



Scenic Pacifica
Incorporated Nov. 22, 1957

CITY OF PACIFICA

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Understanding the State Auditor's Fiscal Health Analysis Report Regarding Pacifica

November 8, 2019

The California State Auditor Office (SAO) recently released a Fiscal Health Analysis of the State's 471 cities. This analysis ranked the City of Pacifica 28 out of 471 cities, on a scale of 1= financially sick and 471=well. While a ranking at 28 may seem concerning, it places Pacifica in the category of "moderate financial risk" along with 236 other cities, and there are several important points to understand about this analysis that the simple ranking does not convey.

First, the data utilized by the SAO to support their conclusion was based on financial information from Fiscal Year 2016–17. That is old data. During 2016-17, the City was in the final stages of shedding the impact of the prior recession. Since that time, under the leadership of the City Council, City Manager, and through the diligent work of excellent City staff, the City has implemented new revenue generating programs, began planning for future pension obligations, refinanced bond debt to reduce debt costs, maintained a professional and transparent budget development process, and has kept overall expenses within prudent levels that can be accommodated by the City's ongoing revenues. These efforts have resulted in increases in the City's General Fund Reserves, its cash position, and the City's bond ratings since 2016-17. In 2019, the City received an upgraded bond rating to AA+ from Standard and Poors.

The City is aware of the areas in its financial profile where improvement is needed, and has been, and will continue to be, diligent in addressing those issues to improve the City's financial health.