

City of Daly City



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2015



CITY OF DALY CITY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015



Prepared by
DEPARTMENT OF FINANCE
AND
ADMINISTRATIVE SERVICES

Lawrence Chiu
Director



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CITY OF DALY CITY

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

December 1, 2015

Honorable Mayor
Members of the City Council
Citizens of Daly City

It is a pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Daly City for the fiscal year ended June 30, 2015. The financial statements are presented in conformity with generally accepted accounting principles (GAAP). These financial statements have been audited by Maze and Associates, independent certified public accountants, in accordance with generally accepted auditing standards.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. Maze and Associates, has issued an unmodified (“clean”) opinion on the City of Daly City’s financial statements. The auditor’s report is located at the front of the financial section of this report.

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

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

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

PROFILE OF THE CITY

The City of Daly City is located at the northern edge of San Mateo County. A population of 105,810 is contained within approximately 7.7 square miles of substantially developed area. The City is considered the "Gateway to the Peninsula", as it is strategically located 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 appoints 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 biennial budget, to coordinate and oversee all activities of the organization, and to implement the laws, policies, and budgets adopted by the City Council.

The City 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 North San Mateo County Sanitation District and the Successor Agency to the Daly City Redevelopment Agency (as a private purpose trust fund). The financial operations of the City and the other entities included in this financial report are closely related. City Council members serve as the governing board of the North San Mateo County Sanitation District and the Successor Agency to the Daly City Redevelopment Agency. The City Manager also serves as the General Manager of the Sanitation District. 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 Manager 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 two-year budget cycle. Budgets for each of the two years covered by the biennial budget are appropriated separately. Departments are responsible for managing within the City Council appropriated budget. Budget amendments are normally

necessary due to changes in economic conditions and other circumstances occurring during the first year of the biennial budget.

FACTORS AFFECTING FINANCIAL CONDITION

Fiscal Challenges and the Local Economy

For 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 than in the past.

Compared to fiscal year 2014, total General Fund revenues for fiscal year 2015 increased by \$6.2 million or 8.9%. The main drivers of this increase are improvements in property tax, licenses and permits revenues. Expenditures increased by \$1.5 million, or 2.1%, which is slightly below the 2.3% inflation rate for the San Francisco Bay Area as of June 2015.

Citywide property tax revenue increased \$2.9 million, or 10.2% in fiscal year 2015, with a majority of this amount recognized in the General Fund. Of this increase, \$1.3 million is a one-time distribution from the California State Department of Finance as repayment to the City for Redevelopment Agency for costs that were previously disallowed by the State audit. The latest data from the County of San Mateo, Office of the Controller indicates that the 2015 assessed value of property in the City increased by 5.2% compared to a 4.4% decrease in property value in fiscal year 2010.

Sales tax has seen a \$0.3 million or 2.5% decrease in fiscal year 2015 from the previous year. Daly City does not have a diverse and balanced mix of retail, commercial and industrial business activity supporting a strong economic base. Over 90% of Sales tax revenues are from three categories: General Retail, Auto Sales and Restaurants.

Permits and licenses revenue increased \$1.0 million, or 57.8% compared to fiscal year 2014. This one-time revenue is due to construction activity related to two major housing developments: Crestview Estates (on the former Christopher Columbus Elementary School site) which includes 50 residential units; and Annie Street Townhouses (located at Annie Street and 92nd Street.)

National trends in local government reflect that personnel reductions are continuing, in this post-recession period, and that is true for Daly City, as well. In order to achieve a balanced General Fund budget, the City has and will continue to control personnel expenses. In addition, all other controllable costs will be closely monitored.

The Dissolution of Redevelopment

As a part of the State's attempt to balance its budget for fiscal year 2012, all redevelopment agencies were dissolved 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. Repayments to the City were disallowed by the California State Department of Finance. As a result, the City wrote off the principal balance of the loan in fiscal year 2012. Property taxes that once were directed entirely to the Redevelopment Agency are now distributed to all taxing entities, resulting in some offset to the loss of revenue to the General Fund. Net revenue loss to the City in fiscal year 2015 was approximately \$800,000, and is expected to be ongoing.

Enterprise Funds

The City's two major enterprise funds, the Water Utility and Sanitation District, experienced declining revenues during the recession due to an increase in foreclosures and the resulting vacant dwelling units. This combined with a focused commitment by residents to conserve water during the ongoing drought, further reducing water utility revenue. In November 2015, the City Council adopted a new water rate structure which adjusts both the Basic Charge and the Tiered Water Volume Charge (reducing the established rate tiers from eleven to two). In addition, the new rate structure limits the water rate increase to 8% effective January 1, 2016, and again on July 1, 2016, 2017 and 2018.

The Water Utility continues to experience price increases on water purchased from the City and County of San Francisco Hetch Hetchy system. With San Francisco's multibillion-dollar renovation of the Hetch Hetchy system currently being implemented, purchased water will continue to cost more every year, resulting in increased 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 water rate increases.

Total operating costs in the Sanitation District remained flat in fiscal year 2015, however deferred capital maintenance needs in the Sanitation District are an ongoing concern. In order to address this need the City Council, sitting as the Sanitation District's Board of Directors, adopted a three-year rate increase plan with a 9% increase in fiscal years 2014 to 2016.

LONG TERM FINANCIAL PLANNING

City of Daly City General Plan

The City has completed an updated General Plan in 2013, which is the primary document that will guide future development in Daly City. 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 developments and redevelopment activity.

Beginning with the Fiscal Year 2017/2018 biennial budget, the planning horizon for the capital plan will be changed from 20 years to 10 years. The next few years will be a period of relatively low activity. Staff anticipates using this period to reflect on major upcoming capital needs and the methods that might be available to fund them.

Long Term Financial Plan

The City employs a ten-year General Fund forecasting model to plan for future operating challenges and provide transparent accountability with regard to use of taxpayer revenue. Each year, all budget assumptions are evaluated and the budget forecasting model is updated. The projections include all sources of revenues, projected expenditures including salaries, benefits, services and supplies, as well as economic factors.

This long-term financial planning enables the City to identify potential financial issues early on, giving the City sufficient time to respond and to analyze the long-term financial impact, as well as to take appropriate action in anticipation. In addition, it serves as a key planning tool for future budgets and decision-making.

Trends and Prospects

Despite being the largest municipality in San Mateo County, Daly City lags behind other neighboring cities in economic growth due to lower per capita income and higher unemployment rates. The economic outlook for the next two fiscal years is cautiously optimistic. The City continues to exercise fiscal prudence in managing its budget and maintaining financial stability. The budget is balanced through a combination of cuts to controllable costs, workforce alignment, and projected moderate revenue increases on sales tax, property tax and utility users tax.

In addition, there is an on-going structural deficit that **must** be addressed in order for Daly City to be a fiscally sustainable organization. Retiree healthcare, infrastructure repairs and maintenance, and underfunded operating expenses need to be addressed as the City moves forward. Developing long-term plans for managing this structural deficit and making critical decisions regarding allocations of limited resources will be a primary focus in the next two years.

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, 2014. This was the 28th 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 2016 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

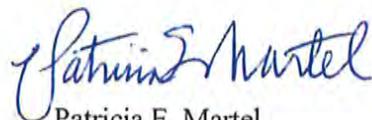
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the Accounting Division of the Department of Finance and Administrative Services. Each individual has our sincere appreciation for the professionalism, dedication and contributions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

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

Respectfully submitted,



Lawrence Chiu
Director of Finance and
Administrative Services



Patricia E. Martel
City Manager



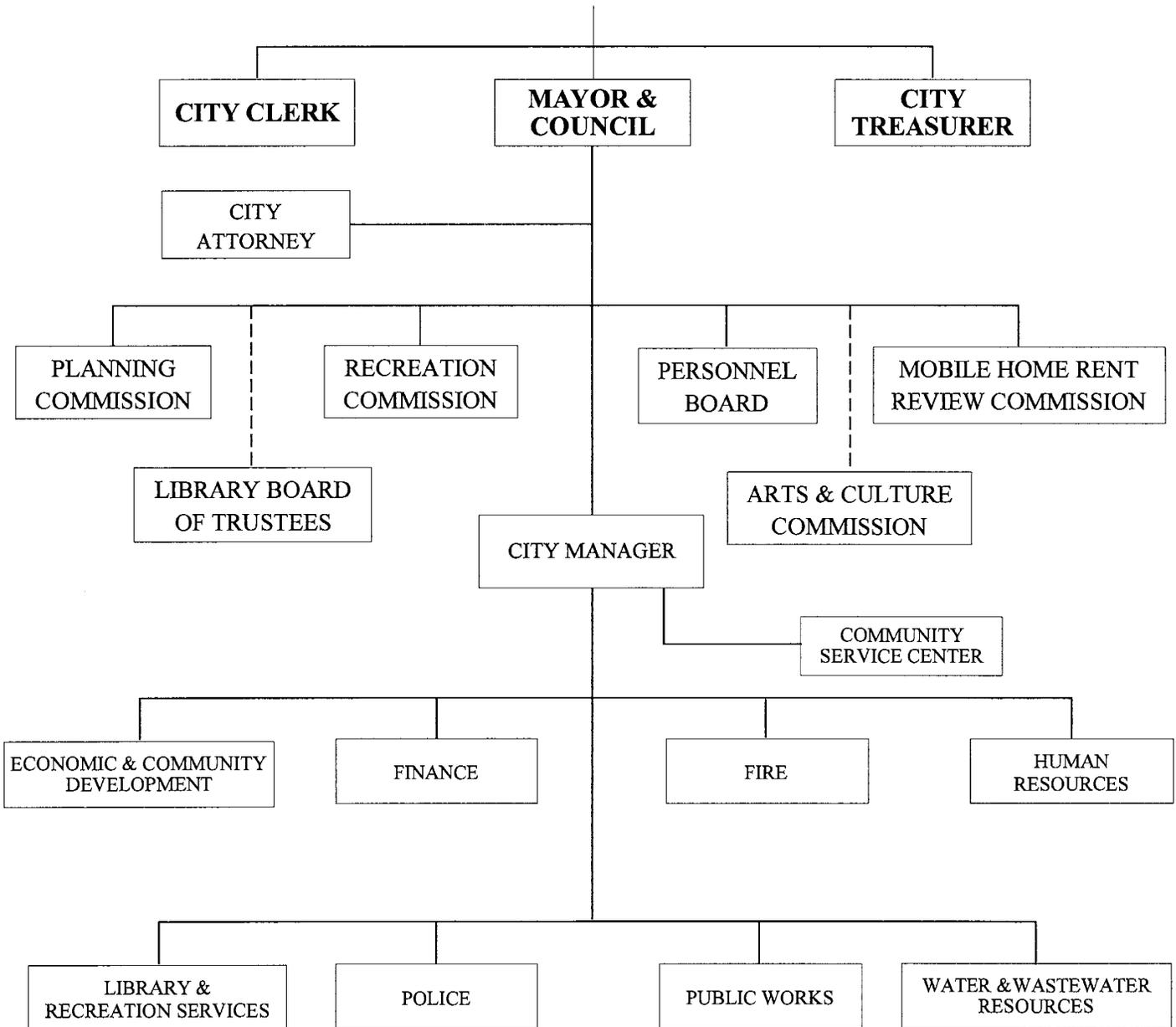


City of Daly City

ORGANIZATION STRUCTURE

Fiscal Year 2015

CITIZENS OF DALY CITY



----- ADVISORY BOARDS AND COMMISSIONS

**CITY OF DALY CITY
CITY COUNCIL
JUNE 30, 2015**

Raymond A. Buenaventura, Mayor

Gonzalo “Sal” Torres, Vice Mayor

David J. Canepa

Judith Christensen

Michael P. Guingona

Annette Hipona
City Clerk

Daneca Halvorson
City Treasurer

ADMINISTRATION AND DEPARTMENT HEADS

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



Government Finance Officers Association

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

Presented to

**City of Daly City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows 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.

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that required prior period adjustments to the financial statements, as discussed in Note 11B to the financial statements:

- *Statement No. 68, Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27.*
- *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68.*

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

Other Matters

Required Supplementary Information

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

Other Information

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

The 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 5, 2015



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, 2015.

FISCAL 2015 FINANCIAL HIGHLIGHTS

- At June 30, 2015, net position totaled \$99.7 million, a decrease of \$128.7 million from the prior year total of \$228.4 million. This decrease was driven by the implementation of the Governmental Accounting Standards Board (GASB) Pronouncements 68 and 71 which reduced beginning net position by \$145.2 million.
- Net Position of governmental activities was \$12.5 million, while Net Position of business-type activities was \$87.2 million.
- Total City revenues, including program and general revenues, were \$131.5 million, while total expenses were \$115.1 million in fiscal 2015.
- Governmental program revenues were \$33.0 million in fiscal 2015 compared with \$20.9 million in fiscal 2014. Business-type program revenues were \$38.5 million in fiscal 2015 compared with \$36.0 million in fiscal 2014.
- Governmental general revenues were \$55.7 million, a decrease of \$3.7 million from the prior year. Business-type general revenues were \$4.3 million, a \$1.4 million increase from 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 Auditor's Report, Management's Discussion and Analysis, the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements, Required Supplemental Information, and Combining Statements for 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 Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net position for the year.

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

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

Major funds account for the major financial activities of the City and are presented individually, while the activities of 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 Position and the Statement of Activities present information about the following:

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

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

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB 34 and replaces the concept of combining funds by fund type and presenting them in total. Instead, each major fund is presented individually, with all 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 position of the internal service funds.

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

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

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net position and changes in net position of the City's governmental activities and business-type activities (Tables 1, 2, and 3) presented in the City-wide Statement of Net Position and Statement of Activities that follow. During fiscal year 2015, the City implemented GASB 68 and 71 which required the recording of net pension liability and pension related deferred inflows and outflows. See Note 7 of the Notes to Basic Financial Statement for details of the GASB Pronouncement and Note 11 for details of this restatement.

Table 1
Net Position at June 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Cash and investments	\$ 80,696	\$ 68,160	\$ 39,271	\$ 35,556	\$ 119,967	\$ 103,716
Other assets	8,597	34,382	5,737	5,637	14,334	40,019
Capital assets	85,254	87,187	74,096	75,799	159,350	162,986
Total assets	<u>174,547</u>	<u>189,729</u>	<u>119,104</u>	<u>116,992</u>	<u>293,651</u>	<u>306,721</u>
Deferred outflows of resources	7,096		1,267		8,363	
Long-term liabilities	29,425	31,294	7,818	8,563	37,243	39,857
Net pension liability	83,570		16,061		99,631	
Other liabilities	30,414	31,646	3,943	6,789	34,357	38,435
Total liabilities	<u>143,409</u>	<u>62,940</u>	<u>27,822</u>	<u>15,352</u>	<u>171,231</u>	<u>78,292</u>
Deferred inflows of resources	25,746		5,345		31,091	
Net assets (net position):						
Net investment in capital assets	82,583	84,272	66,278	67,236	148,861	151,508
Restricted	17,934	20,022	11	11	17,945	20,033
Unrestricted	(88,029)	22,495	20,915	34,393	(67,114)	56,888
Total net assets (net position)	<u>\$ 12,488</u>	<u>\$ 126,789</u>	<u>\$ 87,204</u>	<u>\$ 101,640</u>	<u>\$ 99,692</u>	<u>\$ 228,429</u>

Governmental Activities

The City's net position from governmental activities decreased \$114.3 million (90.2 percent) to \$12.5 million in 2015 from \$126.8 million in 2014. This increase is the Change in Net Position reflected in the Statement of Activities, as shown in Table 2. Increases and decreases of individual assets and liabilities include:

- The main driver of the overall decrease in net position is the restatement of beginning net position due to implementation of GASB 68 and 71 (see Note 11B in the Notes to Basic Financial Statement section).
- Governmental cash and investments increased \$12.5 million due to increased property tax, licenses, permits and one-time revenues in the General Fund, Gas Tax Fund, and Capital Projects Fund.

- Long-term liabilities increased \$80.5 million due to \$83.6 million net pension liability recorded as required by GASB 68 and 71. In addition, \$1.9 million of governmental debt was retired in 2015 related to the Housing and Urban Development Section 8 Loan and the City's pension obligation bonds.
- Restricted net position decreased \$2.1 million. The unrestricted net position decreased \$110.5 million and beginning net position was restated due to implementation of GASB 68 and 71. Unrestricted net position is used to finance on-going operations, before allowance for such things as cash flow requirements and other planned but not legally committed expenditures.

Business-type Activities

The net position of business-type activities decreased \$14.4 million (14.2 percent) to a total of \$87.2 million in fiscal 2015 from \$101.6 million in 2014. Increases and decreases of individual assets and liabilities are as follows:

- Cash and investments increased \$3.7 million mainly due to revenue increases in both the Water Fund and Sanitation District Fund related to water sales, a one-time insurance reimbursement, and sewer service charges.
- The City continues to invest in infrastructure and major capital improvements in its enterprise funds including replacement of wells, water mains, and sewer subsurface lines in various sections of the City. Total net capital assets decreased \$1.7 million to \$74.1 million mainly due to the excess of depreciation over capital asset additions. The net investment in capital assets decreased \$1.0 million.
- Long-term liabilities increased \$12.5 million due to recording the net pension liability as required by GASB 68 and 71. In addition, \$0.7 million in debt payments were made on the Water Utility Revenue Bonds and on the loan from the State Water Resources Control Board for the recycled water project.
- Unrestricted net position decreased \$13.5 million to \$20.9 million.

CHANGES IN NET POSITION

Table 2 shows that total governmental revenues increased \$8.4 million (10.4 percent) while total business-type activity revenues increased \$3.9 million (9.9 percent) in fiscal 2015. Expenses increased \$1.4 million (1.7 percent) for governmental activities while business-type activity expenses increased \$1.5 million (4.6 percent).

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 21,221	\$ 12,715	\$ 38,500	\$ 35,982	\$ 59,721	\$ 48,697
Operating grants & contributions	8,467	7,902	-	-	8,467	7,902
Capital grants & contributions	3,356	326	-	-	3,356	326
Total program revenues	<u>33,044</u>	<u>20,943</u>	<u>38,500</u>	<u>35,982</u>	<u>71,544</u>	<u>56,925</u>
General revenues:						
Property tax	29,328	26,609	1,714	1,559	31,042	28,168
Sales tax	12,379	12,594			12,379	12,594
Motor vehicle in-lieu	44	-			44	-
Other taxes	15,397	15,334			15,397	15,334
Investments earnings	467	926	265	493	732	1,419
Other	(1,943)	3,936	2,351	923	408	4,859
Total general revenues	<u>55,672</u>	<u>59,399</u>	<u>4,330</u>	<u>2,975</u>	<u>60,002</u>	<u>62,374</u>
Total revenues	<u>88,716</u>	<u>80,342</u>	<u>42,830</u>	<u>38,957</u>	<u>131,546</u>	<u>119,299</u>
Expenses:						
General government	9,670	10,890			9,670	10,890
Public safety	43,775	42,705			43,775	42,705
Public works	7,579	5,597			7,579	5,597
Streets & infrastructure	3,466	3,318			3,466	3,318
Culture & recreation	11,622	13,350			11,622	13,350
Economic & community development	4,718	3,592			4,718	3,592
Nondepartmental	-	-			-	-
Debt service	173	166			173	166
Water utility			14,451	13,337	14,451	13,337
Sewer			18,630	18,263	18,630	18,263
Civic center			854	842	854	842
Transfer station			178	165	178	165
Total expenses	<u>81,003</u>	<u>79,618</u>	<u>34,113</u>	<u>32,607</u>	<u>115,116</u>	<u>112,225</u>
Increase(decrease) in net assets / net position before transfers	7,713	724	8,717	6,350	16,430	7,074
Transfers	<u>2,984</u>	<u>2,853</u>	<u>(2,984)</u>	<u>(2,853)</u>	<u>-</u>	<u>-</u>
Increase in net assets / net position	10,697	3,577	5,733	3,497	16,430	7,074
Restatement of beginning net position (due to GASB 68 & 71)	(124,998)		(20,169)		(145,167)	
Net assets / net position, July 1	<u>126,789</u>	<u>123,212</u>	<u>101,640</u>	<u>98,143</u>	<u>228,429</u>	<u>221,355</u>
Net assets / net position, June 30	\$ <u>12,488</u>	\$ <u>126,789</u>	\$ <u>87,204</u>	\$ <u>101,640</u>	\$ <u>99,692</u>	\$ <u>228,429</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, 2015
(in thousands)

	<u>Revenues</u>	<u>Expenses</u>	Net Revenue (Expense)
Governmental Activities			
General government	\$ 11,337	\$ 9,670	\$ 1,667
Public safety	5,893	43,775	(37,882)
Public works	2,087	7,579	(5,492)
Streets & infrastructure	2,439	3,466	(1,027)
Culture & recreation	4,101	11,622	(7,521)
Economic & community development	7,187	4,718	2,469
All others	-	173	(173)
	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 33,044</u>	<u>\$ 81,003</u>	<u>\$ (47,959)</u>

THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2015, the City's major governmental funds consist of the General Fund, Gas Tax Fund, Grants Fund and Capital Projects Fund. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial status.

The General Fund's total fund balance increased \$3.4 million to \$27.5 million in fiscal year 2015. General Fund revenues increased \$6.2 million mainly due to increase in property tax, licenses, permits and one-time revenues. General Fund expenditures increased \$1.5 million in 2015 compared to 2014 due to increase in salaries and benefits.

The Gas Tax Special Revenue Fund total fund balance increased \$1.1 million to \$7.6 million as of June 30, 2015. 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 \$0.5 million in 2015 mainly due to grant revenue related to the Callan-King Resurfacing and Mission Street Enhancement projects. Compared to fiscal year 2014, a substantial amount of work has been completed for the Sidewalk Safety Improvements Program and the Serramonte Slurry Seal Project. This results in a \$0.6 million expenditure increase in the Gas Tax Fund.

The Capital Projects Fund total fund balance increased \$2.8 million in fiscal year 2015 compared to fiscal year 2014. The Capital Projects Fund fund balance is all designated for specific capital projects that will benefit the community as a whole. Capital Projects Fund revenues increased \$2.6 million in 2015 compared to 2014 due to receipt of park-in-lieu fees for two housing developments – Annie Street Townhouses (located at Annie Street and 92nd Avenue) and Crestview Estates (at the former Christopher Columbus Elementary School Site). Capital Projects Fund expenditures decreased \$0.4 million in 2015 compared to 2014 due to additional capital improvement projects completed in 2014, specifically the Mussel Rock dumpsite maintenance that did not occur in fiscal year 2015.

Proprietary Funds

At June 30, 2015, the City had two major proprietary funds, the Water Utility Fund and the Sanitation District Fund.

Water Utility revenues increased \$1.5 million or 8.2 percent compared to the previous year due to one-time insurance reimbursements for the Hillside landslide that occurs three years ago. Expenses increased \$1.1 million or 8.1 percent, mostly due to the higher cost of water purchased.

Sanitation District revenues increased \$1.8 million or 10.8 percent over the prior year due to higher sewer service charge revenues. Sewer service charges are billed based on the previous year’s winter water usage. There was a 9 percent sewer rate increase in fiscal 2015. Expenses increased slightly by \$0.2 million, or 0.9 percent.

General Fund Budgetary Highlights

The City of Daly City uses a biennial budgeting process, and fiscal year 2015 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, small grants or reimbursements, or the need to reallocate resources during the fiscal year. Changes to budget in fiscal 2015 are not considered material.

CAPITAL ASSETS

At the end of fiscal year 2015 the City had \$159.4 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	
	2015	2014	2015	2014	2015	2014
Land	\$20,678	\$20,705	\$ 2,863	\$ 2,863	\$ 23,541	\$ 23,568
Buildings & improvements	30,859	32,600	2,561	2,683	33,420	35,283
Streets & infrastructures	25,712	22,909			25,712	22,909
Sewage facilities			25,222	26,091	25,222	26,091
Wells & pump stations			3,529	3,690	3,529	3,690
Water reservoirs			8,085	8,301	8,085	8,301
Water mains			10,481	10,089	10,481	10,089
Sanitation subsurface lines			11,825	12,510	11,825	12,510
Equipment	7,334	7,366	6,184	6,690	13,518	14,056
Furniture & fixtures	-	4	57	43	57	47
Construction in progress	671	3,603	3,289	2,839	3,960	6,442
Total net capital assets	\$85,254	\$87,187	\$74,096	\$75,799	\$159,350	\$162,986

Local roadway projects of various types were in the design phase or under construction, with a total available budget for the coming 2016 fiscal year of \$9.3 million.

Various water master plan projects were completed as part of the Water Utility enterprise fund's \$2.0 million investment in additional infrastructure in 2015. The Sanitation District contributed an additional \$0.5 million to the City's enterprise fund infrastructure in 2015.

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, 2014</u>	<u>Balance at June 30, 2015</u>
<u>HUD Section 108 Loan for Bayshore Community Center</u> Issued January 29, 2004 Final Maturity Aug. 1, 2022	0.35% to 2.49%	\$4,500	\$2,914	\$2,670
<u>Pension Obligation Bonds</u> Issued June 1, 2004 Final Maturity June 1, 2024	2.65% to 5.896%	\$36,235	\$28,380	\$26,755
<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	\$2,748	\$2,528
<u>Water Revenue Refunding Bonds to Refinance Water Certificates of Participation</u> Issued September 10, 2012 Final Maturity June 1, 2024	2.0%	\$6,890	\$5,815	\$5,290

ECONOMIC FACTORS

The Consumer Price Index-All Urban Consumers was 2.3 percent for the San Francisco-Oakland-San Jose region and 0.1 percent for the U.S. City average for the year ended June 2015, compared to 3.0 percent and 2.1 percent as of June 2014.

The Daly City annual average unemployment rate was 4.1 percent in June 2015, down from 5.1 percent in June 2014. This compares with 3.3 percent and 4.2 percent respectively for San Mateo County as a whole.

ADDITIONAL INFORMATION

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

CITY OF DALY CITY
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 1F)	\$80,696,036	\$39,260,118	\$119,956,154
Cash with fiscal agent (Note 1F)	29	11,231	11,260
Accounts receivable, net	3,704,047	3,662,597	7,366,644
Inventories (Note 1G)	287,768	2,084,875	2,372,643
Prepays (Note 1G)	8,642	1,050	9,692
Internal balances (Note 6)	12,488	(12,488)	
Notes receivable (Note 12)	1,218,010		1,218,010
Property held for development (Note 1C)	3,366,888		3,366,888
Capital assets (Note 4):			
Nondepreciable capital assets	21,348,628	6,151,221	27,499,849
Depreciable capital assets,	63,904,959	67,945,227	131,850,186
Total Assets	174,547,495	119,103,831	293,651,326
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension contributions (Note 7D)	7,096,206	1,266,803	8,363,009
LIABILITIES			
Accounts payable	3,123,504	2,232,007	5,355,511
Accrued payroll	1,219,427	158,908	1,378,335
Deposits payable	2,946,664	35,177	2,981,841
Interest payable	137,374	46,142	183,516
Unearned revenue	759,182		759,182
OPEB obligation, due in more than one year (Note 8)	6,726,553	280,176	7,006,729
Net Pension Liability, due in more than one year (Note 7B & 7C)	83,570,023	16,061,097	99,631,120
Compensated absences (Note 1J):			
Due within one year	5,820,000	846,838	6,666,838
Due in more than one year	2,348,460	343,609	2,692,069
Accrued claims payable (Note 10):			
Due within one year	2,669,544		2,669,544
Due in more than one year	4,663,011		4,663,011
Long-term debt (Note 5):			
Due within one year	2,100,000	765,671	2,865,671
Due in more than one year	27,325,000	7,052,611	34,377,611
Total Liabilities	143,408,742	27,822,236	171,230,978
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals (Note 7D)	25,746,447	5,344,620	31,091,067
NET POSITION (Note 11)			
Net investment in capital assets	82,583,587	66,278,166	148,861,753
Restricted for:			
Debt service	29	11,231	11,260
Streets and roads	7,620,982		7,620,982
Infrastructure	4,265,399		4,265,399
Low and Moderate Income Housing Asset	4,954,832		4,954,832
Other	1,092,485		1,092,485
Total Restricted Net Position	17,933,727	11,231	17,944,958
Unrestricted	(88,028,802)	20,914,381	(67,114,421)
Total Net Position	\$12,488,512	\$87,203,778	\$99,692,290

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$9,669,627	\$5,054,225	\$4,058,817	\$2,223,727	\$1,667,142		\$1,667,142
Public safety	43,774,625	5,403,840	489,351		(37,881,434)		(37,881,434)
Public works	7,579,522	1,528,698	558,220		(5,492,604)		(5,492,604)
Streets and infrastructure	3,466,347	1,283,105	24,231	1,131,991	(1,027,020)		(1,027,020)
Culture and recreation	11,621,738	2,989,174	1,111,748		(7,520,816)		(7,520,816)
Economic and community development	4,718,470	4,961,729	2,225,028		2,468,287		2,468,287
Interest on long-term debt	172,642				(172,642)		(172,642)
Total Governmental Activities	81,002,971	21,220,771	8,467,395	3,355,718	(47,959,087)		(47,959,087)
Business-type Activities:							
Water Utility	14,451,497	18,731,931				\$4,280,434	4,280,434
Civic Center	853,913	976,374				122,461	122,461
Transfer Station	178,290	375,000				196,710	196,710
Sanitation District	18,629,686	18,416,575				(213,111)	(213,111)
Total Business-type Activities	34,113,386	38,499,880				4,386,494	4,386,494
Total	\$115,116,357	\$59,720,651	\$8,467,395	\$3,355,718	(47,959,087)	4,386,494	(43,572,593)
General revenues:							
Taxes:							
Property tax					29,327,703	1,713,895	31,041,598
Sales tax					12,379,135		12,379,135
Utility users tax					6,399,410		6,399,410
Franchise fees					3,675,411		3,675,411
Other taxes					5,322,471		5,322,471
Motor vehicle in lieu, unrestricted					44,416		44,416
Investment earnings					467,009	265,045	732,054
Miscellaneous					1,061,054	2,350,952	3,412,006
Sale of property					(3,003,763)		(3,003,763)
Transfers (Note 6)					2,983,597	(2,983,597)	
Total general revenues and transfers					58,656,443	1,346,295	60,002,738
Change in Net Position					10,697,356	5,732,789	16,430,145
Net Position-Beginning, as adjusted due to implementation of GASB 68 & 71 (Note 11B)					1,791,156	81,470,989	83,262,145
Net Position-Ending					\$12,488,512	\$87,203,778	\$99,692,290

See accompanying notes to financial statements

CITY OF DALY CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 1F)	\$30,537,017	\$7,445,294	\$1,238,359	\$20,243,252	\$2,197,061	\$61,660,983
Accounts receivable, net	2,996,022	279,475	160,688	6,526	166,672	3,609,383
Due from other funds (Note 6)	295,071					295,071
Inventories (Note 1G)	185,761					185,761
Prepays (Note 1G)	8,642					8,642
Notes receivable (Note 12)			510,070		707,940	1,218,010
Property held for development (Note 1C)					3,366,888	3,366,888
Total Assets	\$34,022,513	\$7,724,769	\$1,909,117	\$20,249,778	\$6,438,561	\$70,344,738
LIABILITIES						
Accounts payable	\$2,586,940	\$103,787	\$45,127	\$77,946	\$115,447	\$2,929,247
Accrued payroll	1,107,024		3,527		16,845	1,127,396
Due to other funds (Note 6)					50,397	50,397
Deposits payable	2,854,838				91,826	2,946,664
Unearned revenue			759,182			759,182
Total Liabilities	6,548,802	103,787	807,836	77,946	274,515	7,812,886
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans			510,070		707,940	1,218,010
Total Deferred Inflows of Resources			510,070		707,940	1,218,010
FUND BALANCES						
Fund Balance (Note 11)						
Nonspendable	194,403					194,403
Restricted		7,620,982	591,211	4,265,399	5,456,106	17,933,698
Assigned	12,220,256			15,906,433		28,126,689
Unassigned	15,059,052					15,059,052
Total Fund Balances	27,473,711	7,620,982	591,211	20,171,832	5,456,106	61,313,842
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$34,022,513	\$7,724,769	\$1,909,117	\$20,249,778	\$6,438,561	\$70,344,738

See accompanying notes to financial statements

CITY OF DALY CITY
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances reported on the Governmental Funds Balance Sheet \$61,313,842

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 78,348,819

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

Cash and investments	19,035,082
Accounts receivable	94,664
Inventories	102,007
Internal balances	12,488
Capital assets	6,904,768
Accounts payable	(194,257)
Accrued payroll	(92,031)
Interest payable	(130,984)
Due to other funds	(244,674)
Accrued claims payable	(7,332,555)
Compensated absences	(497,123)
OPEB obligation	(212,556)
Long-term debt - due within one year	(1,840,000)
Long-term debt - due in more than one year	(24,915,000)

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. 1,218,010

DEFERRED INFLOWS AND OUTFLOWS

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

Deferred outflows	7,096,206
Deferred inflows	(25,746,447)

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(2,670,000)
Interest payable	(6,390)
OPEB Obligation	(6,513,997)
Net pension liability	(83,570,023)
Compensated absences	(7,671,337)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$12,488,512

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, 2015

	General	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax	\$29,327,703					\$29,327,703
Gas tax		\$3,056,388				3,056,388
Sales tax	11,104,656	1,837,334				12,941,990
Utility users tax	6,399,410					6,399,410
Franchise fees	3,675,411					3,675,411
Other taxes	5,366,887					5,366,887
Licenses and permits	2,679,745					2,679,745
Fines and forfeitures	2,740,510					2,740,510
Rents and interest	1,285,279	44,762	\$449	\$143,571	\$25,824	1,499,885
Federal programs and grants	15,984	1,131,991	1,405,267		1,281,352	3,834,594
Receipts from other agencies	1,430,400	170,829	529,218	127,205		2,257,652
Charges and fees	7,683,144			3,333,743	1,747,025	12,763,912
Miscellaneous	4,729,755			251,833	325,476	5,307,064
Total Revenues	76,438,884	6,241,304	1,934,934	3,856,352	3,379,677	91,851,151
EXPENDITURES						
Current:						
General government	9,495,891					9,495,891
Public safety	44,644,936		252,220		75,555	44,972,711
Public works	6,875,320		156,185		22,081	7,053,586
Culture and recreation	8,732,261		344,856		1,008,239	10,085,356
Economic and community development	2,900,462		1,165,156		851,825	4,917,443
Capital projects		3,527,406		831,833		4,359,239
Debt service:						
Principal					244,000	244,000
Interest					235,066	235,066
Total Expenditures	72,648,870	3,527,406	1,918,417	831,833	2,436,766	81,363,292
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,790,014	2,713,898	16,517	3,024,519	942,911	10,487,859
OTHER FINANCING SOURCES (USES)						
Sale of property	305,021				(3,308,784)	(3,003,763)
Amount paid to State (Note 3E)	(3,750,000)					(3,750,000)
Transfers in (Note 6)	5,302,974	400,000		167,302	435,989	6,306,265
Transfers (out) (Note 6)	(2,302,739)	(2,045,427)		(402,049)		(4,750,215)
Total Other Financing Sources (Uses)	(444,744)	(1,645,427)		(234,747)	(2,872,795)	(5,197,713)
NET CHANGE IN FUND BALANCES	3,345,270	1,068,471	16,517	2,789,772	(1,929,884)	5,290,146
BEGINNING FUND BALANCES	24,128,441	6,552,511	574,694	17,382,060	7,385,990	56,023,696
ENDING FUND BALANCES	\$27,473,711	\$7,620,982	\$591,211	\$20,171,832	\$5,456,106	\$61,313,842

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, 2015

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$5,290,146

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.	2,232,276
Net retirements are deducted from fund balance	(28,000)
Depreciation expense is deducted from fund balance (Depreciation expense is net of internal service fund depreciation of \$1,609,978 which has already been allocated to serviced funds).	(3,970,068)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	244,000
Interest accrued is deducted from fund balance	62,424

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	(74,436)
Compensated absences	279,768
OPEB Obligation	(560,039)
Pension expense	1,028,031

AMOUNT PAYABLE TO STATE 3,750,000

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in net position of all internal service funds	2,443,254
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$10,697,356

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Property tax	\$26,856,974	\$26,856,974	\$29,327,703	\$2,470,729
Sales tax	10,930,417	10,930,417	11,104,656	174,239
Utility users tax	6,398,130	6,398,130	6,399,410	1,280
Franchise fees	3,626,308	3,626,308	3,675,411	49,103
Other taxes	4,969,479	4,969,479	5,366,887	397,408
Licenses and permits	1,375,795	1,435,795	2,679,745	1,243,950
Fines and forfeitures	2,390,549	2,434,209	2,740,510	306,301
Rents and interest	1,122,489	1,143,038	1,285,279	142,241
Federal programs and grants		15,984	15,984	
Receipts from other agencies	602,133	639,890	1,430,400	790,510
Charges and fees	5,982,269	5,982,929	7,683,144	1,700,215
Miscellaneous	3,506,641	3,566,843	4,729,755	1,162,912
Total Revenues	<u>67,761,184</u>	<u>67,999,996</u>	<u>76,438,884</u>	<u>8,438,888</u>
EXPENDITURES				
Current Operations:				
General Government				
Legislative:				
Salaries and benefits	179,481	179,481	179,937	(456)
Services and supplies	28,979	28,979	28,987	(8)
Other charges	19,165	19,165	13,892	5,273
Total Legislative	<u>227,625</u>	<u>227,625</u>	<u>222,816</u>	<u>4,809</u>
Legal:				
Salaries and benefits	822,773	802,773	728,025	74,748
Services and supplies	110,257	130,257	128,014	2,243
Other charges	8,204	8,204	2,403	5,801
Total Legal	<u>941,234</u>	<u>941,234</u>	<u>858,442</u>	<u>82,792</u>
Administrative:				
Salaries and benefits	5,429,184	5,429,184	6,584,757	(1,155,573)
Services and supplies	1,270,746	1,462,330	1,257,332	204,998
Capital outlay	4,500	4,500	4,500	4,500
Other charges	2,243,683	536,683	572,544	(35,861)
Total Administrative	<u>8,948,113</u>	<u>7,432,697</u>	<u>8,414,633</u>	<u>(981,936)</u>
Total General Government	<u>10,116,972</u>	<u>8,601,556</u>	<u>9,495,891</u>	<u>(894,335)</u>
Public Safety				
Police:				
Salaries and benefits	22,206,212	22,104,600	22,126,286	(21,686)
Services and supplies	3,887,089	4,023,441	4,077,502	(54,061)
Capital outlay	62,773	76,873	85,002	(8,129)
Other charges	280,558	288,436	272,358	16,078
Total Police	<u>26,436,632</u>	<u>26,493,350</u>	<u>26,561,148</u>	<u>(67,798)</u>

(Continued)

CITY OF DALY CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fire:				
Salaries and benefits	13,211,665	13,111,665	14,337,693	(1,226,028)
Services and supplies	1,763,623	1,863,623	1,719,675	143,948
Capital outlay	42,129	42,129	27,692	14,437
Other charges	104,149	104,149	83,377	20,772
Total Fire	<u>15,121,566</u>	<u>15,121,566</u>	<u>16,168,437</u>	<u>(1,046,871)</u>
Public Safety Communications				
Salaries and benefits	1,589,101	1,589,101	1,659,758	(70,657)
Services and supplies	240,942	240,942	241,919	(977)
Capital outlay	2,000	2,000	830	1,170
Other charges	12,472	12,472	12,844	(372)
Total Public Safety Communications	<u>1,844,515</u>	<u>1,844,515</u>	<u>1,915,351</u>	<u>(70,836)</u>
Total Public Safety	<u>43,402,713</u>	<u>43,459,431</u>	<u>44,644,936</u>	<u>(1,185,505)</u>
Public Works				
Salaries and benefits	5,274,130	4,905,230	4,352,920	552,310
Services and supplies	2,002,361	2,415,331	2,416,763	(1,432)
Other charges	112,466	106,966	105,637	1,329
Total Public Works	<u>7,388,957</u>	<u>7,427,527</u>	<u>6,875,320</u>	<u>552,207</u>
Culture and Recreation				
Salaries and benefits	4,887,715	4,887,715	4,828,357	59,358
Services and supplies	3,971,859	4,021,519	3,837,583	183,936
Capital outlay	9,000	28,549	20,535	8,014
Other charges	47,733	47,733	45,786	1,947
Total Culture and Recreation	<u>8,916,307</u>	<u>8,985,516</u>	<u>8,732,261</u>	<u>253,255</u>
Economic and Community Development				
Salaries and benefits	1,920,376	1,920,376	1,982,722	(62,346)
Services and supplies	891,424	970,737	892,568	78,169
Capital outlay	400	400		400
Other charges	37,804	37,804	25,172	12,632
Total Economic and Community Development	<u>2,850,004</u>	<u>2,929,317</u>	<u>2,900,462</u>	<u>28,855</u>
Total Expenditures	<u>72,674,953</u>	<u>71,403,347</u>	<u>72,648,870</u>	<u>(1,245,523)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,913,769)</u>	<u>(3,403,351)</u>	<u>3,790,014</u>	<u>7,193,365</u>
OTHER FINANCING SOURCES (USES)				
Sale of property			305,021	305,021
Amount paid to the State		(3,750,000)	(3,750,000)	
Transfers in	5,696,006	5,698,055	5,302,974	(395,081)
Transfers out	(728,013)	(2,382,972)	(2,302,739)	80,233
Total Other Financing Sources (Uses)	<u>4,967,993</u>	<u>(434,917)</u>	<u>(444,744)</u>	<u>(9,827)</u>
NET CHANGE IN FUND BALANCE	<u>\$54,224</u>	<u>(\$3,838,268)</u>	<u>3,345,270</u>	<u>\$7,183,538</u>
BEGINNING FUND BALANCE			<u>24,128,441</u>	
ENDING FUND BALANCE			<u>\$27,473,711</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
 GAS TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Gas tax	\$2,713,486	\$2,713,486	\$3,056,388	\$342,902
Sales tax	1,640,918	1,640,918	1,837,334	196,416
Rents and interest	30,000	30,000	44,762	14,762
Federal programs and grants	562,000	1,131,990	1,131,991	1
Receipts from other agencies	610,000	610,000	170,829	(439,171)
Total Revenues	<u>5,556,404</u>	<u>6,126,394</u>	<u>6,241,304</u>	<u>114,910</u>
EXPENDITURES				
Capital projects	<u>5,305,588</u>	<u>7,081,038</u>	<u>3,527,406</u>	<u>3,553,632</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>250,816</u>	<u>(954,644)</u>	<u>2,713,898</u>	<u>3,668,542</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	
Transfers out	<u>(2,440,508)</u>	<u>(2,440,508)</u>	<u>(2,045,427)</u>	<u>395,081</u>
Total Other Financing Sources (Uses)	<u>(2,040,508)</u>	<u>(2,040,508)</u>	<u>(1,645,427)</u>	<u>395,081</u>
NET CHANGE IN FUND BALANCE	<u>(\$1,789,692)</u>	<u>(\$2,995,152)</u>	1,068,471	<u>\$4,063,623</u>
BEGINNING FUND BALANCE			<u>6,552,511</u>	
ENDING FUND BALANCE			<u>\$7,620,982</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Rents and interest			\$449	\$449
Federal programs and grants	\$1,183,682	\$1,558,698	1,405,267	(153,431)
Receipts from other agencies	419,876	1,244,884	529,218	(715,666)
Total Revenues	<u>1,603,558</u>	<u>2,803,582</u>	<u>1,934,934</u>	<u>(868,648)</u>
EXPENDITURES				
Public Safety				
Salaries and benefits		155,272	108,299	46,973
Services and supplies	431,535	981,075	138,185	842,890
Capital Outlay		15		15
Other charges		8,462	5,736	2,726
Total Public Safety	<u>431,535</u>	<u>1,144,824</u>	<u>252,220</u>	<u>892,604</u>
Public Works				
Services and supplies		472,778	150,134	322,644
Capital Outlay		11,924	6,051	5,873
Total Public Works		<u>484,702</u>	<u>156,185</u>	<u>328,517</u>
Culture and Recreation				
Salaries and benefits	321,629	321,629	286,895	34,734
Services and supplies	79,950	79,950	57,961	21,989
Total Culture and Recreation	<u>401,579</u>	<u>401,579</u>	<u>344,856</u>	<u>56,723</u>
Economic and Community Development				
Salaries and benefits	22,410	22,410	22,830	(420)
Services and supplies	3,294	3,275	2,856	419
Other charges	1,157,997	1,215,798	1,139,470	76,328
Total Economic and Community Development	<u>1,183,701</u>	<u>1,241,483</u>	<u>1,165,156</u>	<u>76,327</u>
Total Expenditures	<u>2,016,815</u>	<u>3,272,588</u>	<u>1,918,417</u>	<u>1,354,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(413,257)</u>	<u>(469,006)</u>	<u>16,517</u>	<u>485,523</u>
NET CHANGE IN FUND BALANCES	<u>(\$413,257)</u>	<u>(\$469,006)</u>	<u>16,517</u>	<u>\$485,523</u>
BEGINNING FUND BALANCE			<u>574,694</u>	
ENDING FUND BALANCE			<u>\$591,211</u>	

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 1F)	\$8,527,718	\$26,822,605	\$3,909,795	\$39,260,118	\$19,035,053
Cash with fiscal agent (Note 1F)	11,231			11,231	29
Accounts receivable, net (Note 1H)	2,645,700	994,235	22,662	3,662,597	94,664
Inventories (Note 1G)	491,467	1,593,408		2,084,875	102,007
Prepays (Note 1G)		1,050		1,050	
Total Current Assets	11,676,116	29,411,298	3,932,457	45,019,871	19,231,753
Capital Assets (Note 4):					
Land	839,856	233,547	1,789,146	2,862,549	378,343
Buildings	170,143	739,019	6,753,006	7,662,168	35,817
Sewage facilities		58,958,084		58,958,084	
Wells and pump stations	7,011,400			7,011,400	
Water reservoirs	12,715,925			12,715,925	
Mains and subsurface lines	17,689,769	22,161,295		39,851,064	
Equipment	5,754,865	7,752,183	957,617	14,464,665	18,660,785
Furniture and fixtures	21,824	94,257		116,081	52,707
Construction in progress	2,977,467	311,205		3,288,672	132,903
Total Capital Assets	47,181,249	90,249,590	9,499,769	146,930,608	19,260,555
Less accumulated depreciation	(19,692,544)	(48,097,638)	(5,043,978)	(72,834,160)	(12,355,787)
Net Capital Assets	27,488,705	42,151,952	4,455,791	74,096,448	6,904,768
Total Noncurrent Assets	27,488,705	42,151,952	4,455,791	74,096,448	6,904,768
Total Assets	39,164,821	71,563,250	8,388,248	119,116,319	26,136,521
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension contribution (Note 7D)	372,589	894,214		1,266,803	
LIABILITIES					
Current Liabilities:					
Accounts payable	947,915	1,142,383	11,700	2,101,998	194,257
Retentions payable	129,159	850		130,009	
Accrued payroll	53,388	105,520		158,908	92,031
Deposits payable	20,177		15,000	35,177	
Interest payable	9,271	36,871		46,142	130,984
Accrued claims payable (Note 10)					2,669,544
Compensated absences (Note 1J)	276,838	570,000		846,838	
Long-term debt (Note 5)	540,000	225,671		765,671	1,840,000
Due to other funds (Note 6)					244,674
Total Current Liabilities	1,976,748	2,081,295	26,700	4,084,743	5,171,490
Noncurrent Liabilities:					
Compensated absences (Note 1J)		343,609		343,609	497,123
Accrued claims payable (Note 10)					4,663,011
OPEB obligation (Note 8)	114,414	165,762		280,176	212,556
Net Pension Liability (Note 7B & 7C)	4,723,852	11,337,245		16,061,097	
Long-term debt (Note 5)	4,750,000	2,302,611		7,052,611	24,915,000
Total Noncurrent Liabilities	9,588,266	14,149,227		23,737,493	30,287,690
Total Liabilities	11,565,014	16,230,522	26,700	27,822,236	35,459,180
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals (Note 7D)	1,571,947	3,772,673		5,344,620	
NET POSITION (Note 11)					
Net investment in capital assets	22,198,705	39,623,670	4,455,791	66,278,166	6,904,768
Restricted for:					
Debt service	11,231			11,231	29
Unrestricted	4,190,513	12,830,599	3,905,757	20,926,869	(16,227,456)
Total Net Position	\$26,400,449	\$52,454,269	\$8,361,548	\$87,216,266	(\$9,322,659)

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

(12,488)

Net position of business-type activities \$87,203,778

See accompanying notes to financial statements

CITY OF DALY CITY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds		
OPERATING REVENUES					
Water sales	\$18,731,931	\$339,385		\$19,071,316	
Sewer service charges		17,587,050		17,587,050	
Connection charges		490,140		490,140	
Rental income			\$976,374	976,374	
Lease revenue			375,000	375,000	
Charges to City departments					\$17,435,126
Other revenues	1,626,137	119,772	605,043	2,350,952	1,080,050
Total Operating Revenues	20,358,068	18,536,347	1,956,417	40,850,832	18,515,176
OPERATING EXPENSES					
Salaries and benefits	2,784,704	6,182,479		8,967,183	5,568,231
Services and supplies	1,419,294	6,113,393	670,428	8,203,115	2,843,150
Water purchases	5,719,467			5,719,467	
Utilities	1,034,379	1,000,699	106,827	2,141,905	386,005
Insurance	131,995	328,433	13,468	473,896	1,213,608
Claims and settlements					3,870,109
Depreciation (Note 4)	1,255,728	2,745,292	220,301	4,221,321	1,609,978
Other charges	2,008,865	2,157,315		4,166,180	508,710
Total Operating Expenses	14,354,432	18,527,611	1,011,024	33,893,067	15,999,791
Operating Income (Loss)	6,003,636	8,736	945,393	6,957,765	2,515,385
NONOPERATING REVENUES (EXPENSES)					
Property taxes		1,713,895		1,713,895	
Gain on disposal of capital assets					20,356
Interest income	67,036	179,396	18,613	265,045	99,876
Interest expense	(120,875)	(65,500)		(186,375)	(1,653,854)
Total Nonoperating Revenues (Expenses)	(53,839)	1,827,791	18,613	1,792,565	(1,533,622)
Income (Loss) Before Transfers	5,949,797	1,836,527	964,006	8,750,330	981,763
Transfers in (Note 6)		1,503,131	75,000	1,578,131	2,048,055
Transfers (out) (Note 6)	(2,378,434)	(1,508,413)	(674,881)	(4,561,728)	(620,508)
Net transfers	(2,378,434)	(5,282)	(599,881)	(2,983,597)	1,427,547
CHANGE IN NET POSITION	3,571,363	1,831,245	364,125	5,766,733	2,409,310
BEGINNING NET POSITION, as adjusted (Note 11B)	22,829,086	50,623,024	7,997,423	81,449,533	(11,731,969)
ENDING NET POSITION	\$26,400,449	\$52,454,269	\$8,361,548	\$87,216,266	(\$9,322,659)
Net change in net position				\$5,766,733	
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.				(33,944)	
Change in net position of business-type activities				\$5,732,789	

See accompanying notes to financial statements

CITY OF DALY CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Sanitation District	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$20,465,643	\$18,446,376	\$1,957,743	\$40,869,762	\$18,589,782
Payments to suppliers	(10,005,296)	(9,534,512)	(793,226)	(20,333,034)	(5,020,860)
Payments to employees	(3,330,742)	(7,031,332)		(10,362,074)	(6,411,243)
Claims paid					(3,022,373)
Payments to governmental agencies	(2,000,000)			(2,000,000)	
Cash Flows from Operating Activities	<u>5,129,605</u>	<u>1,880,532</u>	<u>1,164,517</u>	<u>8,174,654</u>	<u>4,135,306</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property tax		1,713,895		1,713,895	
Principal paid on noncapital debt					(1,625,000)
Interest paid on noncapital debt					(1,661,313)
Transfers in		1,503,131	75,000	1,578,131	2,292,729
Transfers out	(2,378,434)	(1,508,413)	(674,881)	(4,561,728)	(620,508)
Cash Flows from (used for) Noncapital Financing Activities	<u>(2,378,434)</u>	<u>1,708,613</u>	<u>(599,881)</u>	<u>(1,269,702)</u>	<u>(1,614,092)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,979,159)	(539,171)		(2,518,330)	(1,442,856)
Proceeds from sale of capital assets					20,356
Principal paid on capital debt	(525,000)	(220,167)		(745,167)	
Interest paid on capital debt	(121,750)	(68,711)		(190,461)	
Cash Flows from (used for) Capital and Related Financing Activities	<u>(2,625,909)</u>	<u>(828,049)</u>		<u>(3,453,958)</u>	<u>(1,422,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	67,037	179,396	18,613	265,046	99,876
Net Cash Flows	192,299	2,940,492	583,249	3,716,040	1,198,590
Cash and investments at beginning of period	8,346,650	23,882,113	3,326,546	35,555,309	17,836,492
Cash and investments at end of period	<u>\$8,538,949</u>	<u>\$26,822,605</u>	<u>\$3,909,795</u>	<u>\$39,271,349</u>	<u>\$19,035,082</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$6,003,636	\$8,736	\$945,393	\$6,957,765	\$2,515,385
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,255,728	2,745,292	220,301	4,221,321	1,609,978
Change in assets and liabilities:					
Accounts receivable, net	97,887	(89,971)	1,326	9,242	74,606
Prepaid		(1,050)		(1,050)	
Inventories	19,614	(160,686)		(141,072)	8,200
Accounts payable	(1,767,546)	227,591	(2,503)	(1,542,458)	(77,587)
Retentions payable	56,636	(527)		56,109	
Accrued payroll	11,349	14,163		25,512	12,421
Deposits payable	9,688			9,688	
Accrued claims payable					847,736
Compensated absences	15,854	(28,976)		(13,122)	(34,463)
OPEB obligation	(564,520)	(813,110)		(1,377,630)	(820,970)
Due to retirement system	(8,721)	(20,930)		(29,651)	
Cash Flows from Operating Activities	<u>\$5,129,605</u>	<u>\$1,880,532</u>	<u>\$1,164,517</u>	<u>\$8,174,654</u>	<u>\$4,135,306</u>

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 POSITION
 JUNE 30, 2015

	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS		
Cash and investments (Note 1F)	\$640,760	\$2,833,864
Receivables	2,923	1,830,123
Other assets		74,635
Property held for redevelopment (Note 14C)	12,746,874	
Total Assets	13,390,557	\$4,738,622
 LIABILITIES		
Accounts payable		\$2,521,478
Due to others		2,217,144
Deposits payable	154,050	
Interest payable, due in more than one year (Note 14B)	224,110	
Long-term debt, due in more that one year (Note 14B)	904,670	
Total Liabilities	1,282,830	\$4,738,622
 NET POSITION		
Held in trust for other purposes	\$12,107,727	

See accompanying notes to financial statements

CITY OF DALY CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Successor Agency to the Redevelopment Agency <u>Private-Purpose Trust</u>
ADDITIONS	
Rents and interest	\$60,302
Receipts from other agencies	6,033,081
Charges and fees	8,410
Miscellaneous	<u>50</u>
Total additions	<u>6,101,843</u>
DEDUCTIONS	
Services and supplies	308,639
Other charges	3,809
Interest and fiscal charges	27,140
Amount paid to State (Note 3E)	<u>5,750,000</u>
Total deductions	<u>6,089,588</u>
CHANGE IN NET POSITION	12,255
NET POSITION HELD IN TRUST FOR OTHER PURPOSES	
Beginning of year	<u>12,095,472</u>
End of year	<u><u>\$12,107,727</u></u>

See accompanying notes to financial statements



CITY OF DALY CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

Note 1.

DESCRIPTION OF FUNDS AND SUMMARY OF ACCOUNTING POLICIES

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

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

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

A. BASIS OF PRESENTATION

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. These standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

B. MAJOR FUNDS

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

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

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

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

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

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

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

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

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

The City also reports the following fund types:

Internal Service Funds. The funds account for motor vehicles, central services, telephone, building maintenance, information services, self-insurance and pension bond payments. All of 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, and Supporters of Senior Center. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The financial activities of these funds are excluded from the government-wide financial statements because they are not directly or indirectly governed by the City Council.

C. PROPERTY HELD FOR DEVELOPMENT

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

D. BASIS OF ACCOUNTING

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

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

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

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

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

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

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

E. BUDGETS, BUDGETARY ACCOUNTING AND ENCUMBRANCES

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

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

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

The City uses an encumbrance system as an extension of normal budgetary accounting. Under this system purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund equity since they do not constitute expenditures or liabilities. Outstanding encumbrances at year end are automatically reappropriated the following year. Unencumbered and unexpended appropriations for other than capital outlay lapse at year-end. However, the Capital Projects Fund is not budgeted on a project-length basis. Only the budget estimated to be spent in the current fiscal year is appropriated, even if the project will continue into future fiscal years. The City prepares a 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, 2015, the following expenditures exceeded the budgeted expenditures:

	<u>Expenditures Exceeded Budget</u>
General Fund:	
General Government:	
Administrative	\$981,936
Public Safety:	
Police	67,798
Fire	1,046,871
Public Safety Communications	70,836
Low and Moderate Income Housing Assets Special Revenue:	
Economic and Community Development	3,117,876
Linda Vista Benefit Assessment Special Revenue:	
Public Works	589

F. CASH AND INVESTMENTS

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

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

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

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

Cash and investments	\$119,956,154
Restricted cash and investments	11,260
Cash and investments of the City	119,967,414
Cash and investments in Fiduciary Funds (separate statement)	3,474,624
Total cash and investments	<u>\$123,442,038</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 per account	\$50,000,000 per account
San Mateo County Investment Pool	Upon Demand	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 Years	AA	30%	No Limit
U. S. Treasury Bonds, Notes and Bills	5 Years	N/A	No Limit	No Limit
U.S. Government Agency Securities and U.S. Government Sponsored Enterprise Agencies	5 Years	N/A	\$14,000,000	\$14,000,000
Bankers' Acceptances	180 Days	N/A	40%	5%
Commercial Paper	270 Days	Highest Rating	25%	10%
Money Market Mutual Funds	Upon Demand	AAA	15%	5%
State of California Obligations	5 Years	N/A	No Limit	5%
Local Agency Obligations	5 Years	N/A	30%	5%
Repurchase Agreements	1 year	N/A	15%	5%
Reverse Repurchase Agreements	92 Days	N/A	15%	5%
Passbook Savings Account	None	N/A	No Limit	No Limit

Investments Authorized by Debt Agreements

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	N/A	N/A	No Limit	No Limit
U.S. Government Agency Securities and U.S. Government Sponsored Enterprise State Obligations	N/A	AAA Highest Rating Category	No Limit	No Limit
Commercial Paper	270 Days	A	No Limit	No Limit
Negotiable Certificates of Deposit	365 days	A-1+	No Limit	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit	No Limit
Bankers Acceptances	360 days	A-1+	No Limit	No Limit
Local Obligations	N/A	Highest Rating Category	No Limit	No Limit
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000 per account	\$50,000,000 per account
Municipal Obligations	N/A	AAA	No Limit	No Limit
Repurchase Agreements	N/A	A	No Limit	No Limit

Interest Rate Risk

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

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

Investment Type	Less than One Year	More than Five Years	Total
U.S. Government-Sponsored Enterprise Agencies		\$3,128,092	\$3,128,092
Money Market Mutual Funds	\$29		29
California Local Agency Investment Fund	1,943,768		1,943,768
San Mateo County Investment Pool	108,873,051		108,873,051
Certificate of Deposit	5,000,000		5,000,000
Total Investments	\$115,816,848	\$3,128,092	118,944,940
Cash in Bank and on Hand			4,497,098
Total Cash and Investments			\$123,442,038

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, 2015, these investments have an average maturity of 239 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, 2015, these investments matured in an average of 1.63 years.

Money Market Mutual Fund investments are available for withdrawal on demand and at June 30, 2015 have an average maturity of 49 days.

Fair Value Investments

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

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2015 are provided by Standard and Poor's except as noted.

Investment Type	AAAm	AAAf	Total Investments
Money Market Mutual Funds	\$29		\$29
San Mateo County Investment Pool		\$108,873,051	108,873,051
Total	\$29	\$108,873,051	108,873,080
<i>Not rated:</i>			
California Local Agency Investment Fund			1,943,768
Certificate of Deposit			5,000,000
<i>Exempt from rating requirement:</i>			
U.S. Government-Sponsored Enterprise Agencies			3,128,092
Total Investments			\$118,944,940

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.

G. INVENTORY AND PREPAIDS

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

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

H. WATER UTILITY ACCOUNTS RECEIVABLE

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

I. ADVANCES TO OTHER FUNDS AND AGENCIES

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

J. ACCUMULATED UNPAID VACATION, COMPENSATORY AND SICK LEAVE

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

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

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

The changes in liability for compensated absences were as follows:

	Governmental Activities	Business Type Activities	Total
Balance June 30, 2014	\$8,482,691	\$1,203,569	\$9,686,260
Additions	5,515,724	878,849	6,394,573
Payments	(5,829,955)	(891,971)	(6,721,926)
Balance June 30, 2015	<u>\$8,168,460</u>	<u>\$1,190,447</u>	<u>\$9,358,907</u>
Due within one year	<u>\$5,820,000</u>	<u>\$846,838</u>	<u>\$6,666,838</u>

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

K. CLAIMS AND JUDGMENTS

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

L. PROPERTY TAX LEVY, COLLECTION, MAXIMUM RATES

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

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

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

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

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

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

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

Note 3.

COMMITMENTS AND CONTINGENCIES

A. CONSTRUCTION CONTRACTS

At June 30, 2015, the City had made commitments of approximately \$5.8 million for construction work, legal and consulting fees, and purchases of supplies and equipment.

B. LITIGATION

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

C. ENCUMBRANCES

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2015 were \$220,256 in the General Fund.

D. FEDERAL AND STATE GRANT PROGRAMS

The City participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2015 by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

E. AMOUNT PAID TO STATE

During the fiscal year ended June 30, 2015, the City transferred \$5,750,000 to the Successor Agency of the former Daly City Redevelopment Agency to satisfy its obligation that was incurred related to the dissolution of the former redevelopment agency.

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, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$20,705,468		(\$28,000)		\$20,677,468
Construction in progress	3,602,619	\$1,490,512		(\$4,421,971)	671,160
Total capital assets not being depreciated	<u>24,308,087</u>	<u>1,490,512</u>	<u>(28,000)</u>	<u>(4,421,971)</u>	<u>21,348,628</u>
Capital assets being depreciated:					
Buildings & improvements	56,208,729		(62,682)		56,146,047
Streets & infrastructure	71,562,972	916,099		3,935,600	76,414,671
Vehicles & equipment	22,538,949	1,268,521	(1,073,259)	486,371	23,220,582
Furniture & fixtures	430,300				430,300
Park structures & improvements	5,851,735				5,851,735
Total capital assets being depreciated	<u>156,592,685</u>	<u>2,184,620</u>	<u>(1,135,941)</u>	<u>4,421,971</u>	<u>162,063,335</u>
Less accumulated depreciation for:					
Buildings & improvements	26,987,395	1,508,963	(62,682)		28,433,676
Streets & infrastructure	48,654,405	2,048,598			50,703,003
Vehicles & equipment	15,172,757	1,787,227	(1,073,259)		15,886,725
Furniture & fixtures	426,651	3,648			430,299
Park structures & improvements	2,473,063	231,610			2,704,673
Total accumulated depreciation	<u>93,714,271</u>	<u>5,580,046</u>	<u>(1,135,941)</u>		<u>98,158,376</u>
Net depreciable assets	<u>62,878,414</u>	<u>(3,395,426)</u>		<u>4,421,971</u>	<u>63,904,959</u>
Governmental activity capital assets, net	<u>\$87,186,501</u>	<u>(\$1,904,914)</u>	<u>(\$28,000)</u>		<u>\$85,253,587</u>

	Balance June 30, 2014	Additions	Transfers	Balance June 30, 2015
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$2,862,549			\$2,862,549
Construction in progress	2,839,275	\$2,044,144	(\$1,594,747)	3,288,672
Total capital assets not being depreciated	5,701,824	2,044,144	(1,594,747)	6,151,221
Capital assets being depreciated:				
Buildings	7,582,968	79,200		7,662,168
Sewage facilities	58,639,202	23,132	295,750	58,958,084
Wells & pump stations	7,011,400			7,011,400
Water reservoirs	12,715,925			12,715,925
Mains & subsurface lines	38,883,130		967,934	39,851,064
Equipment	13,781,006	352,596	331,063	14,464,665
Furniture & fixtures	96,823	19,258		116,081
Total capital assets being depreciated	138,710,454	474,186	1,594,747	140,779,387
Less accumulated depreciation for:				
Buildings	4,899,579	201,360		5,100,939
Sewage facilities	32,547,922	1,187,885		33,735,807
Wells & pump stations	3,321,273	160,636		3,481,909
Water reservoirs	4,415,324	215,455		4,630,779
Mains & subsurface lines	16,283,424	1,262,270		17,545,694
Equipment	7,091,482	1,189,018		8,280,500
Furniture & fixtures	53,835	4,697		58,532
Total accumulated depreciation	68,612,839	4,221,321		72,834,160
Net depreciable assets	70,097,615	(3,747,135)	1,594,747	67,945,227
Business-type activity capital assets, net	\$75,799,439	(\$1,702,991)		\$74,096,448

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	\$178,845
Public safety	278,759
Public works	3,391
Culture and recreation	1,455,790
Economic and community development	3,649
Streets and infrastructure	2,049,634
Capital assets held by the City's internal service funds charged to the various functions based on their usage of the assets	<u>1,609,978</u>
Total Governmental Activities	<u><u>\$5,580,046</u></u>
Business-Type Activities	
Water Utility	\$1,255,728
Sanitation District	2,745,292
Civic Center	190,694
Transfer Station	<u>29,607</u>
Total Business-Type Activities	<u><u>\$4,221,321</u></u>

Note 5.
LONG-TERM DEBT

Changes in Long-Term Debt for the fiscal year ended June 30, 2015, are as follows:

	Original Issue Amount	Balance June 30, 2014	Retirements	Balance June 30, 2015	Current Portion
<i>Governmental Activity Debt</i>					
Housing & Urban Development Section 108 Loan 0.35%-2.49%, due 2023	\$4,500,000	\$2,914,000	\$244,000	\$2,670,000	\$260,000
2004 Series A-1 Pension Obligation Bonds 2.650%-5.896%, due 2024	36,235,000	28,380,000	1,625,000	26,755,000	1,840,000
Total Governmental Activity		<u>31,294,000</u>	<u>1,869,000</u>	<u>29,425,000</u>	<u>2,100,000</u>
<i>Business-Type Activity Debt</i>					
State Water Resources Control Board Loan 2.5%, due 2025	4,450,128	2,748,449	220,167	2,528,282	225,671
2012 Water Revenue Refunding Bond 2%, due 2024	6,890,000	5,815,000	525,000	5,290,000	540,000
Total Business-Type Activity		<u>8,563,449</u>	<u>745,167</u>	<u>7,818,282</u>	<u>765,671</u>
Total City Long-Term Obligations		<u>\$39,857,449</u>	<u>\$2,614,167</u>	<u>\$37,243,282</u>	<u>\$2,865,671</u>

During fiscal 2004, the City entered into a \$4,500,000 note payable agreement guaranteed under the Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program. Proceeds from the note were used to finance the design and construction of the Bayshore Community Center. Principal payments are due annually on August 1; interest payments are due semi-annually on August 1 and February 1. Debt service is payable from future Federal Block Grant monies. The City has pledged certain future grants revenue under Section 106 and Section 108(q) for which the City may become eligible and program income generated directly from the use of the loan funds to repay the note. On April 27, 2015, the City refinanced the loan in order to obtain a lower interest rate. The City would realize an interest savings of approximately \$384,328. As of June 30, 2015, total principal and interest remaining on the note is \$2,886,707. For fiscal year 2015, principal and interest paid were \$402,821 and total block grant revenues were \$1,284,849.

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 2015, principal and interest paid were \$3,286,313.

On November 18, 2003, the City received a loan in the amount of \$4,450,128, plus accrued interest, from the California State Water Resources Control Board. Proceeds from the loan were used for construction of tertiary treatment facilities and distribution pipelines in the City's Sanitation District. Principal and interest are due annually on December 1 through December 1, 2024. As long as the loan is outstanding, the City has pledged the Sanitation District Enterprise Fund revenues net of the operations and maintenance expenses but excluding depreciation, as defined in the loan agreement. As of June 30, 2015, total principal and interest remaining on the note is \$2,888,785. For fiscal year 2015, principal and interest paid were \$288,878 and total Sanitation District Enterprise net revenues were \$4,445,013.

On September 10, 2012, the City authorized the sale of \$6,890,000 of 2012 Water Revenue Refunding Bonds to refinance the outstanding balance of the 2004 Certificates of Participation. Principal payments are due annually on June 1 and interest is due semiannually on June 1 and December 1, commencing June 1, 2013, through June 1, 2024. The City has pledged Water Utility Enterprise Fund revenues, net of the operations and maintenance expenses but excluding depreciation, for debt service, as defined in the indenture. As of June 30, 2015, total principal and interest remaining on the bonds is \$5,845,200. For fiscal year 2015, principal and interest paid were \$646,750 and total Water Utility Enterprise Fund net revenues were \$7,250,643.

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
2016	\$2,100,000	\$1,600,658	\$765,671	\$174,457
2017	2,349,000	1,510,204	776,313	158,015
2018	2,623,000	1,385,613	802,096	135,882
2019	2,919,000	1,245,024	818,023	118,655
2020	3,236,000	1,086,402	834,099	101,079
2021-2025	16,198,000	2,366,579	3,822,080	227,615
	<u>\$29,425,000</u>	<u>\$9,194,480</u>	<u>\$7,818,282</u>	<u>\$915,703</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, 2015, the amounts of current interfund balances were as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Community Block Grant Special Revenue Fund	\$28,955
	Doelger Senior Center Special Revenue Fund	21,442
	Building Maintenance Internal Service Fund	244,674
		<u>\$295,071</u>

INTERFUND TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2015 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfer</u>	<u>Transfer Amount</u>
General Fund	Capital Projects Fund	\$146,460
	Nonmajor Governmental Funds	435,989
	Nonmajor Enterprise Funds	75,000
	Internal Service Funds	1,645,290
Gas Tax Special Revenue Fund	General Fund	2,045,427
Capital Projects Fund	General Fund	2,049
	Gas Tax Special Revenue Fund	400,000
Water Utility Enterprise Fund	General Fund	859,980
	Capital Projects Fund	10,821
	Sanitation District Enterprise Fund	1,503,131
	Internal Service Funds	4,502
Sanitation District Enterprise Fund	General Fund	1,101,570
	Capital Projects Fund	8,580
	Internal Service Funds	398,263
Nonmajor Enterprise Funds	General Fund	673,440
	Capital Projects Fund	1,441
Internal Service Funds	General Fund	620,508
		<u>\$9,932,451</u>

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

INTERNAL BALANCES

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

Note 7.

RETIREMENT PLAN

A. GENERAL INFORMATION ABOUT THE PENSION PLANS

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

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

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.0%-2.5%
Required employee contribution rates	8%	50% of the Total Normal Cost
Required employer contribution rates	18.192%	18.192%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.5% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.4%-3.0%	2.0%-2.5%
Required employee contribution rates	9%	50% of the Total Normal Cost
Required employer contribution rates	23.954%	23.954%

Employees Covered -- At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	411	276
Inactive employees entitled to but not yet receiving benefits	359	87
Active employees	339	175
Total	<u>1,109</u>	<u>538</u>

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

B. NET PENSION LIABILITY

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous & Safety Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPers Membership Data for all Funds (3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

C. CHANGES IN THE NET PENSION LIABILITY

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$262,603,681	\$199,423,445	\$63,180,236
Changes in the year:			
Service cost	4,928,638		4,928,638
Interest on the total pension liability	19,456,167		19,456,167
Differences between actual and expected experience	0		0
Changes in assumptions	0		0
Changes in benefit terms	0		0
Contributions - employer		3,860,928	(3,860,928)
Contributions - employee (paid by employer)		0	0
Contributions - employee		2,090,754	(2,090,754)
Net investment income, net of administrative expenses		34,374,839	(34,374,839)
Benefit payments, including refunds of employee contributions	(11,304,889)	(11,304,889)	0
Net changes	<u>13,079,916</u>	<u>29,021,632</u>	<u>(15,941,716)</u>
Balance at June 30, 2014	<u>\$275,683,597</u>	<u>\$228,445,077</u>	<u>\$47,238,520</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$264,421,131	\$196,098,570	\$68,322,561
Changes in the year:			
Service cost	5,018,136		5,018,136
Interest on the total pension liability	19,532,405		19,532,405
Differences between actual and expected experience	0		0
Changes in assumptions	0		0
Changes in benefit terms	0		0
Contributions - employer		4,225,009	(4,225,009)
Contributions - employee (paid by employer)		0	0
Contributions - employee		2,632,654	(2,632,654)
Net investment income, net of administrative expenses		33,622,839	(33,622,839)
Benefit payments, including refunds of employee contributions	(12,996,278)	(12,996,278)	0
Net changes	<u>11,554,263</u>	<u>27,484,224</u>	<u>(15,929,961)</u>
Balance at June 30, 2014	<u>\$275,975,394</u>	<u>\$223,582,794</u>	<u>\$52,392,600</u>

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$83,552,292	\$86,412,818	\$169,965,110
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$47,238,520	\$52,392,600	\$99,631,120
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$17,094,792	\$23,928,859	\$41,023,651

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

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

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense. For the year ended June 30, 2015, the City recognized pension expense of \$7,305,326. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$8,363,009	
Net differences between projected and actual earnings on plan investments		\$31,091,066
Total	<u>\$8,363,009</u>	<u>\$31,091,066</u>

\$8,363,009 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
<u>June 30</u>	
2016	(\$7,772,767)
2017	(7,772,767)
2018	(7,772,767)
2019	(7,772,765)

E. PAYABLE TO THE PENSION PLAN

At June 30, 2015, the City had no unpaid contributions to the pension plan required for the year ended June 30, 2015.

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, 2015, approximately 419 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 453 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, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 3.00% inflation rate, 4.00% investment rate of return, 3.25% projected annual salary increase, and 5% to 8.3% health cost inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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

B. FUNDING PROGRESS AND FUNDED STATUS

In fiscal year 2015, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Obligation June 30, 2014	<u>\$8,645,290</u>
Annual required contribution (ARC)	4,493,000
Interest on net OPEB obligation	444,319
Amortization of the net OPEB obligation	<u>(808,939)</u>
Net OPEB cost	4,128,380
Contributions made:	
City's contribution to CERBT	(3,691,332)
City's portion of current year premiums paid	<u>(2,075,609)</u>
Change in net OPEB Liability	<u>(1,638,561)</u>
Net OPEB Obligation June 30, 2015	<u><u>\$7,006,729</u></u>

Note 9.

DEFERRED COMPENSATION PLAN

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

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

Note 10.

SELF-INSURANCE

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

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

The City is a member of California State Association of Counties Excess Insurance Authority (CSAC-EIA), a joint powers authority (JPA) which provides excess workers' compensation liability claims coverage above the City's self-insured retention of \$350,000 per occurrence. Losses above the self-insured retention are pooled with excess reinsurance purchased to a statutory limit. During the fiscal year ended June 30, 2015, the City contributed \$334,019 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 2.5% was computed as follows based on claims experience for the years ended June 30, 2015, 2014, and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Beginning balance of claims payable	\$6,484,819	\$6,301,018	\$6,182,532
Increase in estimated claims liability	3,870,109	2,413,596	2,119,323
Claims paid	<u>(3,022,373)</u>	<u>(2,229,795)</u>	<u>(2,000,837)</u>
Ending balance of claims payable	<u>\$7,332,555</u>	<u>\$6,484,819</u>	<u>\$6,301,018</u>
Current Portion	<u>\$2,669,544</u>	<u>\$2,227,649</u>	<u>\$2,093,018</u>

Note 11.

NET POSITION

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

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

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

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

A. GOVERNMENTAL FUND BALANCES

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

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

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

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

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

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

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

Detailed classifications of the City's Fund Balances, as of June 30, 2015, are below:

Fund Balance Classifications	General Fund	Gas Tax	Grants	Capital Projects	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Inventories	\$185,761					\$185,761
Prepaid expenses	8,642					8,642
Total Nonspendable Fund Balances	194,403					194,403
Restricted for:						
Gas Tax Projects		\$7,620,982				7,620,982
Capital Projects				\$4,265,399		4,265,399
Low and Moderate Income Housing Assets					\$4,954,832	4,954,832
Linda Vista Benefit Assessment					389,748	389,748
Traffic Safety					111,526	111,526
Grants			\$591,211			591,211
Total Restricted Fund Balances		7,620,982	591,211	4,265,399	5,456,106	17,933,698
Assigned to:						
Encumbrances	220,256					220,256
Operating Capital	12,000,000					12,000,000
Capital Projects				15,906,433		15,906,433
Total Assigned Fund Balances	12,220,256			15,906,433		28,126,689
Unassigned:						
General fund	15,059,052					15,059,052
Total Fund Balances	\$27,473,711	\$7,620,982	\$591,211	\$20,171,832	\$5,456,106	\$61,313,842

B. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS NO. 68 AND 71 RESTATEMENT

For the fiscal year ended June 30, 2015, the City implemented the provisions of GASB No. 68 and 71 – *Accounting and Financial Reporting for Pensions*. Accordingly, beginning net positions of the governmental activities was reduced by \$103,248,295, Water Utility Enterprise Fund was reduced by \$5,931,931, Sanitation District Enterprise Fund was reduced by \$14,236,634, and the Pension Contributions Internal Service Fund was reduced by \$21,749,726. The reductions reflect the recording of inflows of resources and deferred outflows of resources as required under the new GASBs.

Note 12.
LOANS AND NOTES RECEIVABLE

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

During fiscal 2015, the City made loans to 11 participants under this program and the CDBG loan program activity is as follows:

Beginning Balance	\$1,292,446
New loans	131,099
Loan repayments	<u>(205,535)</u>
Ending Balance	<u><u>\$1,218,010</u></u>

Note 13.
FUND DEFICIT

The Building Maintenance, Self-Insurance, and the PERS Contributions Internal Service Funds had deficits amounting to \$767,038, \$341,830, and \$21,034,369, respectively, at June 30, 2015. The deficits will be eliminated with future revenues.

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

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

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

A. CASH

Cash and investments of the Successor Agency as of June 30, 2015 are discussed in Note 1F above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2015.

B. LONG-TERM DEBT

On January 30, 2007, the City's former 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, 2015 is \$1,128,780 which consists of \$904,670 principal and \$224,110 accrued interest.

Annual debt service requirement is as follows:

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

C. *PROPERTY HELD FOR REDEVELOPMENT*

In fiscal year 2012, the Successor Agency assumed the property held for redevelopment from the City's former Redevelopment Agency in the amount of \$16,113,762. In fiscal year 2013, the Agency transferred \$3,366,888, the value associated with property at the northeast corner of the Martin and Carter Street intersection, to the Low and Moderate Income Housing Assets fund in order to continue and ensure comprehensive land planning and utilization of the property for the purpose of affordable housing.



REQUIRED SUPPLEMENTARY INFORMATION

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS:

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

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

SCHEDULE OF CONTRIBUTIONS – PENSION PLANS

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

SCHEDULE OF FUNDING PROGRESS – OPEB PLAN

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

City of Daly City, Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	MISCELLANEOUS 2015
Total Pension Liability	
Service Cost	\$4,928,638
Interest	19,456,167
Differences between expected and actual experience	0
Changes in assumptions	0
Changes in benefits	0
Benefit payments, including refunds of employee contributions	(11,304,889)
Net change in total pension liability	13,079,916
Total pension liability - beginning	262,603,681
Total pension liability - ending (a)	\$275,683,597
 Plan fiduciary net position	
Contributions - employer	\$3,860,928
Contributions - employee	2,090,754
Net investment income	34,374,839
Benefit payments, including refunds of employee contributions	(11,304,889)
Net change in plan fiduciary net position	29,021,632
Plan fiduciary net position - beginning	199,423,445
Plan fiduciary net position - ending (b)	\$228,445,077
 Net pension liability - ending (a)-(b)	 \$47,238,520
 Plan fiduciary net position as a percentage of the total pension liability	 82.86%
 Covered - employee payroll	 \$24,443,972
 Net pension liability as percentage of covered-employee payroll	 193.25%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Daly City, Agent Multiple-Employer Defined Pension Plan

As of fiscal year ending June 30, 2015

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	SAFETY
	2015
	<hr/>
Total Pension Liability	
Service Cost	\$5,018,136
Interest	19,532,405
Differences between expected and actual experience	0
Changes in assumptions	0
Changes in benefits	0
Benefit payments, including refunds of employee contributions	(12,996,278)
Net change in total pension liability	11,554,263
Total pension liability - beginning	264,421,131
Total pension liability - ending (a)	<hr/> <hr/> \$275,975,394
Plan fiduciary net position	
Contributions - employer	\$4,225,009
Contributions - employee	2,632,654
Net investment income	33,622,839
Benefit payments, including refunds of employee contributions	(12,996,278)
Net change in plan fiduciary net position	<hr/> 27,484,224
Plan fiduciary net position - beginning	196,098,570
Plan fiduciary net position - ending (b)	<hr/> <hr/> \$223,582,794
Net pension liability - ending (a)-(b)	<hr/> <hr/> \$52,392,600
Plan fiduciary net position as a percentage of the total pension liability	81.02%
Covered - employee payroll	\$19,652,763
Net pension liability as percentage of covered-employee payroll	266.59%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Daly City, Agent Multiple-Employer Defined Pension Plan

As of fiscal year ending June 30, 2015

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	MISCELLANEOUS
	2015
	<hr/>
Actuarially determined contribution	\$3,860,928
Contributions in relation to the actuarially determined contributions	<hr/>
Contribution deficiency (excess)	(3,860,928)
	<hr/> <hr/>
Covered-employee payroll	\$24,443,972
Contributions as a percentage of covered- employee payroll	15.80%
 Notes to Schedule	
Valuation date:	6/30/2013
 Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age (based on experience study)	59 years old
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Daly City, Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	SAFETY 2015
Actuarially determined contribution	\$4,225,009
Contributions in relation to the actuarially determined contributions	(4,225,009)
Contribution deficiency (excess)	-
Covered-employee payroll	19,652,763
Contributions as a percentage of covered-employee payroll	21.50%

Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age (based on experience study)	54 years old
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Daly City
 Schedule of Funding Progress – Other Post Employment Benefits
 As of the fiscal year ending June 30, 2015
 Last Three Actuarial Valuation

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
1/1/2009	\$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%)
1/1/2013	0	46,958,000	(46,958,000)	0%	42,630,000	(110.2%)

GENERAL FUND

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

CITY OF DALY CITY
GENERAL FUND
COMBINING FUND BALANCE SHEET
JUNE 30, 2015

	General	Special Deposits	Traffic Enforcement	Total General Fund
ASSETS				
Cash and investments	\$26,808,857	\$3,486,883	\$241,277	\$30,537,017
Accounts receivable, net	2,945,437	19,070	31,515	2,996,022
Due from other funds	295,071			295,071
Inventories	185,761			185,761
Prepays	8,642			8,642
Total Assets	\$30,243,768	\$3,505,953	\$272,792	\$34,022,513
LIABILITIES				
Accounts payable	\$2,267,902	\$266,631	\$52,407	\$2,586,940
Accrued payroll	1,105,493		1,531	1,107,024
Deposits payable		2,854,838		2,854,838
Total Liabilities	3,373,395	3,121,469	53,938	6,548,802
FUND BALANCES				
Fund Balance				
Nonspendable	194,403			194,403
Assigned	12,220,256			12,220,256
Unassigned	14,455,714	384,484	218,854	15,059,052
Total Fund Balances	26,870,373	384,484	218,854	27,473,711
Total Liabilities, and Fund Balances	\$30,243,768	\$3,505,953	\$272,792	\$34,022,513

CITY OF DALY CITY
GENERAL FUND
COMBINING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General	Special Deposits	Traffic Enforcements	Total General Funds
REVENUES				
Property tax	\$29,327,703			\$29,327,703
Sales tax	11,104,656			11,104,656
Utility users tax	6,399,410			6,399,410
Franchise fees	3,675,411			3,675,411
Other taxes	5,366,887			5,366,887
Licenses and permits	2,679,745			2,679,745
Fines and forfeitures	2,405,266		\$335,244	2,740,510
Rents and interest	1,285,279			1,285,279
Federal programs and grants	15,984			15,984
Receipts from other agencies	1,430,400			1,430,400
Charges and fees	7,486,950	\$196,194		7,683,144
Miscellaneous	4,702,371	27,384		4,729,755
Total Revenues	75,880,062	223,578	335,244	76,438,884
EXPENDITURES				
Current:				
General government	9,489,688	6,203		9,495,891
Public safety	44,340,523		304,413	44,644,936
Public works	6,875,320			6,875,320
Culture and recreation	8,561,281	170,980		8,732,261
Economic and community development	2,900,462			2,900,462
Total Expenditures	72,167,274	177,183	304,413	72,648,870
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,712,788	46,395	30,831	3,790,014
OTHER FINANCING SOURCES (USES)				
Sale of property	305,021			305,021
Amount paid to State	(3,750,000)			(3,750,000)
Transfers in	5,302,974			5,302,974
Transfers (out)	(2,302,739)			(2,302,739)
Total Other Financing Sources (Uses)	(444,744)			(444,744)
NET CHANGE IN FUND BALANCES	3,268,044	46,395	30,831	3,345,270
BEGINNING FUND BALANCES	23,602,329	338,089	188,023	24,128,441
ENDING FUND BALANCES	\$26,870,373	\$384,484	\$218,854	\$27,473,711



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

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

CITY OF DALY CITY
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Rents and interest	\$138,594	\$143,571	\$4,977
Receipts from other agencies	314,205	127,205	(187,000)
Charges and fees	2,123,453	3,333,743	1,210,290
Miscellaneous	<u>276,456</u>	<u>251,833</u>	<u>(24,623)</u>
Total Revenues	<u>2,852,708</u>	<u>3,856,352</u>	<u>1,003,644</u>
EXPENDITURES			
Capital projects	<u>3,944,487</u>	<u>831,833</u>	<u>3,112,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,091,779)</u>	<u>3,024,519</u>	<u>4,116,298</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	685,308	167,302	(518,006)
Transfers out	<u>(402,049)</u>	<u>(402,049)</u>	
Total Other Financing Sources (Uses)	<u>283,259</u>	<u>(234,747)</u>	<u>(518,006)</u>
NET CHANGE IN FUND BALANCES	<u>(\$808,520)</u>	2,789,772	<u>\$3,598,292</u>
BEGINNING FUND BALANCE		<u>17,382,060</u>	
ENDING FUND BALANCE		<u>\$20,171,832</u>	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The City's Special Revenue Funds are as follows:

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

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

SPECIAL REVENUE FUNDS

	<u>Low and Moderate Income Housing Assets</u>	<u>Doelger Senior Center</u>	<u>Community Block Grant</u>
ASSETS			
Cash and investments	\$1,683,817	\$610	
Accounts receivable, net		50,305	\$116,367
Notes receivable			707,940
Property held for development	<u>3,366,888</u>		
Total Assets	<u>\$5,050,705</u>	<u>\$50,915</u>	<u>\$824,307</u>
LIABILITIES			
Accounts payable	\$3,500	\$20,485	\$80,102
Accrued payroll	547	8,988	7,310
Due to other funds		21,442	28,955
Deposits payable	<u>91,826</u>		
Total Liabilities	<u>95,873</u>	<u>50,915</u>	<u>116,367</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - loans			<u>707,940</u>
Total Deferred Inflows of Resources			<u>707,940</u>
FUND BALANCES			
Restricted	<u>4,954,832</u>		
Total Fund Balances	<u>4,954,832</u>		
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$5,050,705</u>	<u>\$50,915</u>	<u>\$824,307</u>

SPECIAL REVENUE FUNDS

<u>Linda Vista Benefit Assessment</u>	<u>Traffic Safety</u>	<u>Total Nonmajor Governmental Funds</u>
\$389,748	\$122,886	\$2,197,061 166,672 707,940 3,366,888
<u>\$389,748</u>	<u>\$122,886</u>	<u>\$6,438,561</u>
	\$11,360	\$115,447 16,845 50,397 91,826
	<u>11,360</u>	<u>274,515</u>
		<u>707,940</u>
		<u>707,940</u>
<u>\$389,748</u>	<u>111,526</u>	<u>5,456,106</u>
<u>389,748</u>	<u>111,526</u>	<u>5,456,106</u>
<u>\$389,748</u>	<u>\$122,886</u>	<u>\$6,438,561</u>

CITY OF DALY CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS		
	Low and Moderate Income Housing Assets	Doelger Senior Center	Community Block Grant
REVENUES			
Rents and interest	\$23,000		
Federal programs and grants		\$221,928	\$1,059,424
Charges and fees	1,368,833	250,307	
Miscellaneous		100,015	225,425
Total Revenues	<u>1,391,833</u>	<u>572,250</u>	<u>1,284,849</u>
EXPENDITURES			
Public safety			
Public works			
Culture and recreation		1,008,239	
Economic and community development	46,042		805,783
Debt service:			
Principal			244,000
Interest			235,066
Total Expenditures	<u>46,042</u>	<u>1,008,239</u>	<u>1,284,849</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,345,791</u>	<u>(435,989)</u>	
OTHER FINANCING SOURCES (USES)			
Loss on sale of land	(3,308,784)		
Transfers in		435,989	
Total Other Financing Sources (Uses)	<u>(3,308,784)</u>	<u>435,989</u>	
NET CHANGE IN FUND BALANCES	(1,962,993)		
BEGINNING FUND BALANCES	<u>6,917,825</u>		
ENDING FUND BALANCES	<u><u>\$4,954,832</u></u>		

<u>SPECIAL REVENUE FUNDS</u>		
<u>Linda Vista Benefit Assessment</u>	<u>Traffic Safety</u>	<u>Total Nonmajor Governmental Funds</u>
\$2,824		\$25,824
		1,281,352
44,380	\$83,505	1,747,025
	36	325,476
<u>47,204</u>	<u>83,541</u>	<u>3,379,677</u>
	75,555	75,555
22,081		22,081
		1,008,239
		851,825
		244,000
		235,066
<u>22,081</u>	<u>75,555</u>	<u>2,436,766</u>
<u>25,123</u>	<u>7,986</u>	<u>942,911</u>
		(3,308,784)
		435,989
		(2,872,795)
25,123	7,986	(1,929,884)
<u>364,625</u>	<u>103,540</u>	<u>7,385,990</u>
<u>\$389,748</u>	<u>\$111,526</u>	<u>\$5,456,106</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, 2015

	LOW AND MODERATE INCOME HOUSING ASSETS			DOELGER SENIOR CENTER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Rents and interest	\$18,600	\$23,000	\$4,400			
Federal programs and grants				\$218,728	\$221,928	\$3,200
Charges and fees	2,850	1,368,833	1,365,983	258,200	250,307	(7,893)
Miscellaneous				100,200	100,015	(185)
Total Revenues	<u>21,450</u>	<u>1,391,833</u>	<u>1,370,383</u>	<u>577,128</u>	<u>572,250</u>	<u>(4,878)</u>
EXPENDITURES						
Public Safety						
Salaries and benefits						
Services and supplies						
Capital outlay						
Other charges						
Total Public Safety						
Public Works						
Services and supplies						
Capital outlay						
Other charges						
Total Public Works						
Culture and Recreation						
Salaries and benefits				447,604	385,687	61,917
Services and supplies				643,349	614,709	28,640
Other charges				7,517	7,843	(326)
Total Culture and Recreation				<u>1,098,470</u>	<u>1,008,239</u>	<u>90,231</u>
Economic and Community Development						
Salaries and benefits	28,085	29,131	(1,046)			
Services and supplies	3,319	5,411	(2,092)			
Other charges	205,546	11,500	194,046			
Debt Service:						
Principal						
Interest						
Total Economic and Community Development	<u>236,950</u>	<u>46,042</u>	<u>190,908</u>			
Total Expenditures	<u>236,950</u>	<u>46,042</u>	<u>190,908</u>	<u>1,098,470</u>	<u>1,008,239</u>	<u>90,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(215,500)</u>	<u>1,345,791</u>	<u>1,561,291</u>	<u>(521,342)</u>	<u>(435,989)</u>	<u>85,353</u>
OTHER FINANCING SOURCES (USES)						
Loss on sale of land		(3,308,784)	(3,308,784)			
Transfers in				521,342	435,989	(85,353)
Total Other Financing Sources (Uses)		<u>(3,308,784)</u>	<u>(3,308,784)</u>	<u>521,342</u>	<u>435,989</u>	<u>(85,353)</u>
NET CHANGE IN FUND BALANCES	<u>(\$215,500)</u>	<u>(1,962,993)</u>	<u>(\$1,747,493)</u>			
BEGINNING FUND BALANCES		<u>6,917,825</u>				
ENDING FUND BALANCES		<u>\$4,954,832</u>				

COMMUNITY BLOCK GRANT			LINDA VISTA BENEFIT ASSESSMENT			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,392,882	\$1,059,424	(\$333,458)	\$2,850	\$2,824	(\$26)			
60,000	225,425	165,425	43,000	44,380	1,380	\$65,006	\$83,505	\$18,499
1,452,882	1,284,849	(168,033)	45,850	47,204	1,354	100	36	(64)
						65,106	83,541	18,435
						13,598	17,457	(3,859)
						47,029	32,060	14,969
						23,000	19,795	3,205
						9,100	6,243	2,857
						92,727	75,555	17,172
			16,992	16,309	683			
			4,000	5,296	(1,296)			
			500	476	24			
			21,492	22,081	(589)			
382,214	393,125	(10,911)						
365,729	260,681	105,048						
225,873	151,977	73,896						
244,000	244,000							
235,066	235,066							
1,452,882	1,284,849	168,033						
1,452,882	1,284,849	168,033	21,492	22,081	(589)	92,727	75,555	17,172
			24,358	25,123	765	(27,621)	7,986	35,607
			\$24,358	25,123	\$765	(\$27,621)	7,986	\$35,607
				364,625			103,540	
				\$389,748			\$111,526	



NONMAJOR PROPRIETARY FUNDS

The City maintains the following nonmajor enterprise funds:

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

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
JUNE 30, 2015

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and investments	\$2,556,920	\$1,352,875	\$3,909,795
Accounts receivable, net	<u>21,561</u>	<u>1,101</u>	<u>22,662</u>
Total Current Assets	<u>2,578,481</u>	<u>1,353,976</u>	<u>3,932,457</u>
Capital Assets:			
Land	1,695,762	93,384	1,789,146
Buildings	5,568,728	1,184,278	6,753,006
Equipment	<u>936,705</u>	<u>20,912</u>	<u>957,617</u>
Total Capital Assets	<u>8,201,195</u>	<u>1,298,574</u>	<u>9,499,769</u>
Less accumulated depreciation	<u>(3,954,749)</u>	<u>(1,089,229)</u>	<u>(5,043,978)</u>
Net Capital Assets	<u>4,246,446</u>	<u>209,345</u>	<u>4,455,791</u>
Total Assets	<u>6,824,927</u>	<u>1,563,321</u>	<u>8,388,248</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	11,700		11,700
Deposits payable	<u>15,000</u>		<u>15,000</u>
Total Liabilities	<u>26,700</u>		<u>26,700</u>
NET POSITION			
Net investment in capital assets	4,246,446	209,345	4,455,791
Unrestricted	<u>2,551,781</u>	<u>1,353,976</u>	<u>3,905,757</u>
Total Net Position	<u>\$6,798,227</u>	<u>\$1,563,321</u>	<u>\$8,361,548</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Civic Center</u>	<u>Transfer Station</u>	<u>Total</u>
OPERATING REVENUES			
Rental income	\$976,374		\$976,374
Lease revenue		\$375,000	375,000
Other revenues	49,400	555,643	605,043
	<u>1,025,774</u>	<u>930,643</u>	<u>1,956,417</u>
OPERATING EXPENSES			
Services and supplies	525,933	144,495	670,428
Utilities	106,827		106,827
Insurance	10,618	2,850	13,468
Depreciation	190,694	29,607	220,301
	<u>834,072</u>	<u>176,952</u>	<u>1,011,024</u>
Total Operating Revenues	<u>1,025,774</u>	<u>930,643</u>	<u>1,956,417</u>
OPERATING EXPENSES			
Services and supplies	525,933	144,495	670,428
Utilities	106,827		106,827
Insurance	10,618	2,850	13,468
Depreciation	190,694	29,607	220,301
	<u>834,072</u>	<u>176,952</u>	<u>1,011,024</u>
Total Operating Expenses	<u>834,072</u>	<u>176,952</u>	<u>1,011,024</u>
Operating Income	<u>191,702</u>	<u>753,691</u>	<u>945,393</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	18,613		18,613
Income (Loss) Before Transfers	210,315	753,691	964,006
Transfers in		75,000	75,000
Transfers out	(204,025)	(470,856)	(674,881)
Change in Net Position	6,290	357,835	364,125
BEGINNING NET POSITION	<u>6,791,937</u>	<u>1,205,486</u>	<u>7,997,423</u>
ENDING NET POSITION	<u>\$6,798,227</u>	<u>\$1,563,321</u>	<u>\$8,361,548</u>

CITY OF DALY CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Civic Center	Transfer Station	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,027,100	\$930,643	\$1,957,743
Payments to suppliers	(642,876)	(150,350)	(793,226)
Cash Flows from Operating Activities	384,224	780,293	1,164,517
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer in		75,000	75,000
Transfers out	(204,025)	(470,856)	(674,881)
Cash Flows from Noncapital financing activities	(204,025)	(395,856)	(599,881)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	18,613		18,613
Net Cash Flows	198,812	384,437	583,249
Cash and investments at beginning of year	2,358,108	968,438	3,326,546
Cash and investments at end of year	<u>\$2,556,920</u>	<u>\$1,352,875</u>	<u>\$3,909,795</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$191,702	\$753,691	\$945,393
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	190,694	29,607	220,301
Change in assets and liabilities:			
Accounts receivable	1,326		1,326
Accounts payable	502	(3,005)	(2,503)
Cash Flows from Operating Activities	<u>\$384,224</u>	<u>\$780,293</u>	<u>\$1,164,517</u>

INTERNAL SERVICE FUNDS

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

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

The City's Internal Service Funds are:

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

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Motor Vehicles	Central Services	PBX	Building Maintenance
ASSETS				
Current Assets:				
Cash and investments	\$3,894,522	\$411,476	\$220,426	
Cash with fiscal agent				
Accounts receivable, net	9,401		14,551	
Inventories	89,555			\$12,452
Total Current Assets	3,993,478	411,476	234,977	12,452
Capital Assets:				
Land				
Buildings	35,817			
Equipment	14,162,138	9,370	932,404	50,417
Furniture and fixtures				6,093
Construction in progress				
Total Capital Assets	14,197,955	9,370	932,404	56,510
Less Accumulated Depreciation	(8,927,496)	(1,874)	(595,933)	(54,698)
Net Capital Assets	5,270,459	7,496	336,471	1,812
Total Assets	9,263,937	418,972	571,448	14,264
LIABILITIES				
Current Liabilities:				
Accounts payable	90,908	3,597	11,956	39,172
Accrued payroll	15,338	1,688		45,547
Interest payable				
Accrued claims payable				
PERS obligation bonds				
Due to other funds (Note 6)				244,674
Total Current Liabilities	106,246	5,285	11,956	329,393
Long-Term Liabilities:				
Compensated absences	63,004			311,457
Accrued claims payable				
OPEB Obligation	31,669	(3,543)		140,452
PERS obligation bonds				
Total Long-Term Liabilities	94,673	(3,543)		451,909
Total Liabilities	200,919	1,742	11,956	781,302
NET POSITION				
Net investment in capital assets	5,270,459	7,496	336,471	1,812
Restricted for debt service				
Unrestricted	3,792,559	409,734	223,021	(768,850)
Total Net Position (Deficit)	\$9,063,018	\$417,230	\$559,492	(\$767,038)

<u>Information Services</u>	<u>Self-Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,073,315	\$6,583,728	\$5,851,586	\$19,035,053
150	70,562	29	29
			94,664
			102,007
<u>2,073,465</u>	<u>6,654,290</u>	<u>5,851,615</u>	<u>19,231,753</u>
	378,343		378,343
			35,817
3,506,456			18,660,785
46,614			52,707
132,903			132,903
<u>3,685,973</u>	<u>378,343</u>		<u>19,260,555</u>
<u>(2,775,786)</u>			<u>(12,355,787)</u>
<u>910,187</u>	<u>378,343</u>		<u>6,904,768</u>
<u>2,983,652</u>	<u>7,032,633</u>	<u>5,851,615</u>	<u>26,136,521</u>
37,237	11,387		194,257
24,873	4,585		92,031
		130,984	130,984
	2,669,544		2,669,544
		1,840,000	1,840,000
			244,674
<u>62,110</u>	<u>2,685,516</u>	<u>1,970,984</u>	<u>5,171,490</u>
96,726	25,936		497,123
	4,663,011		4,663,011
43,978			212,556
		24,915,000	24,915,000
<u>140,704</u>	<u>4,688,947</u>	<u>24,915,000</u>	<u>30,287,690</u>
<u>202,814</u>	<u>7,374,463</u>	<u>26,885,984</u>	<u>35,459,180</u>
910,187	378,343		6,904,768
		29	29
<u>1,870,651</u>	<u>(720,173)</u>	<u>(21,034,398)</u>	<u>(16,227,456)</u>
<u>\$2,780,838</u>	<u>(\$341,830)</u>	<u>(\$21,034,369)</u>	<u>(\$9,322,659)</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Motor Vehicles	Central Services	PBX	Building Maintenance
OPERATING REVENUES				
Charges to City departments	\$3,500,978	\$203,044	\$216,999	\$3,609,079
Other revenues	944,060		3,056	31,980
Total Operating Revenues	4,445,038	203,044	220,055	3,641,059
OPERATING EXPENSES				
Salaries and benefits	902,169	74,025		2,747,392
Services and supplies	1,177,449	127,891	60,773	809,890
Utilities	22,435	198	145,427	188,989
Insurance	301,433	150		3,625
Claims and settlements				
Depreciation	1,236,496	1,874	59,697	1,418
Other charges	302,992	2,096	5,847	2,896
Total Operating Expenses	3,942,974	206,234	271,744	3,754,210
Operating Income (Loss)	502,064	(3,190)	(51,689)	(113,151)
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on disposal of capital assets	20,356			
Interest income	25,577	3,224	2,277	2,436
Interest expense				
Total Nonoperating Revenues (Expenses)	45,933	3,224	2,277	2,436
Income (Loss) Before Transfers	547,997	34	(49,412)	(110,715)
Transfers in	497,122	31,671		
Transfers out	(72,027)	(10,317)	(11,776)	(119,423)
Net Transfers	425,095	21,354	(11,776)	(119,423)
Change in Net Position	973,092	21,388	(61,188)	(230,138)
BEGINNING NET POSITION (DEFICITS), as restated	8,089,926	395,842	620,680	(536,900)
ENDING NET POSITION (DEFICITS)	\$9,063,018	\$417,230	\$559,492	(\$767,038)

<u>Information Services</u>	<u>Self- Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,554,950	\$4,096,738	\$3,253,338	\$17,435,126
150	100,804		1,080,050
<u>2,555,100</u>	<u>4,197,542</u>	<u>3,253,338</u>	<u>18,515,176</u>
1,529,107	315,538		5,568,231
388,173	272,217	6,757	2,843,150
28,054	902		386,005
286	908,114		1,213,608
	3,870,109		3,870,109
310,493			1,609,978
191,069	3,810		508,710
<u>2,447,182</u>	<u>5,370,690</u>	<u>6,757</u>	<u>15,999,791</u>
107,918	(1,173,148)	3,246,581	2,515,385
			20,356
16,469	49,864	29	99,876
		(1,653,854)	(1,653,854)
<u>16,469</u>	<u>49,864</u>	<u>(1,653,825)</u>	<u>(1,533,622)</u>
124,387	(1,123,284)	1,592,756	981,763
6,119	5,500	1,507,643	2,048,055
(203,285)	(203,680)		(620,508)
<u>(197,166)</u>	<u>(198,180)</u>	<u>1,507,643</u>	<u>1,427,547</u>
(72,779)	(1,321,464)	3,100,399	2,409,310
<u>2,853,617</u>	<u>979,634</u>	<u>(24,134,768)</u>	<u>(11,731,969)</u>
<u>\$2,780,838</u>	<u>(\$341,830)</u>	<u>(\$21,034,369)</u>	<u>(\$9,322,659)</u>

CITY OF DALY CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Motor Vehicles	Central Services	PBX	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$4,447,695	\$203,044	\$205,504	\$3,641,059
Payments to suppliers	(1,889,875)	(131,643)	(210,930)	(1,003,483)
Payments to employees	(1,026,726)	(118,832)		(3,229,589)
Claims paid				
Cash Flows from (used for) Operating Activities	1,531,094	(47,431)	(5,426)	(592,013)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on noncapital debt				
Interest paid on noncapital debt				
Interfund receipts	497,122	31,671		244,674
Interfund payments	(72,027)	(10,317)	(11,776)	(119,423)
Cash Flows from (used for) Noncapital Financing Activities	425,095	21,354	(11,776)	125,251
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(885,304)	(9,370)	(257,995)	
Proceeds from sale of capital assets	20,356			
Cash Flows from (used for) Capital and Related Financing Activities	(864,948)	(9,370)	(257,995)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	25,577	3,224	2,277	2,436
Net Cash Flows	1,116,818	(32,223)	(272,920)	(464,326)
Cash and investments at beginning of period	2,777,704	443,699	493,346	464,326
Cash and investments at end of period	<u>\$3,894,522</u>	<u>\$411,476</u>	<u>\$220,426</u>	<u>\$592,013</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$502,064	(\$3,190)	(\$51,689)	(\$113,151)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,236,496	1,874	59,697	1,418
Change in assets and liabilities:				
Receivables, net	2,657		(14,551)	
Inventories	9,932			(1,732)
Accounts payable	(95,498)	(1,308)	1,117	3,649
Accrued claims payable				
Accrued payroll	1,564	202		7,776
Compensated absences	16,824			17,127
OPEB obligation	(142,945)	(45,009)		(507,100)
Cash Flows from (used for) Operating Activities	\$1,531,094	(\$47,431)	(\$5,426)	(\$592,013)

<u>Information Services</u>	<u>Self-Insurance</u>	<u>PERS Contributions</u>	<u>Total</u>
\$2,555,100	\$4,284,042	\$3,253,338	\$18,589,782
(580,551)	(1,197,621)	(6,757)	(5,020,860)
(1,669,025)	(367,071)		(6,411,243)
	(3,022,373)		(3,022,373)
<u>305,524</u>	<u>(303,023)</u>	<u>3,246,581</u>	<u>4,135,306</u>
		(1,625,000)	(1,625,000)
		(1,661,313)	(1,661,313)
6,119	5,500	1,507,643	2,292,729
(203,285)	(203,680)		(620,508)
<u>(197,166)</u>	<u>(198,180)</u>	<u>(1,778,670)</u>	<u>(1,614,092)</u>
(290,187)			(1,442,856)
			20,356
<u>(290,187)</u>			<u>(1,422,500)</u>
<u>16,469</u>	<u>49,864</u>	<u>29</u>	<u>99,876</u>
(165,360)	(451,339)	1,467,940	1,198,590
<u>2,238,675</u>	<u>7,035,067</u>	<u>4,383,675</u>	<u>17,836,492</u>
<u>\$2,073,315</u>	<u>\$6,583,728</u>	<u>\$5,851,615</u>	<u>\$19,035,082</u>
\$107,918	(\$1,173,148)	\$3,246,581	\$2,515,385
310,493			1,609,978
	86,500		74,606
			8,200
27,031	(12,578)		(77,587)
	847,736		847,736
1,589	1,290		12,421
(15,591)	(52,823)		(34,463)
(125,916)			(820,970)
<u>\$305,524</u>	<u>(\$303,023)</u>	<u>\$3,246,581</u>	<u>\$4,135,306</u>



AGENCY FUNDS

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

These funds include the following:

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

CITY OF DALY CITY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Billing Services</u>				
<u>Assets</u>				
Cash and investments	\$1,238,257	\$13,321,366	\$13,444,273	\$1,115,350
Receivables	867,970	2,741,120	2,485,798	1,123,292
Total Assets	<u>\$2,106,227</u>	<u>\$16,062,486</u>	<u>\$15,930,071</u>	<u>\$2,238,642</u>
<u>Liabilities</u>				
Accounts payable	<u>\$2,106,227</u>	<u>\$16,599,152</u>	<u>\$16,466,737</u>	<u>\$2,238,642</u>
 <u>PTCRA</u>				
<u>Assets</u>				
Cash and investments	\$218,075	\$3,315,895	\$3,457,375	\$76,595
Receivables	374,687	706,831	374,687	706,831
Other assets	66,969	14,193	7,848	73,314
Total Assets	<u>\$659,731</u>	<u>\$4,036,919</u>	<u>\$3,839,910</u>	<u>\$856,740</u>
<u>Liabilities</u>				
Accounts payable	\$188,471	\$2,557,812	\$2,513,321	\$232,962
Due to others	471,260	3,614,536	3,462,018	623,778
Total Liabilities	<u>\$659,731</u>	<u>\$6,172,348</u>	<u>\$5,975,339</u>	<u>\$856,740</u>
 <u>SMPHESG</u>				
<u>Assets</u>				
Cash and investments	\$1,260,402	\$4,267,897	\$4,030,367	\$1,497,932
Other assets	1,021	1,021	1,021	1,021
Total Assets	<u>\$1,261,423</u>	<u>\$4,268,918</u>	<u>\$4,031,388</u>	<u>\$1,498,953</u>
<u>Liabilities</u>				
Accounts payable	\$109,225	\$4,849,380	\$4,914,218	\$44,387
Due to others	1,152,198	4,296,575	3,994,207	1,454,566
Total Liabilities	<u>\$1,261,423</u>	<u>\$9,145,955</u>	<u>\$8,908,425</u>	<u>\$1,498,953</u>

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Supporters of Senior Center</u>				
<u>Assets</u>				
Cash and investments	\$234,920	\$87,143	\$178,076	\$143,987
Other assets		300		300
Total Assets	<u>\$234,920</u>	<u>\$87,443</u>	<u>\$178,076</u>	<u>\$144,287</u>
<u>Liabilities</u>				
Accounts payable	\$5,190	\$54,379	\$54,082	\$5,487
Due to others	229,730	82,637	173,567	138,800
Total Liabilities	<u>\$234,920</u>	<u>\$137,016</u>	<u>\$227,649</u>	<u>\$144,287</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$2,951,654	\$20,992,301	\$21,110,091	\$2,833,864
Receivables	1,242,657	3,447,951	2,860,485	1,830,123
Other assets	67,990	15,514	8,869	74,635
Total Assets	<u>\$4,262,301</u>	<u>\$24,455,766</u>	<u>\$23,979,445</u>	<u>\$4,738,622</u>
<u>Liabilities</u>				
Accounts payable	\$2,409,113	\$24,060,723	\$23,948,358	\$2,521,478
Due to others	1,853,188	7,993,748	7,629,792	2,217,144
Total Liabilities	<u>\$4,262,301</u>	<u>\$32,054,471</u>	<u>\$31,578,150</u>	<u>\$4,738,622</u>



STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

STATISTICAL SECTION - (Continued)
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Operating Information

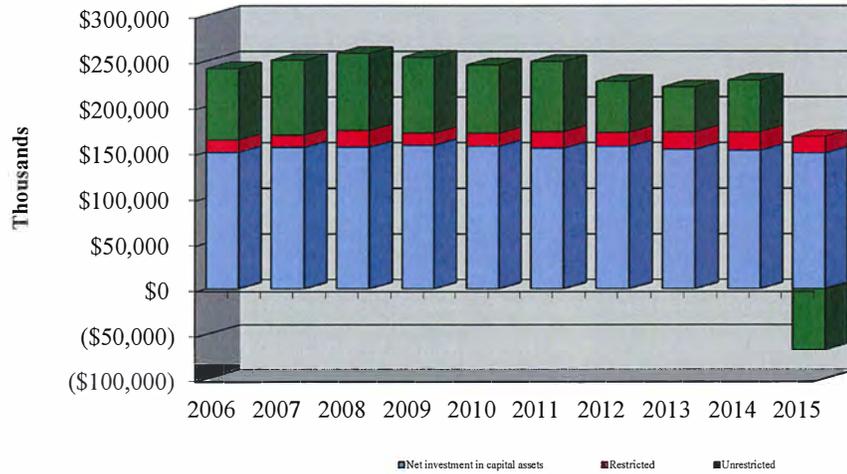
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

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

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



	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	\$90,109,445	\$93,379,579	\$92,883,528	\$91,354,782	\$90,670,525
Restricted	6,304,192	9,032,201	13,869,264	13,104,841	13,931,086
Unrestricted	57,663,215	57,260,439	54,502,547	51,980,355	43,329,957
Total governmental activities net position	<u>\$154,076,852</u>	<u>\$159,672,219</u>	<u>\$161,255,339</u>	<u>\$156,439,978</u>	<u>\$147,931,568</u>
Business-type activities					
Net investment in capital asset	\$59,625,501	\$61,675,498	\$62,401,418	\$66,137,475	\$65,670,580
Restricted	6,978,418	4,371,497	4,218,833	4,597	
Unrestricted	20,678,496	24,848,980	30,305,199	31,253,864	32,019,212
Total business-type activities net position	<u>\$87,282,415</u>	<u>\$90,895,975</u>	<u>\$96,925,450</u>	<u>\$97,395,936</u>	<u>\$97,689,792</u>
Primary government					
Net investment in capital assets	\$149,734,946	\$155,055,077	\$155,284,946	\$157,492,257	\$156,341,105
Restricted	13,282,610	13,403,698	18,088,097	13,109,438	13,931,086
Unrestricted	78,341,711	82,109,419	84,807,746	83,234,219	75,349,169
Total primary government net position	<u>\$241,359,267</u>	<u>\$250,568,194</u>	<u>\$258,180,789</u>	<u>\$253,835,914</u>	<u>\$245,621,360</u>
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$87,925,557	\$87,549,833	\$85,483,907	\$84,272,501	\$82,583,587
Restricted	17,883,253	15,053,531	18,829,245	20,021,555	17,933,727
Unrestricted	40,494,570	23,884,922	18,898,618	22,495,121	(88,028,802)
Total governmental activities net position	<u>\$146,303,380</u>	<u>\$126,488,286</u>	<u>\$123,211,770</u>	<u>\$126,789,177</u>	<u>\$12,488,512</u>
Business-type activities					
Net investment in capital assets	\$66,344,770	\$68,587,946	\$67,479,305	\$67,235,990	\$66,278,166
Restricted				11,229	11,231
Unrestricted	36,653,957	32,290,613	30,663,259	34,392,335	20,914,381
Total business-type activities net position	<u>\$102,998,727</u>	<u>\$100,878,559</u>	<u>\$98,142,564</u>	<u>\$101,639,554</u>	<u>\$87,203,778</u>
Primary government					
Net investment in capital assets	\$154,270,327	\$156,137,779	\$152,963,212	\$151,508,491	\$148,861,753
Restricted	17,883,253	15,053,531	18,829,245	20,032,784	17,944,958
Unrestricted	77,148,527	56,175,535	49,561,877	56,887,456	(67,114,421)
Total primary government net position	<u>\$249,302,107</u>	<u>\$227,366,845</u>	<u>\$221,354,334</u>	<u>\$228,428,731</u>	<u>\$99,692,290</u>

Note: The Fiscal Year 2015 Unrestricted Net Position balance decreased due to implementation of GASB 68 and 71.

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

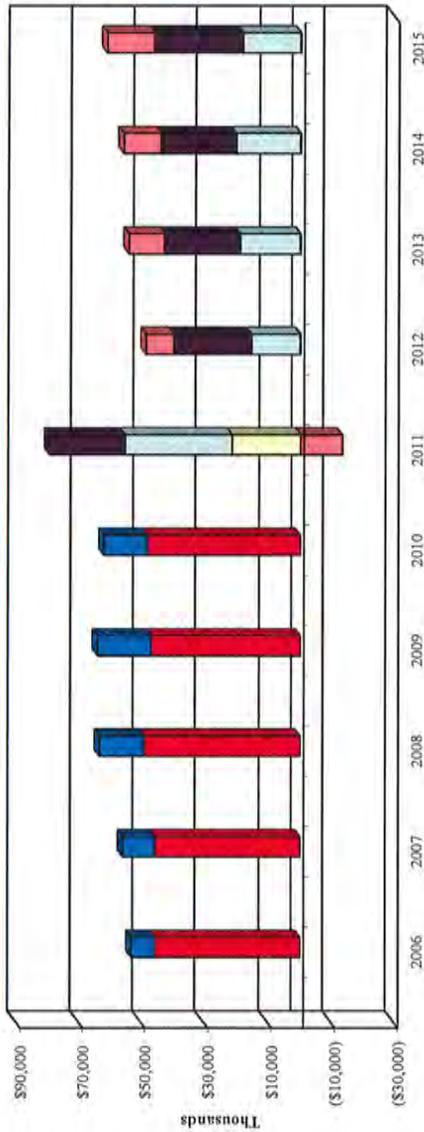
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$8,170,802	\$7,444,142	\$8,370,140	\$9,401,885	\$9,435,028	\$9,269,313	\$10,260,757	\$8,823,639	\$10,889,822	\$9,669,627
Public safety	34,815,945	39,270,270	41,515,902	42,404,296	44,054,707	42,429,411	45,511,296	44,910,136	42,704,694	43,774,625
Public works	7,099,777	6,429,613	6,277,793	6,526,712	5,725,707	6,350,402	5,406,051	5,064,375	5,597,137	7,579,522
Streets and infrastructure	2,346,510	3,567,017	4,496,272	3,823,885	3,661,752	3,133,030	3,395,911	4,114,332	3,318,214	3,466,347
Culture and recreation	14,319,938	14,817,138	17,185,257	17,045,290	18,130,986	16,181,808	14,415,687	13,811,273	13,350,277	11,621,738
Economic and community development	10,254,528	8,033,736	6,802,421	9,274,398	9,395,160	8,581,051	5,654,736	4,661,549	3,592,174	4,718,470
Nondepartmental	275,911	287,243								
Interest on long term debt	1,058,505	1,640,993	1,926,468	1,498,377	376,641	361,793	335,549	177,561	166,114	172,642
Total governmental activities expenses	78,341,916	81,490,152	86,574,253	89,974,843	90,779,981	86,306,808	84,979,987	81,562,865	79,618,432	81,002,971
Business-type activities:										
Water	8,759,733	9,287,617	10,777,580	11,496,966	11,230,423	10,537,952	13,460,939	15,266,033	13,337,352	14,451,497
Civic center	606,319	615,099	598,634	749,560	717,905	681,758	686,051	813,497	841,901	853,913
Transfer station	1,514,890	1,322,444	1,005,081	65,987	54,118	98,655	48,926	151,582	163,477	178,290
Sanitation district	14,633,188	14,084,248	15,506,062	17,006,931	16,742,058	15,710,913	18,587,421	16,663,492	18,262,624	18,629,686
Total business-type activities expenses	25,514,130	25,309,408	27,887,357	29,319,444	28,744,504	27,029,278	32,783,337	32,894,604	32,607,354	34,113,386
Total primary government expenses	\$103,856,046	\$106,799,560	\$114,461,610	\$119,294,287	\$119,524,485	\$113,336,086	\$117,763,324	\$114,457,469	\$112,223,786	\$115,116,357
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$221,542	\$96,257	\$111,829	\$117,873	\$128,702	\$540,836	\$764,719	\$753,748	\$1,034,252	\$5,054,225
Public works	4,456,640	4,029,069	3,676,585	4,933,076	4,939,418	4,689,990	4,685,400	4,415,226	4,454,105	5,403,840
Streets and infrastructure	1,736,993	1,176,476	959,193	1,231,339	1,431,784	1,259,803	1,259,803	1,313,510	1,036,698	1,528,698
Culture and recreation	967,326	1,111,118	1,076,212	1,247,967	907,565	1,219,820	953,473	1,009,844	1,135,335	1,283,105
Economic and community development	2,483,548	2,674,550	2,848,327	2,975,580	2,567,160	2,732,104	2,913,641	2,723,265	2,812,145	2,989,174
Nondepartmental	352,195	2,673,444	2,333,758	2,717,488	2,135,626	2,070,063	2,095,455	2,374,804	2,243,212	4,961,729
Operating grants and contributions	11,296,078	10,128,248	9,780,388	7,310,809	7,391,970	10,608,563	8,189,627	7,356,801	7,901,753	8,467,395
Capital grants and contributions	4,628,183	1,504,218	2,403,965	534,330	2,271,751	1,744,640	3,421,710	763,676	325,832	3,355,718
Total governmental activities program revenues	28,528,879	24,188,976	23,548,096	21,442,995	22,115,836	25,139,730	24,283,828	20,710,874	20,942,743	33,043,884
Business-type activities:										
Charges for services:										
Water	10,930,958	12,030,977	12,960,840	12,752,887	12,272,749	13,014,097	14,625,062	16,357,654	18,095,452	18,731,931
Civic center	933,137	939,500	985,189	1,011,711	805,391	831,384	759,286	671,556	834,950	976,374
Transfer station	1,616,423	1,622,442	2,086,047	375,000	375,000	375,000	375,000	375,000	375,000	375,000
Sanitation district	13,900,269	15,273,552	16,858,914	16,410,870	15,851,654	15,731,505	15,018,052	15,600,570	16,676,480	18,416,575
Total business-type activities program revenues	27,380,787	29,886,471	32,890,990	30,550,468	29,304,794	29,951,986	30,777,400	33,004,780	35,981,882	38,499,880
Total primary government program revenues	\$55,909,666	\$54,075,447	\$56,439,086	\$51,993,463	\$51,420,630	\$55,091,716	\$55,061,228	\$53,715,654	\$56,924,625	\$71,543,764
Net (Expense)/Revenue										
Governmental activities	(\$49,813,037)	(\$57,301,176)	(\$63,026,157)	(\$68,531,848)	(\$68,664,145)	(\$61,167,078)	(\$60,696,159)	(\$60,851,991)	(\$58,675,689)	(\$47,959,087)
Business-type activities	1,866,657	4,577,063	5,003,633	1,231,024	560,290	2,922,708	(2,005,937)	110,176	3,374,528	4,386,494
Total primary government net expense	(\$47,946,380)	(\$52,724,113)	(\$58,022,524)	(\$67,300,824)	(\$68,103,855)	(\$58,244,370)	(\$62,702,096)	(\$60,741,815)	(\$55,301,161)	(\$43,572,593)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$25,918,087	\$28,283,735	\$30,646,825	\$30,964,095	\$29,262,868	\$29,886,156	\$27,903,523	\$24,682,775	\$26,609,070	\$29,327,703
Sales taxes	9,619,289	10,677,978	11,411,106	10,520,797	9,016,619	10,178,386	10,638,574	11,619,157	12,594,335	12,379,135
Utility users tax	6,132,745	6,312,871	6,875,368	6,870,869	6,779,160	6,635,130	6,532,361	6,528,566	6,422,821	6,399,410
Franchise fees	2,680,415	2,736,020	2,788,859	3,378,546	3,432,346	3,471,922	3,500,118	3,544,075	3,663,247	3,675,411
Other taxes	3,877,653	3,918,576	3,919,957	4,134,141	3,962,240	4,189,893	4,203,616	4,756,255	5,247,886	5,322,471
Motor vehicle in-lieu	726,666	569,826	470,726	362,136	315,203	493,293	109,179	45,981		44,416
Investment earnings	2,530,208	4,259,540	4,013,587	1,703,334	960,155	711,989	1,018,793	12,330	925,838	467,009
Other revenues	1,566,401	2,028,616	2,314,957	2,700,781	3,706,703	3,313,961	3,180,451	3,758,739	3,936,433	1,061,054
Transfers	4,556,759	4,109,381	1,967,892	3,081,788	2,720,441	658,160	2,800,581	3,010,709	2,853,466	2,983,597
Sale of property							(19,006,131)	(383,112)		(3,003,763)
Extraordinary item							40,881,065	57,575,475	62,253,096	58,656,443
Total government activities	57,608,223	62,896,543	64,609,277	63,716,487	60,155,735	59,538,890	40,881,065	57,575,475	62,253,096	58,656,443
Business-type activities:										
Property taxes	1,188,249	1,300,831	1,389,793	1,452,957	1,376,028	1,377,982	1,433,604	1,470,340	1,538,773	1,713,895
Investment earnings	843,264	1,224,333	1,138,848	311,498	486,593	413,972	534,239	(23,403)	493,501	265,045
Other revenues	1,227,052	620,714	465,093	556,795	591,386	1,252,433	704,506	715,729	918,589	2,350,952
Sale of property							14,001	1,872	5,065	
Transfers	(4,556,759)	(4,109,381)	(1,967,892)	(3,081,788)	(2,720,441)	(658,160)	(2,800,581)	(3,010,709)	(2,853,466)	(2,983,597)
Extraordinary item								(2,000,000)		
Total business-type activities	(1,298,194)	(963,503)	1,025,842	(760,538)	(266,434)	2,386,227	(114,231)	(2,846,171)	122,462	1,346,295
Total, primary government	\$56,310,029	\$61,933,040	\$65,635,119	\$62,955,949	\$59,889,301	\$61,925,117	\$40,766,834	\$54,729,304	\$62,375,558	\$60,002,738
Change in Net Position										
Governmental activities	\$7,795,186	\$5,595,367	\$1,583,120	(\$4,815,361)	(\$8,508,410)	(\$1,628,188)	(\$19,815,094)	(\$3,276,516)	\$3,577,407	\$10,697,356
Business-type activities	568,463	3,613,560	6,029,475	470,486	293,856	5,308,935	(2,120,168)	(2,735,995)	3,496,990	5,737,789
Total, primary government	\$8,363,649	\$9,208,927	\$7,612,595	(\$4,344,875)	(\$8,214,554)	(\$3,680,747)	(\$21,935,262)	(\$6,012,511)	\$7,074,397	\$16,435,145



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



■ Total Reserved
■ Total Unreserved
■ Total Assigned
■ Total Unassigned

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$21,757,037	\$21,610,095	\$21,565,875	\$21,566,507	\$21,460,127					
Unreserved	17,954,473	20,026,623	21,845,434	21,782,963	20,817,474	\$21,438,707	\$238,031	\$178,570	\$186,129	\$194,403
Nonspendable						12,229,191	12,249,286	12,109,457	12,103,389	12,220,256
Assigned						9,265,602	9,039,548	11,522,227	11,838,923	15,059,052
Unassigned						\$42,933,500	\$21,526,865	\$23,810,254	\$24,128,441	\$27,473,711
Total General Fund	\$39,711,510	\$41,636,718	\$43,411,309	\$43,349,470	\$42,277,601	\$42,933,500	\$21,526,865	\$23,810,254	\$24,128,441	\$27,473,711
All Other Governmental Funds										
Reserved	\$23,828,456	\$23,997,000	\$27,576,108	\$25,361,720	\$26,791,488					
Unreserved, reported in:										
Special revenue funds	(28,624,382)	(28,488,626)	(23,682,598)	(20,036,126)	(20,313,715)					
Capital project funds	18,259,088	18,780,851	16,075,592	15,423,021	13,238,998					
Restricted						\$34,018,497	\$15,053,292	\$18,829,210	\$20,021,531	\$17,933,698
Assigned						11,973,786	12,211,293	11,698,471	11,873,724	15,906,433
Unassigned						(22,559,924)				
Total all other governmental funds	\$13,463,162	\$14,289,225	\$19,969,102	\$20,748,615	\$19,716,771	\$23,432,359	\$27,264,585	\$30,527,681	\$31,895,255	\$53,840,131
All Governmental Funds										
Total Reserved	\$45,585,493	\$45,607,095	\$49,141,983	\$46,928,227	\$48,251,615					
Total Unreserved	7,589,179	10,318,848	14,238,428	17,169,858	13,742,757	\$21,438,707	\$238,031	\$178,570	\$186,129	\$194,403
Total Nonspendable						34,018,497	15,053,292	18,829,210	20,021,531	17,933,698
Total Restricted						24,202,977	24,460,579	23,807,928	23,977,113	28,126,689
Total Assigned						(13,294,322)	9,039,548	11,522,227	11,838,923	15,059,052
Total Unassigned	\$53,174,672	\$55,925,943	\$63,380,411	\$64,098,085	\$61,994,372	\$66,365,859	\$48,791,450	\$54,337,935	\$56,023,696	\$61,313,842
Total All Governmental Funds	\$113,562,454	\$121,249,923	\$137,148,835	\$139,234,255	\$134,757,135	\$148,432,519	\$139,470,373	\$140,008,808	\$140,840,395	\$150,637,832

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

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

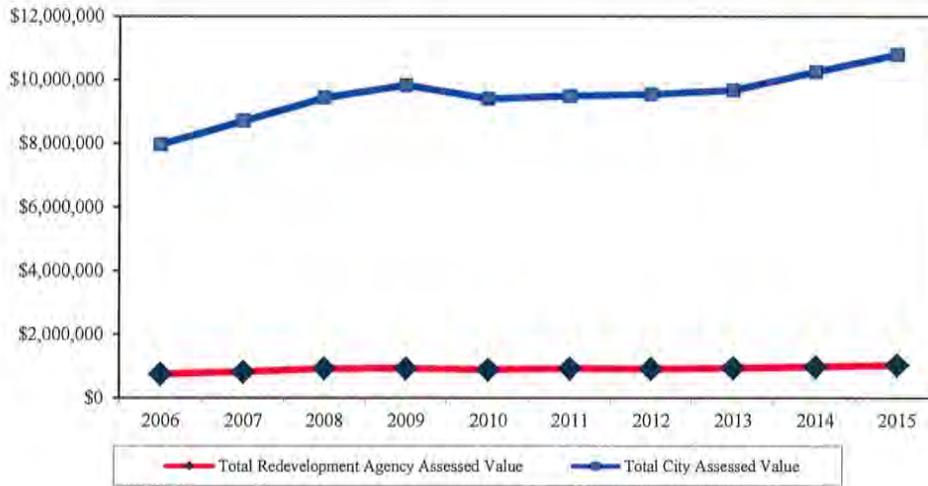
CITY OF DALY CITY
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Taxes	\$51,409,010	\$54,942,019	\$58,503,214	\$58,265,663
Licenses, permits and fees	1,779,575	1,850,696	1,558,126	1,728,788
Fines and forfeitures	2,527,979	2,106,353	1,986,902	2,638,628
Use of money and property	3,682,476	5,069,211	5,837,640	4,223,929
Intergovernmental revenues	11,217,670	8,267,077	8,736,129	4,887,424
Charges for services	7,347,459	7,037,911	6,853,338	8,133,070
Other	6,594,371	3,129,369	3,202,504	3,590,101
Total Revenues	<u>84,558,540</u>	<u>82,402,636</u>	<u>86,677,853</u>	<u>83,467,603</u>
Expenditures				
Current:				
General government	7,867,397	7,483,067	7,664,184	8,464,269
Public safety	34,747,286	37,591,200	40,150,051	41,096,189
Public works	6,111,691	5,766,831	5,790,515	5,627,447
Culture and recreation	12,132,440	13,361,317	14,189,456	14,993,277
Community development	14,053,768	8,089,467	6,854,996	9,193,905
Capital projects	12,009,663	9,754,278	6,209,739	4,645,217
Debt service:				
Principal repayment	361,522	256,767	272,150	287,785
Interest and fiscal charges	1,058,505	1,519,210	1,906,552	1,479,099
Total Expenditures	<u>88,342,272</u>	<u>83,822,137</u>	<u>83,037,643</u>	<u>85,787,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,783,732)</u>	<u>(1,419,501)</u>	<u>3,640,210</u>	<u>(2,319,585)</u>
Other Financing Sources (Uses)				
Sale of property				
Amount paid to State				
Transfers in	8,833,353	8,718,603	7,413,734	7,164,378
Transfers out	(6,658,468)	(5,769,183)	(6,079,476)	(4,127,119)
Loan proceeds		904,670	2,480,000	
Sale of capital assets	1,010,851	316,682		
Total other financing sources (uses)	<u>3,185,736</u>	<u>4,170,772</u>	<u>3,814,258</u>	<u>3,037,259</u>
Extraordinary items				
Assets transferred to/liabilities assumed by Successor Agency				
Net Change in fund balances	<u>(\$597,996)</u>	<u>\$2,751,271</u>	<u>\$7,454,468</u>	<u>\$717,674</u>
Debt service as a percentage of noncapital expenditures				
	1.8%	2.4%	2.8%	2.1%

For the Fiscal Year Ended June 30,

2010	2011	2012	2013	2014	2015
\$55,022,812	\$58,097,799	\$56,413,948	\$54,183,995	\$58,493,320	\$60,767,789
1,399,042	1,468,663	1,409,698	1,578,457	1,697,703	2,679,745
2,842,822	2,772,583	2,440,465	2,420,754	2,301,580	2,740,510
4,578,244	4,333,962	3,132,897	1,050,149	1,864,656	1,499,885
6,336,813	7,527,353	7,267,441	4,366,743	3,511,403	6,092,246
7,517,777	8,505,783	7,637,246	7,479,277	7,757,549	12,763,912
4,159,677	3,583,288	4,044,012	4,748,815	4,615,471	5,307,064
<u>81,857,187</u>	<u>86,289,431</u>	<u>82,345,707</u>	<u>75,828,190</u>	<u>80,241,682</u>	<u>91,851,151</u>
8,449,067	8,612,120	8,682,126	8,194,893	10,882,785	9,495,891
41,391,460	41,115,067	42,226,973	42,150,729	42,737,888	44,972,711
5,384,642	5,136,940	4,995,361	4,726,801	4,712,465	7,053,586
13,571,549	13,078,179	12,650,231	12,105,970	11,932,443	10,085,356
9,258,231	8,900,024	5,773,301	4,666,975	3,896,212	4,917,443
7,205,608	5,502,027	6,977,961	4,336,490	4,149,538	4,359,239
305,684	323,861	2,679,000	212,000	227,000	244,000
848,328	490,281	312,381	181,942	170,919	235,066
<u>86,414,569</u>	<u>83,158,499</u>	<u>84,297,334</u>	<u>76,575,800</u>	<u>78,709,250</u>	<u>81,363,292</u>
<u>(4,557,382)</u>	<u>3,130,932</u>	<u>(1,951,627)</u>	<u>(747,610)</u>	<u>1,532,432</u>	<u>10,487,859</u>
		5,787	18,057		(3,003,763)
					(3,750,000)
6,811,899	6,490,408	5,753,543	5,812,723	5,523,006	6,306,265
(4,358,230)	(5,249,853)	(2,838,147)	(2,903,573)	(5,369,677)	(4,750,215)
<u>2,453,669</u>	<u>1,240,555</u>	<u>2,921,183</u>	<u>2,927,207</u>	<u>153,329</u>	<u>(5,197,713)</u>
		(18,543,965)	3,366,888		
<u>(\$2,103,713)</u>	<u>\$4,371,487</u>	<u>(\$17,574,409)</u>	<u>\$5,546,485</u>	<u>\$1,685,761</u>	<u>\$5,290,146</u>
1.4%	1.0%	4.0%	0.5%	0.5%	0.6%

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

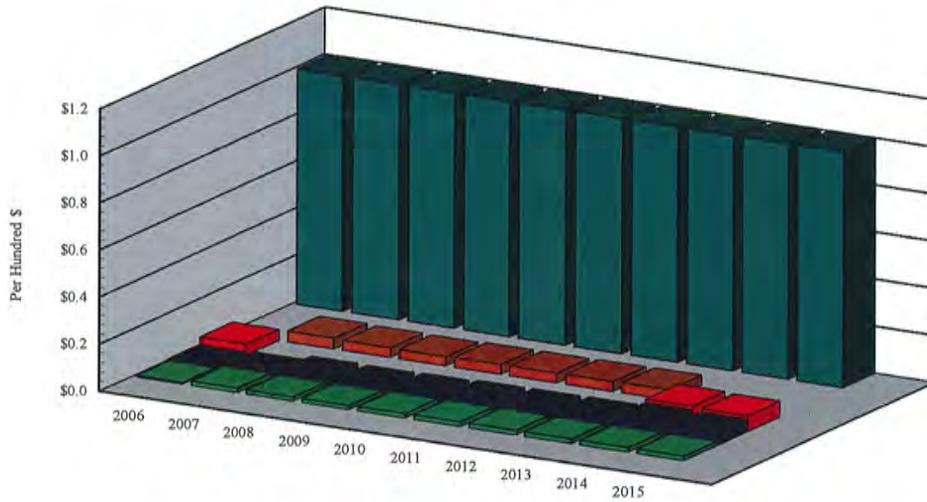


Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate (2)
	Secured	Unsecured	Exemptions	Total Assessed Value (1)	Secured	Unsecured	Exemptions	Total Assessed Value (1)	
2006	\$6,939,021	\$165,404	\$108,329	\$7,212,754	\$711,685	\$42,975	\$6,488	\$761,148	1.00%
2007	7,602,177	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%
2013	8,391,284	237,106	102,195	8,730,585	893,143	50,023	6,516	949,682	1.00%
2014	8,951,230	227,850	100,563	9,279,643	929,050	51,354	6,413	986,817	1.00%
2015	9,426,340	239,970	99,548	9,765,858	980,736	53,445	6,373	1,040,554	1.00%

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

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

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



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

Fiscal Year	Basic County Wide Levy	Jefferson Elementary School District	Jefferson High School District	San Mateo Junior College	So San Francisco Unified School District	Pacifica Elementary School	Total
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
2013	1.0000		0.0430	0.0194		0.0432	1.1056
2014	1.0000	0.0713	0.0574	0.0194			1.1481
2015	1.0000	0.0662	0.0530	0.0190			1.1382

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

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

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

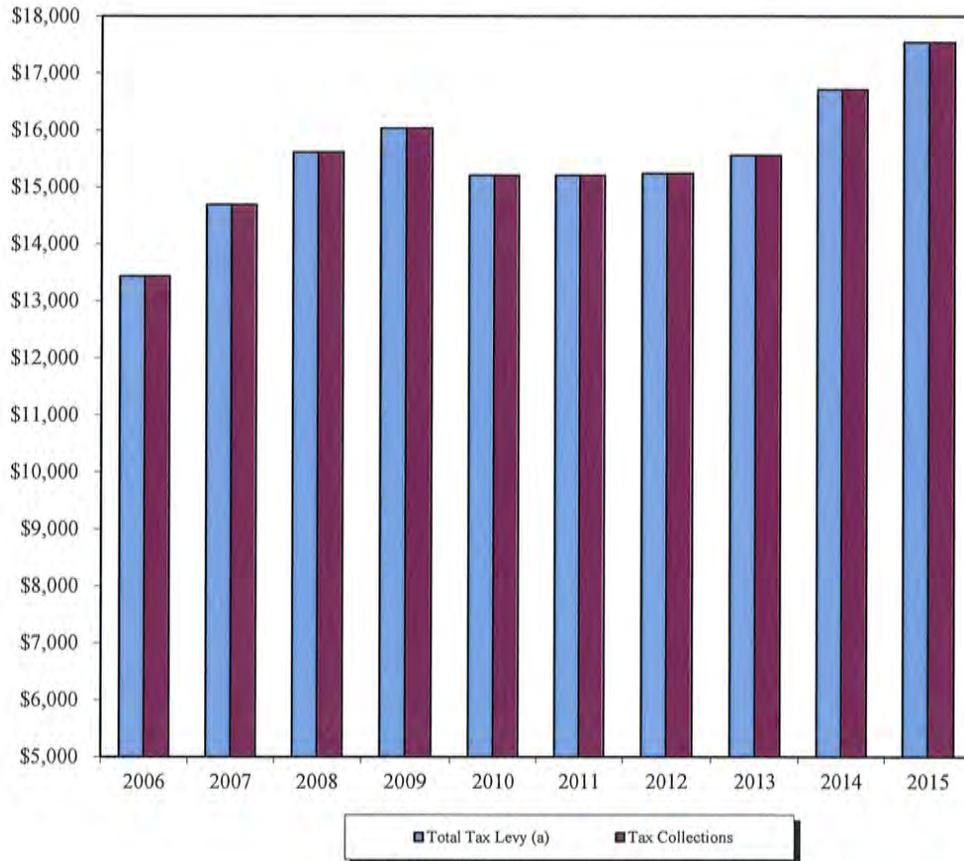
CITY OF DALY CITY
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2014-15</u>			<u>2005-2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Seton Medical Center	\$190,622,050	1	2.0%	\$179,170,724	1	2.5%
Daly City Serramonte Center, LLC	182,874,698	2	1.9%	136,117,960	2	1.9%
Westlake Kimco	156,851,286	3	1.7%	84,933,553	4	1.2%
Pacific Plaza	146,600,152	4	1.6%	127,000,000	3	1.8%
Westlake Associates (Apartments)	124,874,965	5	1.3%	41,783,577	6	0.6%
WASL - 165 Pierce	55,000,000	6	0.6%			
LINC Franciscan Mobile Home Park	50,684,365	7	0.5%	44,482,723	5	0.6%
Equity Hillside (88 Hillside)	40,547,473	8	0.4%			
Serramonte Corporate Center (Kaiser)	40,007,330	9	0.4%	35,183,901	7	0.5%
Daly City Skyline Associates	39,641,478	10	0.4%			
HPM Pacific Plaza LLC						
RMP Properties (Mission Plaza)						
John Daly Boulevard Associates, LP						
Met Life (Skyline Heights Apartments)				33,974,340	8	0.5%
Lavaca Portfolio Investors				30,849,100	9	0.4%
Daly City Partners (Serramonte Plaza)				29,186,190	10	0.4%
Subtotal	<u>\$1,027,703,797</u>		<u>10.9%</u>	<u>\$742,682,068</u>		<u>10.3%</u>

Total Assessed Valuation:
Fiscal Year 2014-2015 \$9,426,340,400
Fiscal Year 2005-2006 \$7,212,753,576

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)**



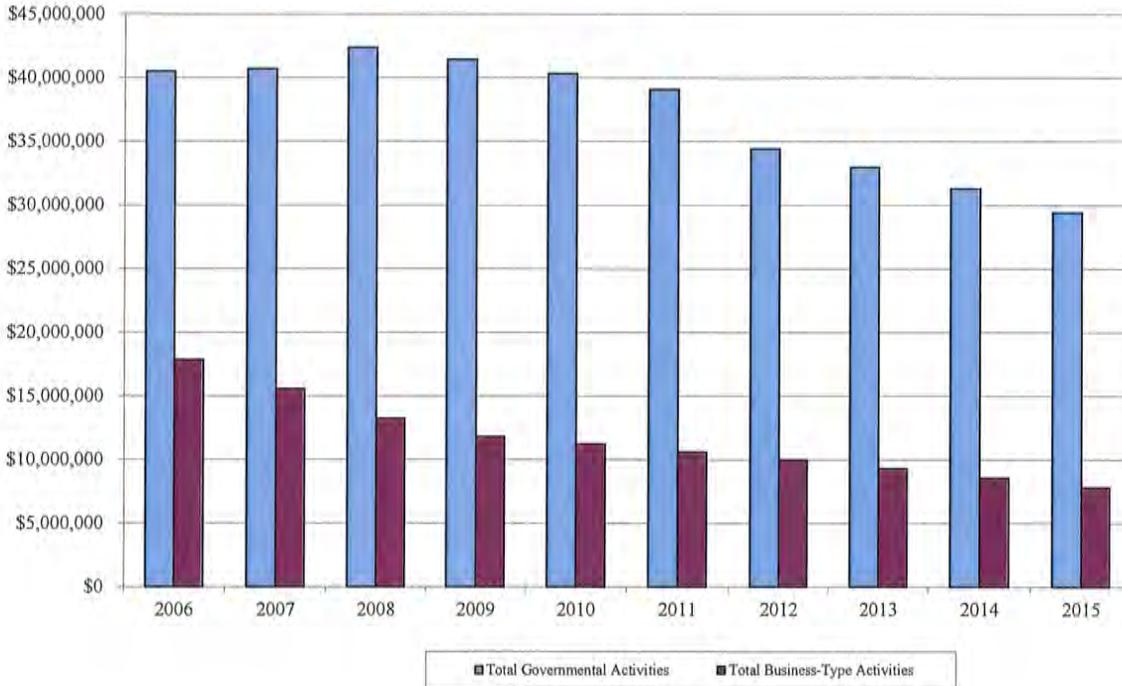
<u>Fiscal Year</u>	<u>Total Tax Levy (a)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2006	\$13,435	\$13,435	100.00%		\$13,435	100.00%
2007	14,693	14,693	100.00%		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%
2013	15,555	15,555	100.00%		15,555	100.00%
2014	16,713	16,713	100.00%		16,713	100.00%
2015	17,543	17,543	100.00%		17,543	100.00%

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	Governmental Activities		CHFA HELP Loan	Promissory Note	Total
			HUD Section 108 Loan	PERS Pension Obligation Bonds			
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			34,413,000
2013			3,141,000	29,810,000			32,951,000
2014			2,914,000	28,380,000			31,294,000
2015			2,670,000	26,755,000			29,425,000

Business-Type Activities

Fiscal Year	Business-Type Activities			State Water Resources Board Loan	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Sewer Certificates of Participation	Water Certificates of Participation	Water Revenue Bond					
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	44,385,805	1.51%	432.64
2013			\$6,330,000	2,963,246	9,293,246	42,244,246	1.43%	408.76
2014			5,815,000	2,748,449	8,563,449	39,857,449	1.33%	379.32
2015			5,290,000	2,528,282	7,818,282	37,243,282	n/a (b)	351.98

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, 2015**

2014-15 Assessed Valuation \$9,765,858,702

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>Total Debt</u> 06/30/15	<u>% Applicable (1)</u>	<u>City's Share of</u> Debt 06/30/15
San Mateo Community College District	\$664,859,994	5.892%	\$39,173,551
South San Francisco Unified School District	186,096,874	8.649%	16,095,519
Jefferson Union High School District	151,171,645	50.909%	76,959,973
Bayshore School District	3,000,000	77.116%	2,313,480
Brisbane School District	6,660,437	19.650%	1,308,776
Jefferson School District	76,150,000	85.667%	<u>65,235,421</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			 <u>201,086,720</u>
 <u>OVERLAPPING GENERAL FUND DEBT</u>			
San Mateo County General Fund Obligations	\$460,064,816	5.892%	27,107,019
San Mateo County Board of Education Certificates of Participation	10,430,000	5.892%	614,536
San Mateo County Flood Control District Certificates of Participation	21,435,000	27.053%	5,798,811
South San Francisco Unified School District Certificates of Participation	702,995	8.649%	<u>60,802</u>
 TOTAL OVERLAPPING GENERAL FUND DEBT			 <u>33,581,168</u>
 TOTAL OVERLAPPING DEBT			 <u>234,667,888</u>
 <u>DIRECT DEBT</u>			
City of Daly City Pension Obligation Bonds	\$26,755,000	100.000%	26,755,000
HUD Section 108 Loan	2,670,000	100.000%	2,670,000
 TOTAL DIRECT DEBT			 <u>29,425,000</u>
 COMBINED TOTAL DEBT			 <u><u>\$264,092,888</u></u> (2)

(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 2014-15 Assessed Valuation

Total Overlapping Tax and Assessment Debt	2.06%
Combined Total Debt	2.70%

Source: California Municipal Statistics, Inc.

**CITY OF DALY CITY
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2015**

ASSESSED VALUATION:

Total property assessed value, net of exempt real property	\$9,765,858,702
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$366,219,701
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$5,290,000
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Less: Tax Allocation Bonds and Certificate of Participation not subject to limit	5,290,000
---	-----------

Amount of debt subject to limit	0
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LEGAL BONDED DEBT MARGIN	\$366,219,701
--------------------------	---------------

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

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, 2015

<u>Category</u>	<u>Number of Connections</u>
Residential	21,794
Commercial	779
Government	95
Irrigation	252
Hydrant	16
Other	<u>-</u>
Total Connections	<u><u>22,936</u></u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
117 Gross Revenues (1)	<u>\$11,842,561</u>	<u>\$12,529,986</u>	<u>\$13,448,021</u>	<u>\$13,115,342</u>	<u>\$12,699,761</u>	<u>\$13,497,857</u>	<u>\$15,185,857</u>	<u>\$16,801,668</u>	<u>\$18,931,871</u>	<u>\$20,425,104</u>
Operating Expenses (including depreciation) (2)	8,270,821	8,848,516	10,382,294	11,111,591	10,637,744	10,424,358	12,718,342	13,910,737	13,276,951	14,354,432
Depreciation	(939,230)	(1,042,174)	(1,142,717)	(1,149,384)	(1,192,935)	(1,218,606)	(1,257,540)	(1,263,850)	(1,261,733)	(1,255,728)
Operating Transfers Out	<u>3,108,793</u>	<u>2,926,560</u>	<u>3,078,501</u>	<u>2,204,264</u>	<u>2,376,455</u>	<u>2,158,670</u>	<u>2,372,007</u>	<u>2,587,195</u>	<u>2,318,226</u>	<u>2,378,434</u>
Total Operating Expenses	<u>10,440,384</u>	<u>10,732,902</u>	<u>12,318,078</u>	<u>12,166,471</u>	<u>11,821,264</u>	<u>11,364,422</u>	<u>13,832,809</u>	<u>15,234,082</u>	<u>14,333,444</u>	<u>15,477,138</u>
Net Revenue Available for Debt	<u>\$1,402,177</u>	<u>\$1,797,084</u>	<u>\$1,129,943</u>	<u>\$948,871</u>	<u>\$878,497</u>	<u>\$2,133,435</u>	<u>\$1,353,048</u>	<u>\$1,567,586</u>	<u>\$4,598,427</u>	<u>\$4,947,966</u>
Total Debt Service Requirement	<u>\$754,534</u>	<u>\$754,034</u>	<u>\$753,234</u>	<u>\$755,284</u>	<u>\$751,809</u>	<u>\$751,996</u>	<u>\$751,621</u>	<u>\$649,531</u>	<u>\$647,050</u>	<u>\$647,750</u>
Coverage	1.86	2.38	1.50	1.26	1.17	2.84	1.80	2.41	7.11	7.63

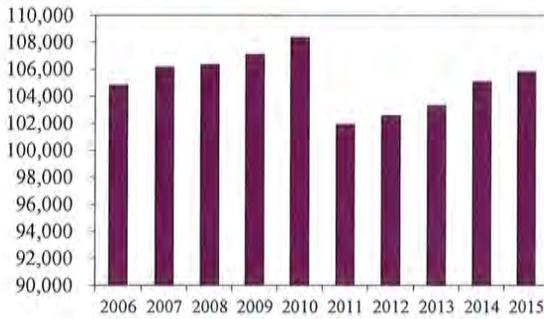
Notes:

- (1) Includes all Water Utility Operating Revenue, and Nonoperating Revenue including Nonoperating Interest Revenue
- (2) Includes all Water Utility Operating Expenses

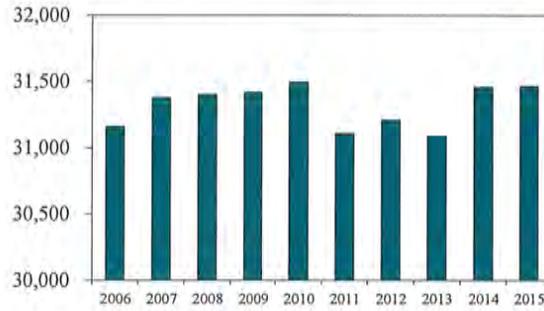
Source: City of Daly City Annual Financial Statements



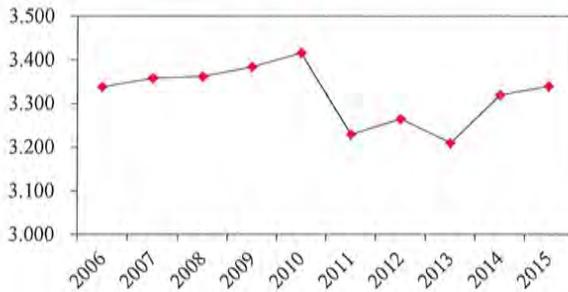
CITY OF DALY CITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS



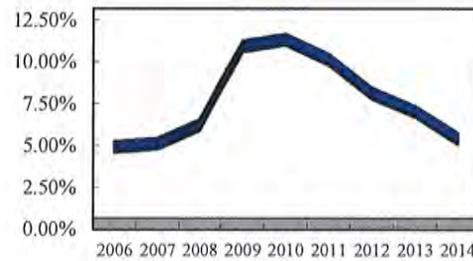
■ Daly City Population



■ Occupied Housing Units



◆ Persons per Occupied Housing Unit



■ Unemployment Rate Annual Average (%)

Year	Daly City Population as of January as of January (1)	Occupied Housing Units as of January (1)	Persons per Occupied Housing Unit (1)	Unemployment Rate Annual Average (%) (2)	Per Capita Personal Income (3)	Total Personal Income (3) (in thousands)	San Mateo County Population (1)	City Population % of County
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	7.8%	28,649	2,939,187	729,196	14.07%
2013	103,347	31,090	3.210	6.7%	28,498	2,945,183	735,678	14.05%
2014	105,076	31,460	3.320	5.1%	28,627	3,008,011	745,193	14.10%
2015	105,810	31,468	3.340	n/a	n/a	n/a	753,123	14.05%

Sources:

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

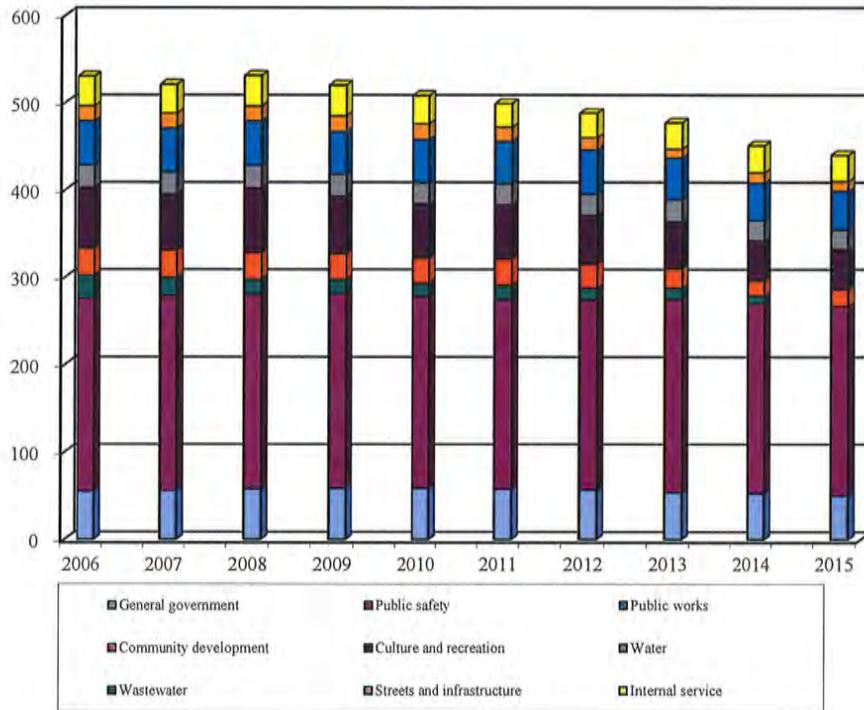
CITY OF DALY CITY
Principal Employers
Current Year and Nine Years Ago

Employer	2014-2015			2005-2006		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Seton Medical Center	1,326	1	9.6%	1,711	1	12.2%
Jefferson Elementary School District	706	2	5.1%	718	3	5.1%
City of Daly City	560	3	4.1%	766	2	5.5%
Jefferson High School District	500	4	3.6%	700	4	5.0%
Genesys Telecommunications Laboratory	500	5	3.6%	350	7	2.5%
Cow Palace	400	6	2.9%	345	8	2.5%
St. Francis Convalescent Pavilion	350	7	2.5%	350	6	2.5%
Target Stores - Serramonte	287	8	2.1%	330	9	2.4%
Pacific, Gas & Electric	278	9	2.0%			
Macy's	265	10	1.9%	296	10	2.1%
US Postal Service including Intl Mail Facility				584	5	4.2%
Subtotal	<u>5,172</u>		<u>37.5%</u>	<u>6,150</u>		<u>44.0%</u>
Total Daly City Employment	<u>13,795</u> (3)			<u>13,990</u> (2)		

Note: (1) Includes both full-time and part-time employees
(2) Based on 2007 Economic Census - data updated only every 5 years
(3) Based on 2012 Economic Census - data updated only every 5 years

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

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



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	55	56	58	59	59	58	57	54	53	50
Public safety	221	223	222	222	219	217	217	221	217	217
Public works	26	21	18	17	15	16	14	13	9	13
Community development	31	31	30	29	29	30	27	22	17	19
Culture and recreation	70	64	74	66	62	62	56	54	46	46
Water	25	25	26	25	24	24	24	25	23	22
Wastewater	51	51	51	49	50	49	51	48	43	45
Streets and infrastructure	17	17	17	18	18	16	14	10	12	11
Internal service	34	33	35	35	32	27	28	30	31	30
Total	530	521	531	520	508	499	488	477	451	453

Source: City of Daly City

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

	2006	2007	2008	2009	2010
Function/Program					
Public safety (calendar year data)					
Fire					
Fire calls for service	6,086	6,012	6,206	6,308	6,309
Fire inspections conducted	3,576	4,305	4,544	3,951	3,510
Police					
Police calls for service	79,953	75,190	81,375	55,098	75,970
Law violations					
Part I crimes	2,656	2,448	2,349	2,006	2,071
Part II crimes	4,807	4,607	4,082	4,428	4,791
Physical arrests (adults)	1,995	1,861	1,644	1,896	2,315
Physical arrests (juvenile)	479	481	365	333	316
Traffic violations	13,119	9,124	8,359	13,345	14,843
Parking violations	60,056	56,070	74,512	91,549	72,128
Public works					
Street repairs - asphalt patching (sq. ft.)	22,338	20,610	5,655	4,350	40,067
Street slurry seal (ft.)	49,141	63,659	65,472	79,960	57,250
Street resurfacing (ft.)	18,127	5,973	3,907	0	9,963
Traffic signal responses	98	83	93	71	67
Street light responses	444	407	402	393	371
Street signs replaced	689	548	1,796	436	560
Streets swept (miles)	21,346	21,754	19,629	17,956	19,956
Line striping and curb painting (linear ft.)	2,290	8,671	3,403	5,732	3,785
Sidewalks inspected (miles)	18	13	17	20	16
Weeds and rubbish responses	475	493	387	445	396
Culture and recreation					
Recreation					
Recreation class participants	9,600	7,500	10,000	8,000	7,500
Youth recreation playground program participants	900	900	900	900	500
Volunteer support hours	45,000	45,000	45,000	45,000	50,000
Senior meals served	21,229	21,130	22,218	24,804	23,821
Number of health fair events	6	4	0	2	2
Health fair events attendance	2,250	2,000	0	1,000	1,100
Facility rentals (non City events)	1,300	900	900	750	800
Library					
Volumes in collection - all formats	197,034	206,581	211,999	217,529	225,109
Total volumes borrowed	591,336	625,783	632,935	664,348	729,420
# of uses of electronic resources	151,316	185,068	200,601	207,800	234,308
Youth services program attendance	14,818	9,864	15,195	19,296	17,021
Water					
Water service connections	22,887	23,034	22,814	22,790	22,843
Water main breaks	49	58	55	72	60
Average daily consumption (thousands of gallons)	7,240	7,324	7,785	7,317	7,521
Wastewater					
Sewer service connections	23,087	29,000	29,000	29,000	29,000
Sewer main blockages	10	6	7	7	1
Average daily treatment (thousands of gallons)	7,436	7,370	7,270	6,820	6,817

Source: City of Daly City

Note: n/a denotes information not available.

2011	2012	2013	2014	2015
6,516	7,129	7,179	7,497	n/a
3,554	3,309	3,558	3,247	n/a
72,665	73,095	79,999	84,417	n/a
2,079	2,040	2,082	1,888	n/a
4,745	4,641	4,685	4,899	n/a
2,450	2,494	2,562	2,931	n/a
342	352	207	218	n/a
8,910	9,637	8,134	7,323	n/a
65,505	62,867	60,301	74,178	n/a
17,118	9,500	20,000	59,050	32,000
60,720	64,416	87,648	59,140	46,400
7,920	14,256	12,144	8,444	3,800
58	14	10	35	116
314	78	54	225	281
1,108	450	320	455	430
20,712	21,966	25,019	25,054	25,224
500	10,778	12,000	5,600	5,800
3	0	0	0	0
400	804	800	450	450
6,158	10,621	10,862	13,075	14,000
3,400	4,251	4,472	5,002	4,657
78,921	60,667	63,753	82,475	63,597
29,586	26,305	32,971	24,700	35,749
1	1	1	2	2
150	300	400	800	800
2,255	1,252	1,300	1,000	956
222,946	215,373	214,466	220,123	220,123
596,428	533,135	501,757	480,349	480,349
115,846	81,318	66,982	60,374	60,413
14,941	17,624	16,025	13,194	16,025
22,830	22,868	22,921	22,910	22,936
43	79	98	86	95
6,519	6,868	7,142	6,571	5,933
29,000	22,946	22,942	22,942	22,995
2	1	1	3	3
7,160	6,500	6,290	6,940	6,382

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

	2006	2007	2008	2009	2010
Function/Program					
Public safety					
Fire stations	5	5	5	5	5
Police stations	1	1	1	1	1
Police patrol vehicles	33	31	31	30	30
Public works					
Miles of streets	112	112	112	112	112
Street lights	3,200	3,200	3,200	3,200	3,200
Traffic signals (# of intersections)	40	40	40	40	40
Miles of storm drains	45	45	70	70	70
Culture and recreation					
Parks and recreation					
City parks	19	19	19	19	19
City parks acreage	200	200	200	200	200
Park trees	2,500	2,500	2,400	2,400	2,400
Playgrounds	26	26	26	26	26
Picnic areas	23	23	23	23	23
Tot lots	7	7	7	7	7
Dog off-leash areas	2	2	2	2	2
Street landscaped medians (miles)	21	21	21	21	21
Roadway landscaping acreage	500	500	500	500	500
Street trees	2,800	2,700	2,700	2,700	2,700
Community centers and clubhouses	12	12	12	12	12
Senior centers	1	1	1	1	1
Gymnasiums	3	3	4	4	4
Tennis courts	7	7	9	9	9
Artificial turf sports fields	1	1	1	1	1
Outdoor basketball courts	15	15	15	15	15
Baseball/softball diamonds	8	8	8	8	8
Soccer/football fields	1	1	1	1	1
Night sport lighted facilities	9	9	9	9	9
Library					
City Libraries (# of branches)	4	4	4	4	4
Water					
Miles of water mains	205	187	187	187	187
Fire hydrants	1,472	1,437	1,489	1,497	1,497
Storage capacity (thousands of gallons)	22,981	22,981	22,981	22,981	24,490
Wastewater					
Number of treatment plants	1	1	1	1	1
Miles of sanitary sewers	177	177	177	177	177
Miles of combined sewers	14	14	14	14	14
Treatment capacity (thousands of gallons)					
Dry weather	8,000	8,000	8,000	8,000	8,000
Wet weather	25,000	25,000	25,000	25,000	25,000

Source: City of Daly City

Note:

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

Fiscal Year June 30,

2011	2012	2013	2014	2015
5	5	5	5	5
1	1	1	1	1
29	30	32	31	31
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
19	19	19	19	19
200	200	200	200	200
2,400	2,400	2,300	2,300	4,144 (1)
26	26	26	26	26
23	23	23	23	23
7	7	7	7	7
2	2	2	2	2
21	21	21	21	21
500	500	500	500	500
2,700	2,700	2,675	2,675	3,067 (1)
12	12	12	12	12
1	1	1	1	1
4	4	4	3	3
9	9	9	9	9
1	1	1	1	1
15	15	15	15	15
8	8	8	8	8
1	1	1	1	1
9	9	6	6	6
4	4	4	4	4
187	187	187	187	187
1,497	1,497	1,497	1,497	1,497
24,490	24,490	24,490	24,490	23,512
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

