ 102,999</u>	<u>\$ 227,367</u>	<u>\$ 249,302</u>

GOVERNMENTAL ACTIVITIES

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

Table 3
Governmental Activities
For the Year Ended June 30, 2012
(in thousands)

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Revenue (Expense)</u>
General government	\$ 5,073	\$ 10,261	\$ (5,188)
Public safety	5,491	45,511	(40,020)
Public works	1,771	5,406	(3,635)
Streets & infrastructure	4,058	3,396	662
Culture & recreation	3,985	14,416	(10,431)
Economic & community development	3,906	5,655	(1,749)
All others	<u>-</u>	<u>335</u>	<u>(335)</u>
Total governmental activities	<u>\$ 24,284</u>	<u>\$ 84,980</u>	<u>\$ (60,696)</u>

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2012, the City's major governmental funds consisted of the General Fund, Gas Tax, 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 total fund balance decreased \$21.4 million to \$21.5 million at June 30, 2012 mainly due to the write-off of \$21.2 million advance to the dissolved Daly City Redevelopment Agency. General Fund revenues increased \$0.5 million mainly due to increases in property taxes and sales taxes, offset by lower interest income. The General Fund collected only \$1.25 million interest payment from the dissolved Daly City Redevelopment Agency in 2012 compared to \$2.5 million collected in 2011. General Fund expenditures increased \$0.9 million in 2012 compared to 2011 mainly due to higher PERS retirement contributions.

The Gas Tax Special Revenue Fund total fund balance increased \$0.2 million to \$5.7 million as of June 30, 2012. This amount represents funds that are legally required to be spent on local roadway projects. All such amounts are budgeted for future expenditure as laid out in the multi-year capital plan. Gas Tax Fund revenues increased \$1.8 million 2012 due to higher federal road grants received. Gas Tax Fund expenditures increased \$3.1 million due to more roadway projects completed in 2012.

The Capital Projects Fund had \$17.3 million total fund balance at June 30, 2012 compared to the \$16.6 million fund balance at June 30, 2011. The Capital Projects Fund fund balance is all designated for specific capital projects that will benefit the community as a whole. Capital Projects Fund expenditures decreased \$1.8 million in 2012 compared to 2011 due to fewer capital improvement projects completed in 2012.

Proprietary Funds

At June 30, 2012, the City had two major proprietary funds, the Water Utility Fund and the Sanitation District Fund.

Water Utility revenues increased \$1.6 million or 12.2 percent compared to the previous year due to higher water sales. There was a 12 percent water rate increase in fiscal 2012. Expenses increased \$2.3 million or 22.0 percent, mostly due to the higher cost of water purchased.

Sanitation District revenues decreased \$0.7 million or 4.3 percent over the prior year due to lower sewer service charge revenues. Sewer service charges are billed based on the previous year's winter water usage. There was no sewer rate increase in fiscal 2012. Expenses increased \$1.2 million or 7.2 percent mostly from higher capital outlays.

General Fund Budgetary Highlights

The City of Daly City uses a biennial budgeting process, and fiscal 2012 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 2012 are not considered material.

CAPITAL ASSETS

At the end of fiscal 2012 the City had \$169.5 million, net of accumulated depreciation, invested in a broad range of capital assets, as shown in Table 4 below (further detail may be found in Note 4 to the financial statements):

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

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 20,705	\$ 20,705	\$ 2,863	\$ 2,863	\$ 23,568	\$ 23,568
Buildings & improvements	36,211	38,071	3,085	3,310	39,296	41,381
Streets & infrastructure	24,096	23,840			24,096	23,840
Sewage facilities			24,349	25,281	24,349	25,281
Wells & pump stations			4,013	4,190	4,013	4,190
Water reservoirs			8,739	8,605	8,739	8,605
Water mains			10,623	11,173	10,623	11,173
Sanitation subsurface lines			13,252	12,514	13,252	12,514
Equipment	6,833	7,516	5,781	5,034	12,614	12,550
Furniture & fixtures	28	56			28	56
Construction in progress	<u>3,030</u>	<u>1,290</u>	<u>5,856</u>	<u>3,977</u>	<u>8,886</u>	<u>5,267</u>
Total net capital assets	<u>\$ 90,903</u>	<u>\$ 91,478</u>	<u>\$ 78,561</u>	<u>\$ 76,947</u>	<u>\$169,464</u>	<u>\$168,425</u>

Local roadway projects of various types were in the design phase or under construction, with a total available budget for the coming 2013 fiscal year of \$8.5 million.

Various water master plan projects were completed as part of the Water Utility enterprise fund's \$1.2 million investment in additional infrastructure in 2012. The Sanitation District contributed an additional \$3.8 million to the City's enterprise fund infrastructure in 2012.

DEBT ADMINISTRATION

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

**Table 5
Outstanding Debt
(in thousands)**

<u>Description</u>	<u>Interest</u>	<u>Original Principal</u>	<u>Balance at June 30, 2011</u>	<u>Balance at June 30, 2012</u>
<u>HUD Section 108 Loan for Bayshore Community Center</u> Issued January 29, 2004 Final Maturity Aug. 1, 2022	2.31% to 6.01%	\$4,500	\$3,552	\$3,353
<u>Pension Obligation Bonds</u> Issued June 1, 2004 Final Maturity June 1, 2024	2.65% to 5.896%	\$36,235	\$32,140	\$31,060
<u>State Water Resources Control Board Revolving Fund Loan for Sanitation District Recycled Water Project</u> Issued November 18, 2003 Final Maturity December 1, 2024	2.5%	\$4,450	\$3,377	\$3,173
<u>Certificates of Participation for Bayshore Water Utility Master Plan Project</u> Issued June 24, 2004 Final Maturity June 1, 2024	3.0% to 5.0%	\$9,860	\$7,225	\$6,800
<u>Redevelopment Agency HELP Loan from California Housing Finance Agency</u> Issued January 30, 2007 Final Maturity January 30, 2017	3%	\$905	\$905	\$905
<u>Redevelopment Agency Promissory Note for Gigli Property</u> Issued October 2, 2007 Final Maturity November 1, 2012	5.5%	\$2,480	\$2,480	\$0

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Consumer Price Index-All Urban Consumers was 2.6 percent for the San Francisco-Oakland-San Jose region and 1.7 percent for the U.S. City average for the year ended June 2012, compared to 2.4 percent and 3.6 percent as of June 2011.

The Daly City annual average unemployment rate was 9.8 percent in December 2011, down from 11.0 percent in December 2010. This compares with 7.9 percent and 8.9 percent respectively for San Mateo County as a whole. California, and especially Northern California, remained in an economic downturn during fiscal 2012.

Local revenues continue to be impacted with the slowdown in property sales and now the dramatic decrease in average home value. Although affected less than other areas of California, San Mateo County cannot avoid the spill-over effect from national trends. 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.

CITY OF DALY CITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 1G)	\$60,390,502	\$33,599,283	\$93,989,785
Cash with fiscal agent (Note 1G)	239		239
Accounts receivable, net	3,868,727	3,462,571	7,331,298
Inventories (Note 1H)	301,672	1,616,295	1,917,967
Prepays (Note 1H)	52,555	157,768	210,323
Internal balances (Note 6)	1,391,203	(1,391,203)	
Notes receivable (Note 12)	1,150,047		1,150,047
Property held for development (Note 1C)	3,308,784		3,308,784
Prepaid PERS pension contribution (Note 7)	25,365,297		25,365,297
Capital assets (Note 4)			
Nondepreciable capital assets	23,735,060	8,718,669	32,453,729
Depreciable capital assets, net	67,167,773	69,842,081	137,009,854
Total Assets	186,731,859	116,005,464	302,737,323
LIABILITIES			
Accounts payable	2,257,357	2,551,305	4,808,662
Accrued payroll	1,056,796	128,220	1,185,016
Deposits payable	1,277,503	7,515	1,285,018
Interest payable	228,441	72,160	300,601
OPEB obligation, due in more than one year (Note 8)	6,182,804	1,107,576	7,290,380
Compensated absences (Note 1K)			
Due within one year	5,900,000	790,000	6,690,000
Due in more than one year	2,745,140	497,325	3,242,465
Accrued claims payable (Note 10)			
Due within one year	2,073,532		2,073,532
Due in more than one year	4,109,000		4,109,000
Long-term debt (Note 5)			
Due within one year	1,462,000	654,558	2,116,558
Due in more than one year	32,951,000	9,318,246	42,269,246
Total Liabilities	60,243,573	15,126,905	75,370,478
NET ASSETS (Note 11)			
Invested in capital assets, net of related debt	87,549,833	68,587,946	156,137,779
Restricted for:			
Debt service	239		239
Streets and roads	5,721,471		5,721,471
Infrastructure	5,101,856		5,101,856
Other	4,229,965		4,229,965
Total Restricted Net Assets	15,053,531		15,053,531
Unrestricted	23,884,922	32,290,613	56,175,535
Total Net Assets	\$126,488,286	\$100,878,559	\$227,366,845

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
General government	\$10,260,757	\$764,719	\$4,145,364	\$162,785	(\$5,187,889)	(\$5,187,889)
Public safety	45,511,296	4,685,400	738,675	66,874	(40,020,347)	(40,020,347)
Public works	5,406,051	1,259,803	400,000	110,999	(3,635,249)	(3,635,249)
Streets and infrastructure	3,395,911	953,473	133,879	2,970,605	662,046	662,046
Culture and recreation	14,415,687	2,913,641	961,287	110,447	(10,430,312)	(10,430,312)
Economic and community development	5,654,736	2,095,455	1,810,422		(1,748,859)	(1,748,859)
Interest on long-term debt	335,549				(335,549)	(335,549)
Total Governmental Activities	84,979,987	12,672,491	8,189,627	3,421,710	(60,696,159)	(60,696,159)
Business-type Activities:						
Water Utility	13,460,939	14,625,062			\$1,164,123	1,164,123
Civic Center	686,051	759,286			73,235	73,235
Transfer Station	48,926	375,000			326,074	326,074
Sanitation District	18,587,421	15,018,052			(3,569,369)	(3,569,369)
Total Business-type Activities	32,783,337	30,777,400			(2,005,937)	(2,005,937)
Total	\$117,763,324	\$43,449,891	\$8,189,627	\$3,421,710	(60,696,159)	(62,702,096)
General revenues:						
Taxes:						
Property tax					27,903,523	29,337,127
Sales tax					10,638,574	10,638,574
Utility users tax					6,532,361	6,532,361
Franchise fees					3,500,118	3,500,118
Other taxes					4,203,616	4,203,616
Motor vehicle in lieu, unrestricted					109,179	109,179
Investment earnings					1,018,793	1,553,032
Miscellaneous					3,180,451	3,884,957
Sale of property						14,001
Transfers (Note 6)					2,800,581	(2,800,581)
Extraordinary item (Note 14)						
Assets transferred to/liabilities assumed by Successor Agency					2,200,965	2,200,965
Write-off of advances to Daly City Redevelopment					(21,207,096)	(21,207,096)
Total general revenues, transfers, and extraordinary item					40,881,065	40,766,834
Change in Net Assets					(19,815,094)	(21,935,262)
Net Assets-Beginning					146,303,380	249,302,107
Net Assets-Ending					\$126,488,286	\$227,366,845

See accompanying notes to financial statements

CITY OF DALY CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General	Gas Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 1G)	\$22,419,432	\$5,508,386	\$17,309,308	\$639,143	\$45,876,269
Accounts receivable, net	2,849,150	371,267	24,292	535,242	3,779,951
Due from other funds (Note 6)	46,788				46,788
Inventories (Note 1H)	185,476				185,476
Prepays (Note 1H)	52,555				52,555
Notes receivable (Note 12)				1,150,047	1,150,047
Property held for development (Note 1C)				3,308,784	3,308,784
Total Assets	\$25,553,401	\$5,879,653	\$17,333,600	\$5,633,216	\$54,399,870
LIABILITIES					
Accounts payable	\$1,770,826	\$158,182	\$20,451	\$190,078	\$2,139,537
Accrued payroll	983,857			10,688	994,545
Due to other funds (Note 6)				46,788	46,788
Deposits payable	1,271,853			5,650	1,277,503
Deferred revenue				1,150,047	1,150,047
Total Liabilities	4,026,536	158,182	20,451	1,403,251	5,608,420
FUND BALANCES					
Fund Balance (Note 11)					
Nonspendable	238,031				238,031
Restricted		5,721,471	5,101,856	4,229,965	15,053,292
Assigned	12,249,286		12,211,293		24,460,579
Unassigned	9,039,548				9,039,548
Total Fund Balances	21,526,865	5,721,471	17,313,149	4,229,965	48,791,450
Total Liabilities and Fund Balances	\$25,553,401	\$5,879,653	\$17,333,600	\$5,633,216	\$54,399,870

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, 2012

Total fund balances reported on the Governmental Funds Balance Sheet \$48,791,450

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. 84,281,755

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	14,514,472
Accounts receivable	88,776
Inventories	116,196
Internal balances	1,391,203
Capital assets	6,621,078
Prepaid PERS pension contribution	25,365,297
Accounts payable	(117,820)
Accrued payroll	(62,251)
Interest payable	(150,441)
Accrued claims payable	(6,182,532)
Compensated absences	(469,365)
OPEB obligation	(704,889)
Long-term debt - due within one year	(1,250,000)
Long-term debt - due in more than one year	(29,810,000)

ACCRUAL OF NONCURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 1,150,047

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(3,353,000)
Interest payable	(78,000)
OPEB Obligation	(5,477,915)
Compensated absences	(8,175,775)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$126,488,286

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, 2012

	General	Gas Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$24,358,330			\$3,545,193	\$27,903,523
Gas tax		\$3,059,784			3,059,784
Sales tax	9,530,387	1,574,980			11,105,367
Utility users tax	6,532,361				6,532,361
Franchise fees	3,500,118				3,500,118
Other taxes	4,312,795				4,312,795
Licenses and permits	1,409,698				1,409,698
Fines and forfeitures	2,440,465				2,440,465
Rents and interest	2,634,130	66,655	\$292,072	140,040	3,132,897
Federal programs and grants	42,368	2,970,605	243,639	2,303,001	5,559,613
Receipts from other agencies	808,114	337,081	56,131	506,502	1,707,828
Charges and fees	6,596,839		612,559	427,848	7,637,246
Miscellaneous	3,425,996	2,000	383,297	232,719	4,044,012
Total Revenues	65,591,601	8,011,105	1,587,698	7,155,303	82,345,707
EXPENDITURES					
Current:					
General government	8,682,126				8,682,126
Public safety	41,668,897			558,076	42,226,973
Public works	4,975,184			20,177	4,995,361
Culture and recreation	11,128,298			1,521,933	12,650,231
Economic and community development	3,639,862			2,133,439	5,773,301
Capital projects		6,021,384	956,577		6,977,961
Debt service					
Principal				2,679,000	2,679,000
Interest				312,381	312,381
Total Expenditures	70,094,367	6,021,384	956,577	7,225,006	84,297,334
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,502,766)	1,989,721	631,121	(69,703)	(1,951,627)
OTHER FINANCING SOURCES (USES)					
Sale of property	5,787				5,787
Transfers in (Note 6)	5,035,691		99,077	618,775	5,753,543
Transfers (out) (Note 6)	(738,251)	(1,771,119)	(56,800)	(271,977)	(2,838,147)
Total Other Financing Sources (Uses)	4,303,227	(1,771,119)	42,277	346,798	2,921,183
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS	(199,539)	218,602	673,398	277,095	969,556
EXTRAORDINARY ITEMS (NOTE 14)					
Assets transferred to/liabilities assumed by Successor Agency				2,663,131	2,663,131
Write-off of advances to Daly City Redevelopment Agency	(21,207,096)				(21,207,096)
NET CHANGE IN FUND BALANCES	(21,406,635)	218,602	673,398	2,940,226	(17,574,409)
BEGINNING FUND BALANCES (DEFICITS)	42,933,500	5,502,869	16,639,751	1,289,739	66,365,859
ENDING FUND BALANCES	\$21,526,865	\$5,721,471	\$17,313,149	\$4,229,965	\$48,791,450

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, 2012

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 (\$17,574,409)

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.	5,055,194
Net retirements are deducted from fund balance	(847,235)
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of \$1,220,636 which has already been allocated to serviced funds).	(4,005,141)

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	2,679,000
Interest accrued is deducted from fund balance	(23,168)
Long term debt and related interest payable assumed by the Successor Agency	1,047,360

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	(2,502,275)
Compensated absences	308,935
OPEB Obligation	(1,460,669)

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	<u>(2,492,686)</u>
----------------------------------------------------	--------------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$19,815,094)</u></u>
-------------------------------------------------	------------------------------

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$22,608,732	\$22,608,732	\$24,358,330	\$1,749,598
Sales tax	9,020,679	9,020,679	9,530,387	509,708
Utility users tax	6,965,838	6,965,838	6,532,361	(433,477)
Franchise fees	3,624,416	3,624,416	3,500,118	(124,298)
Other taxes	4,433,842	4,433,842	4,312,795	(121,047)
Licenses and permits	1,261,242	1,261,242	1,409,698	148,456
Fines and forfeitures	3,036,503	3,036,503	2,440,465	(596,038)
Rents and interest	3,906,983	3,906,983	2,634,130	(1,272,853)
Federal programs and grants	44,069	44,069	42,368	(1,701)
Receipts from other agencies	535,300	763,875	808,114	44,239
Charges and fees	5,793,980	5,793,980	6,596,839	802,859
Miscellaneous	3,264,230	3,277,576	3,425,996	148,420
Total Revenues	64,495,814	64,737,735	65,591,601	853,866
EXPENDITURES:				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	177,707	177,707	181,939	(4,232)
Services and supplies	39,602	39,602	40,164	(562)
Other charges	13,813	2,313	4,007	(1,694)
Total Legislative	231,122	219,622	226,110	(6,488)
Legal:				
Salaries and benefits	799,064	799,064	808,040	(8,976)
Services and supplies	130,224	127,974	97,966	30,008
Other charges	9,624	9,624	6,370	3,254
Total Legal	938,912	936,662	912,376	24,286
Administrative				
Salaries and benefits	5,581,247	5,581,247	6,007,297	(426,050)
Services and supplies	997,995	1,060,791	987,904	72,887
Capital outlay	1,634	1,634	1,619	15
Other charges	692,991	738,200	546,820	191,380
Total Administrative	7,273,867	7,381,872	7,543,640	(161,768)
Total General Government	8,443,901	8,538,156	8,682,126	(143,970)
Public Safety				
Police:				
Salaries and benefits	20,334,068	20,491,409	20,679,119	(187,710)
Services and supplies	3,742,506	3,712,043	3,730,449	(18,406)
Capital outlay	29,976	43,858	41,927	1,931
Other charges	159,310	159,310	164,486	(5,176)
Total Police	24,265,860	24,406,620	24,615,981	(209,361)
Fire:				
Salaries and benefits	13,166,658	13,166,658	13,685,923	(519,265)
Services and supplies	1,369,980	1,366,423	1,301,249	65,174
Capital outlay	63,897	63,897	45,925	17,972
Other charges	65,866	61,511	83,497	(21,986)
Total Fire	14,666,401	14,658,489	15,116,594	(458,105)
Public Safety Communications				
Salaries and benefits	1,805,159	1,805,159	1,702,502	102,657
Services and supplies	221,564	221,564	219,414	2,150
Capital outlay	2,000	2,000	1,997	3
Other charges	12,582	12,582	12,409	173
Total Public Safety Communications	2,041,305	2,041,305	1,936,322	104,983
Total Public Safety	40,973,566	41,106,414	41,668,897	(562,483)

(Continued)

CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Public Works				
Salaries and benefits	4,069,158	4,069,158	3,525,506	543,652
Services and supplies	1,461,296	1,461,296	1,380,848	80,448
Other charges	57,600	57,600	68,830	(11,230)
Total Public Works	5,588,054	5,588,054	4,975,184	612,870
Culture and Recreation				
Library				
Salaries and benefits	2,619,286	2,619,286	2,254,358	364,928
Services and supplies	1,013,149	1,016,149	1,154,742	(138,593)
Other charges	15,495	15,495	15,028	467
Total Library	3,647,930	3,650,930	3,424,128	226,802
Recreation Services				
Salaries and benefits	4,818,340	4,848,318	4,325,629	522,689
Services and supplies	3,753,890	3,762,261	3,322,082	440,179
Capital outlay	3,454	3,454	4,468	(1,014)
Other charges	55,701	55,701	51,991	3,710
Total Recreation Services	8,631,385	8,669,734	7,704,170	965,564
Total Culture and Recreation	12,279,315	12,320,664	11,128,298	1,192,366
Economic and Community Development				
Salaries and benefits	2,939,014	2,939,014	3,013,904	(74,890)
Services and supplies	504,008	568,932	325,366	243,566
Capital outlay	600	600		600
Other charges	310,881	314,881	300,592	14,289
Total Economic and Community Development	3,754,503	3,823,427	3,639,862	183,565
Total Expenditures	71,039,339	71,376,715	70,094,367	1,282,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,543,525)	(6,638,980)	(4,502,766)	2,136,214
OTHER FINANCING SOURCES (USES)				
Sale of property			5,787	5,787
Transfers in	5,871,999	5,876,865	5,035,691	(841,174)
Transfers out	(721,498)	(740,600)	(738,251)	2,349
Total Other Financing Sources (Uses)	5,150,501	5,136,265	4,303,227	(833,038)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS	(1,393,024)	(1,502,715)	(199,539)	1,303,176
EXTRAORDINARY ITEMS (NOTE 14)				
Write-off of advances to Daly City Redevelopment Agency			(21,207,096)	(21,207,096)
NET CHANGE IN FUND BALANCE	(\$1,393,024)	(\$1,502,715)	(21,406,635)	(\$19,903,920)
BEGINNING FUND BALANCE			42,933,500	
ENDING FUND BALANCE			\$21,526,865	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Gas tax	\$2,656,023	\$2,656,023	\$3,059,784	\$403,761
Sales tax	1,265,000	1,265,000	1,574,980	309,980
Rents and interest	9,315	9,315	66,655	57,340
Federal programs and grants		4,139,369	2,970,605	(1,168,764)
Receipts from other agencies	90,000	123,217	337,081	213,864
Miscellaneous			2,000	2,000
Total Revenues	<u>4,020,338</u>	<u>8,192,924</u>	<u>8,011,105</u>	<u>(181,819)</u>
EXPENDITURES:				
Capital projects	<u>4,755,022</u>	<u>10,101,655</u>	<u>6,021,384</u>	<u>4,080,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(734,684)</u>	<u>(1,908,731)</u>	<u>1,989,721</u>	<u>3,898,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,394,462)</u>	<u>(2,317,790)</u>	<u>(1,771,119)</u>	<u>546,671</u>
NET CHANGE IN FUND BALANCE	<u>(\$3,129,146)</u>	<u>(\$4,226,521)</u>	218,602	<u>\$4,445,123</u>
BEGINNING FUND BALANCE			<u>5,502,869</u>	
ENDING FUND BALANCE			<u>\$5,721,471</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
ASSETS					
Current Assets:					
Cash and investments (Note 1G)	\$6,881,604	\$23,202,427	\$3,515,252	\$33,599,283	\$14,514,233
Cash with fiscal agent (Note 1G)					239
Accounts receivable, net (Note 1I)	2,082,768	1,180,449	84,736	3,347,953	88,776
Inventories (Note 1H)	400,933	1,215,362		1,616,295	116,196
Prepays (Note 1H)	157,688	80		157,768	
Total Current Assets	9,522,993	25,598,318	3,599,988	38,721,299	14,719,444
Noncurrent Assets:					
Accounts receivable, net (Note 1I)		114,618		114,618	
Prepaid PERS pension contribution (Note 7)					25,365,297
Capital Assets (Note 4):					
Land	839,856	233,547	1,789,146	2,862,549	378,343
Buildings	153,943	676,019	6,753,006	7,582,968	35,817
Sewage facilities		54,904,534		54,904,534	
Wells and pump stations	7,011,400			7,011,400	
Water reservoirs	12,715,925			12,715,925	
Mains & subsurface lines	16,147,012	21,576,387		37,723,399	
Equipment	5,337,998	5,110,879	957,617	11,406,494	16,455,471
Furniture and fixtures	21,824	28,694		50,518	52,707
Construction in progress	1,512,677	4,343,443		5,856,120	
Total Capital Assets	43,740,635	86,873,503	9,499,769	140,113,907	16,922,338
Less accumulated depreciation	(15,924,984)	(41,245,097)	(4,383,076)	(61,553,157)	(10,301,260)
Net Capital Assets	27,815,651	45,628,406	5,116,693	78,560,750	6,621,078
Total Noncurrent Assets	27,815,651	45,743,024	5,116,693	78,675,368	31,986,375
Total Assets	37,338,644	71,341,342	8,716,681	117,396,667	46,705,819
Current Liabilities:					
Accounts payable	752,678	1,363,730	12,210	2,128,618	117,820
Retentions payable	50,156	372,531		422,687	
Accrued payroll	40,751	87,469		128,220	62,251
Deposits payable	7,515			7,515	
Interest payable	25,890	46,270		72,160	150,441
Accrued claims payable (Note 10)					2,073,532
Compensated absences (Note 1K)	250,000	540,000		790,000	
Long-term dcbt (Note 5)	445,000	209,558		654,558	1,250,000
Total Current Liabilities	1,571,990	2,619,558	12,210	4,203,758	3,654,044
Noncurrent Liabilities:					
Compensated absences (Note 1K)	75,397	421,928		497,325	469,365
Accrued claims payable (Note 10)					4,109,000
OPEB obligation	431,583	675,993		1,107,576	704,889
Long-term dcbt (Note 5)	6,355,000	2,963,246		9,318,246	29,810,000
Total Noncurrent Liabilities	6,861,980	4,061,167		10,923,147	35,093,254
Total Liabilities	8,433,970	6,680,725	12,210	15,126,905	38,747,298
NET ASSETS (Note 11)					
Invested in capital assets, net of related debt	21,015,651	42,455,602	5,116,693	68,587,946	6,621,078
Restricted for:					
Debt service					239
Unrestricted	7,889,023	22,205,015	3,587,778	33,681,816	1,337,204
Total Net Assets	\$28,904,674	\$64,660,617	\$8,704,471	102,269,762	\$7,958,521

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

Net assets of business-type activities

(1,391,203)

\$100,878,559

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, 2012

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Water Utility	Sanitation District	Other Enterprise Funds		Totals
OPERATING REVENUES					
Water sales	\$14,625,062	\$102,970		\$14,728,032	
Sewer service charges		14,821,362		14,821,362	
Connection charges		93,720		93,720	
Rental income			\$759,286	759,286	
Lease revenue			375,000	375,000	
Charges to City departments					\$15,868,017
Other revenues	438,828	104,310	161,368	704,506	252,256
Total Operating Revenues	<u>15,063,890</u>	<u>15,122,362</u>	<u>1,295,654</u>	<u>31,481,906</u>	<u>16,120,273</u>
OPERATING EXPENSES					
Salaries and benefits	2,821,294	6,504,987		9,326,281	4,844,629
Services and supplies	1,776,669	5,992,593	413,544	8,182,806	2,927,232
Water purchases	4,968,580			4,968,580	
Utilities	1,071,031	894,693	92,626	2,058,350	369,641
Insurance	130,383	395,597	12,390	538,370	1,168,969
Claims and settlements					5,769,214
Depreciation (Note 4)	1,257,540	1,944,387	227,783	3,429,710	1,220,636
Other charges	692,845	1,683,526		2,376,371	314,394
Total Operating Expenses	<u>12,718,342</u>	<u>17,415,783</u>	<u>746,343</u>	<u>30,880,468</u>	<u>16,614,715</u>
Operating Income	<u>2,345,548</u>	<u>(2,293,421)</u>	<u>549,311</u>	<u>601,438</u>	<u>(494,442)</u>
NONOPERATING REVENUES (EXPENSES)					
Property taxes		1,433,604		1,433,604	
Sale of property		14,001		14,001	
Gain (loss) on disposal of capital assets		(1,413)		(1,413)	(475)
Amortization					(1,705,458)
Interest income	121,967	372,604	39,668	534,239	197,476
Interest expense	(338,425)	(81,449)		(419,874)	(1,856,554)
Total Nonoperating Revenues (Expenses)	<u>(216,458)</u>	<u>1,737,347</u>	<u>39,668</u>	<u>1,560,557</u>	<u>(3,365,011)</u>
Income (Loss) Before Transfers	<u>2,129,090</u>	<u>(556,074)</u>	<u>588,979</u>	<u>2,161,995</u>	<u>(3,859,453)</u>
Transfers in (Note 6)		1,485,031		1,485,031	472,294
Transfers (out) (Note 6)	(2,372,007)	(1,148,167)	(765,438)	(4,285,612)	(587,109)
Net transfers	<u>(2,372,007)</u>	<u>336,864</u>	<u>(765,438)</u>	<u>(2,800,581)</u>	<u>(114,815)</u>
Change in net assets	<u>(242,917)</u>	<u>(219,210)</u>	<u>(176,459)</u>	<u>(638,586)</u>	<u>(3,974,268)</u>
BEGINNING NET ASSETS	<u>29,147,591</u>	<u>64,879,827</u>	<u>8,880,930</u>	<u>102,908,348</u>	<u>11,932,789</u>
ENDING NET ASSETS	<u>\$28,904,674</u>	<u>\$64,660,617</u>	<u>\$8,704,471</u>	<u>\$102,269,762</u>	<u>\$7,958,521</u>
Net change in net assets				<u>(\$638,586)</u>	
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.				<u>(1,481,582)</u>	
Change in net assets of business-type activities				<u>(\$2,120,168)</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitatioo District	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$14,789,393	\$14,954,601	\$1,234,803	\$30,978,797	\$16,052,640
Payments to suppliers	(8,647,176)	(9,153,234)	(518,943)	(18,319,353)	(4,822,422)
Payments to employees	(2,761,787)	(6,375,712)		(9,137,499)	(4,741,462)
Claims paid					(2,637,806)
Cash Flows from Operating Activities	3,380,430	(574,345)	715,860	3,521,945	3,850,950
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property tax		1,433,604		1,433,604	
Principal paid on noncapital debt					(1,080,000)
Interest paid on noncapital debt					(1,861,215)
Transfers in		1,485,031		1,485,031	472,294
Transfers out	(2,372,007)	(1,148,167)	(765,438)	(4,285,612)	(587,109)
Cash Flows from Noncapital Financing Activities	(2,372,007)	1,770,468	(765,438)	(1,366,977)	(3,056,030)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,183,837)	(3,822,711)	(38,303)	(5,044,851)	(476,589)
Proceeds from sale of capital assets		14,001		14,001	33,020
Principal paid on capital debt	(425,000)	(204,448)		(629,448)	
Interest paid on capital debt	(339,753)	(84,431)		(424,184)	
Cash Flows from Capital and Related Financing Activities	(1,948,590)	(4,097,589)	(38,303)	(6,084,482)	(443,569)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	121,967	372,604	39,668	534,239	197,476
Net Cash Flows	(818,200)	(2,528,862)	(48,213)	(3,395,275)	548,827
Cash and investments at beginning of period	7,699,804	25,731,289	3,563,465	36,994,558	13,965,645
Cash and investments at end of period	<u>\$6,881,604</u>	<u>\$23,202,427</u>	<u>\$3,515,252</u>	<u>\$33,599,283</u>	<u>\$14,514,472</u>
Reconciliation of Operating Income (Loss) to Cash Flows					
from Operating Activities:					
Operating income (loss)	\$2,345,548	(\$2,293,421)	\$549,311	\$601,438	(\$494,442)
Adjustments to reconcile operating income (loss) to cash flows					
from operating activities:					
Depreciation	1,257,540	1,944,387	227,783	3,429,710	1,220,636
Change in assets and liabilities:					
Accounts receivable, net	(267,684)	(167,761)	(60,851)	(496,296)	(67,633)
Inventories	50,062	269,830		319,892	22,522
Prepays	13,022	(80)		12,942	
Accounts payable	(63,804)	(726,700)	(383)	(790,887)	(64,708)
Retentions payable	(6,948)	270,125		263,177	
Accrued payroll	8,854	18,609		27,463	6,994
Deposits payable	(6,813)			(6,813)	
Accrued claims payable					3,131,408
Compensated absences	(69,902)	(51,469)		(121,371)	(69,349)
OPEB obligation	120,555	162,135		282,690	165,522
Cash Flows from Operating Activities	\$3,380,430	(\$574,345)	\$715,860	\$3,521,945	\$3,850,950

See accompanying notes to financial statements



FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST

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

AGENCY FUNDS

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

CITY OF DALY CITY
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2012

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS		
Cash and investments (Note 1G)	\$1,192,130	\$2,170,664
Receivables	2,304	1,652,530
Other assets		7,913
Property held for redevelopment	16,113,762	
Total Assets	\$17,308,196	\$3,831,107
LIABILITIES		
Accounts payable		\$2,195,292
Due to others		1,635,815
Deposits payable	\$154,050	
Interest payable, due in more than one year (Note 14E)	142,690	
Long-term debt, due in more than one year (Note 14E)	904,670	
Total Liabilities	\$1,201,410	\$3,831,107
NET ASSETS		
Held in trust for other purposes	\$16,106,786	

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2012

	Successor Agency to the Redevelopment Agency <u>Private-Purpose Trust</u>
ADDITIONS	
Property tax	(\$2,479,723)
Rents and interest	40,556
Charges and fees	3,120
Miscellaneous	58
	58
Total additions	(2,435,989)
DEDUCTIONS	
Services and supplies	255,296
Pass-through payments	144,865
Other charges	2,510
Interest and fiscal charges	60,685
	60,685
Total deductions	463,356
Net change in net assets before extraordinary item	(2,899,345)
EXTRAORDINARY ITEM (NOTE 14)	
Assets transferred to/liabilities assumed by Successor Agency	19,006,131
NET ASSETS HELD IN TRUST FOR OTHER PURPOSES	
Beginning of year	
End of year	\$16,106,786

See accompanying notes to financial statements



CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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 (until February 1, 2012 - see Note 14), 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. As of July 1, 2010, the Traffic Enforcement fund, which is used to account for traffic fines collected from red light violations and associated program costs, was combined with the General 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.

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. As of July 1, 2010, the AB 1600 Public Facility Fees Fund, which is used to account for the revenues derived from developer fees required under AB 1600 to be expended for infrastructure expansion caused by new development, was combined with the Capital Projects Fund.

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 these are provided to other departments on a cost-reimbursement basis.

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

C. PROPERTY HELD FOR DEVELOPMENT

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

D. BASIS OF ACCOUNTING

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

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

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.

E. NEW FUNDS AND CLOSED FUND

The Low and Moderate Income Housing Asset Special Revenue Fund was established to account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City of Daly City.

The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Daly City.

The Redevelopment Agency Special Revenue Fund was closed as of February 1, 2012 as the result of the dissolution of the Redevelopment Agency as discussed in Note 14.

F. BUDGETS, BUDGETARY ACCOUNTING AND ENCUMBRANCES

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

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

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

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

For the fiscal year ended June 30, 2012, the following expenditures exceeded the budgeted expenditures:

	<u>Expenditures Exceeded Budget</u>
General Fund:	
Legislative	\$6,488
Administrative	161,768
Police	209,361
Fire	458,105
Low and Moderate Income Housing Assets	
Special Revenue Fund	
Economic and Community Development	16,929
Grants Special Revenue Fund	
Culture and Recreation	4,768

G. 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	\$93,989,785
Restricted cash and investments	239
Cash and investments of the City	93,990,024
Cash and investments in Fiduciary Funds (separate statement)	3,362,794
Total cash and investments	<u>\$97,352,818</u>

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000	\$50,000,000
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 Enterprisc Agencies	5 Years	N/A	\$14,000,000	\$14,000,000
Bankers' Acceptances	180 Days	N/A	40%	30%
Commercial Paper	180 Days	Highest Rating Category	25%	10%
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
Money Market Mutual Funds	N/A	AAAm	No Limit	No Limit
Bankers Acceptances	360 days	A-1+	No Limit	No Limit
Local Obligations	N/A	Highest Rating Category	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000	\$50,000,000
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	More than Ten Years	Total
U.S. Government-Sponsored Enterprise Agencies		\$7,795,842	\$7,795,842
Certificates of Deposit	\$498,000		498,000
Money Market Mutual Funds	239		239
California Local Agency Investment Fund	3,925,623		3,925,623
San Mateo County Investment Pool	83,350,300		83,350,300
Total Investments	\$87,774,162	\$7,795,842	95,570,004
Cash in Bank and on Hand			1,782,814
Total Cash and Investments			\$97,352,818

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2012, these investments have an average maturity of 268 days.

The City is a voluntary participant in the San Mateo County Investment Fund (SMCIF) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of San Mateo. The City reports its investment in SMCIF at the fair value amount provided by SMCIF. The balance available for withdrawal is based on the accounting records maintained by SMCIF, which are recorded on an amortized cost basis. Included in SMCIF's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. Government, LAIF, corporate notes, commercial paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2012, these investments matured in an average of 1.6 years.

Mutual Fund investments are available for withdrawal on demand and at June 30, 2012 have an average maturity of less than 51 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, 2012 are provided by Standard and Poor's except as noted.

Investment Type	AAA _m	AAA _f	Total Investments
Money Market Mutual Funds	\$239		\$239
San Mateo County Investment Pool		\$83,350,300	83,350,300
Total	\$239	\$83,350,300	83,350,539
<i>Not rated:</i>			
Certificates of Deposit			498,000
California Local Agency Investment Fund			3,925,623
<i>Exempt from rating requirement:</i>			
U.S. Government-Sponsored Enterprise Agencies			7,795,842
Total Investments			<u>\$95,570,004</u>

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (for example, broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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

H. INVENTORY AND PREPAIDS

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

Prepays represent services that are paid for in advance. For governmental funds, prepaids do not constitute available spendable resources even though they are a component of net current assets. For the Water Utility enterprise fund, prepaids represent the unamortized portion of the certificates of participation issue costs. The consumption method of accounting is applied to prepaids.

I. 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.

J. ADVANCES TO OTHER FUNDS AND AGENCIES

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

K. ACCUMULATED UNPAID VACATION, COMPENSATORY AND SICK LEAVE

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

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

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

The changes in liability for compensated absences were as follows:

	Governmental Activities	Business Type Activities	Total
Balance June 30, 2011	\$9,023,424	\$1,408,696	\$10,432,120
Additions	5,776,030	804,409	6,580,439
Payments	(6,154,314)	(925,780)	(7,080,094)
Balance June 30, 2012	<u>\$8,645,140</u>	<u>\$1,287,325</u>	<u>\$9,932,465</u>
Due within one year	<u>\$5,900,000</u>	<u>\$790,000</u>	<u>\$6,690,000</u>

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

L. 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.

M. PROPERTY TAX LEVY, COLLECTION, MAXIMUM RATES

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

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

	<u>SECURED</u>	<u>UNSECURED</u>
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 1
Due Dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 April 10	August 31

The term "Unsecured" refers to taxes on property not secured by liens on real property. Property taxes levied are recorded as revenue and receivables, net of estimated uncollectible amounts, in the fiscal year of levy. Property taxes which cannot be recorded as current year revenues, in accordance with the modified accrual basis of accounting, have been recorded as deferred revenues.

N. USE OF ESTIMATES

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

Note 2.

REPORTING ENTITY

The City's Basic Financial Statements include the financial activities of the City, the 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.

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. As discussed in Note 14, the Redevelopment Agency was dissolved effective February 1, 2012.

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

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

Note 3.

COMMITMENTS AND CONTINGENCIES

According to “trailer bill” legislation (AB 1484) effective on July 1, 2012, which further amended the Community Redevelopment Law, the County Auditor-Controller, the State Department of Finance and the State Controller may require the return of funds improperly spent or transferred to a public entity in conflict with the provisions of the Community Redevelopment Law, as amended by ABx1 26 and AB 1484, and, if funds are not returned within 60 days, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency, which, in the case of the Agency, is the City.

The Daly City Redevelopment Agency transferred \$2 million to the Water System, effective June 30, 2011, to assist with the costs of capital improvements, primarily of a repair and replacement nature, in the Bayshore Redevelopment Project Area in order to provide adequate water supplies necessary to facilitate future development within that project Area. Although the actual transfer of cash was after the effective date of ABx1 26, this contribution was contained in the adopted budget that predated the adoption of ABx1 26, as well as in the Bayshore Project Area Redevelopment Plan. The City believes the \$2 million transfer does not represent an “asset transfer” as defined by ABx1 26 (as further clarified in AB1484). The State, under ABx1 26, has the right to examine transactions that occurred after January 1, 2011, and can, as a result, order the return of these funds. As a result, there is some risk that this transfer may be required to be reversed.

If the Water System is required to return the \$2 million transfer to the successor agency to the Redevelopment Agency, the City believes it will be able to do so from the available fund balances and that the repayment will not adversely impact the City’s ability to operate the Water System or to pay debt service on the Bonds.

At June 30, 2012, the City had made commitments of approximately \$4.3 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 calculated using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

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

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

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

A. CAPITAL ASSET ADDITIONS AND RETIREMENTS

Capital assets at June 30 comprise:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$20,705,468				\$20,705,468
Construction in progress	1,289,402	\$2,816,878	(\$846,352)	(\$230,336)	3,029,592
Total capital assets not being depreciated	21,994,870	2,816,878	(846,352)	(230,336)	23,735,060
Capital assets being depreciated:					
Buildings & improvements	56,193,284	15,445			56,208,729
Streets & infrastructure	66,829,226	1,921,801		137,228	68,888,255
Vehicles, equipment, furniture and fixtures	20,279,091	777,666	(574,775)	93,108	20,575,090
Park structures and improvements	5,851,735				5,851,735
Total capital assets being depreciated	149,153,336	2,714,912	(574,775)	230,336	151,523,809
Less accumulated depreciation for:					
Buildings & improvements	22,215,396	1,636,732			23,852,128
Streets & infrastructure	42,988,964	1,802,939			44,791,903
Vehicles, equipment, furniture and fixtures	12,707,355	1,547,885	(540,397)		13,714,843
Park structures and improvements	1,758,934	238,228			1,997,162
Total accumulated depreciation	79,670,649	5,225,784	(540,397)		84,356,036
Net depreciable assets	69,482,687	(2,510,872)	(34,378)	230,336	67,167,773
Governmental activity capital assets, net	\$91,477,557	\$306,006	(\$880,730)		\$90,902,833

The gross cost of the capital assets acquired through capital leases for building and improvements is \$1,187,447 at June 30, 2012.

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$2,862,549				\$2,862,549
Construction in progress	3,976,875	\$3,677,005		(\$1,797,760)	5,856,120
Total capital assets not being depreciated	6,839,424	3,677,005		(1,797,760)	8,718,669
Capital assets being depreciated:					
Buildings	7,582,968				7,582,968
Sewage facilities	54,884,306	64,094	(\$43,866)		54,904,534
Wells & pump stations	7,011,400				7,011,400
Water reservoirs	12,361,510	354,415			12,715,925
Mains & subsurface lines	36,372,942	341,385		1,009,072	37,723,399
Equipment	10,262,443	607,951	(252,588)	788,688	11,406,494
Furniture and fixtures	50,518				50,518
Total capital assets being depreciated	128,526,087	1,367,845	(296,454)	1,797,760	131,395,238
Less accumulated depreciation for:					
Buildings	4,273,077	224,442			4,497,519
Sewage facilities	29,603,516	994,279	(42,454)		30,555,341
Wells & pump stations	2,821,168	176,875			2,998,043
Water reservoirs	3,756,074	220,840			3,976,914
Mains & subsurface lines	12,685,794	1,163,138			13,848,932
Equipment	5,228,342	650,136	(252,588)		5,625,890
Furniture and fixtures	50,518				50,518
Total accumulated depreciation	58,418,489	3,429,710	(295,042)		61,553,157
Net depreciable assets	70,107,598	(2,061,865)	(1,412)	1,797,760	69,842,081
Business-type activity capital assets, net	\$76,947,022	\$1,615,140	(\$1,412)		\$78,560,750

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	\$486,106
Public safety	191,812
Public works	4,180
Culture and recreation	1,510,060
Economic and community development	7,781
Streets and infrastructure	1,805,209
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	<u>1,220,636</u>
Total Governmental Activities	<u><u>\$5,225,784</u></u>
Business-Type Activities	
Water Utility	\$1,257,540
Sanitation District	1,944,387
Civic Center	198,176
Transfer Station	<u>29,607</u>
Total Business-Type Activities	<u><u>\$3,429,710</u></u>

Note 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2012, are as follows:

	Original Issue Amount	Balance June 30, 2011	Retirements	Transfer to Successor Agency	Balance June 30, 2012	Current Portion
<i>Governmental Activity Debt</i>						
Housing & Urban Development Section 108 Loan 2.31%-6.01%, due 2023	\$4,500,000	\$3,552,000	\$199,000		\$3,353,000	\$212,000
2004 Series A-1 Pension Obligation Bonds 2.650%-5.896%, due 2024	36,235,000	32,140,000	1,080,000		31,060,000	1,250,000
Redevelopment Agency:						
2007 California Housing Finance Agency Loan 3%, due 2017	1,500,000	904,670		\$904,670		
Promissory Note - Gigli Property 5.5%, due 2012	2,480,000	2,480,000	2,480,000			
Total Governmental Activity		39,076,670	3,759,000	904,670	34,413,000	1,462,000
<i>Business-Type Activity Debt</i>						
State Water Resources Control Board Loan 2.5%, due 2025	4,450,128	3,377,252	204,448		3,172,804	209,558
2004 Certificates of Participation 3%-5%, due 2024	9,860,000	7,225,000	425,000		6,800,000	445,000
Total Business-Type Activity		10,602,252	629,448		9,972,804	654,558
Total City Long-Term Obligations		\$49,678,922	\$4,388,448	\$904,670	\$44,385,804	\$2,116,558

During fiscal 2004 the City entered into a \$4,500,000 note payable agreement guaranteed under the Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program. Proceeds from the note were used to finance the design and construction of the Bayshore Community Center. Principal payments are due annually on August 1; interest payments are due semi-annually on August 1 and February 1. Debt service is payable from future Federal Block Grant monies. The City has pledged certain future grants revenue under Section 106 and Section 108(q) for which the City may become eligible and program income generated directly from the use of the loan funds to repay the note. As of June 30, 2012, total principal and interest remaining on the note is \$4,539,066. For fiscal year 2012, principal and interest paid were \$390,966 and total block grant revenues were \$1,234,941.

On June 1, 2004, the City, through the California Statewide Communities Development Authority, issued \$36,235,000 of Taxable Pension Obligation Bonds, Series A-1, to prepay the City's unfunded PERS accrued actuarial liability of \$35,600,000. Principal is due annually on June 1 and interest is due semiannually on June 1 and December 1, through June 1, 2024. Debt service is payable from available City resources. For fiscal year 2012, principal and interest paid were \$2,941,216.

On October 2, 2007, the City's Redevelopment Agency entered into loan payable agreement with the Estate of Frank Gigli in the amount of \$2,480,000 for the acquisition of a property. The loan bears a simple interest rate of 5.5% per annum. Interest payments of \$11,367 were due monthly until November 1, 2011. The total principal in the amount of \$2,480,000 was due and paid on November 1, 2011 per the terms of the loan agreement.

On November 18, 2003 the City received a loan in the amount of \$4,450,128, plus accrued interest, from the California State Water Resources Control Board. Proceeds from the loan were used for construction of tertiary treatment facilities and distribution pipelines in the City's Sanitation District. Principal and interest are due annually on December 1 through December 1, 2024. As long as the loan is outstanding, the City has pledged the Sanitation District Enterprise Fund revenues net of the operations and maintenance expenses but excluding depreciation and amortization, as defined in the loan agreement. As of June 30, 2012 total principal and interest remaining on the note is \$3,755,419. For fiscal year 2012, principal and interest paid were \$288,879 and total Sanitation District Enterprise net revenues were \$1,725,177.

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. The City has pledged the Water Utility Enterprise Fund revenues net of the operations and maintenance expenses but excluding depreciation and amortization, as defined in the indenture. As of June 30, 2012 total principal and interest remaining on the certificates is \$9,059,174. For fiscal year 2012, principal and interest paid were \$751,621 and total net revenues were \$1,014,623.

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

Year ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$1,462,000	\$1,987,214	\$654,558	\$390,004
2014	1,657,000	1,909,566	674,797	366,965
2015	1,869,000	1,820,134	700,167	343,195
2016	2,100,000	1,717,329	725,671	317,891
2017	2,349,000	1,599,897	751,313	290,749
2018-2022	16,308,000	5,581,136	4,236,253	985,144
2023-2025	8,668,000	753,795	2,230,045	147,841
	<u>\$34,413,000</u>	<u>\$15,369,071</u>	<u>\$9,972,804</u>	<u>\$2,841,789</u>

Note 6.

CURRENT INTERFUND BALANCES

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these interfunds was to cover deficit cash in receiving funds. At June 30, 2012 the amounts of current interfund balances were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	
General Fund	Community Block Grant Special Revenue Fund	\$46,788

LONG-TERM INTERFUND BALANCES

Due to the dissolution of the Redevelopment Agency, loans payable from the Redevelopment Agency to the General Fund were written off as of June 30, 2012. See the discussion of the dissolution of the Redevelopment Agency in Note 14 below.

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2012 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Transfer Amount</u>
General Fund	Capital Projects Fund	\$70,000
	Nonmajor Governmental Funds	561,975
	Internal Service Funds	106,276
Gas Tax Special Revenue Fund	General Fund	1,759,289
	Internal Service Funds	11,830
Capital Projects Fund	Nonmajor Governmental Funds	56,800
Nonmajor Governmental Funds	General Fund	241,901
	Internal Service Funds	30,076
Water Utility Enterprise Fund	General Fund	725,700
	Sanitation District Enterprise Fund	1,485,031
	Internal Service Funds	161,276
Sanitation District Enterprise Fund	General Fund	985,331
	Internal Service Funds	162,836
Nonmajor Enterprise Funds	General Fund	736,361
	Capital Projects Fund	29,077
Internal Service Funds	General Fund	587,109
		<u>\$7,710,868</u>

The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund. General Fund transfers out typically represent an operating subsidy or in the case of grants, a match of another fund's expenditures.

INTERNAL BALANCES

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

Note 7.

RETIREMENT PLAN

CALPERS Safety and Miscellaneous Employees Plans

All employees meeting PERS membership requirements must participate in pension plans offered by the California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees, and their beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under the Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2012, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Minimum retirement age	50	50
Benefits, as a % of annual salary		
for each credited service year	2.4%-3.0%	2.0%-3.0%
Required employee contribution rates	9%	8%
Required employer contribution rates	19.837%	17.808%

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 \$25,365,297 at June 30, 2012. During fiscal 2012, the amortization of the prepayment amounted to \$1,705,458. 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, 2012, 2011 and 2010 amounted to \$10,093,674, \$8,400,169, and \$8,724,201, 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.

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
Net pension obligations (asset) at June 30, 2011	(\$11,075,269)	(\$15,995,486)	(\$27,070,755)
Annual required contribution (ARC)	3,795,890	4,592,326	8,388,216
Interest on net OPEB Asset	(858,334)	(1,239,650)	(2,097,984)
Adjustment to ARC	<u>1,556,076</u>	<u>2,247,366</u>	<u>3,803,442</u>
Net pension cost	4,493,632	5,600,042	10,093,674
Contributions made by the City	<u>(3,431,812)</u>	<u>(4,956,404)</u>	<u>(8,388,216)</u>
(Decrease) increase in net pension obligation	<u>1,061,820</u>	<u>643,638</u>	<u>1,705,458</u>
Net pension obligations (asset) at June 30, 2012	<u><u>(\$10,013,449)</u></u>	<u><u>(\$15,351,848)</u></u>	<u><u>(\$25,365,297)</u></u>

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.

Three-year historical trend information is presented below:

Safety Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2010	\$3,600,930	82%	\$11,757,186
2011	3,363,237	80%	11,075,269
2012	4,493,632	83%	10,013,449

Miscellaneous Plan:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2010	\$5,123,271	82%	\$16,980,346
2011	5,036,932	80%	15,995,486
2012	5,600,042	83%	15,351,848

The Plans' actuarial value (which differs from market value) and funding progress over the past three years is set forth below:

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
6/30/2008	\$191,404,203	\$188,515,152	\$2,889,051	98.5%	\$17,580,591	16.4%
6/30/2009	210,435,991	194,959,202	15,476,789	92.6%	19,402,911	79.8%
6/30/2010	221,203,261	201,602,330	19,600,931	91.1%	19,942,876	98.3%

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
6/30/2008	\$182,740,400	\$172,711,867	\$10,028,533	94.5%	\$26,771,330	37.5%
6/30/2009	208,250,652	182,540,015	25,710,637	87.7%	29,297,750	87.8%
6/30/2010	219,270,023	193,017,017	26,253,006	88.0%	28,802,550	91.1%

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.

POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$120 to \$125 per month in lieu of contributions to the CalPERS plan. As of June 30, 2012, approximately 373 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 488 active employees that should they meet requirements will be eligible to receive health care benefits upon retirement.

A. FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

The annual required contribution (ARC) was determined as part of a January 1, 2009 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 4.50% investment rate of return, 3.25% projected annual salary increase, and 5% to 9.4% health cost inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period for an initial June 30, 2007 Unfunded Accrued Actuarial Liability (UAAL), a 20 year amortization period for method assumptions and plan changes and 15 years for gains and losses, with a maximum of a 30 year combined period.

B. FUNDING PROGRESS AND FUNDED STATUS

In fiscal year 2012, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Obligation at June 30, 2011	<u>\$5,381,499</u>
Annual required contribution (ARC)	3,763,259
Interest on net OPEB obligation	247,557
Amortization of the net OPEB obligation	<u>(417,253)</u>
Net OPEB cost	<u>3,593,563</u>
Contributions made:	
City's portion of current year premiums paid	<u>(1,684,682)</u>
Change in net OPEB Liability	<u>1,908,881</u>
Net OPEB Obligation June 30, 2012	<u><u>\$7,290,380</u></u>

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$3,255,440	\$1,411,042	43%	\$2,623,232
6/30/2011	3,400,194	1,641,927	48%	5,381,499
6/30/2012	3,593,563	1,684,682	47%	7,290,380

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the January 1, 2011 actuarial study is presented below:

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2007	\$0	\$36,287,000	(\$36,287,000)	0%	\$43,313,000	(84%)
1/1/2009	0	38,226,000	(38,226,000)	0%	47,798,000	(80%)
1/1/2011	0	40,910,000	(40,910,000)	0%	45,974,000	(89%)

Note 9.

DEFERRED COMPENSATION PLAN

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

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

Note 10.

SELF-INSURANCE

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

The City has a self-insured retention for the first \$250,000 of general and automobile liability claims and maintains a \$10,000 deductible for property losses. Losses in excess of the retention up to \$24,750,000 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.

The City is a member of California State Association of Counties Excess Insurance Authority (CSAC-EIA), a joint powers authority (JPA) which provides excess workers' compensation liability claims coverage above the City's self-insured retention of \$350,000 per occurrence. Losses above the self-insured retention are pooled with excess reinsurance purchased to a statutory limit. During the fiscal year ended June 30, 2012, the City contributed \$216,775 to CSAC-EIA for current year coverage. Audited financial statements for CSAC-EIA are available from CSAC-EIA at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, CA 95670.

The City's present value liability for uninsured claims including a provision for claims incurred but not reported using a discount rate of 3% was computed as follows based on claims experience for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Beginning balance of claims payable	\$3,051,124	\$3,893,104
Increase in estimated claims liability	5,769,214	1,125,353
Claims paid	<u>(2,637,806)</u>	<u>(1,967,333)</u>
Ending balance of claims payable	<u>\$6,182,532</u>	<u>\$3,051,124</u>
Current Portion	<u>\$2,073,532</u>	<u>\$1,386,453</u>

Note 11.

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.

GOVERNMENTAL FUND BALANCES

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

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

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

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

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

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

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

Detailed classifications of the City's Fund Balances, as of June 30, 2012, are below:

Fund Balance Classifications	General Fund	Gas Tax	Capital Projects	Other Governmental Funds	Total
Nonspendables:					
Items not in spendable form:					
Inventories	\$185,476				\$185,476
Prepaid expenses	52,555				52,555
Total Nonspendable Fund Balances	238,031				238,031
Restricted for:					
Redevelopment projects					
Low and moderate income housing projects					
Gas Tax Projects		\$5,721,471			5,721,471
Capital Projects			\$5,101,856		5,101,856
Low and Moderate Income Housing Assets				\$3,326,170	3,326,170
Linda Vista Benefit Assessment				314,589	314,589
Traffic Safety				119,843	119,843
Grants				469,363	469,363
Total Restricted Fund Balances		5,721,471	5,101,856	4,229,965	15,053,292
Assigned to:					
Encumbrances	249,286				249,286
Operating Capital	12,000,000				12,000,000
Capital Projects			12,211,293		12,211,293
Total Assigned Fund Balances	12,249,286		12,211,293		24,460,579
Unassigned:					
General fund	9,039,548				9,039,548
Total Fund Balances	\$21,526,865	\$5,721,471	\$17,313,149	\$4,229,965	\$48,791,450

Note 12.

LOANS AND NOTES RECEIVABLE

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

During fiscal 2012 the City made loans to 6 participants under this program. In fiscal 2012 CDBG loan program activity is as follows:

Beginning Balance	\$1,017,060
New loans	185,778
Loan repayments	<u>(52,791)</u>
Ending Balance	<u>\$1,150,047</u>

Note 13.

FUND DEFICIT

The Building Maintenance Internal Service Fund and the PERS Contributions Internal Service Fund had deficits amounting to \$408,637 and \$3,836,687 respectively at June 30, 2012. The deficits will be eliminated with future revenues.

Note 14.

REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on February 1, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 directed the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer, as defined in AB 1484, between an agency and any public agency or private party occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller's Office has not completed its asset transfer review.

Effective February 1, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency were to be distributed to a Housing Successor and all remaining Redevelopment Agency assets and liabilities were to be distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Asset Special Revenue Fund.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 30, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of the City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

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

	Assets and Liabilities (Prior to transfer)	Transfer to Successor Agency	Transfer to Housing Successor	Ending Balance February 1, 2012
ASSETS				
Cash and investments	\$4,050,980	(\$4,045,330)	(\$5,650)	
Investment in property held for redevelopment	19,422,546	(16,113,762)	(3,308,784)	
Total Assets	23,473,526	(20,159,092)	(3,314,434)	
LIABILITIES				
Accrued payroll	6,262	(6,262)		
Deposits payable	165,675	(160,025)	(5,650)	
Interest payable	115,550	(115,550)		
Long-term advance from the City	22,655,937	(22,655,937)		
Long-term debt, due in more than one year	904,670	(904,670)		
Total Liabilities	23,848,094	(23,842,444)	(5,650)	
NET ASSETS	(\$374,568)	\$3,683,352	(\$3,308,784)	

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

B. CASH

Cash and investments of the Successor Agency as of June 30, 2012 are discussed in Note 1G above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2012.

C. DEVELOPMENT AGREEMENTS

The Successor Agency assumed the obligations of the former Redevelopment Agency's Disposition and Development Agreements as of February 1, 2012 as follows:

7555 Mission Street (Habitat for Humanity)

In June of 2009 the Agency entered into a DDA with Habitat for Humanity Greater San Francisco (Habitat) to develop 36 units of affordable housing on an Agency-owned site located at 7555 Mission Street. The site is immediately adjacent to the Colma BART Station and consists of 30,000 square feet that was occupied by an auto repair shop and a car rental agency. Construction of the project began in August of 2010 and should be completed in spring 2013. As of October 2012, the construction of the project was about 85 percent complete.

Under the terms of the DDA, Habitat is building 36 affordable condominium units. The buildings are three stories over a parking podium and provide 57 off street parking spaces. The development also includes a 12,800 square foot landscaped outdoor common area with a gazebo and playground. Habitat is incorporating green building practices into the project to ensure that the development will use energy, water and materials wisely, minimize construction waste, be durable and easily maintained, and promote good health for both those constructing the units as well as those who ultimately occupy them. Offering residents transit-oriented and affordable homeownership opportunities in condominiums that have healthier indoor environments and are substantially more energy efficient means that less of their income will go towards energy and transportation costs, while living in an environment that safeguards their health and well-being.

The project represents an opportunity to develop a unique project. It is one that contains all the attributes of Smart Growth principles, including compact building design, provision of a variety of transportation choices, infill development, mixture of land uses, encouragement of community and stakeholder collaboration, and the fostering of a distinctive, attractive community with a strong sense of place, as well as one that incorporates the benefits of green building principles.

Pursuant to Habitat's mission, the homes will be made available to households with incomes at or below 60 percent of the area median, with a preference for households whose members live and/or work in Daly City. Habitat will provide zero percent interest mortgages to ensure that housing payments, which include loan principal, homeowner's insurance, real estate taxes and utilities, do not exceed 30 percent of a household's income. Selected households will be required to provide 500 hours of sweat equity toward the purchase of their new homes. The units will remain affordable for a minimum of 45 years.

The total estimated development cost for the project is \$17.5 million. As is typically the case with Habitat projects, a significant portion of this cost will be covered through a major fundraising effort on the part of Habitat. The developer will pursue local fundraising as well as donated labor and materials. In addition, Habitat anticipates grant funding for the project from outside agencies. In July 2008, Habitat received an award of \$1,756,000 from the State Proposition 1C Infill Program to finance construction of the parking podium within the proposed project. Overall, through its grant writing and fundraising efforts, Habitat will raise approximately \$9.5 million or 54 percent of the project cost.

To ensure the overall financial feasibility of the project, the Agency has provided funding in the amount of \$3,906,793 (\$3,007,983 for land and \$898,800 for development subsidy). In addition, the City will provide a total of \$1,264,328 in federal HOME funds. HOME and Agency funds are being provided in the form of 45-year zero interest loans.

Preparation of the site for the proposed development included relocation of existing tenants, demolition, soil remediation and water infrastructure improvements. Overall, site preparation costs for tenant relocation, soil remediation, building demolition and water service improvements are estimated to be \$600,000. Site preparation activities were carried out at the City's expense, utilizing federal CDBG funds prior to transfer of the property to Habitat.

The 7555 Mission Street units are being constructed on a key transit-oriented site that is underutilized and somewhat neglected physically. Construction of 36 housing units at this site will remove blight, set architectural standards for the area and provide greatly needed affordable housing.

D. LONG-TERM DEBT

On January 30, 2007, the City's Redevelopment Agency entered into a loan agreement with California Housing Finance Agency in the 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 home ownership and multifamily rental projects. The loan is due fiscal 2017 and 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, 2012 is \$1,047,360, which consists of \$904,670 principal and \$142,690 accrued interest. On February 1, 2012 the outstanding amount of the loan payable was assumed by the Successor Agency.

Balance at February 1, 2012	\$904,670
Retirements	<u> </u>
Balance at June 30, 2012	<u><u>\$904,670</u></u>
Current Portion	<u>\$0</u>

Annual debt service requirement is as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$904,670	\$267,083

In addition to the California Housing Finance Agency loan, the City's General Fund is owed a balance from a long-term revolving loan between the City and the Agency in the amount of \$21,207,095 at February 1, 2012. As a result of its interpretation of ABx1 26, the State Department of Finance initially invalidated this loan from the City to the Agency. On the adoption of AB 1484, the loan status was clarified. When the Successor Agency receives a "finding of completion" from the State Department of Finance, on application by the Successor Agency and approval by the Oversight Board, which must include a finding that the loan was for legitimate redevelopment purposes, the loan will be deemed to be an "enforceable obligation" under the law and be validated. AB 1484 restricts the property tax funds that will be made available to repay this loan. Based on estimates by the City, unless there is a change to the legislation by future amendment, it is anticipated that available funds will be insufficient to repay even the annual interest on the loan. Accordingly, although it is anticipated that the loan will be validated, due to the uncertainty of collection of the principal of the loan the City has written off the entire balance of the loan.

E. COMMITMENTS AND CONTINGENCIES

1. State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

2. State Asset Transfer Review

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 15.

SUBSEQUENT EVENTS

In September 2012 the City authorized the sale of \$6,890,000 of 2012 Water Revenue Refunding Bonds to refinance and defease the outstanding amount of the 2004 Water Fund Certificates of Participation. Principal payments are due June 1 and interest is due semiannually on June 1 and December 1, commencing June 1, 2013, through June 1, 2024. The City has pledged Water Utility Enterprise Fund revenues, net of the operations and maintenance expenses, for debt service, as defined in the indenture.



**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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Rents and interest	\$16,641	\$292,072	\$275,431
Federal programs and grants	431,288	243,639	(187,649)
Receipts from other agencies	75,000	56,131	(18,869)
Charges and fees	262,946	612,559	349,613
Miscellaneous	384,880	383,297	(1,583)
	<u>1,170,755</u>	<u>1,587,698</u>	<u>416,943</u>
EXPENDITURES			
Capital projects	<u>3,902,866</u>	<u>956,577</u>	<u>2,946,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>(2,732,111)</u>	<u>631,121</u>	<u>3,363,232</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	220,000	99,077	(120,923)
Transfers out	<u>(66,800)</u>	<u>(56,800)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>153,200</u>	<u>42,277</u>	<u>(110,923)</u>
NET CHANGE IN FUND BALANCES			
	<u>(\$2,578,911)</u>	673,398	<u>\$3,252,309</u>
BEGINNING FUND BALANCE			
		<u>16,639,751</u>	
ENDING FUND BALANCE			
		<u>\$17,313,149</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The City's Special Revenue Funds are as follows:

- Redevelopment Agency – to account for monies restricted for use in the elimination of blight in designated redevelopment project areas. As required by State Law, the Redevelopment Agency was dissolved effective February 1, 2012.
- Low and Moderate Income Housing Assets – to account for the activities of the Housing Successor Agency to the Daly City Redevelopment Agency.
- Doelger Senior Center - to account for the operations of the Doelger Senior Center program.
- Community Block Grant - to account for monies received by the City as a participant in the federal Community Development Block Grant (CDBG) program.
- Linda Vista Benefit Assessment - to account for the charges and for the costs of maintenance of storm drains in the Linda Vista Subdivision.
- Traffic Safety – to account for grant funds and vehicle impound fees authorized by State law specifically to provide traffic safety programs.
- Grants - to account for miscellaneous grant monies, such as HOME, law enforcement special grants, and after school safety grants.

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

SPECIAL REVENUE FUNDS				
	Redevelopment Agency	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant
ASSETS				
Cash and investments		\$17,892	\$2,494	
Accounts receivable, net		6,265	16,549	\$174,686
Notes receivable				584,130
Property held for development		3,308,784		
Total Assets		\$3,332,941	\$19,043	\$758,816
LIABILITIES				
Accounts payable			\$15,303	\$122,720
Accrued payroll		\$1,121	3,740	5,178
Due to other funds				46,788
Deposits payable		5,650		
Deferred revenue				584,130
Total Liabilities		6,771	19,043	758,816
FUND BALANCES				
Restricted		3,326,170		
Total Fund Balances		3,326,170		
Total Liabilities and Fund Balances		\$3,332,941	\$19,043	\$758,816

(Continued)

SPECIAL REVENUE FUNDS

<u>Linda Vista Benefit Assessment</u>	<u>Traffic Safety</u>	<u>Grants</u>	<u>Total Nonmajor Governmental Funds</u>
\$314,589	\$120,548	\$183,620	\$639,143
		337,742	535,242
		565,917	1,150,047
			<u>3,308,784</u>
<u>\$314,589</u>	<u>\$120,548</u>	<u>\$1,087,279</u>	<u>\$5,633,216</u>
	\$705	\$51,350	\$190,078
		649	10,688
			46,788
			5,650
		565,917	1,150,047
	<u>705</u>	<u>617,916</u>	<u>1,403,251</u>
<u>\$314,589</u>	<u>119,843</u>	<u>469,363</u>	<u>4,229,965</u>
<u>314,589</u>	<u>119,843</u>	<u>469,363</u>	<u>4,229,965</u>
<u>\$314,589</u>	<u>\$120,548</u>	<u>\$1,087,279</u>	<u>\$5,633,216</u>

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS			
	Redevelopment Agency	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant
REVENUES				
Property tax	\$3,545,193			
Rents and interest	98,263	\$36,700		
Federal programs and grants			\$137,961	\$1,154,077
Receipts from other agencies				
Charges and fees	5,040		329,782	
Miscellaneous	7	1,251	150,597	80,864
Total Revenues	3,648,503	37,951	618,340	1,234,941
EXPENDITURES				
Public safety				
Public works				
Culture and recreation			1,180,315	
Economic and community development	615,331	20,565		843,975
Debt service:				
Principal	2,480,000			199,000
Interest	120,415			191,966
Total Expenditures	3,215,746	20,565	1,180,315	1,234,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	432,757	17,386	(561,975)	
OTHER FINANCING SOURCES (USES)				
Transfers in			561,975	
Transfers out	(241,901)			
Total Other Financing Sources (Uses)	(241,901)		561,975	
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS	190,856	17,386		
EXTRAORDINARY ITEMS				
Assets transferred to Housing Successor	(3,308,784)	3,308,784		
Assets transferred to/liabilities assumed by Successor Agency	2,663,131			
NET CHANGE IN FUND BALANCES	(454,797)	3,326,170		
BEGINNING FUND BALANCES	454,797			
ENDING FUND BALANCES		\$3,326,170		

(Continued)

SPECIAL REVENUE FUNDS

Linda Vista Benefit Assessment	Traffic Safety	Grants	Total Nonmajor Governmental Funds
			\$3,545,193
\$5,077			140,040
		\$1,010,963	2,303,001
		506,502	506,502
40,827	\$52,199		427,848
			232,719
<u>45,904</u>	<u>52,199</u>	<u>1,517,465</u>	<u>7,155,303</u>
	83,058	475,018	558,076
20,177			20,177
		341,618	1,521,933
		653,568	2,133,439
			2,679,000
			312,381
<u>20,177</u>	<u>83,058</u>	<u>1,470,204</u>	<u>7,225,006</u>
<u>25,727</u>	<u>(30,859)</u>	<u>47,261</u>	<u>(69,703)</u>
		56,800	618,775
	(5,395)	(24,681)	(271,977)
	(5,395)	32,119	346,798
25,727	(36,254)	79,380	277,095
			2,663,131
25,727	(36,254)	79,380	2,940,226
288,862	156,097	389,983	1,289,739
<u>\$314,589</u>	<u>\$119,843</u>	<u>\$469,363</u>	<u>\$4,229,965</u>

CITY OF DALY CITY
 BUDGETED NONMAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	REDEVELOPMENT AGENCY			LOW AND MODERATE INCOME HOUSING ASSETS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property tax	\$6,433,000	\$3,545,193	(\$2,887,807)			
Rents and interest	\$100,331	\$98,263	(2,068)	\$22,378	\$36,700	\$14,322
Federal programs and grants						
Receipts from other agencies						
Charges and fees	9,000	5,040	(3,960)			
Miscellaneous	200	7	(193)		1,251	1,251
Total Revenues	6,542,531	3,648,503	(2,894,028)	22,378	37,951	15,573
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						
Services and supplies						
Capital outlay						
Other charges						
Total Culture and Recreation						
Economic and Community Development						
Salaries and benefits	320,697	175,339	145,358		17,703	(17,703)
Services and supplies	367,295	69,378	297,917	3,636	2,862	774
Capital outlay	1,030,282	2,257	1,028,025			
Pass thru payments	732,000	358,701	373,299			
Other charges	126,297	9,656	116,641			
Debt Service:						
Principal	2,480,000	2,480,000				
Interest	2,613,670	120,415	2,493,255			
Total Economic and Community Development	7,670,241	3,215,746	4,454,495	3,636	20,565	(16,929)
Total Expenditures	7,670,241	3,215,746	4,454,495	3,636	20,565	(16,929)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,127,710)	432,757	(1,560,467)	18,742	17,386	1,356
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(983,802)	(241,901)	741,901			
Total Other Financing Sources (Uses)	(983,802)	(241,901)	741,901			
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS	(2,111,512)	190,856	2,302,368	18,742	17,386	(1,356)
EXTRAORDINARY ITEMS						
Assets transferred to Housing Successor		(3,308,784)	(3,308,784)		3,308,784	3,308,784
Assets transferred to/liabilities assumed by Successor Agency		2,663,131	2,663,131			
NET CHANGE IN FUND BALANCES	(\$2,111,512)	(454,797)	\$1,656,715	\$18,742	3,326,170	\$3,307,428
BEGINNING FUND BALANCES		454,797				
ENDING FUND BALANCES					\$3,326,170	

CITY OF DALY CITY
 BUDGETED NONMAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	TRAFFIC SAFETY			GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property tax						
Rents and interest						
Federal programs and grants				\$1,774,639	\$1,010,963	(\$763,676)
Receipts from other agencies				514,151	506,502	(7,649)
Charges and fees	\$73,656	\$52,199	(\$21,457)			
Miscellaneous						
Total Revenues	73,656	52,199	(21,457)	2,288,790	1,517,465	(771,325)
EXPENDITURES						
Public Safety						
Salaries and benefits	14,131	6,930	7,201	241,570	118,794	122,776
Services and supplies	55,390	42,151	13,239	224,143	130,944	93,199
Capital outlay	28,965	28,048	917	245,054	216,253	28,801
Other charges	5,800	5,929	(129)	9,920	9,027	893
Total Public Safety	104,286	83,058	21,228	720,687	475,018	245,669
Public Works						
Services and supplies						
Capital outlay						
Total Public Works						
Culture and Recreation						
Salaries and benefits				284,734	285,283	(549)
Services and supplies				50,428	54,647	(4,219)
Capital outlay				1,688	1,688	
Other charges						
Total Culture and Recreation				336,850	341,618	(4,768)
Economic and Community Development						
Salaries and benefits				88,451	84,500	3,951
Services and supplies				104,635	86,833	17,802
Capital outlay				200,421	200,420	1
Pass thru payments						
Other charges				810,915	281,815	529,100
Debt Service:						
Principal						
Interest						
Total Economic and Community Development				1,204,422	653,568	550,854
Total Expenditures	104,286	83,058	21,228	2,261,959	1,470,204	791,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,630)	(30,859)	(229)	26,831	47,261	20,430
OTHER FINANCING SOURCES (USES)						
Transfers in				56,800	56,800	
Transfers out	(5,395)	(5,395)		(24,681)	(24,681)	
Total Other Financing Sources (Uses)	(5,395)	(5,395)		32,119	32,119	
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS						
EXTRAORDINARY ITEMS						
Assets transferred to Housing Successor						
Assets transferred to/liabilities assumed by Successor Agency						
NET CHANGE IN FUND BALANCES	(\$36,025)	(36,254)	(\$229)	\$58,950	79,380	\$20,430
BEGINNING FUND BALANCES		156,097			389,983	
ENDING FUND BALANCES		\$119,843			\$469,363	

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, 2012

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and investments	\$2,289,676	\$1,225,576	\$3,515,252
Accounts receivable, net	83,434	1,302	84,736
	<u>2,373,110</u>	<u>1,226,878</u>	<u>3,599,988</u>
Total Current Assets			
Capital Assets:			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	936,705	20,912	957,617
	<u>8,201,195</u>	<u>1,298,574</u>	<u>9,499,769</u>
Total Capital Assets			
Less accumulated depreciation	<u>(3,382,668)</u>	<u>(1,000,408)</u>	<u>(4,383,076)</u>
Net Capital Assets			
	<u>4,818,527</u>	<u>298,166</u>	<u>5,116,693</u>
Total Assets			
	<u>7,191,637</u>	<u>1,525,044</u>	<u>8,716,681</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	<u>12,210</u>	<u></u>	<u>12,210</u>
NET ASSETS			
Invested in capital assets	4,818,527	298,166	5,116,693
Unrestricted	<u>2,360,900</u>	<u>1,226,878</u>	<u>3,587,778</u>
Total Net Assets			
	<u>\$7,179,427</u>	<u>\$1,525,044</u>	<u>\$8,704,471</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
OPERATING REVENUES			
Rental income	\$759,286		\$759,286
Lease revenue		\$375,000	375,000
Other revenues	61,991	99,377	161,368
	<u>821,277</u>	<u>474,377</u>	<u>1,295,654</u>
Total Operating Revenues			
OPERATING EXPENSES			
Services and supplies	403,624	9,920	413,544
Utilities	92,626		92,626
Insurance	8,871	3,519	12,390
Depreciation	198,176	29,607	227,783
	<u>703,297</u>	<u>43,046</u>	<u>746,343</u>
Total Operating Expenses			
Operating Income	<u>117,980</u>	<u>431,331</u>	<u>549,311</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	39,668		39,668
Income Before Transfers	157,648	431,331	588,979
Transfers out	<u>(315,144)</u>	<u>(450,294)</u>	<u>(765,438)</u>
Change in Net Assets	(157,496)	(18,963)	(176,459)
BEGINNING NET ASSETS	<u>7,336,923</u>	<u>1,544,007</u>	<u>8,880,930</u>
ENDING NET ASSETS	<u>\$7,179,427</u>	<u>\$1,525,044</u>	<u>\$8,704,471</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Civic Center	Transfer Station	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$760,296	\$474,507	\$1,234,803
Payments to suppliers	(505,504)	(13,439)	(518,943)
Cash Flows from Operating Activities	254,792	461,068	715,860
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(315,144)	(450,294)	(765,438)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(38,303)		(38,303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	39,668		39,668
Net Cash Flows	(58,987)	10,774	(48,213)
Cash and investments at beginning of period	2,348,663	1,214,802	3,563,465
Cash and investments at end of period	<u>\$2,289,676</u>	<u>\$1,225,576</u>	<u>\$3,515,252</u>
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$117,980	\$431,331	\$549,311
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	198,176	29,607	227,783
Change in assets and liabilities:			
Accounts receivable	(60,981)	130	(60,851)
Accounts payable	(383)		(383)
Cash Flows from Operating Activities	<u>\$254,792</u>	<u>\$461,068</u>	<u>\$715,860</u>

INTERNAL SERVICE FUNDS

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

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. For the Statement of Activities, the net revenues or expenses of each internal service fund are eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net 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 providing mail messenger services for City departments.
- PBX - to account for services provided for the operation and maintenance of the City's telephone system.
- Building Maintenance - to account for services provided for the maintenance of City facilities.
- Information Services - to account for the distribution of computer hardware, software and operating costs to various City departments.
- Self-Insurance - to account for the costs of workers compensation, automotive, and general liability claims against the City.
- PERS Contributions - to account for the long-term debt, prepaid PERS contributions and repayments from benefiting City funds and departments resulting from the City's PERS Obligation Bond issue.

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	\$2,670,559	\$418,938	\$704,945	\$309,300
Cash with fiscal agent				
Accounts receivable, net	13,162			
Inventories	104,779			11,417
Total Current Assets	2,788,500	418,938	704,945	320,717
Long-Term Assets				
Prepaid PERS contribution				
Capital Assets:				
Land				
Buildings	35,817			
Equipment	12,710,125	230,083	490,792	47,123
Furniture and fixtures				6,093
Total Capital Assets	12,745,942	230,083	490,792	53,216
Less Accumulated Depreciation	(7,795,068)	(195,688)	(486,188)	(49,784)
Net Capital Assets	4,950,874	34,395	4,604	3,432
Total Assets	7,739,374	453,333	709,549	324,149
LIABILITIES				
Current Liabilities:				
Accounts payable	62,702	1,612	10,910	29,277
Accrued payroll	9,665	1,376		29,199
Interest payable				
Accrued claims payable				
PERS obligation bonds				
Total Current Liabilities	72,367	2,988	10,910	58,476
Long-Term Liabilities:				
Compensated absences	23,175			263,792
Accrued claims payable				
OPEB Obligation	144,164	47,097		410,518
PERS obligation bonds				
Total Long-Term Liabilities	167,339	47,097		674,310
Total Liabilities	239,706	50,085	10,910	732,786
NET ASSETS				
Invested in capital assets	4,950,874	34,395	4,604	3,432
Restricted for debt service				
Unrestricted	2,548,794	368,853	694,035	(412,069)
Total Net Assets (Deficit)	\$7,499,668	\$403,248	\$698,639	(\$408,637)

Information Services	Self-Insurance	PERS Contributions	Total
\$2,088,981	\$6,313,292	\$2,008,218	\$14,514,233
346	75,268	239	239
			88,776
			116,196
<u>2,089,327</u>	<u>6,388,560</u>	<u>2,008,457</u>	<u>14,719,444</u>
		<u>25,365,297</u>	<u>25,365,297</u>
	378,343		378,343
2,977,348			35,817
46,614			16,455,471
			52,707
<u>3,023,962</u>	<u>378,343</u>		<u>16,922,338</u>
<u>(1,774,532)</u>			<u>(10,301,260)</u>
<u>1,249,430</u>	<u>378,343</u>		<u>6,621,078</u>
<u>3,338,757</u>	<u>6,766,903</u>	<u>27,373,754</u>	<u>46,705,819</u>
11,247	2,072		117,820
19,265	2,746		62,251
		150,441	150,441
	2,073,532		2,073,532
		1,250,000	1,250,000
<u>30,512</u>	<u>2,078,350</u>	<u>1,400,441</u>	<u>3,654,044</u>
101,622	80,776		469,365
	4,109,000		4,109,000
103,110			704,889
		29,810,000	29,810,000
<u>204,732</u>	<u>4,189,776</u>	<u>29,810,000</u>	<u>35,093,254</u>
<u>235,244</u>	<u>6,268,126</u>	<u>31,210,441</u>	<u>38,747,298</u>
1,249,430	378,343		6,621,078
		239	239
<u>1,854,083</u>	<u>120,434</u>	<u>(3,836,926)</u>	<u>1,337,204</u>
<u>\$3,103,513</u>	<u>\$498,777</u>	<u>(\$3,836,687)</u>	<u>\$7,958,521</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Motor Vehicles	Central Services	PBX	Building Maintenance
OPERATING REVENUES				
Charges to City departments	\$3,158,662	\$449,675	\$179,302	\$3,491,036
Other revenues	88,408		146	87,710
Total Operating Revenues	3,247,070	449,675	179,448	3,578,746
OPERATING EXPENSES				
Salaries and benefits	707,322	94,365		2,372,852
Services and supplies	1,299,246	184,956	56,889	675,054
Utilities	21,248	473	131,069	186,456
Insurance	289,421	768		3,327
Claims and settlements				
Depreciation	905,327	23,137	13,519	2,960
Other charges	2,212	1,152	31	3,645
Total Operating Expenses	3,224,776	304,851	201,508	3,244,294
Operating Income (Loss)	22,294	144,824	(22,060)	334,452
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of capital assets	(475)			
Amortization				
Interest income	41,421	5,146	11,903	1,469
Interest expense				
Total Nonoperating Revenues (Expenses)	40,946	5,146	11,903	1,469
Income (Loss) Before Transfers	63,240	149,970	(10,157)	335,921
Transfers in	11,830	60,000		
Transfers out	(142,592)	(34,961)	(1,733)	(105,296)
Net Transfers	(130,762)	25,039	(1,733)	(105,296)
Change in Net Assets	(67,522)	175,009	(11,890)	230,625
BEGINNING NET ASSETS (DEFICITS)	7,567,190	228,239	710,529	(639,262)
ENDING NET ASSETS (DEFICITS)	\$7,499,668	\$403,248	\$698,639	(\$408,637)

<u>Information Services</u>	<u>Self-Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,383,711	\$3,261,755	\$2,943,876	\$15,868,017
345	75,647		252,256
<u>2,384,056</u>	<u>3,337,402</u>	<u>2,943,876</u>	<u>16,120,273</u>
1,468,752	201,338		4,844,629
504,091	199,675	7,321	2,927,232
29,775	620		369,641
1,444	874,009		1,168,969
	5,769,214		5,769,214
275,693			1,220,636
305,628	1,726		314,394
<u>2,585,383</u>	<u>7,046,582</u>	<u>7,321</u>	<u>16,614,715</u>
<u>(201,327)</u>	<u>(3,709,180)</u>	<u>2,936,555</u>	<u>(494,442)</u>
			(475)
		(1,705,458)	(1,705,458)
30,367	106,932	238	197,476
		(1,856,554)	(1,856,554)
<u>30,367</u>	<u>106,932</u>	<u>(3,561,774)</u>	<u>(3,365,011)</u>
<u>(170,960)</u>	<u>(3,602,248)</u>	<u>(625,219)</u>	<u>(3,859,453)</u>
400,464			472,294
(124,295)	(178,232)		(587,109)
<u>276,169</u>	<u>(178,232)</u>		<u>(114,815)</u>
105,209	(3,780,480)	(625,219)	(3,974,268)
<u>2,998,304</u>	<u>4,279,257</u>	<u>(3,211,468)</u>	<u>11,932,789</u>
<u>\$3,103,513</u>	<u>\$498,777</u>	<u>(\$3,836,687)</u>	<u>\$7,958,521</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$3,244,836	\$449,675	\$179,448	\$3,578,746
Payments to suppliers	(1,614,651)	(170,523)	(187,303)	(896,441)
Payments to employees	(703,586)	(104,546)		(2,302,034)
Claims paid				
Cash Flows from Operating Activities	<u>926,599</u>	<u>174,606</u>	<u>(7,855)</u>	<u>380,271</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Transfers in	11,830	60,000		
Transfers out	(142,592)	(34,961)	(1,733)	(105,296)
Cash Flows from Noncapital Financing Activities	<u>(130,762)</u>	<u>25,039</u>	<u>(1,733)</u>	<u>(105,296)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(398,674)	(20,879)		
Proceeds from sale of capital assets	33,020			
Cash Flows from Capital and Related Financing Activities	<u>(365,654)</u>	<u>(20,879)</u>		
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	41,421	5,146	11,902	1,470
Net Cash Flows	471,604	183,912	2,314	276,445
Cash and investments at beginning of period	2,198,955	235,026	702,631	32,855
Cash and investments at end of period	<u>\$2,670,559</u>	<u>\$418,938</u>	<u>\$704,945</u>	<u>\$309,300</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$22,294	\$144,824	(\$22,060)	\$334,452
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	905,327	23,137	13,519	2,960
Change in assets and liabilities:				
Receivables, net	(2,234)			
Inventories	5,560	19,963		(3,001)
Prepays				
Accounts payable	(8,084)	(3,137)	686	(24,958)
Accrued claims payable				
Accrued payroll	322	(391)		2,488
Compensated absences	(11,894)	(12,398)		(48,110)
OPEB obligation	15,308	2,608		116,440
Cash Flows from Operating Activities	<u>\$926,599</u>	<u>\$174,606</u>	<u>(\$7,855)</u>	<u>\$380,271</u>

Information Services	Self-Insurance	PERS Contributions	Total
\$2,383,859	\$3,272,200	\$2,943,876	\$16,052,640
(859,618)	(1,086,565)	(7,321)	(4,822,422)
(1,442,092)	(189,204)		(4,741,462)
	(2,637,806)		(2,637,806)
82,149	(641,375)	2,936,555	3,850,950
		(1,080,000)	(1,080,000)
		(1,861,215)	(1,861,215)
400,464			472,294
(124,295)	(178,232)		(587,109)
276,169	(178,232)	(2,941,215)	(3,056,030)
(57,036)			(476,589)
			33,020
(57,036)			(443,569)
30,367	106,932	238	197,476
331,649	(712,675)	(4,422)	548,827
1,757,332	7,025,967	2,012,879	13,965,645
\$2,088,981	\$6,313,292	\$2,008,457	\$14,514,472
(\$201,327)	(\$3,709,180)	\$2,936,555	(\$494,442)
275,693			1,220,636
(197)	(65,202)		(67,633)
			22,522
(18,680)	(10,535)		(64,708)
	3,131,408		3,131,408
3,302	1,273		6,994
(7,808)	10,861		(69,349)
31,166			165,522
\$82,149	(\$641,375)	\$2,936,555	\$3,850,950



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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Billing Services</u>				
<u>Assets</u>				
Cash and investments	\$1,045,953	\$13,187,237	\$13,260,408	\$972,782
Receivables	1,069,856	2,605,312	2,685,880	989,288
Total Assets	<u>\$2,115,809</u>	<u>\$15,792,549</u>	<u>\$15,946,288</u>	<u>\$1,962,070</u>
<u>Liabilities</u>				
Accounts payable	<u>\$2,115,809</u>	<u>\$16,219,500</u>	<u>\$16,373,239</u>	<u>\$1,962,070</u>
 <u>PTCRA</u>				
<u>Assets</u>				
Cash and investments	\$151,895	\$2,591,724	\$2,681,566	\$62,053
Receivables	378,475	481,535	378,475	481,535
Other assets	4,460	4,519	1,066	7,913
Total Assets	<u>\$534,830</u>	<u>\$3,077,778</u>	<u>\$3,061,107</u>	<u>\$551,501</u>
<u>Liabilities</u>				
Accounts payable	\$202,699	\$1,834,285	\$1,857,862	\$179,122
Due to others	332,131	2,682,969	2,642,721	372,379
Total Liabilities	<u>\$534,830</u>	<u>\$4,517,254</u>	<u>\$4,500,583</u>	<u>\$551,501</u>
 <u>SMPHESG</u>				
<u>Assets</u>				
Cash and investments	<u>\$1,052,633</u>	<u>\$3,952,154</u>	<u>\$4,170,020</u>	<u>\$834,767</u>
<u>Liabilities</u>				
Accounts payable	\$443,599	\$3,440,462	\$3,855,873	\$28,188
Due to others	609,034	3,932,288	3,734,743	806,579
Total Liabilities	<u>\$1,052,633</u>	<u>\$7,372,750</u>	<u>\$7,590,616</u>	<u>\$834,767</u>

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Supporters of Senior Center</u>				
<u>Assets</u>				
Cash and investments	\$149,582	\$337,941	\$335,636	\$151,887
<u>Liabilities</u>				
Accounts payable	\$55,867	\$107,615	\$156,560	\$6,922
Due to others	93,715	331,241	279,991	144,965
Total Liabilities	\$149,582	\$438,856	\$436,551	\$151,887
 <u>Peninsula Partnership</u>				
<u>Assets</u>				
Cash and investments	\$216,990	\$1,352,714	\$1,420,529	\$149,175
Receivables	172,969	181,707	172,969	181,707
Other assets	4,095		4,095	
Total Assets	\$394,054	\$1,534,421	\$1,597,593	\$330,882
<u>Liabilities</u>				
Accounts payable	\$12,587	\$335,205	\$328,802	\$18,990
Due to others	381,467	1,349,893	1,419,468	311,892
Total Liabilities	\$394,054	\$1,685,098	\$1,748,270	\$330,882
 <u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$2,617,053	\$21,421,770	\$21,868,159	\$2,170,664
Receivables	1,621,300	3,268,554	3,237,324	1,652,530
Other assets	8,555	4,519	5,161	7,913
Total Assets	\$4,246,908	\$24,694,843	\$25,110,644	\$3,831,107
<u>Liabilities</u>				
Accounts payable	\$2,830,561	\$21,937,067	\$22,572,336	\$2,195,292
Due to others	1,416,347	8,296,391	8,076,923	1,635,815
Total Liabilities	\$4,246,908	\$30,233,458	\$30,649,259	\$3,831,107



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

Debt Capacity

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

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

STATISTICAL SECTION - (Continued)

Operating Information

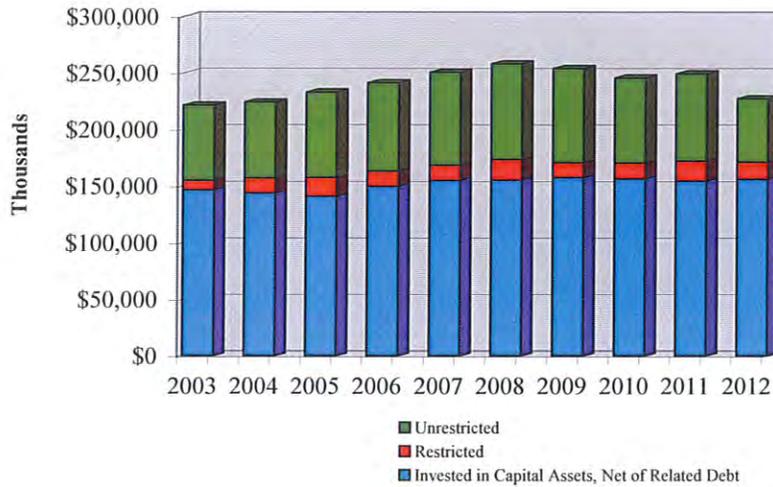
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time 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 Ten 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
Governmental activities					
Invested in capital assets, net of related debt	\$92,883,528	\$91,354,782	\$90,670,525	\$87,925,557	\$87,549,833
Restricted	13,869,264	13,104,841	13,931,086	17,883,253	15,053,531
Unrestricted	54,502,547	51,980,355	43,329,957	40,494,570	23,884,922
Total governmental activities net assets	\$161,255,339	\$156,439,978	\$147,931,568	\$146,303,380	\$126,488,286
Business-type activities					
Invested in capital assets, net of related debt	\$62,401,418	\$66,137,475	\$65,670,580	\$66,344,770	\$68,587,946
Restricted	4,218,833	4,597			
Unrestricted	30,305,199	31,253,864	32,019,212	36,653,957	32,290,613
Total business-type activities net assets	\$96,925,450	\$97,395,936	\$97,689,792	\$102,998,727	\$100,878,559
Primary government					
Invested in capital assets, net of related debt	\$155,284,946	\$157,492,257	\$156,341,105	\$154,270,327	\$156,137,779
Restricted	18,088,097	13,109,438	13,931,086	17,883,253	15,053,531
Unrestricted	84,807,746	83,234,219	75,349,169	77,148,527	56,175,535
Total primary government net assets	\$258,180,789	\$253,835,914	\$245,621,360	\$249,302,107	\$227,366,845

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

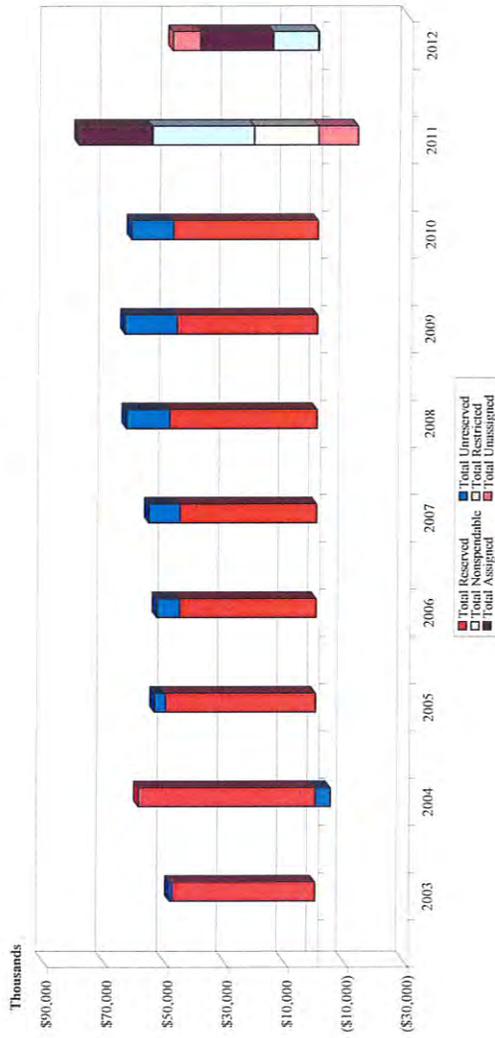
	For The Fiscal Years Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$3,861,142	\$7,049,253	\$7,864,080	\$8,170,802	\$7,444,142	\$8,370,140	9,401,885	\$9,435,028	\$9,269,313	\$10,260,757
Public safety	29,896,315	31,706,399	36,824,085	34,815,945	39,270,270	41,515,902	42,404,286	44,084,707	42,429,411	45,511,296
Public works	5,819,840	5,808,559	6,454,908	7,099,777	6,429,613	6,277,793	6,526,712	5,725,707	6,530,402	5,406,051
Streets and infrastructure	1,909,043	2,296,403	2,346,510	2,647,593	3,567,017	4,496,272	3,823,885	3,661,752	3,133,030	3,395,911
Culture and recreation	11,471,728	12,118,778	12,239,462	14,319,938	14,817,138	17,185,257	17,045,290	18,130,986	16,181,808	14,415,687
Economic and community development	10,272,554	6,718,322	8,509,016	10,254,528	8,033,736	6,802,421	9,274,398	9,395,160	8,581,051	5,654,756
Nondepartmental	407,667	277,871	304,420	275,911	287,243	6,802,421	9,274,398	9,395,160	8,581,051	5,654,756
Interest on long term debt	1,032,337	667,851	628,872	1,058,595	1,640,993	1,926,468	1,498,377	376,641	361,793	335,549
Total governmental activities expenses	64,670,625	66,643,436	75,470,378	78,341,916	81,490,152	86,574,253	89,974,843	90,779,981	86,306,808	84,979,987
Business-type activities:										
Water	8,440,424	9,026,033	9,254,676	8,759,733	9,287,617	10,777,580	11,496,966	11,230,423	10,537,952	13,460,939
Civic center	626,682	654,354	675,630	606,519	615,099	598,634	749,560	717,905	681,758	686,051
Transfer station	1,270,705	1,291,865	1,290,494	1,514,890	1,322,444	1,005,081	65,987	54,118	98,655	48,926
Sanitation district	12,115,172	11,672,157	13,079,301	14,633,188	14,084,248	15,506,062	17,006,931	16,742,058	15,710,913	18,587,421
Total business-type activities expenses	22,452,983	22,644,409	24,300,101	25,514,130	25,309,408	27,887,357	29,319,449	28,744,504	27,029,278	32,783,337
Total primary government expenses	\$87,123,609	\$89,287,845	\$99,770,479	\$103,856,046	\$106,799,560	\$114,461,610	\$119,294,297	\$119,524,485	\$113,336,086	\$117,763,324
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$376,564	\$143,481	\$166,527	\$221,542	\$96,257	\$111,829	\$117,873	\$128,702	\$540,836	\$764,719
Public safety	3,658,856	4,066,392	4,283,174	4,456,640	4,029,069	3,676,385	4,953,076	4,939,418	4,689,950	4,685,400
Public works	2,044,763	1,849,348	1,967,014	1,736,993	1,176,476	959,193	1,123,139	1,431,784	1,533,714	1,259,803
Streets and infrastructure	1,179,774	998,664	1,140,519	967,226	1,111,118	1,076,212	1,247,967	907,565	1,219,820	953,473
Culture and recreation	2,466,170	2,810,198	2,731,652	2,483,548	2,674,550	2,848,327	2,975,580	2,567,160	2,732,104	2,913,641
Economic and community development	2,215,902	2,143,008	2,459,591	2,386,374	2,673,444	2,333,758	2,717,488	2,135,626	2,070,063	2,095,455
Nondepartmental	288,268	932,656	2,145,568	352,195	795,596	\$454,839	462,733	341,860	341,860	341,860
Operating grants and contributions	12,013,823	8,504,372	10,036,375	11,296,078	10,128,248	9,780,388	7,310,809	7,391,970	10,608,563	8,189,627
Capital grants and contributions	2,997,194	597,162	1,173,226	4,628,183	1,504,218	2,306,965	534,330	2,271,751	1,744,640	3,421,710
Total governmental activities program revenues	27,241,314	22,045,281	26,105,648	28,528,879	24,188,976	23,548,096	21,442,995	22,115,836	25,139,730	24,283,828
Business-type activities:										
Charges for services:										
Water	10,202,528	10,914,100	11,206,380	10,930,958	12,030,977	12,960,840	12,752,887	12,273,749	13,014,097	14,625,062
Civic center	869,306	892,122	918,213	933,137	959,500	985,189	1,011,711	805,391	831,384	759,286
Transfer station	1,591,840	1,615,257	1,613,410	1,616,423	1,622,442	2,086,047	375,000	375,000	375,000	375,000
Sanitation district	13,114,197	13,269,512	14,191,177	13,900,269	15,273,552	16,858,914	16,410,870	15,851,654	15,791,505	15,018,052
Operating grants and contributions	385,293									
Capital grants and contributions	1,430,442		1,425,912							
Total business-type activities program revenues	27,593,606	26,690,991	29,356,092	27,380,787	29,886,471	32,890,990	30,550,468	29,304,794	29,951,986	30,777,400
Total primary government program revenues	\$54,834,920	\$48,736,272	\$55,461,738	\$55,909,666	\$54,075,447	\$56,439,086	\$51,993,463	\$51,420,630	\$55,091,716	\$55,061,228
Net (Expense)/Revenue										
Governmental activities	(\$7,429,312)	(\$44,598,155)	(\$49,364,732)	(\$49,813,037)	(\$57,301,176)	(\$63,026,157)	(\$68,531,848)	(\$68,664,145)	(\$61,167,078)	(\$60,696,159)
Business-type activities	5,140,623	4,046,582	5,055,991	1,866,657	4,577,063	5,003,633	1,231,024	560,290	2,922,708	(2,005,937)
Total primary government net expense	(\$2,288,689)	(\$40,551,573)	(\$44,308,741)	(\$47,946,380)	(\$52,724,113)	(\$58,022,524)	(\$67,300,824)	(\$68,103,855)	(\$58,244,370)	(\$62,702,096)

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

	For The Fiscal Years Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$15,426,462	\$15,822,388	\$23,567,900	\$25,918,087	\$28,283,735	\$30,646,825	\$50,964,095	\$29,462,868	\$29,886,156	\$27,903,523
Sales taxes	8,949,909	8,972,708	9,294,700	9,619,289	10,677,978	11,411,106	10,520,797	9,016,619	10,178,386	10,638,574
Utility users tax	5,246,566	5,467,435	5,644,684	6,132,745	6,312,871	6,875,368	6,870,869	6,779,160	6,635,130	6,532,361
Franchise fees	2,281,204	2,471,180	2,534,935	2,680,415	2,736,020	2,788,859	3,378,546	3,432,346	3,471,922	3,500,118
Other taxes	1,927,177	2,068,815	2,223,036	3,877,653	3,918,576	3,919,957	4,134,141	3,962,240	4,189,893	4,203,616
Motor vehicle in-lieu	6,091,761	4,803,122	682,042	726,666	569,826	470,726	362,136	315,203	493,293	109,179
Investment earnings	3,503,897	713,346	2,024,600	2,530,208	4,239,340	4,013,587	1,703,334	960,155	711,989	1,018,793
Other revenues	941,110	373,413	4,352,038	1,566,401	2,028,616	2,514,957	2,700,781	3,706,703	3,313,961	3,180,451
Transfers	4,222,495	4,209,488	4,594,355	4,556,759	4,109,381	1,967,892	3,081,788	2,720,441	658,160	2,800,581
Extraordinary item										2,200,965
Total government activities	48,590,581	44,902,395	54,927,290	57,608,223	62,895,543	64,609,277	63,716,487	60,153,735	59,538,890	62,088,161
Business-type activities:										
Property taxes	939,013	1,026,537	1,136,181	1,188,249	1,300,831	\$1,389,793	1,452,957	1,376,028	1,377,982	1,433,604
Investment earnings	706,251	123,277	727,399	843,264	1,224,333	1,138,848	311,498	486,593	413,972	534,239
Other revenues	250,772	1,498,984	903,234	1,227,052	620,714	465,093	556,795	591,386	1,252,433	704,506
Sale of property										14,001
Transfers	(4,222,495)	(4,209,488)	(4,594,355)	(4,556,759)	(4,109,381)	(1,967,892)	(3,081,788)	(2,720,441)	(658,160)	(2,800,581)
Total business-type activities	(2,326,459)	(1,560,690)	(1,827,541)	(1,298,194)	(963,503)	1,025,842	(760,330)	(266,434)	2,386,227	(114,231)
Total primary government	\$46,264,122	\$43,341,705	\$53,099,749	\$56,310,029	\$61,933,040	\$65,635,119	\$62,955,949	\$59,889,301	\$61,925,117	\$61,973,930
Change in Net Assets										
Governmental activities	\$11,161,269	\$304,240	\$5,562,558	\$7,795,186	\$5,595,367	\$1,583,120	(\$4,815,361)	(\$8,508,410)	(\$1,628,188)	\$1,392,002
Business-type activities	2,814,164	2,485,892	3,228,450	568,463	3,613,560	6,029,475	470,486	293,856	5,308,935	(2,120,168)
Total primary government	\$13,975,433	\$2,790,132	\$8,791,008	\$8,363,649	\$9,208,927	\$7,612,595	(\$4,344,875)	(\$8,214,554)	\$3,680,747	(\$728,166)



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



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$20,567,853	\$20,204,534	\$21,342,822	\$21,757,037	\$21,610,095	\$21,565,875	\$21,566,507	\$21,460,127	\$21,438,707	\$238,031
Unreserved	11,679,539	11,843,779	14,448,324	17,954,473	20,026,623	21,845,434	21,782,963	20,817,474	12,229,191	12,249,286
Nonspendable									9,265,602	9,039,548
Assigned									\$42,933,500	\$21,526,865
Unassigned	\$32,247,392	\$32,048,313	\$35,791,146	\$39,711,510	\$41,636,718	\$43,411,309	\$43,349,470	\$42,277,601		
Total General Fund										
All Other Governmental Funds										
Reserved	\$27,048,025	\$38,657,154	\$28,849,256	\$23,828,456	\$23,997,000	\$27,576,108	\$25,361,720	\$26,791,488		
Unreserved, reported in:										
Special revenue funds	(28,229,422)	(26,551,366)	(26,358,019)	(28,624,382)	(28,488,626)	(23,682,598)	(20,036,126)	(20,313,715)		
Capital project funds	17,502,063	9,609,432	15,490,285	18,259,088	18,780,851	16,075,592	15,423,021	13,238,998		
Restricted										
Assigned									\$34,018,497	\$15,053,292
Unassigned	\$16,320,666	\$21,715,220	\$17,981,522	\$13,463,162	\$14,289,225	\$19,969,102	\$20,748,615	\$19,716,771	11,973,786	12,211,293
Total all other governmental funds										
All Governmental Funds										
Total Reserved	\$47,615,878	\$58,861,688	\$50,192,078	\$45,585,493	\$45,607,095	\$49,141,983	\$46,928,227	\$48,251,615	\$21,438,707	\$238,031
Total Unreserved	952,180	(5,098,155)	3,589,590	7,589,179	10,318,848	14,238,428	17,169,858	13,742,757	34,018,497	15,053,292
Total Nonspendable									24,202,977	24,460,579
Total Restricted									(13,294,322)	9,039,548
Total Assigned									\$66,365,859	\$48,791,450
Total All Governmental Funds	\$48,568,058	\$53,763,533	\$53,772,668	\$53,174,672	\$55,925,943	\$63,380,411	\$64,098,085	\$61,994,372		

(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.

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

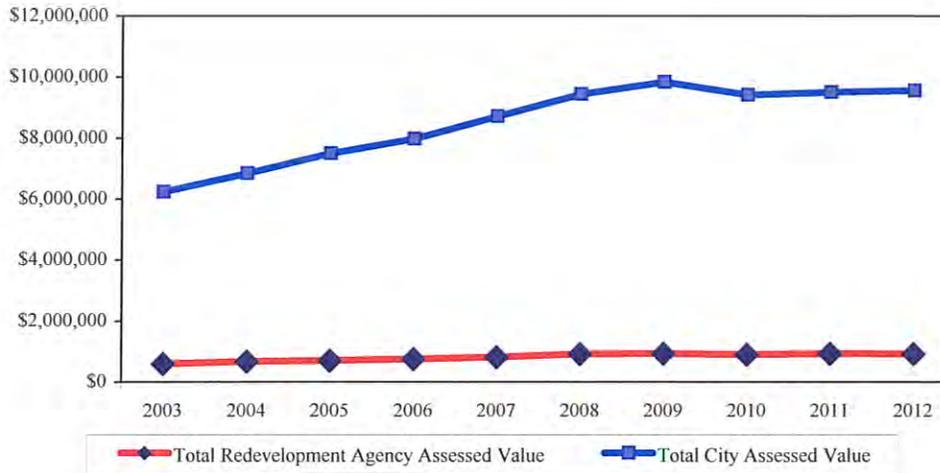
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006
Revenues				
Taxes	\$42,619,588	\$42,083,182	\$46,437,398	\$51,409,010
Licenses, permits and fees	1,710,137	1,538,705	1,840,586	1,779,575
Fines and forfeitures	2,468,498	2,584,331	2,584,993	2,527,979
Use of money and property	4,655,827	3,973,562	4,134,619	3,682,476
Intergovernmental revenues	15,423,663	6,294,903	7,334,878	11,217,670
Charges for services	7,323,517	7,407,716	7,576,630	7,347,459
Other	1,818,067	2,086,069	5,286,001	6,594,371
Total Revenues	76,019,297	65,968,468	75,195,105	84,558,540
Expenditures				
Current:				
General government	3,668,450	6,275,456	7,885,826	7,867,397
Public safety	29,289,862	29,348,401	34,599,971	34,747,286
Public works	5,343,382	5,554,845	5,838,199	6,111,691
Culture and recreation	10,895,484	11,422,401	11,050,212	12,132,440
Community development	10,205,969	6,728,371	8,437,272	14,053,768
Capital projects	10,260,963	9,358,983	13,750,189	12,009,663
Debt service:				
Principal repayment	95,542	100,023	104,714	361,522
Interest and fiscal charges	1,032,337	667,851	626,872	1,058,505
Total Expenditures	70,791,989	69,456,331	82,293,255	88,342,272
Excess (deficiency) of revenues over (under) expenditures	5,227,308	(3,487,863)	(7,098,150)	(3,783,732)
Other Financing Sources (Uses)				
Sale of property				
Transfers in	13,598,763	11,814,022	12,124,753	8,833,353
Transfers out	(9,566,179)	(7,631,875)	(7,583,837)	(6,658,468)
Loan proceeds		4,500,000		
Sale of capital assets	774,194	1,191	2,566,369	1,010,851
Total other financing sources (uses)	4,806,778	8,683,338	7,107,285	3,185,736
Residual equity transfer out				
GASB 34 Implementation adjustment	(34,547,537)			
Extraordinary items				
Assets transferred to/liabilities assumed by Successor Agency				
Net Change in fund balances	(\$24,513,451)	\$5,195,475	\$9,135	(\$597,996)
Debt service as a percentage of noncapital expenditures				
	1.9%	1.3%	1.1%	1.8%

For the Fiscal Year Ended June 30,

2007	2008	2009	2010	2011	2012
\$54,942,019	\$58,503,214	\$58,265,663	\$55,022,812	\$58,097,799	\$56,413,948
1,850,696	1,558,126	1,728,788	1,399,042	1,468,663	1,409,698
2,106,353	1,986,902	2,638,628	2,842,822	2,772,583	2,440,465
5,069,211	5,837,640	4,223,929	4,578,244	4,333,962	3,132,897
8,267,077	8,736,129	4,887,424	6,336,813	7,527,353	7,267,441
7,037,911	6,853,338	8,133,070	7,517,777	8,505,783	7,637,246
3,129,369	3,202,504	3,590,101	4,159,677	3,583,288	4,044,012
<u>82,402,636</u>	<u>86,677,853</u>	<u>83,467,603</u>	<u>81,857,187</u>	<u>86,289,431</u>	<u>82,345,707</u>
7,483,067	7,664,184	8,464,269	8,449,067	8,612,120	8,682,126
37,591,200	40,150,051	41,096,189	41,391,460	41,115,067	42,226,973
5,766,831	5,790,515	5,627,447	5,384,642	5,136,940	4,995,361
13,361,317	14,189,456	14,993,277	13,571,549	13,078,179	12,650,231
8,089,467	6,854,996	9,193,905	9,258,231	8,900,024	5,773,301
9,754,278	6,209,739	4,645,217	7,205,608	5,502,027	6,977,961
256,767	272,150	287,785	305,684	323,861	2,679,000
1,519,210	1,906,552	1,479,099	848,328	490,281	312,381
<u>83,822,137</u>	<u>83,037,643</u>	<u>85,787,188</u>	<u>86,414,569</u>	<u>83,158,499</u>	<u>84,297,334</u>
<u>(1,419,501)</u>	<u>3,640,210</u>	<u>(2,319,585)</u>	<u>(4,557,382)</u>	<u>3,130,932</u>	<u>(1,951,627)</u>
8,718,603	7,413,734	7,164,378	6,811,899	6,490,408	5,787
(5,769,183)	(6,079,476)	(4,127,119)	(4,358,230)	(5,249,853)	5,753,543
904,670	2,480,000				(2,838,147)
316,682					
<u>4,170,772</u>	<u>3,814,258</u>	<u>3,037,259</u>	<u>2,453,669</u>	<u>1,240,555</u>	<u>2,921,183</u>
					2,663,131
<u>\$2,751,271</u>	<u>\$7,454,468</u>	<u>\$717,674</u>	<u>(\$2,103,713)</u>	<u>\$4,371,487</u>	<u>\$3,632,687</u>
2.4%	2.8%	2.1%	1.4%	1.0%	4.0%

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

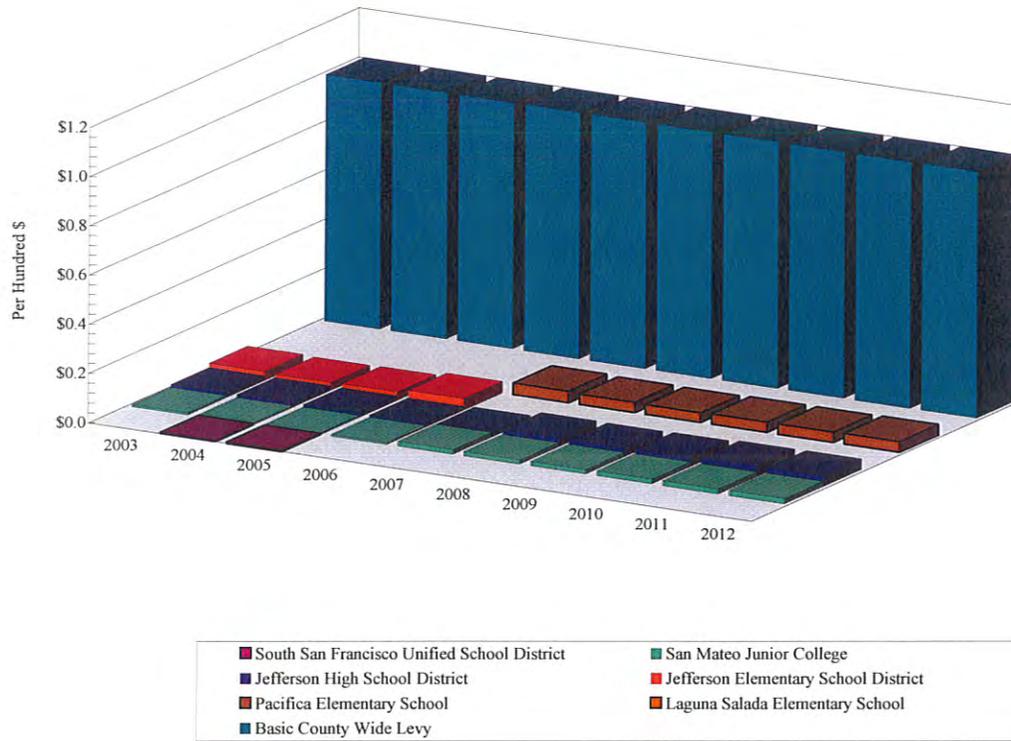


Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
2003	\$5,372,625	\$148,800	\$109,666	\$5,631,091	\$569,543	\$30,675	\$6,005	\$606,223	1.00%
2004	5,879,650	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%
2008	8,175,019	236,671	105,501	8,517,191	849,990	73,358	6,530	929,878	1.00%
2009	8,589,324	212,333	103,778	8,905,435	881,309	48,519	6,474	936,302	1.00%
2010	8,181,880	224,478	104,176	8,510,534	846,570	47,811	6,443	900,824	1.00%
2011	8,224,722	235,725	104,742	8,565,189	875,392	53,443	6,523	935,358	1.00%
2012	8,287,585	242,088	103,652	8,633,325	860,939	53,608	6,507	921,054	1.00%

- (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	Pacifica Elementary School	Total
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
2008	1.0000		0.0361	0.0171		0.0411	1.0943
2009	1.0000		0.0333	0.0165		0.0384	1.0882
2010	1.0000		0.0360	0.0182		0.0417	1.0959
2011	1.0000		0.0416	0.0193		0.0412	1.1021
2012	1.0000		0.0422	0.0199		0.0422	1.1043

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 65 tax code areas, many with different rates because of differing school district boundaries.

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

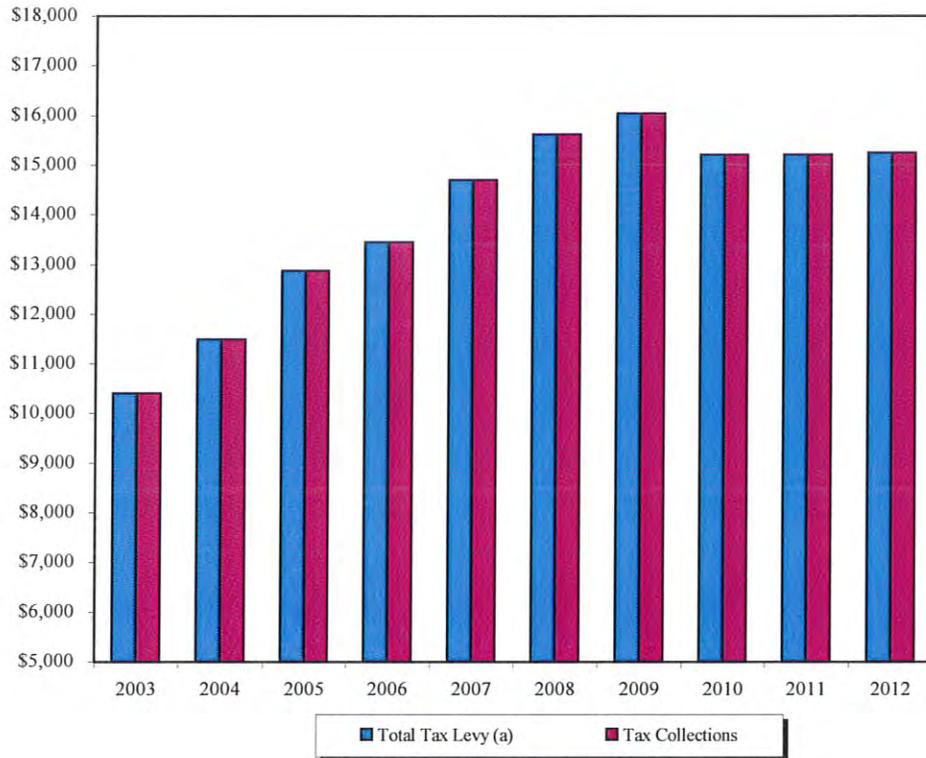
CITY OF DALY CITY
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2011-12			2002-2003		
	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	\$198,483,902	1	2.4%	\$166,728,574	1	3.1%
Westlake Kimco	149,151,543	2	1.8%	18,938,019	7	0.4%
Pacific Plaza	140,275,489	3	1.7%	121,092,898	2	2.3%
Westlake Associates (Apartments)	116,436,973	4	1.4%			
Daly City Serramonte Center, LLC	114,844,105	5	1.4%	105,690,257	3	2.0%
Daly City Skyline Associates	47,419,037	6	0.6%			
WASL 165 Pierce	42,638,074	7	0.5%			
LJNC Franciscan Mobile Home Park	39,863,000	8	0.5%			
Serramonte Corporate Center (Kaiser)	38,280,011	9	0.5%			
RMP Properties (Mission Plaza)	33,850,919	10	0.4%			
John Daly Boulevard Associates, LP				55,684,057	4	1.0%
Skyline Heights Apartments				34,033,282	5	0.6%
Lavaca Portfolio Investors				29,107,753	6	0.5%
Scagate Buchanan Associates LLC				18,300,058	8	0.3%
Serramonte Medical Offices				14,856,911	9	0.3%
JS Group LLC				13,617,000	10	0.3%
Subtotal	<u>\$921,243,053</u>		<u>11.1%</u>	<u>\$578,048,809</u>		<u>10.8%</u>

Total Assessed Valuation:
Fiscal Year 2011-2012 \$8,287,584,596
Fiscal Year 2002-2003 \$5,372,624,556

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)**



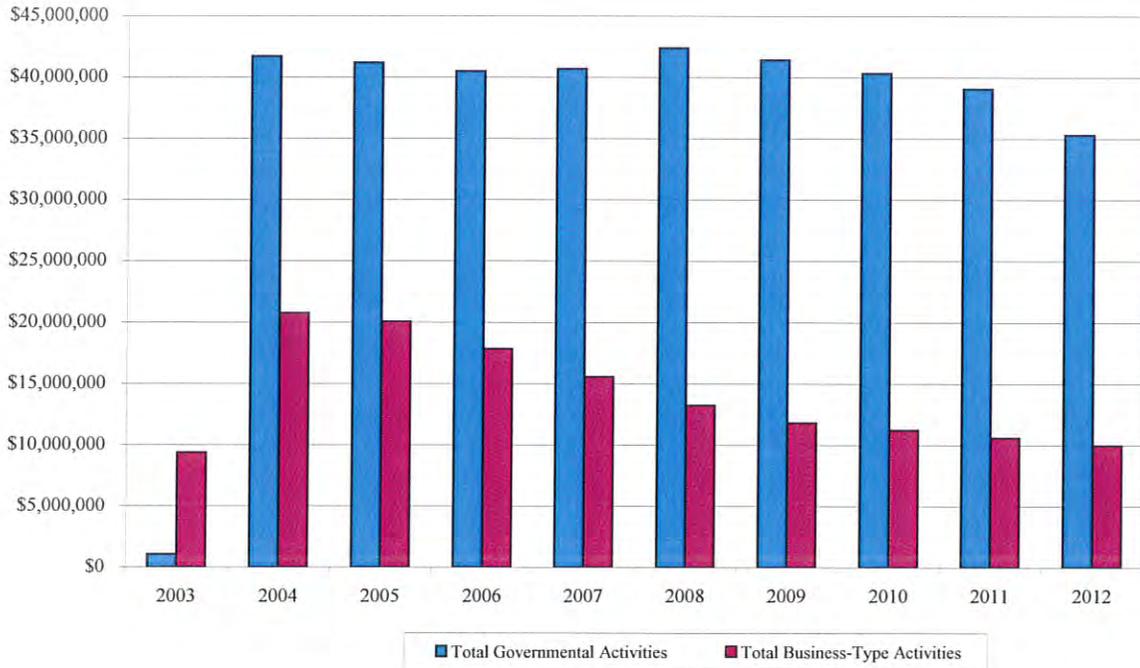
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2003	\$10,401	\$10,401	100.00%		\$10,401	100.00%
2004	11,485	11,485	100.00%		11,485	100.00%
2005	12,866	12,866	100.00%		12,866	100.00%
2006	13,435	13,435	100.00%		13,435	100.00%
2007	14,693	14,693	100.00%		14,693	100.00%
2008	15,610	15,610	100.00%		15,610	100.00%
2009	16,029	16,029	100.00%		16,029	100.00%
2010	15,204	15,204	100.00%		15,204	100.00%
2011	15,204	15,204	100.00%		15,204	100.00%
2012	15,236	15,236	100.00%		15,236	100.00%

Source: City of Daly City

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

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

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



Governmental Activities

Fiscal Year	Line of Credit	Capital Lease	HUD		CHFA HELP Loan	Promissory Note	Total
			Section 108 Loan	PERS Pension Obligation Bonds			
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
2008		395,330	4,074,000	34,520,000	904,670	\$2,480,000	42,374,000
2009		269,545	3,912,000	33,860,000	904,670	2,480,000	41,426,215
2010		137,861	3,738,000	33,070,000	904,670	2,480,000	40,330,531
2011			3,552,000	32,140,000	904,670	2,480,000	39,076,670
2012			3,353,000	31,060,000	904,670		35,317,670

Business-Type Activities

Fiscal Year	Business-Type Activities			Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Sewer Certificates of Participation	Water Certificates of Participation	State Water Resources Board Loan				
2003	\$9,375,000			\$9,375,000	\$10,439,506	n/a	\$100.09
2004	7,740,000	\$9,860,000	\$3,160,733	20,760,733	62,460,216	n/a	604.83
2005	6,070,000	9,495,000	4,506,387	20,071,387	61,266,156	2.55%	585.38
2006	4,365,000	9,145,000	4,327,078	17,837,078	58,335,325	2.20%	556.53
2007	2,625,000	8,785,000	4,146,376	15,556,376	56,267,526	1.92%	530.03
2008	855,000	8,415,000	3,961,157	13,231,157	55,605,157	1.97%	522.80
2009		8,030,000	3,771,308	11,801,308	53,227,523	1.85%	496.99
2010		7,635,000	3,576,713	11,211,713	51,542,244	1.78%	475.56
2011		7,225,000	3,377,252	10,602,252	49,678,922	1.81%	487.43
2012		6,800,000	3,172,805	9,972,805	45,290,475	n/a (b)	441.46

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

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

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

(b) Information not available.

**CITY OF DALY CITY
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2012**

2011-12 Assessed Valuation	\$8,633,324,695
Redevelopment Incremental Valuation	670,700,848
Adjusted Assessed Valuation	<u>\$7,962,623,847</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 06/30/12	% Applicable (1)	City's Share of Debt 06/30/12
San Mateo Community College District	\$595,569,994	6.080%	\$36,210,656
South San Francisco Unified School District	95,887,755	11.243%	10,780,660
Jefferson Union High School District	117,104,054	49.389%	57,836,521
Brisbane School District	7,145,437	21.798%	1,557,562
Jefferson School District	45,615,000	85.033%	<u>38,787,803</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			 <u>145,173,202</u>
 <u>OVERLAPPING GENERAL FUND DEBT</u>			
San Mateo County General Fund Obligations	\$324,979,816	6.080%	\$19,758,773
San Mateo County Board of Education Certificates of Participation	11,945,000	6.080%	726,256
San Mateo County Flood Control District Certificates of Participation	22,650,000	31.474%	7,128,861
South San Francisco Unified School District Certificates of Participation	1,276,931	11.243%	<u>143,565</u>
 TOTAL OVERLAPPING GENERAL FUND DEBT			 <u>27,757,455</u>
 <u>DIRECT DEBT</u>			
City of Daly City Pension Obligation Bonds	\$31,060,000	100.000%	<u>\$31,060,000</u>
 TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			 <u>\$58,817,455</u>
 COMBINED TOTAL DEBT			 <u>\$203,990,657 (2)</u>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

Ratios to 2011-12 Assessed Valuation

Total Overlapping Tax and Assessment Debt	1.68%
Combined Total Debt	2.36%

Source: California Municipal Statistics, Inc.

**CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2012**

ASSESSED VALUATION:

Total property assessed value, net of exempt real property	\$8,633,324,695
---------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$323,749,676
-------------------------------------------------	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$6,800,000
Less: Tax Allocation Bonds and Certificate of Participation not subject to limit	6,800,000

Amount of debt subject to limit	0
---------------------------------	---

LEGAL BONDED DEBT MARGIN	\$323,749,676
--------------------------	---------------

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)		
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%
2008	319,395	0	319,395	0.00%
2009	333,954	0	333,954	0.00%
2010	319,145	0	319,145	0.00%
2011	321,195	0	321,195	0.00%
2012	323,750	0	323,750	0.00%

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
WATER UTILITY DISTRICT**

NUMBER OF CONNECTIONS BY USERS AS OF JUNE 30, 2012

Category	Number of Connections
Single Family Residential	18,699
Multi-Family Residential	3,027
Commercial	860
Hotels/Motels	21
Irrigation	260
Other	1
Total Connections	22,868

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

	2005	2006	2007	2008	2009	2010	2011	2012
Gross Revenues (1)	\$11,783,383	\$11,842,561	\$12,529,986	\$13,448,021	\$13,115,342	\$12,699,761	\$13,497,857	\$15,185,857
Operating Expenses (including depreciation) (2)	8,852,605	8,270,821	8,848,516	10,382,294	11,111,591	10,637,744	10,424,358	12,718,342
Depreciation	(903,874)	(939,230)	(1,042,174)	(1,142,717)	(1,149,384)	(1,192,935)	(1,218,606)	(1,257,540)
Operating Transfers Out	2,895,260	3,108,793	2,926,560	3,078,501	2,204,264	2,376,455	2,158,670	2,372,007
Total Operating Expenses	10,843,991	10,440,384	10,732,902	12,318,078	12,166,471	11,821,264	11,364,422	13,832,809
Net Revenue Available for Debt	\$939,392	\$1,402,177	\$1,797,084	\$1,129,943	\$948,871	\$878,497	\$2,133,435	\$1,353,048
Total Debt Service Requirement	\$753,939	\$754,534	\$754,034	\$753,234	\$755,284	\$751,809	\$751,996	\$751,621
Coverage	1.25	1.86	2.38	1.50	1.26	1.17	2.84	1.80

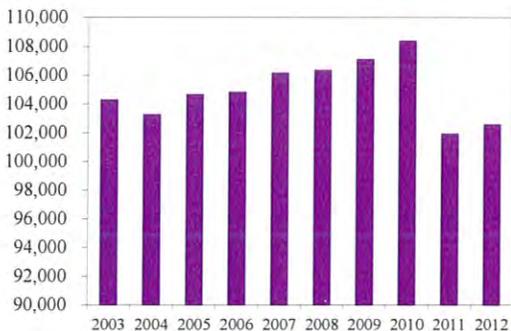
Notes:
(1) Includes all Water Utility Operating Revenue, Nonoperating Interest Revenue, Connection Fees and other Nonoperating Revenues

(2) Includes all Water Utility Operating Expenses, Operating Transfers Out and Interest Expense

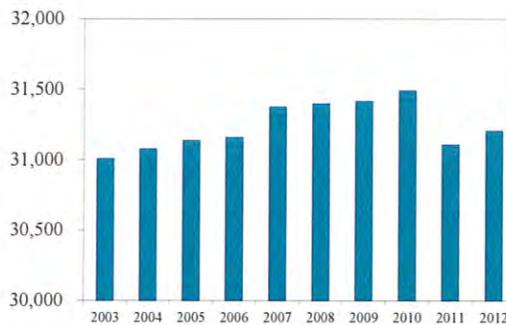
Source: City of Daly City Annual Financial Statements



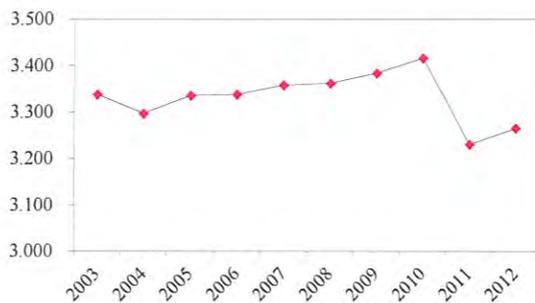
CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



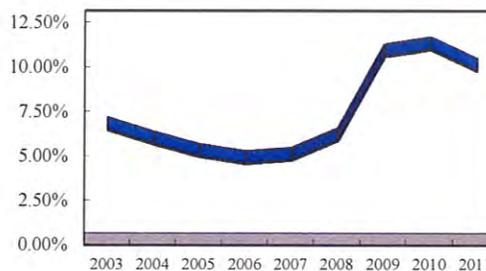
■ Daly City Population



■ Occupied Housing Units



—● Persons per Occupied Housing Unit



■ Unemployment Rate (%)

Year	Daly City Population as of January as of January (1)	Occupied Housing Units as of January as of January (1)	Persons per Occupied Housing Unit (1)	Unemployment Rate Annual Average (%) (2)	Per Capita Personal Income (3)	Total Personal Income (3) (in thousands)	San Mateo County Population (1)	City Population % of County
2003	104,305	31,010	3.338	6.5%	n/a	n/a	717,041	14.55%
2004	103,269	31,082	3.297	5.7%	n/a	n/a	712,386	14.50%
2005	104,661	31,140	3.336	5.0%	\$22,946	\$2,401,551	723,453	14.47%
2006	104,820	31,162	3.338	4.6%	25,315	2,653,518	724,104	14.48%
2007	106,160	31,378	3.358	4.8%	27,656	2,935,961	733,386	14.48%
2008	106,361	31,401	3.362	5.9%	26,513	2,819,949	739,171	14.39%
2009	107,099	31,419	3.384	10.6%	26,797	2,869,932	745,563	14.36%
2010	108,383	31,495	3.416	11.0%	26,650	2,888,407	754,061	14.37%
2011	101,920	31,110	3.230	9.8%	26,902	2,741,852	724,452	14.07%
2012	102,593	31,210	3.265	n/a	n/a	n/a	729,196	14.07%

Sources:

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

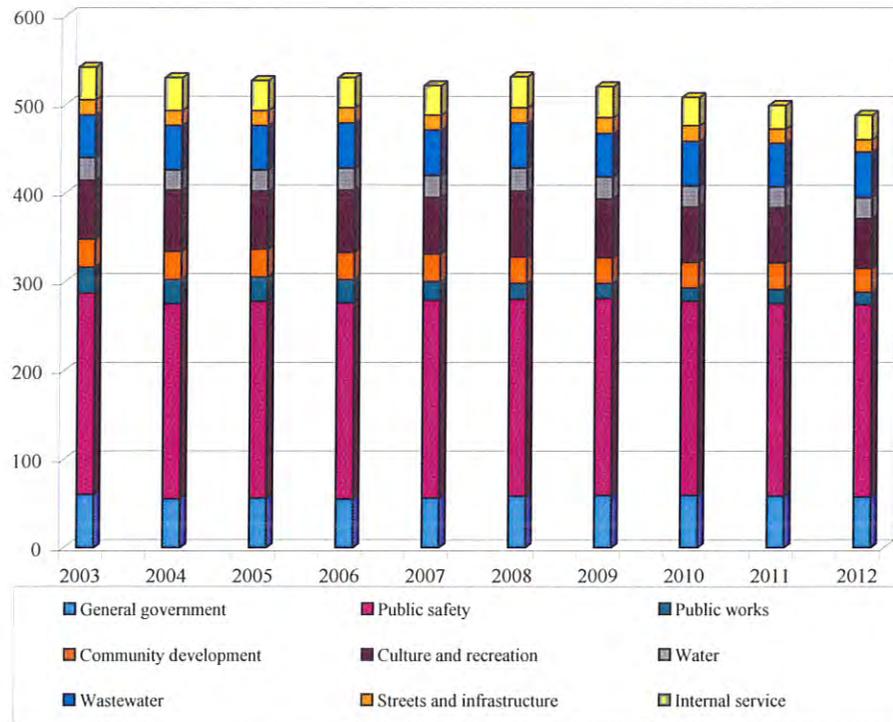
**CITY OF DALY CITY
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2011-2012</u>			<u>2002-2003</u>		
	<u>Number of Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Seton Medical Center	1,318	1	11.7%	1,722	1	15.6%
Jefferson Elementary School District	754	2	6.7%	687	4	6.2%
Jefferson High School District	693	3	6.1%	689	3	6.2%
City of Daly City	641	4	5.7%	1,030	2	9.3%
Cow Palace	405	5	3.6%	328	8	3.0%
Genesys Telecommunications Laboratories	400	6	3.5%	380	6	3.4%
Target Stores - Serramonte	298	7	2.6%			
McDonald's (4 stores)	250	8	2.2%			
Walgreens (3 stores)	240	9	2.1%			
St. Francis Convalescent Pavilion	202	10	1.8%	340	7	3.1%
US Postal Service International Mail Facility				594	5	5.4%
Pacific Gas & Electric				272	9	2.5%
Macy's				260	10	2.4%
Subtotal	<u>5,201</u>		<u>46.1%</u>	<u>6,302</u>		<u>57.0%</u>
Total Daly City Employment	<u>11,275</u> (3)			<u>11,048</u> (2)		

Note: (1) Includes both full-time and part-time employees
(2) Based on 2002 Economic Census - data updated only every 5 years
(3) Based on 2007 Economic Census - data updated only every 5 years

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

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



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function										
General government	60	55	56	55	56	58	59	59	58	57
Public safety	227	220	222	221	223	222	222	219	217	217
Public works	29	27	27	26	21	18	17	15	16	14
Community development	32	32	32	31	31	30	29	29	30	27
Culture and recreation	66	69	65	70	64	74	66	62	62	56
Water	26	23	24	25	25	26	25	24	24	24
Wastewater	48	50	50	51	51	51	49	50	49	51
Streets and infrastructure	17	17	17	17	17	17	18	18	16	14
Internal service	37	37	34	34	33	35	35	32	27	28
Total	542	530	527	530	521	531	520	508	499	488

Source: City of Daly City

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

	2003	2004	2005	2006	2007	2008
Function/Program						
Public safety (calendar year data)						
Fire						
Fire calls for service	5,712	5,660	5,745	6,086	6,012	6,206
Fire inspections conducted	2,987	3,248	3,169	3,576	4,305	4,544
Police						
Police calls for service	91,145	91,464	86,979	79,953	75,190	81,375
Law violations						
Part I crimes	2,526	2,664	2,458	2,656	2,448	2,349
Part II crimes	5,212	4,619	4,564	4,807	4,607	4,082
Physical arrests (adults)	2,071	2,065	2,068	1,995	1,861	1,644
Physical arrests (juvenile)	496	577	523	479	481	365
Traffic violations	16,176	17,500	14,926	13,119	9,124	8,359
Parking violations	72,753	68,851	67,849	60,056	56,070	74,512
Public works						
Street repairs - asphalt patching (sq. ft.)	27,477	17,596	11,470	22,338	20,610	5,655
Street slurry seal (ft.)	32,231	41,360	68,519	49,141	63,659	65,472
Street resurfacing (ft.)	9,472	9,055	17,403	18,127	5,973	3,907
Traffic signal responses	108	84	100	98	83	93
Street light responses	561	415	431	444	407	402
Street signs replaced	596	528	1,218	689	548	1,796
Streets swept (miles)	21,245	19,675	20,624	21,346	21,754	19,629
Line striping and curb painting (linear ft.)	7,240	7,988	8,800	2,290	8,671	3,403
Sidewalks inspected (miles)	35	25	15	18	13	17
Weeds and rubbish responses	355	465	495	475	493	387
Culture and recreation						
Recreation						
Recreation class participants	n/a	n/a	9,600	9,600	7,500	10,000
Performing Arts Center participants	n/a	n/a	500	525	530	550
Youth recreation playground program participants	n/a	n/a	1,000	900	900	900
Volunteer support hours	n/a	n/a	45,000	45,000	45,000	45,000
Senior meals served	n/a	n/a	23,190	21,229	21,130	22,218
Number of health fair events	n/a	n/a	6	6	4	0
Health fair events attendance	n/a	n/a	2,000	2,250	2,000	0
Daly City Peninsula Partnership # of agencies	n/a	n/a	60	63	60	64
Facility rentals (non City events)	n/a	n/a	1,300	1,300	900	900
Library						
Volumes in collection - all formats	174,065	182,954	189,402	197,034	206,581	211,999
Total volumes borrowed	519,180	597,841	592,208	591,336	625,783	632,935
# of uses of electronic resources	94,500	139,138	142,852	151,316	185,068	200,601
Youth services program attendance	14,051	11,923	11,661	14,818	9,864	15,195
Water						
Water service connections	22,614	22,610	22,745	22,887	23,034	22,814
Water main breaks	79	90	56	49	58	55
Average daily consumption (thousands of gallons)	7,920	7,860	7,890	7,240	7,324	7,785
Wastewater						
Sewer service connections	23,025	23,035	23,052	23,087	29,000	29,000
Sewer main blockages	10	11	14	10	6	7
Average daily treatment (thousands of gallons)	6,653	7,260	7,440	7,436	7,370	7,270

Source: City of Daly City

Note: n/a denotes information not available.

2009	2010	2011	2012
6,308	6,309	6,516	n/a
3,951	3,510	3,554	n/a
55,098	75,970	72,665	n/a
2,006	2,071	2,079	n/a
4,428	4,791	4,745	n/a
1,896	2,315	2,450	n/a
333	316	342	n/a
13,345	14,843	8,910	n/a
91,549	72,128	65,505	n/a
4,350	40,067	17,118	9,500
79,960	57,250	60,720	64,416
0	9,963	7,920	14,256
71	67	58	14
393	371	314	78
436	560	1,108	450
17,956	19,956	20,712	21,966
5,732	3,785	500	10,778
20	16	3	0
445	396	400	804
8,000	7,500	6,158	10,621
900	900	600	0
900	500	3,400	4,251
45,000	50,000	78,921	60,667
24,804	23,821	29,586	26,305
2	2	1	1
1,000	1,100	150	300
65	n/a	65	0
750	800	2,255	1,252
217,529	225,109	222,946	215,373
664,348	729,420	596,428	533,135
207,800	234,308	115,846	81,318
19,296	17,021	14,941	17,624
22,790	22,843	22,830	22,868
72	60	43	79
7,317	7,521	6,519	6,868
29,000	29,000	29,000	22,946
7	1	2	1
6,820	6,817	7,160	6,500

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

	2003	2004	2005	2006	2007
Function/Program					
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	33	33	33	33	31
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,200	3,200
Traffic signals (# of intersections)	40	40	40	40	40
Miles of storm drains	45	45	45	45	45
Culture and recreation					
Parks and recreation					
City parks	14	15	15	15	15
City parks acreage	200	200	200	200	200
Park trcecs	2,500	2,500	2,500	2,500	2,500
Playgrounds	26	26	26	26	26
Picnic areas	23	23	23	23	23
Tot lots	9	9	9	9	9
Dog off-leash areas	2	2	2	2	2
Street landscaped medians (miles)	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500
Street trees	2,800	2,800	2,800	2,800	2,700
Community centers and clubhouses	12	12	13	13	13
Senior centers	1	1	1	1	1
Performing arts centers	1	1	1	1	1
Swimming pools (property of school district)	2	2	2	2	2
Gymnasiums	3	3	3	3	3
Tennis courts	7	7	7	7	7
Artificial turf sports fields		1	1	1	2
Outdoor basketball courts	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8
Socccr/football fields		1	1	1	1
Night sport lighted facilities	9	9	9	9	9
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	205	205	205	205	187
Fire hydrants	1,425	1,425	1,472	1,472	1,437
Storage capacity (thousands of gallons)	22,981	22,981	22,981	22,981	22,981
Wastewater					
Number of treatment plants	1	1	1	1	1
Miles of sanitary sewers	176	177	177	177	177
Miles of combined sewers	14	14	14	14	14
Treatment capacity (thousands of gallons)					
Dry weather	8,000	8,000	8,000	8,000	8,000
Wet weather	25,000	25,000	25,000	25,000	25,000

Source: City of Daly City

Fiscal Year				
2008	2009	2010	2011	2012
5	5	5	5	5
1	1	1	1	1
31	30	30	29	30
112	112	112	112	112
3,200	3,200	3,200	3,200	3,200
40	40	40	40	40
70	70	70	70	70
15	15	15	15	15
200	200	200	200	200
2,400	2,400	2,400	2,400	2,400
26	26	26	26	26
23	23	23	23	23
9	9	9	9	9
2	2	2	2	2
21	21	21	21	21
500	500	500	500	500
2,700	2,700	2,700	2,700	2,700
14	14	14	14	14
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
4	4	4	4	4
9	9	9	9	9
2	2	2	2	2
15	15	15	15	15
8	8	8	8	8
1	1	1	1	1
9	9	9	9	9
4	4	4	4	4
187	187	187	187	187
1,489	1,497	1,497	1,497	1,497
22,981	22,981	24,490	24,490	24,490
1	1	1	1	1
177	177	177	177	177
14	14	14	14	14
8,000	8,000	8,000	8,000	8,000
25,000	25,000	25,000	25,000	25,000

