

City of San Pablo, California

Comprehensive Annual Financial Report

*For the Fiscal Year Ended
June 30, 2007*



CITY OF SAN PABLO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

PREPARED BY THE
FINANCE DEPARTMENT

**COVER PHOTOS: City Hall Fountain and
K-9 Officers Sandi White, Robert Richer and Alex Caine with
Ivan, Tango and Argos at Public Safety Day**

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For the Year Ended June 30, 2007

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FINANCE DEPARTMENT

September 13, 2007

Honorable Mayor and Members of the City Council
City of San Pablo, California

State law requires that all general-purpose local governments, within six months of the close of each fiscal year, publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to submit the City of San Pablo's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All material statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of San Pablo, City staff, creditors, investors and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements for the fiscal year ended June 30, 2007 have been audited by Maze & Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The

independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of San Pablo, California's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of San Pablo was incorporated as a general law city on April 27, 1948. The City operates under the Council-Manager form of government. The City Manager is responsible for the efficient implementation of Council policy and the effective administration of all City government affairs. The City Council is elected every four years and the Council elects its mayor annually.

San Pablo is located in West Contra Costa County on Interstate 80, minutes away from the Bay Area cultural centers of Berkeley, Oakland and San Francisco. Interstate 80 is the principal arterial route between the Bay Area and Sacramento.

The City provides a range of services, some of which are provided on a contractual basis. Contractual services with Contra Costa County include fire, animal control and building officials. Other contract services include street sweeping and major capital projects. The City provides a full range of services including police protection, recreational activities, community development, street improvements and maintenance services.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of San Pablo as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended components, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Redevelopment Agency (RDA) and the Joint Powers Financing Authority are reported as funds of the primary government in the Special Revenue, Capital Project and Debt Service Funds.

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds and the RDA capital projects fund are included in the annual appropriated budget. The Public Works Construction Capital Projects Fund is budgeted on a project-length basis. Encumbrances are used in conjunction with budget and expenditure

accounting at the time purchase orders are authorized, in order to ensure that no more than the amounts budgeted are expended. Monthly reports on expenditures and encumbrance activity are prepared to assist individual departments or divisions in controlling their budgets. The Finance Director reviews these reports for budgetary compliance.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Current Economic Conditions and Outlook:

San Pablo covers an area of approximately three square miles. The City has an estimated population of 30,965 and a total assessed property valuation of \$1,652,257,058. The area is characterized as an older bedroom community that is almost completely built out. All development that is done is through the reuse of existing properties.

Contra Costa College, located in San Pablo, provides a full AA degree curriculum and is widely respected for its ability to educate a diverse population and prepare them to transfer to a four year university.

Doctors Medical Center San Pablo is operated by the West Contra Costa Healthcare District, a public agency. Serving the community for more than fifty years, Doctors Medical Center has a 196-bed hospital in San Pablo with the largest ER in the West County area and the second busiest in Contra Costa County . Besides emergency services, Doctors Medical Center offers a full range of health services, including a regional cancer treatment center, a well known cardiac center, hyperbaric medicine center and orthopedics.

San Pablo Lytton Casino is a Native American Casino in San Pablo, California and is open 24 hours daily. The property has one restaurant and offers both card games and electronic bingo machines. The City relies heavily on Casino business revenue to support general fund operations. As such San Pablo is unique in the region and is not subject to the same variations in taxes that impact neighboring cities. Casino business taxes comprised 56% of general fund revenues for fiscal year 2006-07.

Utility user's tax decreased in fiscal 2007 due to the temporary reduction in rates from 7% to 5%. Sales tax and motor vehicle fees represent the other major general fund revenue producers and no variation is expected in the upcoming fiscal year.

After many years of minimal new construction, the City continues to see the impact of the new development that started in 2003. Old shopping centers that were largely abandoned have found new life as housing. Vacant lots that were being used as illegal dumping grounds now boast new houses. Median housing prices have increased by 6.4 percent. Older commercial areas are getting facelifts with façade improvements. All of this activity has resulted in current secured property taxes increasing 5.5 percent for the year. Current supplemental property taxes, which represent the change in property taxes when property is sold, increased by 96.9 percent. When incremental property taxes of the redevelopment agency are included, property taxes equal 37% of revenue for all governmental funds.

Major Initiatives:

The City of San Pablo is an active and vibrant community, with a municipal government that is proactive and prepared to respond to changes which are occurring. This year the City Council had a retreat at which time they formulated the major initiatives for the City. In fiscal year 2006-07, the City began or continued work on several capital projects including the following:

- ★ 23rd Street & Church Lane Reconstruction
- ★ Rumrill Boulevard Bridge Replacement
- ★ Bay view Roadway Reconstruction
- ★ San Pablo Dam Road Overlay
- ★ El Portal Drive Gateway
- ★ Corporation Yard Relocation
- ★ Storm Drain Outfall Repairs
- ★ Standard / University / Mason Roadway Resurfacing
- ★ 23rd Street Revitalization
- ★ Maple Hall Renovation
- ★ Wildcat Creek Restoration @ Maple Hall
- ★ 23rd Street Façade Renovation
- ★ Wanlass Park
- ★ Annual Slurry Seal Project

In addition the City assisted developers on the following projects:

- Abela Paseo for 125 units
- Simpson Housing for 150 affordable housing units

Cash Management Policies and Practices:

The City invests temporarily idle funds in accordance with the State Government Code and the Investment Policy adopted by the City Council. During the year, funds were invested in the Local Agency Investment Fund of the State of California, Federal Agency Issues, Commercial Paper, Money Market Funds composed of U. S. Government Securities and Mutual Funds.

The City's investment policy is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds. The primary objectives of San Pablo's investment activities are, in order of priority:

1. Safety of invested funds;
2. Maintain sufficient liquidity to meet all operating requirements; and
3. Attainment of a rate of return throughout budgetary and economic cycles, consistent with the first two objectives.

This investment policy is reviewed annually to ensure its consistency with respect to the overall objectives of safety, liquidity and yield, and its relevance to current laws and financial trends. Proposed amendments to the Policy are prepared by the Finance Director, and after review and approval by the City Manager, are forwarded to the City Council for consideration and approval.

Risk Management:

The City is a member of the Municipal Pooling Authority (MPA). The Authority was formed to allow member agencies to pool together to provide cost effectiveness risk management services and programs to member agencies. The MPA provides for liability coverage to a maximum of \$20 million and Workers' Compensation coverage to a maximum of \$200 million.

The City retains the risk for general liability in the amount of \$10,000 per claim and for all risk fire and property insurance up to \$5,000 per claim. The City provides fully-insured health plans through CalPERS and dental, life and long term disability programs through MPA.

Pension and Postemployment Benefits:

All full-time employees of the City are eligible to participate in the California Public Employees' Retirement System (CalPERS). CalPERS is an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Employees vest after five years of service and are eligible to receive benefits at age 50.

Retirees are also provided with medical coverage. To fund this benefit a trust fund has been set up with ICMA-RC and \$1,500,000 has been deposited into this fund. It is the intention of the City to make annual contributions until the actuarially determined unfunded liability is paid off.

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 San Pablo for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the eleventh consecutive year that the government has achieved 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.

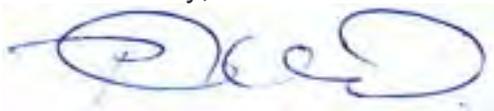
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Fiscal year 2005/2006 was the first year the City was not able to participate in the California Society of Municipal Finance Officers (CSMFO) Award Program for Outstanding Financial Reporting. The CSMFO Board of Directors determined that beginning with fiscal year 2005/2006 only agencies that did not participate in the GFOA award program were eligible to participate in the CSMFO program. Prior to this change in policy by the CSMFO, the City received the CSMFO Outstanding Financial Reporting award for the past eleven consecutive years.

I wish to acknowledge the excellent participation and professional contribution of the financial staff in the preparation of this document, in particular Mindy Charlup and Lynette Jackson, who are to be commended for their continued high level of performance. I would also like to express my appreciation to all departments within the City, who provided assistance and support.

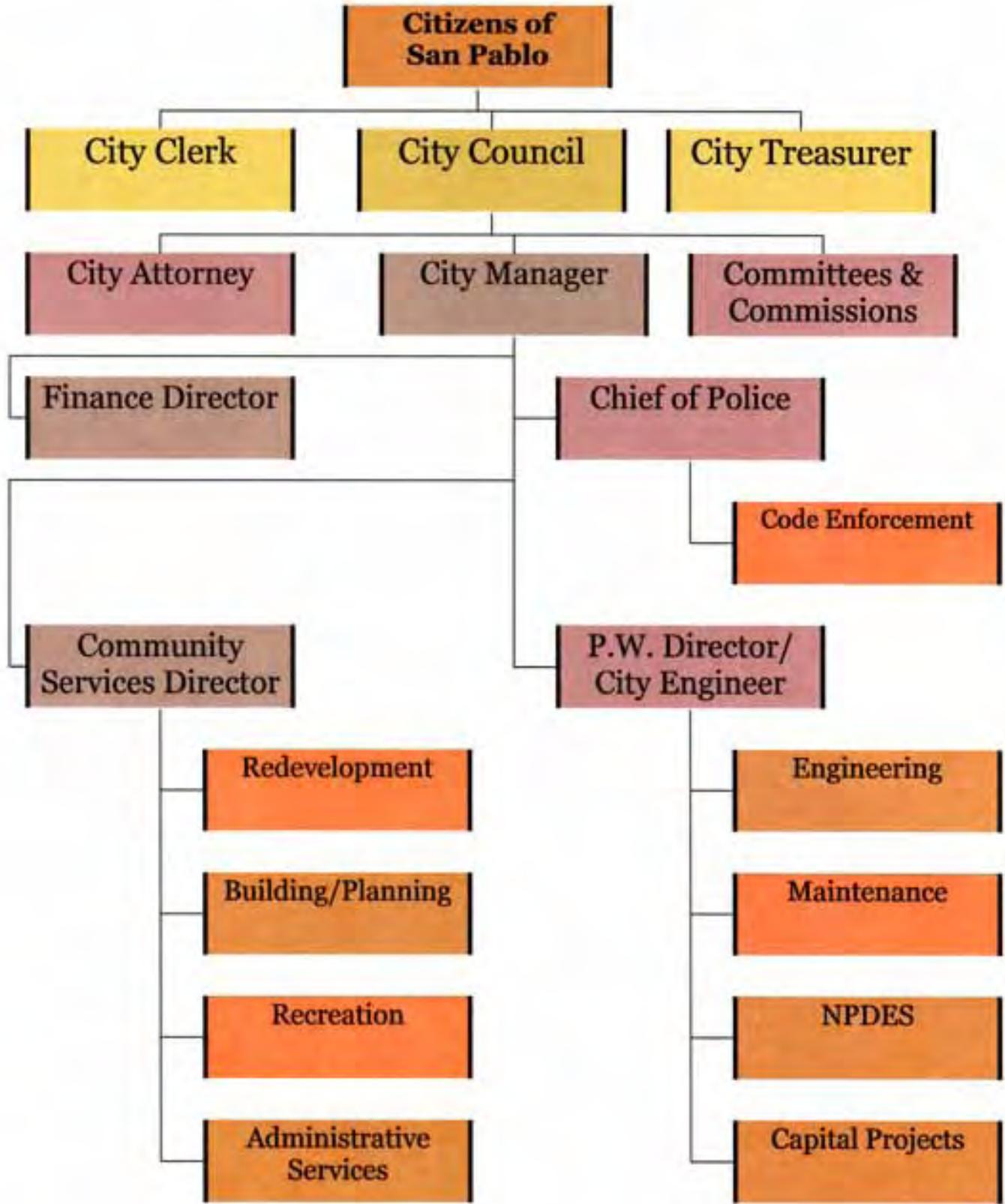
Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bradley J. Ward', is written over a light blue grid background.

CITY OF SAN PABLO
Bradley J. Ward
Finance Director

CITY OF SAN PABLO ORGANIZATION CHART



CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL

JUNE 30, 2007

ELECTED OFFICIALS

Mayor	Paul V. Morris
Vice Mayor	Sharon J. Brown
Council Member	Genoveva Garcia-Calloway
Council Member	Leonard McNeil
Council Member	Joseph M. Gomes
City Clerk	Ted J. Denney
City Treasurer	Charles Nicholas

ADMINISTRATIVE PERSONNEL

City Manager
City Attorney
Chief of Police
Finance Director

Brock Arner
Brian M. Libow
Joseph P Aita
Bradley J. Ward

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Pablo
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director

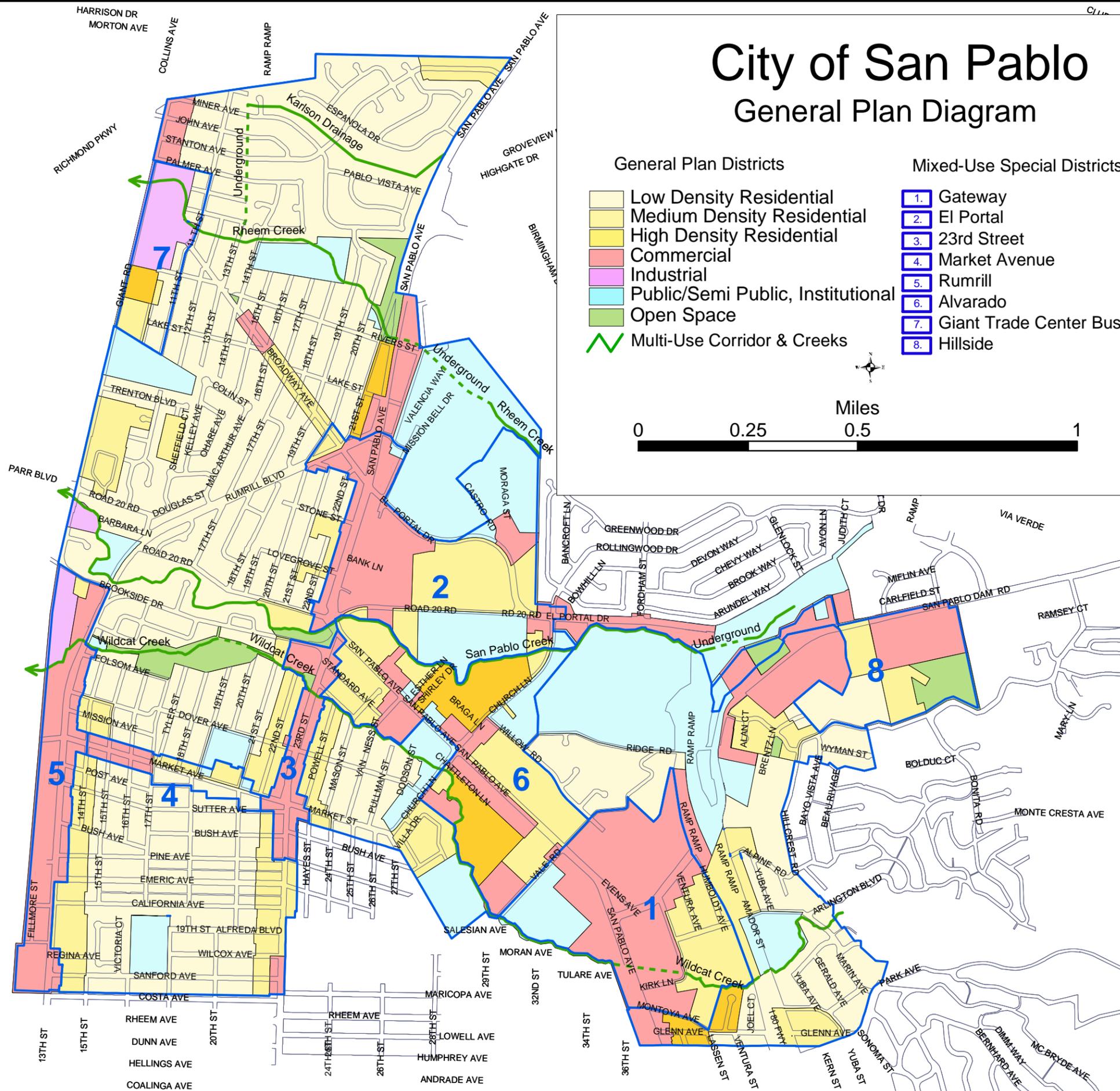
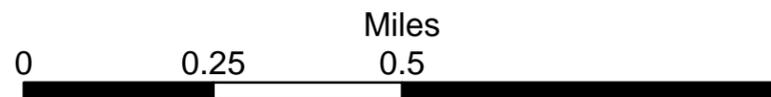
City of San Pablo General Plan Diagram

General Plan Districts

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Commercial
- Industrial
- Public/Semi Public, Institutional
- Open Space
- Multi-Use Corridor & Creeks

Mixed-Use Special Districts

- 1. Gateway
- 2. El Portal
- 3. 23rd Street
- 4. Market Avenue
- 5. Rumrill
- 6. Alvarado
- 7. Giant Trade Center Business Park
- 8. Hillside



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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

To the Honorable Mayor and City Council
City of San Pablo, California

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of San Pablo, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audit 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 as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

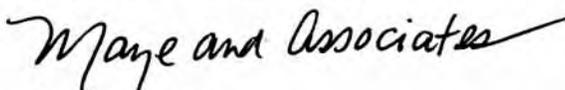
In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of San Pablo at June 30, 2007 and the respective results of its operation and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated August 17, 2007 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of San Pablo. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and statistical sections listed in the Table of Contents were not audited by us and we do not express an opinion on this information.



August 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion & Analysis is a discussion and analysis of the City's financial activities for the fiscal year. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

FISCAL 2007 FINANCIAL HIGHLIGHTS

Several major events occurred in Fiscal Year 2007 which affected the City's financial statements including: (1) the issuance of subordinate tax allocation bonds, (2) the sale of Redevelopment Agency property, and (3) the purchase of three properties (one being held for resale).

(1) The Redevelopment Agency of the City of San Pablo issued \$36 million of subordinate tax allocation bonds on October 1, 2006. Proceeds from these bonds were used to refund \$12.3 million of 1993 Tax Allocation Bonds, fund capitalized interest on a portion of the 2006 Bonds and certain capital improvements, satisfy the reserve account deposit required for these bonds and pay issuance costs.

(2) In 2001 the Redevelopment Agency of the City of San Pablo purchased the Community Resource Center and became landlord to the Library, East Bay Works, the Child Care facility and two spaces that were rented to private businesses. In addition, a large portion of the facility was rented to private parties for special events. This building was sold in December 2006 to Signature Properties for \$2.3 million.

(3) The Redevelopment Agency of the City of San Pablo purchased two properties: 2600 Moraga Road (\$2.3 million) and a site on Hillcrest Road (\$2.8 million) for a total of \$5.1 million. The property at 2600 Moraga Road, also known as the El Portal School site, is 8.947 acres and consists of a school site and multipurpose field. This property was acquired for open space and for use of the existing school buildings, parking lot and soccer field. The Hillcrest Road property consists of two parcels totaling 13.33 acres and was purchased for open space use only. The Agency also purchased property known as Mission Plaza to be held for resale for \$2.9 million.

These events account for most of the Fiscal Year 2007 financial highlights which include the following:

City-wide:

- The City's total net assets increased \$15.6 million in fiscal 2007. At June 30, 2007, net assets totaled \$63.8 million.
- City-wide revenues include program revenues of \$5.3 million and general revenues of \$39.3 million, totaling \$44.6 million, a \$7.4 million increase from the prior year.
- Total City-wide expenses were \$28.9 million, a \$4.3 million decrease from the prior year.

Fund Level:

- Governmental Fund balances increased \$27.8 million to \$98.5 million. Prepaids and deposits increased \$3.5 million, cash and investments increased \$3 million, restricted cash and investments increased \$20 million, and land held for resale increased \$2.9 million in fiscal 2007.
- Governmental Fund revenues increased \$7.2 million to \$44.2 million in fiscal 2007.
- Governmental Fund expenditures increased \$7.9 million to \$42.2 million in fiscal 2007, from fiscal 2006's level of \$34.3 million.
- General Fund revenues of \$20.8 million represent an increase of \$3.1 million over the fiscal 2006's revenues of \$17.7 million.
- General Fund balance of \$18.1 million at fiscal year end 2007 increased \$4.7 million from fiscal 2006's fund balance of \$13.4 million.

The Basic Financial Statements

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position—long-term and short-term.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Fund Financial Statements report the City's operations in more detail than the City-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, current assets, liabilities 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 Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The City acts solely as a depository agent for Special Assessment Districts and certain other entities. The fiduciary statements provide information about the cash balances and activities of these Special Assessment Districts and other entities. These statements are separate from, and their balances are excluded from, the City's financial statements.

The City-wide Financial Statements

All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works and engineering, recreation, public improvements, planning and zoning, and general administration services. These services are supported by general City revenues such as taxes, and by specific program revenues such as fees.

The City's governmental activities include the activities of the separate legal entities, the Redevelopment Agency of the City of San Pablo and the Joint Powers Financing Authority, because the City is financially accountable for the Agency and the Authority.

City-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

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 presented only in the City-wide financial statements.

The Fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of City's activities.

The City had three Major Funds in 2007 in addition to the General Fund: The Redevelopment Agency Low & Moderate Income Housing Fund, the Redevelopment Agency Projects Fund, and the Public Works Construction Fund each of which is discussed in detail below.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major funds that are Special Revenue Funds, which in the City's case includes the Redevelopment Agency Low & Moderate Income Housing Fund.

Fiduciary Statements

The City is the agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts' bond trustees. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net assets and changes in net assets of the City as a whole (Tables 1, 2 and 3), presented in the City-wide Statement of Net Assets and Statement of Activities that follow (the City has no proprietary activities).

Governmental Activities

Table 1
Governmental Net Assets at June 30
(in Millions)

	Governmental Activities	
	2007	2006
Cash and investments	\$69.50	\$46.50
Other assets	37.60	31.30
Capital assets	51.90	42.40
Total assets	159.00	120.20
Long-term debt outstanding	92.00	69.80
Other liabilities	3.20	2.20
Total liabilities	95.20	72.00
Net assets:		
Invested in capital assets, net of debt	14.20	0.40
Restricted ⁽¹⁾	28.20	25.50
Unrestricted ⁽¹⁾	21.40	22.30
Total net assets	\$63.80	\$48.20

⁽¹⁾ 2006 figures have been reclassified for comparative purposes.

The City's net assets increased \$15.6 million to \$63.8 million in 2007 from \$48.2 million in 2006. This increase in the Change in Net Assets is reflected in the Statement of Activities shown in Table 2 and is explained below:

- * Cash and investments increased \$23 million in 2007. Fiscal year 2007 included the issuance of \$36 million of Subordinate Tax Allocation Bonds Series 2006.
- * Other assets increased \$6.3 million in 2007 as a result of additional deposits of \$3.5 million with the State of California Condemnation Fund for the purchase of property and a \$2.9 million increase in property held for resale from the purchase of the Mission Plaza property.
- * Capital assets increased \$9.5 million in fiscal year 2007. This increase is attributable to additions of \$5.1 million in land purchases, \$2.9 million in construction in progress projects, and \$1.5 million increase in net capital assets being depreciated. As mentioned previously the Redevelopment Agency of the City of San Pablo purchased two properties, 2600 Moraga Road (\$2.3 million) and a site on Hillcrest Road (\$2.8 million) for a total of \$5.1 million. The lion's share of the increase in construction in progress is due to the Roadway Rehabilitation and 23rd Street Revitalization projects.

The \$1.5 million increase in net capital assets resulted from the completion of construction in progress projects, less current year depreciation and the retirement of the Community Resource Center which was sold.

- * Long-term debt increased \$22.2 million due to the issuance of Series 2006 bonds, the refunding of Series 1993 bonds and debt repayments (Note 8).
- * Other liabilities increased \$1 million, which is attributable to an increase in Accounts Payable. Of this \$1 million, over \$.9 million relate to payments accrued for capital projects.
- * Net assets invested in capital assets, net of related debt, increased \$13.8 million to \$14.2 million. This is the result of the City acquiring \$14.6 million of capital assets including the land purchases and construction projects discussed above, along with the retirement of the Community Resource Center (\$1.9 million).
- * Restricted net assets increased \$2.7 million in fiscal 2007. Debt service increased \$3.3 million and Capital Projects increased \$.4 million, while Restricted Redevelopment decreased \$1 million.
- * Unrestricted net assets of \$21.4 million represents liquid assets available to finance day-to-day operations and other expenditures approved by City Council. This decreased \$.8 million in fiscal 2007 as a result of the General Fund increasing \$4.7 million, Special Revenue funds increasing \$.2 million and Capital Projects Fund decreasing \$5.7 million.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Assets summarized below.

Table 2
Changes in Governmental Net Assets
(in Millions)

	<i>Governmental Activities</i>	
	2007	2006
Expenses		
General government	\$2.70	\$5.10
Community:		
Recreation	1.00	0.70
Development	4.10	6.20
Housing	.20	2.50
Public Works & Engineering	5.70	
Police	10.80	15.40
Interest and fiscal charges	4.50	3.30
Total expenses	<u>29.00</u>	<u>33.20</u>
Revenues		
Program revenues:		
Charges for services	1.60	1.60
Operating contributions and grants	1.90	2.00
Capital Grants	1.80	1.00
Total program revenues	<u>5.30</u>	<u>4.60</u>
General revenues:		
Taxes:		
Property taxes	1.40	1.40
Incremental (RDA) property taxes	15.00	11.40
Sales taxes	1.70	1.80
Utility tax	1.60	2.20
Other taxes	12.60	9.90
Business licenses (non-regulatory)	0.30	0.30
Motor vehicle in lieu	2.50	2.30
Use of money and property	3.30	2.70
Miscellaneous	0.90	0.60
Total general revenues	<u>39.30</u>	<u>32.60</u>
Total revenues	<u>44.60</u>	<u>37.20</u>
Change in net assets	15.60	4.00
Net Assets – Beginning	48.20	44.20
Net Assets – Ending	<u>\$63.80</u>	<u>\$48.20</u>

Table 2 shows total government revenues totaled \$44.6 million in fiscal 2007, an increase of \$7.4 million from 2006. A \$3.6 million increase in Incremental Property Taxes, \$2.7 million increase in Other Taxes, \$.8 million increase in Capital Grants and \$.6 million increase in Use of Money and Property, along with small increases and decreases in other revenue sources comprise this increase. RDA Incremental Property Tax increases of \$3.6 million are the result of the continual rise in assessed valuations. The \$2.7 million increase in Other Taxes is the result of increases in Casino San Pablo revenue. The \$.8 million increase in Capital Grants was due to monies received from the Department of Transportation for Federally Funded roadway rehabilitation projects. The \$.6 million increase in Use of money and property over the previous year is due to rising LAIF interest rates combined with increased cash balances from the 2006 Bond proceeds.

Governmental Activities

Table 3 presents the net cost of each of the City's largest programs—general government, community recreation, development and housing, public works and engineering, police and interest on long-term debt. Net cost is defined as total program cost less the revenues generated by those specific activities. Beginning in fiscal year 2007, Public Works & Engineering is a separate department, rather than included in Community Development and General Government departments as in the past.

Table 3
Governmental Activities
(in Millions)

	Net (Expense) Revenue From Services	
	2007	2006
General government	(\$2.60)	(\$3.20)
Community:		
Recreation	(0.90)	(0.60)
Development	(3.10)	(5.10)
Housing	0.40	(2.10)
Public Works & Engineering	(3.40)	
Police	(9.60)	(14.20)
Interest and fiscal charges	(4.50)	(3.30)
Totals	(\$23.70)	(\$28.50)

- General Government net expenses decreased \$.6 million in 2007. By eliminating Public Works and Engineering expenditures from General Government in 2007, a reduction in General Government net expenses occurred.
- Community Recreation net expenses increased in 2007 by \$.3 million. While program revenue increased in 2007, expenses also rose due to increased staffing and programs.
- Community Development net expenses decreased \$2 million in 2007. This decrease is due to Public Works and Engineering expenditures being transferred to their own program in 2007.
- Housing net expenses decreased \$2.5 million, resulting in net revenue of \$.4 million. Fiscal year 2006 included a loss on sale of property of \$2.4 million and 2007 included more housing loans repayments resulting in an increase in operating grants and contributions. These two items produced the decrease in Housing net expenses.
- Police net expenses decreased \$4.6 million in 2007. Fiscal year 2006 expenses included a \$5.1 million lump sum payment to CalPERS for public safety employees' unfunded liability and a \$.5 million payment toward OPEB funding, while 2007 only included a \$.3 million OPEB payment.
- Interest and fiscal charges net expenses increased \$1.2 million in 2007, as debt service increased and debt issuance expenses were incurred for the 2006 Subordinate Tax Allocation Bonds.

The City's Fund Financial Statements

Table 4 below summarizes activity and balances at the fund level:

Table 4
Financial Highlights at Fund Level at June 30
(in Millions)

	2007	2006
Total assets	\$106.20	\$77.00
Total liabilities	7.70	6.40
Total fund balances	98.50	70.70
Total revenues	44.20	37.00
Total expenditures	42.20	34.30
Total other financing sources (uses)	25.80	(2.10)

At June 30, 2007, the City's governmental funds reported combined fund balances of \$98.5 million, an increase of \$27.8 million compared with last year. This increase is comprised of the following: General Fund increased \$4.7 million, Redevelopment Low and Moderate Fund increased \$3.3 million, Redevelopment Agency Projects Fund increased \$21.8 million, Public Works Construction Fund decreased \$5.7 million and Other Governmental Funds increased \$3.7 million, which are discussed in detail below:

- ⊗ The General Fund increased \$4.7 million.
 - Revenue increased \$3.1 million (mostly from Other Taxes).
 - Expenditures decreased \$3.8 million:
 1. In 2006 a one-time \$5 million lump sum payment was made to CalPERS for public safety employees unfunded liability.
 2. In 2007 certain salaries and benefits were not allocated to the Redevelopment Agency as they had been in prior years.
 3. Transfers to fund capital projects increased \$1.3 million in 2007.

- ⊗ The Redevelopment Low and Moderate fund balance increased \$3.3 million.
 - Last year there was a \$2.4 million loss on the sale of property.
 - The 20% set aside was \$.5 million more in 2007 than 2006.
 - 2006 expenditures included \$1 million more in loans than in 2007, including the EBALDC loan.

- ⊗ The Redevelopment Agency Projects Fund increased \$21.8 million.
 - \$36 million of bonds were issued in fiscal 2007.
 - The Community Resource Center was sold to a developer for \$2.4 million.
 - Three properties were purchased for \$8 million (one being held for resale).
 - Incremental property taxes increased \$2.8 million, primarily due to increased assessed valuation.
 - Expenditures decreased as administrative overhead was not allocated to the Redevelopment Agency in 2007, as discussed above.

- ⊗ The Public Works Construction Fund decreased \$5.7 million.
 - Capital Outlay increased \$6 million
 - Net transfers in from other funds to cover projects was \$3.5 million less in 2007
 - Intergovernmental revenue was \$.7 million more in 2007

- ⊗ Other Government Funds increased \$3.7 million.
 - Measure C Fund balance increased \$.5 million as no transfers out to fund capital projects were made in 2007
 - Merged Project Area 1993 Subordinate Tax Allocations Bonds decreased \$5 million due to the refunding of these bonds
 - 2001 Tax Allocation Bonds fund balance increased \$4.8 million as a result of transfers in related to the issuance of the 2006 bonds and refunding of the 1993 bonds
 - 2006 Subordinate Tax Allocation Bonds fund balance increased \$3.5 million due to the issuance of these bonds
 - The other Non-major fund balances had small fluctuations in 2007

Revenues at the fund level increased \$7.2 million this year to a new high of \$44.2 million. This increase is due to the following: \$2.7 million increase in Other Taxes (primarily Casino taxes), \$3.5 million increase in Incremental Property Taxes (including 2006 ERAF offset), \$.5 million increase in Intergovernmental revenue, and \$.8 million increase in Use of Money and Property due to increasing interest rates. Charges for services decreased \$.3 million.

Expenditures at the fund level increased \$7.9 million this year. General fund expenditures decreased \$3.8 million due to the one-time 2006 payment to CalPERS for public safety employees. A reduction in loans made from the Redevelopment Low and Moderate fund caused this fund's expenditures to decrease \$1 million. Land purchases of \$5.1 million were the major reason for expenditures in the Redevelopment Agency Projects Fund increasing \$5.4 million. The Public Works Fund's expenditures increased \$6 million as a result of increased project activity. Lastly, debt service in the 1993 Bonds Fund increased \$1.2 million due to the refunding of these bonds.

Other Financing Sources at the fund level increased \$27.9 million in 2007. This is primarily attributable to the issuance of the 2006 Bonds.

Analyses of Major Governmental Funds

General Fund

General Fund revenues increased \$3.1 million this fiscal year. The lion's share of this increase is from Casino San Pablo gaming tax revenue which is included in Other Taxes. The other General Fund revenue items had minor fluctuations. Revenues generally exceeded budgeted amounts, as the City budgets revenues conservatively.

General Fund expenditures decreased \$3.8 million in fiscal year 2007. \$4.8 million of this decrease is attributable to Police expenditures, \$.1 million to Capital Outlay, offset with General Government expenditure increases of \$.8 million and Recreation increases of \$.3 million. Police expenditures decreased \$4.8 million because 2006 included a one-time CalPERS unfunded liability expense for sworn employees. Capital Outlay decreased in 2007 as fiscal 2006 included the purchase of a new financial system. General Government increased because in prior years salaries and benefits were allocated in part to the Redevelopment Agency. Beginning in fiscal year 2007 General Government salaries and benefits were fully absorbed in the General Fund. Recreation expenditures increased due to increased staffing and programs, classes and events.

At June 30, 2007, the General Fund Balance was \$18 million, \$15 million of which was undesignated.

Budget Variations

Revenue

The original budgeted amounts for General Fund revenues varied from final budgeted amounts by \$.8 million. At mid year budgeted Other Taxes was increased by \$.7 million, as revenue from Casino San Pablo was estimated to be more than originally budgeted. Budgeted amounts for Use of Money and Property were also adjusted at mid year by \$.1 million. Interest earned on LAIF investments was expected to be more than originally budgeted.

Actual revenue received was \$2.2 million higher than final budgeted amounts. The City budgets revenue conservatively due to the uncertainties in the State economy and the effect these uncertainties could have on the City. The positive variance is comprised of \$1 million in Other Taxes, \$.5 million in Motor Vehicle In Lieu, \$.3 million in both Property Taxes and Use of Money and Property, and \$.2 million in Intergovernmental – Other. There was a negative variance of \$.1 million in Sales Taxes.

Additional revenue received from Casino San Pablo represented the \$1 million positive variance in Other Taxes. While budgeted Other Taxes was increased by \$.7 million at mid year, this increase was not sufficient to properly reflect actual revenue. Revenue from Casino San Pablo is a difficult item to budget as it is based on discretionary spending.

The positive variance of \$.5 million in Motor Vehicle In Lieu is due to the triple flip VLF swap received from the State of California. Both the 04/05 and the 05/06 flip were received in fiscal year 2007 and this was not predicted while budgeting.

Property taxes received were \$.3 million more than budgeted as supplemental property taxes increased \$.2 million and there was no ERAF shift in 2007, neither of which was expected when budgeting.

Rising interest rates and more facility rentals caused the \$.3 million positive variance in the Use of Money and Property. The mid year increase in budgeted Use of Money and Property of \$.1 million was conservative and not sufficient to account for the overall increase.

Mandated costs reimbursements from the State of California of \$.1 million and grants of \$.1 million received in 2007 were not expected and thus not budgeted for.

Actual Sales Taxes were under budget by \$.1 million as the City's major sales tax producer was closed most of the fiscal year due to new ownership and remodeling took longer than anticipated.

Expenditures

General Fund final budgeted expenditures were \$.3 million higher than original budgeted figures. This variance is from General Government expenditures and is due to additional appropriations made for payment to the Contra Costa County Fire Protection District for provision of automatic aid (\$.2 million) and numerous mid year adjustments (\$.1 million) for other expenditures.

The actual General Fund expenditures were less than final budget by \$1.6 million (General Government \$.5 million, Recreation \$.2 million, Police \$.7 million and Capital Outlay \$.2 million).

- ✧ General Government - the \$.2 million expenditure to the Contra Costa County Fire Protection District did not occur in Fiscal 2007 as anticipated, Information Technology did not incur all of the network related expenditures expected (\$.1 million), the new financial software system cost less than anticipated (\$.1 million), and the City Manager and City Attorney did not incur professional services as expected (\$.1 million).
- ✧ Recreation - \$.1 million of part time salaries were budgeted for summer and school year programs however the staffing was not needed. In addition, \$.1 million of budgeted expenditures for programs did not occur.
- ✧ Police - \$.5 million of salaries and benefits were budgeted for the hiring of five new positions, however personnel resigned and at the end of fiscal 2007 the department was down six positions. In addition, \$.2 million of professional services budgeted for radio dispatch was not billed nor expended during fiscal 2007.
- ✧ Capital Outlay - Information Technology did not acquire all of the equipment budgeted (\$.1 million), various other General Government departments had planned on purchasing furniture and equipment during fiscal 2007, however this did not occur (\$.1 million).

Net transfers out of the General Fund were budgeted at \$3.1 million however actual net transfers were only \$2.1 million, as the General Fund did not need to cover revenue shortfalls in other funds to the extent anticipated – thus the positive variance of \$1.0 million.

Redevelopment Agency Projects

Redevelopment Agency Projects Fund revenues increased \$3.5 million this fiscal year. Incremental Property Tax revenues increased to \$2.8 million in fiscal 2007, as assessed valuations continued to rise. Revenues from Use of Money and Property decreased \$.1 million in 2007. This decrease is comprised of an increase in interest and a decrease in rental income due to the sale of the Community Resource Center.

Expenditures of the Redevelopment Agency Projects Fund decreased \$.5 million in fiscal year 2007. This decrease is due a combination of factors:

- Community Development expenditures decreased \$.7 million because administrative overhead was allocated to the General Fund rather than the Redevelopment Agency as in previous years.
- Capital Outlay in 2007 is \$.7 million less than 2006. This is due to the Agency purchasing fewer properties in 2007 than in 2006.
- Debt Service increased \$1 million in 2007 due to debt issuance charges.

Redevelopment Agency Low & Moderate Income Housing

This Fund accounts for the portion of property tax increment required under California law to be set aside to fund low and moderate income housing expenditures. The City's residential and commercial loan program for low and moderate income residents and similar loans to non-profit corporations developing such housing are accounted for in this Fund. New loans are accounted for as expenditures and repayments on loans are accounted for as revenues. The balance of outstanding loans is recorded as a receivable, with an offsetting credit to deferred revenue.

At the end of fiscal 2007, the outstanding balances of such loans were \$5.4 million, up \$.2 million from fiscal 2006. This balance includes loans of \$1.3 million for First Time Homebuyers, \$1.2 million to finance a 55 unit senior housing complex, \$1.3 million for construction of 82 low-income rental units for seniors and a \$1.6 million construction loan for 84 affordable rental units.

Principal payments and in many cases interest payments are deferred on these low and moderate income loans until the property is sold or re-financed, and are not considered revenues until they are received. Principal and interest on loans to non-profit developers of such properties typically are at below-market rates and payments are deferred for considerable periods of years to assist these non-profit organizations in their efforts to develop such housing. All these loans are secured by deeds of trust on the underlying property, and if the facilities constructed with these loans are not used for the purposes intended, the loans become due and payable immediately.

The Fund's fiscal year end Fund Balance of \$7.2 million is entirely reserved to fund future low and moderate income housing expenditures.

Public Works Construction Fund

This Capital Projects Fund accounts for major City capital improvement projects. The Public Works Construction Fund is budgeted on a project length basis and therefore is not comparable on an annual basis.

Revenue received in 2007 represents funding for projects from the State of California and Contra Costa County in the amount of \$1.2 million, up \$.7 million from the prior year. Expenditures for fiscal year 2007 were \$8.7 million, up \$6 million from fiscal year 2006. In fiscal year 2007, work was done on several projects, including road rehabilitation and revitalization projects totaling \$6.8 million. Other projects included Wanlass Park \$.7 million, El Portal Gateway Streetscape \$.4 million, Senior Center kitchen upgrades \$.4 million, Davis Park Community Center \$.1 million and Corporation Yard relocation \$.2 million. Net transfers into the Public Works Construction Fund were \$1.8 million in fiscal year 2007, down \$3.5 million from fiscal year 2006.

Other Governmental Funds

These funds are not presented separately in the Basic Financial statements, but are individually presented as Supplemental Information.

CAPITAL ASSETS

At the end of fiscal 2007 the cost of infrastructure and other capital assets recorded on the City's financial statements are shown in Table 5 below (further detail may be found in Note 7 to the financial statements):

Table 5
Capital Assets at Year-end
(in Millions)

	<u>2007</u>	<u>2006</u>
Land and land improvements	\$7.80	\$2.70
Construction in progress	8.20	5.30
Buildings and improvements	9.70	10.70
Machinery and equipment	2.40	2.30
Vehicles	2.10	1.80
Park and trail improvements	0.30	0.30
Sports fields	1.50	0.60
Roads & streets including sidewalks	44.90	41.20
Bridges	5.50	5.50
Street lights	0.30	0.30
Storm drains	1.80	1.80
Traffic signals	1.80	1.70
Trees	1.20	1.20
Less accumulated depreciation	<u>(35.60)</u>	<u>(33.00)</u>
Totals	<u>\$51.90</u>	<u>\$42.40</u>

The principal additions in fiscal 2007 were \$5.1 million to Land and \$2.9 million to Construction in Progress. The increase of \$3.7 million to Roads and Streets (which includes street overlay, resurfacing and roadway rehabilitation projects) represents prior year Construction in Progress projects that were completed in fiscal 2007 and transferred to Roads and Streets capital assets.

The City depreciates all its capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets and depreciable lives may be found in Note 7.

DEBT ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 8 to the financial statements. In fiscal 2007, the City's debt comprised:

Table 6
Outstanding Debt
(in Millions)

	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
Governmental Activity Debt:		
Merged Project Area, Subordinate Series 1993, 2.6-6.25%, due 12/01/2023	\$.00	\$12.30
Tenth Township Redevelopment Project Subordinate Tax Allocation Bonds Series 1999A 3.75-5.65%, due 12/01/2023	7.50	8.00
Tax Allocation Revenue Bonds Series 2001		
Current Interest Serial Bonds 3.25-4.85%, due 12/01/2018	5.50	6.00
Current Interest Term Bonds 5.00%, due 12/01/2029	2.30	2.30
Capital Appreciation Bonds 5.66-5.68%, due 12/01/2029	4.00	3.80
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2032	36.60	37.40
Subordinate Tax Allocation Bonds Series 2006 Variable rate, due 12/01/2032	36.00	.00
Total Governmental Activity Debt	<u>\$91.90</u>	<u>\$69.80</u>

SPECIAL ASSESSMENT DISTRICT DEBT

Special assessment districts in different parts of the City have also issued debt to finance infrastructure and facilities construction entirely in those districts. At June 30, 2007, a total of \$5.1 million in special assessment district debt was outstanding, issued by two special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 Finance Department, at 13831 San Pablo Avenue, San Pablo, CA 94806.

<p style="text-align: center;">STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES</p>

The Statement of Net Assets and the Statement of Activities summarize the entire City’s financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City’s assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City’s transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City’s total assets and the City’s total liabilities, including all the City’s capital assets and all its long-term debt. The Statement of Net Assets presents information in a way that focuses the reader on the composition of the City’s net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City’s Governmental Activities in a single column.

The City’s Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds.

The Statement of Activities reports increases and decreases in the City’s net assets. It is also prepared on the full accrual basis, which means it includes all the City’s revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City’s expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The City’s general revenues are then listed in the Governmental Activities and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of San Pablo, the City of San Pablo Joint Powers Financing Authority and the City of San Pablo Retiree Health Savings Plan. These entities are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the Agency’s and the Authority’s activities.

CITY OF SAN PABLO
STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and investments available for operations (Note 3)	\$43,789,911
Restricted cash and investments (Note 3)	25,680,831
Interest receivable	716,046
Accounts receivable	1,096,682
Due from other governments	425,306
Prepays and deposits (Note 1G)	17,368,547
Employee loans receivable (Note 5A)	12,272
Notes receivable under	
Redevelopment Agency programs (Note 5B)	5,958,796
Net OPEB asset (Note 11C)	921,415
Property held for resale (Note 6)	11,124,171
Capital assets (Note 7)	
Land and construction in progress	15,933,683
Depreciable capital assets, net	<u>36,007,488</u>
Total assets	<u>159,035,148</u>
LIABILITIES	
Accounts payable and accrued liabilities	2,799,014
Claims payable (Note 13)	60,749
Grant funds received in advance	213,921
Interest payable	193,521
Noncurrent liabilities (Note 8)	
Due within one year	1,795,000
Due in more than one year	<u>90,132,978</u>
Total liabilities	<u>95,195,183</u>
NET ASSETS (Note 10)	
Invested in capital assets, net of related debt	<u>14,162,898</u>
Restricted for:	
Capital projects	1,347,753
Debt service	8,744,710
Redevelopment	<u>18,141,864</u>
Total restricted net assets	<u>28,234,327</u>
Unrestricted net assets	<u>21,442,740</u>
Total net assets	<u><u>\$63,839,965</u></u>

See accompanying notes to financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities:					
General Government	\$2,632,986	\$22,805			(\$2,610,181)
Community:					
Recreation	989,126	117,752			(871,374)
Development	4,140,354	556,322	\$172,469	\$339,257	(3,072,306)
Housing	228,296		600,035		371,739
Public Works & Engineering	5,674,920	130,443	673,565	1,454,019	(3,416,893)
Police	10,772,050	724,871	481,445		(9,565,734)
Interest and fiscal charges	4,498,283				(4,498,283)
Total Governmental Activities	<u>\$28,936,015</u>	<u>\$1,552,193</u>	<u>\$1,927,514</u>	<u>\$1,793,276</u>	<u>(23,663,032)</u>
General revenues:					
Taxes:					
Property taxes					1,389,901
Incremental property taxes					14,959,091
Sales taxes					1,304,189
In-lieu sales tax					396,968
Utility taxes					1,594,338
Other taxes					12,649,876
Intergovernmental unrestricted:					
Motor vehicle in lieu fees					2,476,028
Business licenses (nonregulatory)					326,195
Use of money and property					3,306,358
Gain on sale of property					497,534
Miscellaneous					378,792
Total general revenues					<u>39,279,270</u>
Change in Net Assets					15,616,238
Net Assets-Beginning					<u>48,223,727</u>
Net Assets-Ending					<u>\$63,839,965</u>

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City for fiscal 2007. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this Fund are property taxes, sales taxes, utility users tax, franchise fees, business licenses, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for public safety, recreation, and the other services described above.

REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING

This fund accounts for the twenty percent housing set-aside from the tax increment proceeds from the Tenth Township Project Area and the Legacy Project Area, the Redevelopment Agency's two project areas. This set-aside is required by California redevelopment law, and must be used to provide housing for people with low and moderate incomes.

REDEVELOPMENT AGENCY PROJECTS

This fund accounts for capital projects in the Tenth Township Project Redevelopment Area and in the Legacy Project Redevelopment Area.

PUBLIC WORKS CONSTRUCTION

This fund accounts for major City capital improvement projects.

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General	Redevelopment Agency Low and Moderate Income Housing	Redevelopment Agency Projects	Public Works Construction	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments available for operations (Note 3)	\$16,987,630	\$7,196,411	\$13,487,798	\$4,443,423	\$1,674,649	\$43,789,911
Restricted cash and investments (Note 3)			16,809,665		8,871,166	25,680,831
Interest receivable	207,530	64,928	364,905		78,683	716,046
Accounts receivable	1,057,356				39,326	1,096,682
Due from other governments	331,488		20,868	45,100	27,850	425,306
Prepays and deposits (Note 1G)	18,547		17,350,000			17,368,547
Employee loans receivable (Note 5A)	12,272					12,272
Notes receivable under Redevelopment Agency programs (Note 5B)		5,369,330	589,466			5,958,796
Property held for resale (Note 6)			11,124,171			11,124,171
Total Assets	\$18,614,823	\$12,630,669	\$59,746,873	\$4,488,523	\$10,691,674	\$106,172,562
LIABILITIES						
Accounts payable and accrued liabilities	\$556,658	\$37,683	\$48,290	\$922,779	\$147,115	\$1,712,525
Grant funds received in advance					213,921	213,921
Deferred revenue		5,369,330	350,178	45,100		5,764,608
Total Liabilities	556,658	5,407,013	398,468	967,879	361,036	7,691,054
FUND BALANCES						
Fund balance (Note 10)						
Reserved for debt service					8,938,231	8,938,231
Reserved for employee loans receivable and notes Receivable under Redevelopment Agency programs	12,272		239,288			251,560
Reserved for property held for resale			11,124,171			11,124,171
Reserved for encumbrances	14,511		7,255	2,725,283	25,523	2,772,572
Reserved for low and moderate income housing		7,223,656				7,223,656
Reserved for prepays and deposits	18,547		17,350,000			17,368,547
Unreserved, designated for contingencies	3,000,000					3,000,000
Unreserved, undesignated						
Reported in:						
General fund	15,012,835					15,012,835
Special revenue funds					1,366,884	1,366,884
Capital projects funds			30,627,691	795,361		31,423,052
TOTAL FUND BALANCES	18,058,165	7,223,656	59,348,405	3,520,644	10,330,638	98,481,508
Total Liabilities and Fund Balances	\$18,614,823	\$12,630,669	\$59,746,873	\$4,488,523	\$10,691,674	

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 51,941,171

NON-CURRENT REVENUES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 5,764,608

LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	(91,927,978)
Claims payable	(60,749)
Interest payable	(193,521)
Non-current portion of compensated absences	(1,086,489)
Net OPEB asset	921,415

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$63,839,965

See accompanying notes to financial statements

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	General	Redevelopment Agency Low Moderate Income Housing	Redevelopment Agency Projects	Public Works Construction	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$541,189				\$1,197,357	\$1,738,546
Incremental property taxes			\$14,959,091			14,959,091
Sales taxes	1,204,309				99,880	1,304,189
In-lieu sales tax	396,968					396,968
Utility users tax	1,594,338					1,594,338
Other taxes	12,649,876					12,649,876
Licenses and permits	326,195					326,195
Fines and forfeits	143,282				256,835	400,117
Intergovernmental	2,657,737			\$1,179,402	1,439,124	5,276,263
Charges for services	411,430				686,765	1,098,195
Use of money and property	849,624	\$640,258	1,948,632		727,172	4,165,686
Miscellaneous	71,775	19,514	178,576		6,341	276,206
Total Revenues	20,846,723	659,772	17,086,299	1,179,402	4,413,474	44,185,670
EXPENDITURES						
Current:						
General Government	2,462,270					2,462,270
Community:						
Recreation	956,875					956,875
Development			2,866,217		1,348,906	4,215,123
Housing		318,764			200,000	518,764
Public Works & Engineering			249,977	30,791	2,667,096	2,947,864
Police	10,270,148				319,476	10,589,624
Capital outlay	300,528		5,171,884	8,697,003	465,120	14,634,535
Debt service:						
Principal retirement			830,000		910,000	1,740,000
Interest and fiscal charges			1,859,649		2,237,436	4,097,085
Total Expenditures	13,989,821	318,764	10,977,727	8,727,794	8,148,034	42,162,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,856,902	341,008	6,108,572	(7,548,392)	(3,734,560)	2,023,530
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	18,112		2,350,000			2,368,112
Issuance of debt (Note 8)			36,000,000			36,000,000
Payment to bond escrow agent (Note 8)					(12,592,131)	(12,592,131)
Transfers in (Note 4A)	112,853	3,009,430	812,662	2,113,850	36,939,285	42,988,080
Transfers (out) (Note 4A)	(2,306,277)		(23,491,238)	(281,084)	(16,909,481)	(42,988,080)
Total Other Financing Sources (Uses)	(2,175,312)	3,009,430	15,671,424	1,832,766	7,437,673	25,775,981
NET CHANGE IN FUND BALANCES	4,681,590	3,350,438	21,779,996	(5,715,626)	3,703,113	27,799,511
Fund balances at beginning of period	13,376,575	3,873,218	37,568,409	9,236,270	6,627,525	70,681,997
FUND BALANCES AT END OF PERIOD	\$18,058,165	\$7,223,656	\$59,348,405	\$3,520,644	\$10,330,638	\$98,481,508

See accompanying notes to financial statements

CITY OF SAN PABLO
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$27,799,511

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.

Capital outlay expenditures are added back to fund balance, net of retirements of \$1,893,176	12,741,359
Depreciation expense is deducted from fund balance	(3,219,818)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Proceeds from the issuance of debt are deducted from fund balance	(36,000,000)
Payment to bond escrow agent is added back to fund balance, net of refunding costs	12,350,000
Repayment of debt principal is added back to fund balance	1,740,000
Capital appreciation bonds accretion	(219,464)

NON-CURRENT 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 (net change):

Non-current portion of compensated absences	(49,844)
Claims payable	(60,749)
Interest payable	60,397
Deferred revenue	260,158
Net OPEB asset	214,688

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$15,616,238</u></u>
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See accompanying notes to financial statements

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$290,000	\$290,000	\$541,189	\$251,189
Sales taxes	1,300,000	1,300,000	1,204,309	(95,691)
In-lieu sales tax	367,000	367,000	396,968	29,968
Utility users tax	1,510,000	1,510,000	1,594,338	84,338
Other taxes	10,955,000	11,655,000	12,649,876	994,876
Licenses and permits	305,000	305,000	326,195	21,195
Fines and forfeits	130,000	130,000	143,282	13,282
Intergovernmental:				
Motor vehicle in lieu	2,006,000	2,006,000	2,476,028	470,028
Other	7,200	7,200	181,709	174,509
Charges for services	358,000	358,000	411,430	53,430
Use of money and property	511,500	591,500	849,624	258,124
Miscellaneous	5,000	71,000	71,775	775
Total Revenues	<u>17,744,700</u>	<u>18,590,700</u>	<u>20,846,723</u>	<u>2,256,023</u>
EXPENDITURES				
Current:				
General government	2,667,437	2,981,495	2,462,270	519,225
Community:				
Recreation	1,174,305	1,186,312	956,875	229,437
Police	11,013,690	11,013,692	10,270,148	743,544
Capital outlay	403,300	456,800	300,528	156,272
Total Expenditures	<u>15,258,732</u>	<u>15,638,299</u>	<u>13,989,821</u>	<u>1,648,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,485,968</u>	<u>2,952,401</u>	<u>6,856,902</u>	<u>3,904,501</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	5,000	5,000	18,112	13,112
Transfers in	80,000	80,000	112,853	32,853
Transfers (out)	(3,230,467)	(3,230,467)	(2,306,277)	924,190
Total Other Financing Sources (Uses)	<u>(3,145,467)</u>	<u>(3,145,467)</u>	<u>(2,175,312)</u>	<u>970,155</u>
NET CHANGE IN FUND BALANCE	<u>(\$659,499)</u>	<u>(\$193,066)</u>	4,681,590	<u>\$4,874,656</u>
Fund balance at beginning of year			<u>13,376,575</u>	
FUND BALANCE AT END OF YEAR			<u>\$18,058,165</u>	

See accompanying notes to financial statements

CITY OF SAN PABLO
REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$110,000	\$110,000	\$640,258	\$530,258
Miscellaneous			19,514	19,514
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>659,772</u>	<u>549,772</u>
EXPENDITURES				
Current:				
Community:				
Housing	740,000	740,000	318,764	421,236
Total Expenditures	<u>740,000</u>	<u>740,000</u>	<u>318,764</u>	<u>421,236</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(630,000)</u>	<u>(630,000)</u>	<u>341,008</u>	<u>971,008</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,343,000	2,343,000	3,009,430	666,430
Total Other Financing Sources (Uses)	<u>2,343,000</u>	<u>2,343,000</u>	<u>3,009,430</u>	<u>666,430</u>
NET CHANGE IN FUND BALANCE	<u>\$1,713,000</u>	<u>\$1,713,000</u>	3,350,438	<u>\$1,637,438</u>
Fund balance at beginning of year			<u>3,873,218</u>	
FUND BALANCE AT END OF YEAR			<u>\$7,223,656</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.

RETIREE HEALTH SAVINGS PLAN TRUST FUND

The Fund is used to account for the medical and dental benefits for former employees of the City.

CITY OF SAN PABLO
 FIDUCIARY FUNDS
 STATEMENTS OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

	Retiree Health Savings Plan Trust Fund	Agency Funds
ASSETS		
Investments - Mutual Fund (Note 3)	\$1,746,210	
Restricted cash and investments (Note 3)		\$2,056,982
Interest receivable		9,120
Accounts receivable		64,281
Due from other governments		789,529
Prepays and deposits		1,832
Total Assets	\$1,746,210	\$2,921,744
LIABILITIES		
Accounts payable		\$61,096
Deposits held as agent for others		924,121
Due to bondholders		1,741,104
Due to the City of San Pablo		195,423
Total Liabilities		\$2,921,744
NET ASSETS		
Held in trust for OPEB benefits	\$1,746,210	

See accompanying notes to financial statements

CITY OF SAN PABLO
 RETIREE HEALTH SAVINGS PLAN TRUST FUND
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Retiree Health Savings Plan Trust Fund</u>
ADDITIONS	
Employer Contributions	\$712,146
Net investment income	<u>283,415</u>
Total additions	<u>995,561</u>
DEDUCTIONS	
Premiums paid	<u>212,146</u>
Total deductions	<u>212,146</u>
Net change in net assets	<u>783,415</u>
NET ASSETS HELD IN TRUST FOR OPEB BENEFITS	
Beginning of year	<u>962,795</u>
End of year	<u><u>\$1,746,210</u></u>

See accompanying notes to financial statements

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of San Pablo was incorporated as a general law city on April 27, 1948. San Pablo is a community of approximately 30,965 residents situated in Contra Costa County on the east side of San Francisco Bay. San Pablo is located approximately 17 miles east of the City of San Francisco and 12 miles north of the City of Oakland and is surrounded by the City of Richmond. The City operates under the Council-Manager form of government and provides the following services: public safety, highways and streets, recreation, public improvements, planning and zoning and general administration services.

The City is governed by a five member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. The accompanying basic financial statements include the financial activities of the City as well as separate legal entities which are described below.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units which are described below are all blended.

The Redevelopment Agency of the City of San Pablo is a separate government entity whose purpose is to assist in the rehabilitation of City areas determined to be in a declining physical and/or economic condition. The Agency has the same governing board as the City and all accounting and administrative functions are performed by City staff. The Agency has two active project areas, the Tenth Township Project Area and the Legacy Project Area.

The City of San Pablo Joint Powers Financing Authority is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the Redevelopment Agency and certain programs and projects of the City. The Authority is administered by a Governing Board whose members are the City Council of the City of San Pablo.

The City of San Pablo Retiree Health Savings Plan is governed by the City's Resolution 2007-024 and is used to account for contributions and investment income restricted to pay medical and dental benefits. Benefit and contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Council established by the above Resolution. The financial activities of the Plan have been included in these financial statements in the Retiree Health Savings Plan Trust Fund.

Financial statements for the Redevelopment Agency may be obtained from the City of San Pablo, One Alvarado Square, San Pablo, CA 94806. Separate financial statements are not issued for the Joint Powers Financing Authority or the City of San Pablo Retiree Health Savings Plan.

B. 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 Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. 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 (a) charges paid by the recipients of goods or *services* offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) capital grants and contributions, all of which are capital grants under California law. 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* and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

C. Major Funds

Major funds are defined as governmental funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds.

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

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Redevelopment Agency Low and Moderate Income Housing - This fund accounts for the twenty percent housing set-aside required by California redevelopment law from the tax increment proceeds from the Tenth Township Project Area and the Legacy Project Area.

Redevelopment Agency Projects - This fund accounts for capital projects in the Tenth Township Project Redevelopment Area and in the Legacy Project Redevelopment Area.

Public Works Construction - This fund accounts for major City capital improvement projects.

The City also reports the following fiduciary fund types:

Trust Funds. These funds account for assets held by the City as an agent for various functions. The Retiree Health Savings Plan Trust Fund accounts for the accumulation of resources to be used for retiree medical and dental benefit payments at appropriate amounts and times in the future. The financial activities of the fund are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Funds. These funds account for assets held by the City as an agent for Town Center and Oak Park Special assessment districts, West Contra Costa Transportation Advisory Committee, and non-public organizations. Agency funds cannot be major funds.

D. Basis of Accounting

The **City-wide financial statements** are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and governmental and agency funds are reported using *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 forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures when they are paid. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds from general long-term debt and capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

E. Property Tax

Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the City; under the County's "Teeter Plan" the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and February 1, becomes a lien on those dates and becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed.

F. *Compensated Absences*

Compensated absences comprise unpaid vacation and certain compensated time off, which are accrued as earned. For all governmental funds amounts expected to be paid out for permanent liquidation are recorded as fund liabilities, the long-term portion is recorded in the statement of net assets. The liability for compensated absences is determined annually; the net increase in the liability was \$49,844 at June 30, 2007 and was allocated to the General Government, Community Recreation and Development Programs, Public Works and Engineering and Police on the Statement of Activities. Sick pay does not vest and therefore is not accrued. The change in compensated absences was as follows:

Beginning Balance	\$1,036,645
Additions	1,082,952
Payments	<u>(1,033,108)</u>
Ending Balance	<u>\$1,086,489</u>
Due in One Year	<u>\$700,000</u>
Due in More than One Year	<u>\$386,489</u>

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

G. *Prepays and Deposits*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The General Fund had prepaid items of \$18,547 at June 30, 2007.

The Agency had \$17,350,000 on deposit with the State of California as of June 30, 2007 to provide for the purchase of property located within the City of San Pablo which the Agency is attempting to acquire. The funds will be released to the property owner upon completion of the condemnation process. These deposits are recorded as deposits in both government-wide and fund financial statements.

Prepaid items and deposits in governmental funds are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

H. *New and Closed Funds*

The 2006 Subordinate Tax Allocation Bonds Tenth Township Project Area Debt Service Fund was established to account for principal and interest payments on the Tenth Township Redevelopment Project Area’s Subordinate Tax Allocation Bonds Series 2006.

The Payroll Deposit Agency Fund was closed as of July 1, 2006.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budget Policy*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen’s comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments and transfers between funds and between departments must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Director are authorized to transfer any unencumbered appropriations within a department. The legally adopted budget requires that expenditures not exceed total appropriations at the department level within each fund.
5. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that the Public Works Construction Capital Projects Fund is budgeted on a project length basis and therefore is not comparable on an annual basis.

B. *Adjustments to GAAP Basis From Budgetary Basis*

The Redevelopment Agency Projects Capital Projects Fund budgets the purchase of property to be held for resale as capital outlay. As a result, the results of the fund’s operations reported on the GAAP basis differ from the results of the fund’s operations reported on the budgetary basis.

C. *Excess of Expenditures over Appropriations*

The funds below incurred expenditures in excess of their budgets in the amounts below as the result of unanticipated expenses. Sufficient resources were available within the following funds to finance these excesses:

Gas Tax Special Revenue Fund	
Capital Outlay	\$13,472
Street Lighting and Landscaping Special Revenue Fund	
Capital Outlay	4,144
Paratransit Special Revenue Fund	
Capital Outlay	56,644
Law Enforcement Services Special Revenue Fund	
Police	16,109
Capital Outlay	115,038
Redevelopment Agency Projects Fund	
Interest and fiscal charges	278,602

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash and Investments held by Trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City and its fiscal agents invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues, the City normally invests only in the California Local Agency Investment Fund pool administered by the State.

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.

B. Classification

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 available for operations	\$43,789,911
Restricted cash and investments	25,680,831
Total City cash and investments	69,470,742
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	1,746,210
Agency Funds	2,056,982
Total cash and investments	\$73,273,934

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. 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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities	5 years	N/A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	No Limit
Money Market Mutual Funds	N/A	Top rating category	20%	No Limit

D. 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. There is no limitation on the maximum percentage of the portfolio that may be invested in any one investment type or in any one issuer. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	5 years	N/A
U.S. Agency Securities	5 years	N/A
State Obligations	5 years	A
Commercial Paper	270 days	A-1
Certificates of Deposit	365 days	A-1
Bankers Acceptances	365 days	A-1
Bank Deposits	5 years	N/A
Money Market Mutual Funds	N/A	AAAm
Repurchase Agreements	180 days	A
Cash Sweep	5 years	N/A
California Asset Management Program	N/A	N/A
California Local Agency Investment Fund	N/A	N/A

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Investments Authorized for the Retiree Health Savings Plan Trust

The authorized investments for the Retiree Health Savings Plan Trust were established pursuant to the Declaration of Trust. The City, as trustee, has elected to invest the Trust assets in a mutual fund, however the Trust is authorized to invest in time deposits, shares of common and preferred stock, mortgages, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities and other corporate, individual or government securities or obligations, annuity, retirement or other insurance contracts, mutual funds, or in units of any other common, collective or commingled trust fund.

F. 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 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 investments by maturity or earliest call date:

	Cash and Investments	Restricted Cash and Investments	Total	Maturity Date
Investments:				
Federal Agency Issues:				
Federal National Mortgage Association		\$1,592,759	\$1,592,759	March 6, 2009
Federal Home Loan Bank		4,800,000	4,800,000	April 20, 2009
Commercial Paper:				
General Electric Capital Corporation		1,335,682	1,335,682	August 31, 2007
Local Agency Investment Fund	\$42,459,930	719,640	43,179,570	176 days average maturity
Money Market Funds (U.S. Treasury Securities)		19,289,732	19,289,732	18 days average maturity
Mutual Funds (Equities)		1,746,210	1,746,210	
Cash with Banks and Petty Cash	<u>1,329,981</u>		<u>1,329,981</u>	
Total Cash and Investments	<u>\$43,789,911</u>	<u>\$29,484,023</u>	<u>\$73,273,934</u>	

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

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2007 for all Federal Agency Issues were AAA, Commercial Paper were AAA, and Money Market funds were AAAM as provided by Standard and Poor's. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2007.

H. Concentration of Credit Risk

Included in the table at F. above are the following significant investments held by individual City Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools:

Fund/Issuer	Investment Type	Reported Amount
2004 Tax Allocation Bonds Legacy Project Area Debt Service Fund Federal Home Loan Bank	Federal Agency Security	\$4,800,000
2006 Subordinate Tax Allocation Bond Debt Service Fund Federal National Mortgage Association	Federal Agency Security	1,592,759
Town Center Special Assessment District Agency Fund General Electric Capital Corporation	Commercial Paper	566,720
Oak Park Special Assessment District Agency Fund General Electric Capital Corporation	Commercial Paper	768,962

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

Fund Receiving Transfers	Fund Making Transfers	Transfer Amount	
Major Funds:			
General Fund	Public Works Construction Capital Projects Fund	\$32,853	(A)
General Fund	Public Safety Special Revenue Fund	80,000	(B)
Redevelopment Agency Low and Moderate Income Housing	Redevelopment Agency Projects Capital Projects Fund	3,009,430	(C)
Redevelopment Agency Projects	Public Works Construction Capital Projects Fund	246,531	(D)
Redevelopment Agency Projects	Merged Project Area 1993		
	Subordinate Tax Allocation Bonds Debt Service Fund	490,321	(D)
Redevelopment Agency Projects	2001 Tax Allocation Bonds Legacy Project Area		
	Debt Service Fund	73,815	(D)
Redevelopment Agency Projects	2004 Tax Allocation Bonds Legacy Project Area		
	Debt Service Fund	1,995	(D)
Public Works Construction	General Fund	562,376	(D)
Public Works Construction	Redevelopment Agency Projects Capital Projects Fund	1,466,000	(D)
Public Works Construction	Traffic Congestion Relief Special Revenue Fund	25,000	(D)
Public Works Construction	2006 Subordinate Tax Allocation Bonds		
	Tenth Township Project Area	60,474	(D)
Non Major Funds:			
Gas Tax	General Fund	435,507	(E)
Street Lighting and Landscaping	General Fund	635,466	(E)
Development Services	General Fund	672,928	(B)
Measure C	Public Works Construction Capital Projects Fund	1,700	(D)
Merged Project Area 1993			
Subordinate Tax Allocation Bonds	Redevelopment Agency Projects Capital Projects Fund	619,751	(F)
Merged Project Area 1993	2004 Tax Allocation Bonds Legacy Project Area		
Subordinate Tax Allocation Bonds	Debt Service Fund	33,847	(G)
Merged Project Area 1993	2006 Subordinate Tax Allocation Bonds		
Subordinate Tax Allocation Bonds	Tenth Township Project Area	11,742,381	(G)
Merged Project Area 1999			
Subordinate Tax Allocation Bonds	Redevelopment Agency Projects Capital Projects Fund	873,899	(F)
Merged Project Area 1999	Merged Project Area 1993		
Subordinate Tax Allocation Bonds	Subordinate Tax Allocation Bonds	21,248	(G)
2001 Tax Allocation Bonds			
Tenth Township Project Area	Redevelopment Agency Projects Capital Projects Fund	1,319,287	(F)
2001 Tax Allocation Bonds	Merged Project Area 1993		
Tenth Township Project Area	Subordinate Tax Allocation Bonds	4,242,388	(G)
2004 Tax Allocation Bonds			
Legacy Project Area	Redevelopment Agency Projects Capital Projects Fund	118,199	(F)
2004 Tax Allocation Bonds	Merged Project Area 1993		
Legacy Project Area	Subordinate Tax Allocation Bonds	138,012	(G)
2006 Subordinate Tax Allocation Bonds			
Tenth Township Project Area	Redevelopment Agency Projects Capital Projects Fund	16,084,672	(F)
		<u>\$42,988,080</u>	

The reasons for these transfers are set forth below:

- (A) Return of unspent funds.
- (B) Transfer of Public Safety Augmentation Funds to General Fund to fund police services.
- (C) State-required set-aside of Low and Moderate Income Housing portion of property tax increment.
- (D) Transfer amounts required to fund capital projects.
- (E) Transfer amounts to reduce or eliminate fund deficits.
- (F) Transfer amounts required to fund debt service payments.
- (G) Transfer amounts related to the issuance of the 2006 Tax Allocation Bonds and refunding of the 1993 Tax Allocation Bonds.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE

The City and Redevelopment Agency engage in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue in governmental funds, as they are not expected to be repaid during the next fiscal year.

A. *Employee Loans Receivable*

Elected officials and full-time City employees are eligible to obtain an interest free loan up to \$2,500 to purchase a computer. All requests for loans are subject to review and approval by the Finance Director. Repayment of these loans is handled through payroll deductions, which are spread out equally over a two year period. Employees must pay off any outstanding balance of their loans upon ending employment with the City. As of June 30, 2007, 12 employees had \$12,272 in such loans.

On August 24, 2001 the City made a home loan to the City Manager in the amount of \$390,000 with an interest rate of 5.35%. The loan is secured by a deed of trust on the property. Interest and principal payments are paid semi-monthly and are handled through payroll deduction. This loan was renegotiated on October 7, 2002, and the interest rate was reduced to 3.65% effective October 15, 2002. The loan balance of \$354,320 was repaid during the year ended June 30, 2007.

B. *Notes Receivable Under Redevelopment Agency Programs*

The Agency engages in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. The balances of the notes receivable arising from these programs at June 30, 2007 are set forth below:

Casa Adobe-Senior Citizen Units	\$1,223,846
Plaza Sobrante	197,938
Lotus Hotels, Inc.	239,288
Housing Initiative Program	1,255,509
Micro Loan Program	152,240
San Pablo Housing Investors	1,335,139
East Bay Asian Local Development Corporation	1,554,836
Total	\$5,958,796

C. *Casa Adobe - Senior Citizen Units*

Under the terms of a Disposition and Development Agreement dated June 5, 1989 between the Redevelopment Agency and the Developer, Ecumenical Association for Housing (EAH)-San Pablo, the Agency loaned EAH-San Pablo the amount of \$824,670 to purchase land and construct the Casa Adobe 55 unit housing complex for low income senior citizens. The loan is secured by a second deed of trust on the property, is due in 2020 and bears simple annual interest of 3 percent, with principal and interest due annually to the extent there is "surplus cash" as defined in the agreement. Any unpaid amounts are considered deferred; all deferred principal and interest is due when the note matures. At June 30, 2007, EAH-San Pablo owed deferred principal of \$820,861 and interest of \$402,985 to the Agency.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

D. *Plaza Sobrante*

Under the terms of a Rehabilitation and Affordable Housing Subsidy Agreement dated October 28, 1996, the Redevelopment Agency loaned \$250,000 in June 1997 to fund the removal and abatement of certain hazardous materials and the rehabilitation and improvement of the roof and associated structural elements of certain real property on San Pablo Dam Road. The loan is secured by a deed of trust on the property and bears simple annual interest at an average rate equal to the rate of interest earned by the Agency on its funds deposited in the Local Agency Investment Fund for the prior twelve months. In May 1999, the Board of Directors of the Redevelopment Agency agreed to subordinate the lien of its deed of trust to the lien of a deed of trust securing indebtedness to the Mechanics Bank and to Cerda. In January 2003, the Board again agreed to subordinate the lien of its deed of trust to a new loan for the purpose of refinancing the existing first and second mortgages against the Property and approved a Subordination Agreement for that purpose. Principal and accrued interest owed at June 30, 2007 was \$197,938.

E. *Lotus Hotels, Inc.*

In fiscal 2000, the Agency sold land and buildings to Lotus Hotels, Inc. for \$235,000 in return for a first trust deed in that amount. The City also agreed to subordinate its trust deed to a construction loan obtained by Lotus Hotels, Inc. The first loan installment is due one year from the date of the issuance of the certificate of occupancy for the phase one hotel improvements on the site. Subsequent installments are due on the next nine anniversaries in ten equal installments with one final balance payment due one year later. The note carries 6% simple interest per annum for the first three years after the issuance of the certificate of occupancy, at which time it increases to the prime rate. At June 30, 2007, Lotus Hotels, Inc. owed principal of \$155,898 and interest of \$83,390 to the Agency.

F. *Majid Kolahdooz*

In fiscal 2005 the Agency sold a parcel of land to the Majid Kolahdooz, in return for a loan in the amount of \$55,171. The parcel will be developed into one new residential structure with associated drive and walkways. Under the Disposition and Development Agreement, the note carries 6.5% simple interest per annum and is repayable in forty-two equal monthly installments of \$1,472 each. The loan balance of \$27,834 was repaid during the year ended June 30, 2007.

G. *Housing Initiative Program*

The Redevelopment Agency administers a Housing Initiative Program under which individuals may qualify for first-time home buyer, purchase rehabilitation, second and third trust deed home improvement, dilapidated unit purchase, or foreclosed unit purchase loans. At June 30, 2007, the City had made loans to 4 new participants and had loans outstanding under this Program of \$1,255,509.

The Agency also administers a State sponsored CalHome Loan Program under which individuals may qualify for first-time home buyer, purchase rehabilitation, second trust deed home improvement, or foreclosed unit purchase loans.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

H. *Micro Loan Program*

In May 2003, the Agency created a Micro Loan Program to provide loans to building and business owners in the range of \$20,000 to \$50,000 to foster economic growth in San Pablo's commercial areas. The Micro Loan Program encourages private investment while providing an impetus for building and business owners to upgrade, renovate and improve their properties and businesses. At June 30, 2007, 3 loans were outstanding with a balance of \$152,240.

I. *San Pablo Housing Investors*

Under the terms of an Owner Participation Agreement dated January 6, 2003, the Agency made two loans to San Pablo Housing Investors in fiscal 2004 for the construction of eighty-two low-income rental units for seniors. The first loan of \$99,690 was used for City development fees, and the second loan of \$1,100,000 for construction. The loans carry simple interest rates per annum of 6% and 5.7% respectively with loan payments due within twenty years of the Completion Date. The project was completed on June 30, 2003. Payments begin on January 31st following the Completion Date, and then each January 31st thereafter; payments are to be made from fifty percent of "residual receipts" as defined in the agreement. As of June 30, 2007, principal of \$1,140,019 and interest of \$195,120 were owed to the Agency.

J. *East Bay Asian Local Development Corporation*

Under the terms of an Owner Participation Agreement dated September 28, 2004, the Agency made a construction loan of \$500,000 to East Bay Asian Local Development Corporation (EBALDC) for the development of 84 affordable rental dwelling units and 2 onsite non-rent restricted management units, with associated parking and common area spaces. The loan does not bear interest and must be repaid in full no later than 55 years from the date of the agreement. Commencing on May 1, 2008 and on each May 1st thereafter, payments are to be made in an amount equal to seventy-five percent of "residual receipts" as defined in the agreement.

On August 16, 2005, an amendment to the Owner Participation Agreement provided EBALDC with a supplemental project loan of up to \$1,200,000. Proceeds will facilitate the original construction project. Repayment terms of this additional loan are the same as the terms of the original loan. As of June 30, 2007, EBALDC has drawn down \$1,054,836 of the supplemental project loan.

NOTE 6 - PROPERTY HELD FOR RESALE

The Redevelopment Agency has purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

NOTE 7 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed 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 certain minimum thresholds and with useful lives exceeding two years.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (Continued)

All capital assets with limited useful lives are depreciated 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 of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets.

	Useful Lives Years	Capitalization Threshold
Buildings and Improvements	10-50	\$25,000
Machinery and Equipment	5-10	5,000
Vehicles	5-10	5,000
Parks and Trails	15-20	25,000
Sports Fields	15-20	25,000
Roads and Streets	20	25,000
Bridges	15-75	25,000
Trees	50	25,000
Street Lights	20	25,000
Storm Drains	20	25,000
Traffic Signals	20	25,000

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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land and land improvements	\$2,632,123	\$5,140,227	(\$4,514)		\$7,767,836
Construction in progress	5,341,345	8,696,996		(\$5,872,494)	8,165,847
Total capital assets not being depreciated	<u>7,973,468</u>	<u>13,837,223</u>	<u>(4,514)</u>	<u>(5,872,494)</u>	<u>15,933,683</u>
Capital assets being depreciated:					
Buildings and improvements	10,730,993		(2,147,717)	1,129,801	9,713,077
Machinery and equipment	2,306,810	391,311	(262,189)		2,435,932
Vehicles	1,800,878	406,001	(152,866)		2,054,013
Park and trail improvements	370,220				370,220
Sports fields	551,906			955,080	1,506,986
Roads & streets including sidewalks	41,166,371			3,732,676	44,899,047
Bridges	5,486,753				5,486,753
Street lights	326,902				326,902
Storm drains	1,788,858				1,788,858
Traffic signals	1,705,067			54,937	1,760,004
Trees	1,227,462				1,227,462
Total capital assets being depreciated	<u>67,462,220</u>	<u>797,312</u>	<u>(2,562,772)</u>	<u>5,872,494</u>	<u>71,569,254</u>
Less accumulated depreciation for:					
Buildings and improvements	4,310,032	197,534	(269,426)		4,238,140
Machinery and equipment	1,685,546	200,276	(251,818)		1,634,004
Vehicles	1,258,079	182,057	(152,866)		1,287,270
Park and trail improvements	140,619	14,402			155,021
Sports fields	194,790	2,705			197,495
Roads & streets including sidewalks	18,355,406	2,402,309			20,757,715
Bridges	3,503,693	127,538			3,631,231
Street lights	300,727	8,979			309,706
Storm drains	1,553,664	21,129			1,574,793
Traffic signals	1,363,569	38,489			1,402,058
Trees	349,933	24,400			374,333
Total accumulated depreciation	<u>33,016,058</u>	<u>3,219,818</u>	<u>(674,110)</u>		<u>35,561,766</u>
Net capital assets being depreciated	<u>34,446,162</u>	<u>(2,422,506)</u>	<u>(1,888,662)</u>	<u>\$5,872,494</u>	<u>36,007,488</u>
Governmental activity capital assets, net	<u>\$42,419,630</u>	<u>\$11,414,717</u>	<u>(\$1,893,176)</u>		<u>\$51,941,171</u>

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2007:

Project	Amount
Roadway Rehabilitation	\$2,755,653
23rd Street Revitalization	1,553,288
Wanlass Park	1,061,658
El Portal Gateway Streetscape	926,210
Rumrill Boulevard Bridge	507,735
Senior Center Kitchen Upgrades	420,141
Gas Tank Replacement	292,933
Corporation Yard Relocation	146,127
Davis Park Community Center	104,981
Brentz Lane Park	64,813
Wildcat Creek at Maple Hall	61,393
Other	270,915
Total construction in progress	\$8,165,847

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 their usage of the related assets. The amounts allocated to each function or program are as follows:

General Government	\$134,908
Community Recreation	15,163
Community Development	80,559
Public Works	2,756,177
Police	233,011

Total depreciation expense	\$3,219,818

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Debt discounts and issuance costs are recognized in the current period.

A. Tax Allocation Bonds

All of the long-term debt in the City's financial statements is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond issues and transactions were as follows:

	Original Issue Amount	Balance June 30, 2006	Additions	Refunding/ Retirements	Balance June 30, 2007	Current Portion
Merged Project Area, Tax Allocation Bonds						
Subordinate Series 1993						
2.6-6.25%, refunded 11/05/2006	\$31,685,000	\$12,350,000		\$12,350,000		
Tenth Township Redevelopment Project						
Subordinate Tax Allocation Bonds Series 1999A						
3.75-5.65%, due 12/01/2023	9,850,000	7,985,000		480,000	\$7,505,000	\$505,000
Tax Allocation Revenue Bonds Series 2001						
Current Interest Serial Bonds						
3.25-4.85%, due 12/01/2018	7,855,000	5,965,000		425,000	5,540,000	440,000
Current Interest Term Bonds						
5.00%, due 12/01/2029	2,280,000	2,280,000			2,280,000	
Capital Appreciation Bonds						
5.66-5.68%, due 12/01/2029	12,055,000	3,818,514	\$219,464		4,037,978	
Tax Allocation Revenue Bonds Series 2004						
2.00-5.00%, due 12/01/2032	37,755,000	37,400,000		835,000	36,565,000	850,000
Subordinate Tax Allocation Bonds Series 2006						
Variable rate, due 12/01/2032	36,000,000		36,000,000		36,000,000	
		<u>\$69,798,514</u>	<u>\$36,219,464</u>	<u>\$14,090,000</u>	<u>\$91,927,978</u>	<u>\$1,795,000</u>
Total Governmental Activity Debt						

B. Debt Service Requirements

Debt service requirements are shown below.

	For the Year Ending June 30	Principal (1)	Interest
2008		\$1,795,000	\$3,689,752
2009		1,865,000	3,629,493
2010		3,050,000	3,539,479
2011		3,165,000	3,417,042
2012		3,290,000	3,284,460
2013-2017		18,645,000	14,180,491
2018-2022		22,945,000	9,743,546
2023-2027		24,460,000	4,911,372
2028-2032		18,090,000	2,118,871
2033		2,640,000	56,209
		<u>\$99,945,000</u>	<u>\$48,570,715</u>
Total principal due			

(1) Includes unaccreted discount totaling \$8,017,022.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

C. 1993 and 1999 Tax Allocation Bonds

1999 Bonds maturing on or after December 1, 2010 are subject to call on any interest payment date at par plus a premium of up to two percent. Interest on the 1999 subordinate issue is due semiannually on June 1 and December 1.

On March 18, 2004, \$13,910,000 of the 1993 subordinate issue was defeased by the 2004 Tax Allocation Bonds as discussed in D below. The defeased 1993 Bonds were called on December 1, 2004. On October 5, 2006, the remaining principal balance of \$12,350,000 of the 1993 Bonds was defeased by the 2006 Subordinate Tax Allocation Bonds as discussed in F below. That portion of the 1993 Bonds were called on December 1, 2006.

D. 2001 Tax Allocation Revenue Bonds

On March 22, 2001, the Redevelopment Agency issued \$12,997,670 of Tax Allocation Revenue Bonds, Series 2001 to defease \$4,665,000 of outstanding 1990 Tax Allocation Bonds, and to fund capital projects in the Legacy and Tenth Township Project Areas. The Bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues. The defeased 1990 Bonds were called May 1, 2001.

The 2001 Bonds consist of \$7,855,000 original principal amount of Current Interest Serial Bonds, \$2,280,000 original principal amount of Current Interest Term Bonds, and \$2,862,670 of Capital Appreciation Bonds which pay no interest but which accrete in value to \$12,055,000 at their redemption date. Interest payments on the Term Bonds are payable semiannually on June 1 and December 1.

The 2001 Bonds Capital Appreciation Bonds unaccrued discount totaled \$8,017,022 and the outstanding balance increased \$219,464 due to the annual increase in accreted value. Principal and interest payments of \$2,635,000, \$2,355,000, \$2,355,000, \$1,570,000, \$1,570,000 and \$1,570,000 commence December 1, 2024 and continue through December 1, 2029.

During fiscal year 2004 the Agency undertook an internal transaction to substitute new debt in the principal amount of \$1,265,000 issued by the Tenth Township Project Area for old debt of the Legacy Project Area.

E. 2004 Tax Allocation Revenue Bonds

On March 18, 2004, the Agency issued \$37,755,000 of Tax Allocation Revenue Bonds, Series 2004 to defease \$13,910,000 of outstanding 1993 Tax Allocation Bonds, and to fund capital projects in the Legacy and Tenth Township Project Areas. The Bonds are special obligations of the Agency and are secured by the Agency's tax increment revenues. Annual principal payments on the 2004 Bonds are due December 1, and semi-annual interest payments are due June 1 and December 1, through 2015.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

F. 2006 Subordinate Tax Allocation Bonds

On October 5, 2006 the Agency issued \$36,000,000 of Tenth Township Redevelopment Project Area Subordinate Tax Allocation Bonds, Series 2006 to refund the remaining \$12,350,000 principal amount of the 1993 Tax Allocation Bonds and to fund certain public improvements in the Tenth Township Project Area. In October 2006 the City defeased the outstanding 1993 Bonds by placing a portion of the proceeds from the 2006 Bonds in an irrevocable trust to provide amounts sufficient to pay on December 1, 2006 the prepayment price of 102% of the principal amount and accrued interest. The refunding resulted in an overall debt service savings of \$1,677,966. The net present value of the debt securities savings is called an economic gain and amounted to \$1,117,851. Principal payments on the 2006 Bonds are due annually on December 1 and interest payments are due monthly, through December 1, 2032.

The 2006 Subordinate Tax Allocation Bonds were issued as auction rate bonds with interest calculated daily. The rate fluctuates according to the market conditions, but is capped at 12%. However, the Agency entered into a 26-year interest rate swap agreement for the entire amount of its 2006 Subordinate Tax Allocation Bonds as discussed below. The combination of the variable rate Bonds and a floating rate swap creates synthetic fixed-rate debt for the Agency. The synthetic fixed rate for the Bonds was 3.88% at June 30, 2007.

Interest Rate Swap Agreement

The Agency entered into an interest swap agreement in connection with the 2006 Subordinate Tax Allocation Bonds. The transaction allows the Agency to create a synthetic fixed rate on the Bonds, protecting it against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreement is disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2007, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the Bonds.

Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate	Termination Date
\$36,000,000	10/5/2006	Piper Jaffray Financial Products, Inc. (Morgan Stanley)	AA / A-1+	3.555%	64% of 30- day LIBOR plus 15 basis points	12/1/2032

Based on the swap agreement, the Agency owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the Agency interest based on the variable rate that approximates the rate required by the Bonds. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

Fair value. Fair value of the swap takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. As of June 30, 2007, the fair value of the swap was in favor of the City in the amount of \$523,468.

Credit risk. As of June 30, 2007, the Agency was exposed to credit risk on the outstanding swap because the swap had a positive fair value. This amount may increase if interest rates increase in the future. However, if interest rates decline and the fair value of the swap were to become negative, the Agency would no longer be exposed to credit risk. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

Basis risk. Basis risk is the risk that the interest rate paid by the Agency on the underlying variable rate bonds to the bondholders temporarily differs from the variable swap rate received from the counterparty. The Agency bears basis risk on the swap. The swap has basis risk since the Agency receives a percentage of the LIBOR Index to offset the actual variable bond rate the Agency pays on the underlying Bonds. The Agency is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Agency pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The Agency is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt variable rate bond changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the Agency is exposed to this basis risk.

Termination risk. The Agency may terminate if the other party fails to perform under the terms of the contract. The Agency will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the Agency's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

Swap payments and associated debt. Using rates as of June 30, 2007, debt service requirements of the Agency's outstanding variable-rate Bonds and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below are included in the Debt Service Requirements at B. above:

For the Year Ending June 30	Variable-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2008		\$1,396,800	\$72	\$1,396,872
2009		1,396,800	72	1,396,872
2010	\$1,495,000	1,367,797	71	2,862,868
2011	1,545,000	1,308,821	67	2,853,888
2012	1,215,000	1,255,277	65	2,470,342
2013-2017	6,425,000	5,579,925	288	12,005,213
2018-2022	13,195,000	3,770,099	195	16,965,294
2023-2027	6,605,000	1,630,279	84	8,235,363
2028-2032	4,220,000	723,620	37	4,943,657
2033	1,300,000	25,220	1	1,325,221
Totals	<u>\$36,000,000</u>	<u>\$18,454,638</u>	<u>\$952</u>	<u>\$54,455,590</u>

G. Conduit Debt Defeased in Prior Years

In prior years, the Agency defeased two of its mortgage revenue bond issues by selling all outstanding mortgage loans and placing the proceeds in irrevocable trusts to provide for all future debt service payments. At June 30, 2007 the remaining balance of this defeased debt was \$350,000 for the 1978 issue and \$15,975,000 for the 1979 issue.

NOTE 9 - SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT

Special assessment districts are established in various parts of the City to provide improvements to properties located in those districts. Properties are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance the improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of foreclosed properties in the special assessment districts, nor is it obligated to advance available City funds to repay this debt in the event of default by any of these districts. At June 30, 2007, the balance of these districts' outstanding debt was as follows:

1998 Oak Park Reassessment Bonds	\$3,055,000
1997 Town Center Reassessment Bonds	2,030,000

NOTE 10 – NET ASSETS AND FUND BALANCES

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

Net Assets is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis, as explained in Note 1D.

A. Net Assets

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

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

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

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

B. Fund Balances, Reserves and Designations

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

C. Reserves

Reserves result from prior actions or transactions or are placed by outside entities such as bondholders, other governments, etc., and restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these reserves. At June 30, 2007, reserves included:

Reserved for debt service is the portion of fund balance legally restricted to the payment of principal and interest on long term liabilities.

Reserved for employee loans receivable and notes receivable under Redevelopment Agency Programs is the portion of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserved for property held for resale is the carrying value of property held by the Redevelopment Agency, which is reserved since it is not an available spendable resource.

Reserved for encumbrances represents the portion of fund balance set aside for open purchase orders.

Reserved for Low and Moderate Income Housing is legally restricted to expenditure for low and moderate income housing under the California Health and Safety Code.

Reserved for prepaids and deposits is the portion of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

D. Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. At June 30, 2007, the designation for contingencies represents unreserved fund balance set aside for future events or capital projects. Such plans are subject to change and may or may not be legally authorized or result in expenditures.

E. Fund Equity Deficits

The Gas Tax, Street Lighting Landscaping, and Development Services Special Revenue Funds had fund balance deficits of \$22,547, \$37,967, \$2,677 respectively, as of June 30, 2007. These deficits will be eliminated by future revenues.

NOTE 11 - PENSION PLANS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The City's labor contracts require it to pay employee contributions as well as its own. The Plans' provisions and benefits in effect at June 30, 2007 are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2.400% - 3.0%	2.0% -2.5%
Required employee contribution rates	9.0%	8.0%
Required employer contribution rates	14.424%	8.585%
Actuarially required contributions	\$757,347	\$472,709

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2007, 2006, and 2005 amounted to \$1,230,056, \$1,744,116 and \$1,254,915 respectively.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over fifteen years for the Safety Plan and sixteen years for the Miscellaneous Plan. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by new State law, effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan's unfunded liability by making a lump sum contribution of \$3,694,076 on June 28, 2005. It satisfied its Safety Plan's liability by making a lump sum contribution of \$5,097,831 on February 28, 2006.

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

B. Social Security

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing system as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City's part-time seasonal and temporary employees are covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employees' pay. Total contributions to Social Security during the year ended June 30, 2007 amounted to \$31,761, of which the City paid half.

C. Post Retirement Health Care Defined Benefit Plan

Description

In addition to the pension benefits described in A. above, the City provides medical and dental benefits to substantially all retirees under the City of San Pablo Retiree Health Savings Plan, an agent multiple-employer defined benefit healthcare plan. Coverage is also provided for spouses of employees having a minimum of 20 years of service at retirement. As of June 30, 2007 there were 49 participants receiving these health care benefits.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

The Plan provisions and benefits in effect at June 30, 2007 are summarized as follows:

	Police	Local 1 and WCCTAC	Executive Managers and Elected Officials	Confidential/Exempt, Division Managers and AIE
Benefit Types Provided	Medical only	Medical only	Medical only	Medical only
Duration of Benefits (A)	Lifetime	Lifetime	Lifetime	Lifetime
Required Service:		Retirement under CALPERS		
Basic		N/A	5 years	15 years
Supplemental	10 years			
Minimum Age	50	50	50	50
Dependent Coverage	One dependent	Yes	Yes	Yes
City Contribution 100%	100%	100%	100%	100%
City Contribution Cap per Month (Basic)	\$85 for single \$177 for two party \$229.50 for family	\$85 for single \$177 for two party \$229.50 for family	\$85 for single \$177 for two party \$229.50 for family	\$85 for single \$177 for two party \$229.50 for family
City Contribution Cap per Month (Supp)	Kaiser	15 yrs svc: \$135 20 yrs svc: \$260	None	15 yrs svc: \$135 20 yrs svc: \$260

(A) Duration is subject to limitations as specified in the Memorandum of Understanding with each bargaining unit.

The City's basic contribution cap amounts are scheduled to increase through 2009 to \$105, \$220, and \$285 for single, two party and family, respectively.

During fiscal year 2006, the City early-implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits (OPEB). As part of the implementation, the City elected to establish an irrevocable trust to provide a funding mechanism for the OPEB and to apply the provisions of the statement on a prospective basis. The activities of the Trust are accounted for in the Retiree Health Savings Plan Trust Fund.

Pursuant to a contractual agreement with the West Contra Costa Transportation Advisory Committee (WCCTAC), the City provides OPEB benefits to WCCTAC employees which are included in the amounts presented below. WCCTAC reimburses the City for any costs incurred on behalf of its employees.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

Funding Policy and Actuarial Assumptions

The City's policy is to prefund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2007-024 (Resolution). The annual required contribution (ARC) was determined as part of a July 1, 2005 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 (a) 5% investment rate of return, (b) 3% projected annual salary increase, and (c) 4% health inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period.

In accordance with the Resolution, the City's annual contributions to the Plan are based on pay-as-you-go financing plus an additional amount to prefund benefits as determined by the Council. Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. Contributions to the City's Trust did not begin until April 20, 2006, thus these assets were excluded from the July 1, 2005 actuarial study. During the fiscal year ended June 30, 2007, the City contributed \$712,146 to the Plan, including \$212,146 for pay-as-you-go premiums plus an additional \$500,000 to prefund benefits. As a result, the City has calculated and recorded the Net OPEB Asset, representing the difference between the ARC, amortization and contributions, as presented below:

Annual required contribution	\$482,284
Adjustment to annual required contribution	<u>15,174</u>
Annual OPEB cost	497,458
Contributions made	<u>(712,146)</u>
(Decrease) increase in net OPEB obligations	(214,688)
Net OPEB obligation (asset) June 30, 2006	<u>(706,727)</u>
Net OPEB obligation (asset) June 30, 2007	<u>(\$921,415)</u>

The Plan's annual required contributions and actual contributions for the years ended June 30, 2006 and 2007 are set forth below:

Fiscal Year	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
6/30/2006	\$482,284	\$1,189,011	247%	(\$706,727)
6/30/2007	482,284	712,146	148%	(921,415)

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2005 actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2005	\$0	\$5,388,510	(\$5,388,510)	0.00%	\$8,725,646	(61.8%)

NOTE 12 - 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 Plan.

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 13 - RISK MANAGEMENT

A. Municipal Pooling Authority (MPA)

The City is a member of the Municipal Pooling Authority (formerly called Contra Costa County Municipal Risk Management Insurance Authority). The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$10,000)	\$20,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Worker's Compensation (no deductible)	200,000,000
All Risk Fire, Property, Earthquake & Flood (\$5,000)	350,000,000
Boiler & Machinery (\$5,000)	100,000,000

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 13 – RISK MANAGEMENT (Continued)

The City’s deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the Authority are available from MPA, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

For the years ended June 30, 2007, 2006, and 2005 the amount of settlements did not exceed insurance coverage.

The Authority’s all risk fire, property, earthquake and flood coverage was reduced from \$1 billion for the fiscal year ended June 30, 2006 to \$350 million for the year ended June 30, 2007.

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments, including a provision for claims incurred but not reported, when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

The City’s liability for uninsured claims at June 30 was estimated by management based on claims experience reported by MPA and was computed as follows:

	June 30	
	2007	2006
Beginning balance	\$18,868	\$21,287
Provision for current fiscal year claims	116,580	8,643
(Change) in provision for prior fiscal year claims	(35,914)	2,984
Claims paid	(38,785)	(14,046)
Ending balance	\$60,749	\$18,868

NOTE 14 - JOINT POWERS AGREEMENTS

A. West Contra Costa Integrated Waste Management Authority (WCCIWMA)

WCCIWMA was established in 1991 to coordinate landfill use reduction in the West Contra Costa County Area as mandated by the State of California. Members are assessed a prorata share of the expenses expected to be incurred by the Authority up to a maximum of \$64,000 per Director. The City is represented by one Director.

Audited financial statements may be obtained from the WCCIWMA, care of the City of Hercules, 111 Civic Drive, Hercules, CA 94547.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 14 - JOINT POWERS AGREEMENTS (Continued)

B. *West Contra Costa Transportation Advisory Committee (WCCTAC)*

WCCTAC was established in 1990 to develop regional strategies and meet regional requirements established by Measure C and to cooperatively address West Contra Costa County transportation issues. The City's payments to WCCTAC are in accordance with a formula under which each member Agency pays a proportionate share of the expenditures based on the number of voting members representing each Agency. The City has one voting member on the WCCTAC and pays 9.1% of the expenditures. For fiscal year 2006-07, the dues paid to WCCTAC were \$22,670.

Audited financial statements may be obtained from the WCCTAC, care of the City of San Pablo, One Alvarado Square, San Pablo, CA 94806.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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

Under a Voluntary Cleanup Agreement with the California Department of Toxic Substances Control, the City plans to clean up the former Burlington Northern Santa Fe Property on Rumrill Boulevard to provide for future unrestricted land use. The property is currently owned by the Redevelopment Agency. While the City has started a Removal Action Work Plan (RAW), the cost of the cleanup has not yet been determined. In addition, the Agency will be applying for grant funding to cover all or some of the future costs of the RAW and implementation of the RAW.

The City participates in several federal and State grant programs. These programs are 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. The City expects such amounts, if any, to be immaterial.

The Agency has an agreement with Contra Costa County which requires it to pass through a portion of its property tax increment to the County. Increments in the amount of \$558,751 were passed through to the County in fiscal 2007 and increments of \$2,049,610 have been passed through to date. Beginning in 2012, one hundred percent of the net property tax (property tax increment less debt service and low to moderate income set aside) must be passed through to certain county agencies.

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

REDEVELOPMENT AGENCY PROJECTS

This fund accounts for capital projects in the Tenth Township Project Redevelopment Area and in the Legacy Project Redevelopment Area.

CITY OF SAN PABLO
REDEVELOPMENT AGENCY PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Property taxes	\$13,848,000	\$14,959,091	\$1,111,091
Use of money and property	1,301,000	1,948,632	647,632
Miscellaneous	113,000	178,576	65,576
	<u>15,262,000</u>	<u>17,086,299</u>	<u>1,824,299</u>
Total Revenues			
EXPENDITURES			
Current:			
Community:			
Development	9,899,318	2,866,217	7,033,101
Public Works & Engineering	294,288	249,977	44,311
Capital outlay	7,559,500	5,171,884	2,387,616
Debt service:			
Principal	830,000	830,000	
Interest and fiscal charges	1,581,047	1,859,649	(278,602)
	<u>20,164,153</u>	<u>10,977,727</u>	<u>9,186,426</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,902,153)</u>	<u>6,108,572</u>	<u>11,010,725</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property		2,350,000	2,350,000
Issuance of debt		36,000,000	36,000,000
Transfers in	2,411,047	812,662	(1,598,385)
Transfers (out)	(7,380,257)	(23,491,238)	(16,110,981)
	<u>(4,969,210)</u>	<u>15,671,424</u>	<u>20,640,634</u>
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCE	<u>(\$9,871,363)</u>	<u>21,779,996</u>	<u>\$31,651,359</u>
Fund balance at beginning of year		<u>37,568,409</u>	
FUND BALANCE AT END OF YEAR		<u>\$59,348,405</u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS**GAS TAX**

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Section 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance and construction and a limited amount for engineering.

PUBLIC SAFETY

This fund accounts for sales tax allocations required pursuant to Proposition 172. These funds are used to fund public safety activities.

STREET LIGHTING AND LANDSCAPING

This fund accounts for assessments made upon parcels of land within the Street Lighting and Landscaping District and disburses funds in accordance with the provisions of the State of California Streets and Highway Code.

N.P.D.E.S.

This fund accounts for revenues and expenditures from assessments levied on all real property in the City in compliance with the provisions of the National Pollution Discharge Elimination System.

DEVELOPMENT SERVICES

This fund accounts for revenues generated from permit and inspection fees and disburses funds to support this activity.

MEASURE C

This fund accounts for the portion of the half-cent County-wide sales tax levied to fund transportation improvements to local streets.

ADJUDICATED ASSET SEIZURES

This fund accounts for revenues received from sales of assets seized during drug-related arrests and disburses these funds for authorized public safety activities.

OAK PARK MAINTENANCE DISTRICT

This fund accounts for revenues received from assessments levied on parcels within the District and disburses funds for approved storm drain maintenance activities.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

PARATRANSIT

This fund accounts for revenues received from the portion of the half cent County-wide sales tax levied to fund expenditures for paratransit service.

LAW ENFORCEMENT SERVICES

This fund accounts for revenues received from the Supplemental Law Enforcement Services Grant, the Local Law Enforcement Block Grant, and court fines.

TRAFFIC CONGESTION RELIEF

This fund accounts for the revenues received from the State of California under AB2928. The allocations must be spent on local streets and roads maintenance, rehabilitation and reconstruction projects according to the State's Traffic Congestion Relief Plan.

HCD GRANT

This fund accounts for revenues received under State Housing of Community Development and for CALHOME activities approved and subject to state regulations.

DEBT SERVICE FUNDS

MERGED PROJECT AREA 1993 SUBORDINATE TAX ALLOCATION BONDS

This fund makes principal and interest payments on the Merged Project Area 1993 Subordinate Tax Allocation Refunding Bonds.

MERGED PROJECT AREA 1999 SUBORDINATE TAX ALLOCATION BONDS

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Subordinate Tax Allocation Bonds Series 1999A.

2001 TAX ALLOCATION REVENUE BONDS TENTH TOWNSHIP PROJECT AREA

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Area's Tax Allocation Revenue Bonds Series 2001.

2004 TAX ALLOCATION REVENUE BONDS LEGACY PROJECT AREA

This fund makes principal and interest payments on the Legacy Redevelopment Project Area's share of the Tax Allocation Revenue Bonds Series 2004.

2006 SUBORDINATE TAX ALLOCATION BONDS TENTH TOWNSHIP PROJECT AREA

This fund makes principal and interest payments on the Tenth Township Redevelopment Project Area's Subordinate Tax Allocation Bonds Series 2006.

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C
ASSETS						
Cash and investments available for operations		\$95,577		\$54,778		\$361,412
Restricted cash and investments						
Accounts receivable	\$111	7,853		1,000		
Interest receivable				(286)		3,551
Due from other governments						
Total Assets	\$111	\$103,430		\$55,492		\$364,963
LIABILITIES						
Accounts payable and accrued liabilities	\$22,658		\$37,967	\$2,996	\$2,677	
Grant funds received in advance						
Total Liabilities	22,658		37,967	2,996	2,677	
FUND BALANCES						
Reserved for:						
Encumbrances	25,523					
Debt service						
Unreserved:						
Undesignated	(48,070)	\$103,430	(37,967)	52,496	(2,677)	\$364,963
Total Fund Balance (Deficit)	(22,547)	103,430	(37,967)	52,496	(2,677)	364,963
Total Liabilities and Fund Balances	\$111	\$103,430		\$55,492		\$364,963

SPECIAL REVENUE FUNDS

DEBT SERVICE FUNDS

Adjudicated Asset Seizures	Oak Park Maintenance District	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Merged Project Area 1993 Subordinate Tax Allocation Bonds	Merged Project Area 1999 Subordinate Tax Allocation Bonds
\$68,153	\$15,247	\$240,310	\$508,227	\$250,942	\$80,003		\$1,006
875	197	3,227 184	30,362 832 27,666	3,222			4
<u>\$69,028</u>	<u>\$15,444</u>	<u>\$243,721</u>	<u>\$567,087</u>	<u>\$254,164</u>	<u>\$80,003</u>		<u>\$1,010</u>
		\$817	\$80,000	\$213,921			
		817	80,000	213,921			
							\$1,010
<u>\$69,028</u>	<u>\$15,444</u>	<u>242,904</u>	<u>487,087</u>	<u>40,243</u>	<u>\$80,003</u>		
<u>69,028</u>	<u>15,444</u>	<u>242,904</u>	<u>487,087</u>	<u>40,243</u>	<u>80,003</u>		<u>1,010</u>
<u>\$69,028</u>	<u>\$15,444</u>	<u>\$243,721</u>	<u>\$567,087</u>	<u>\$254,164</u>	<u>\$80,003</u>		<u>\$1,010</u>

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	DEBT SERVICE FUNDS			
	2001 Tax Allocation Bonds Tenth Township Project Area	2004 Tax Allocation Bonds Legacy Project Area	2006 Subordinate Tax Allocation Bonds Tenth Township Project Area	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments available for operations				\$1,674,649
Restricted cash and investments	\$4,828,067	\$565,833	\$3,476,260	8,871,166
Accounts receivable				39,326
Interest receivable	34,432	2,315	30,314	78,683
Due from other governments				27,850
Total Assets	\$4,862,499	\$568,148	\$3,506,574	\$10,691,674
LIABILITIES				
Accounts payable and accrued liabilities				\$147,115
Grant funds received in advance				213,921
Total Liabilities				361,036
FUND BALANCES				
Reserved for:				
Encumbrances				25,523
Debt service	\$4,862,499	\$568,148	\$3,506,574	8,938,231
Unreserved:				
Undesignated				\$1,366,884
Total Fund Balance (Deficit)	4,862,499	568,148	3,506,574	10,330,638
Total Liabilities and Fund Balances	\$4,862,499	\$568,148	\$3,506,574	\$10,691,674

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C
REVENUES						
Property taxes			\$845,020	\$9,388		\$339,257
Sales tax		\$99,880				
Fines and forfeits						
Intergovernmental	\$577,364		500	300,234		
Charges for services	121,593			8,850	\$556,322	
Use of money and property				(433)	(4,585)	4,135
Miscellaneous	1,000			4,500		
Total Revenues	699,957	99,880	845,520	322,539	551,737	343,392
EXPENDITURES						
Current:						
Community:						
Development					1,261,252	
Housing						
Public Works & Engineering	970,050		1,364,800	329,531		
Police						
Capital outlay	121,742		139,644		32,052	
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,091,792		1,504,444	329,531	1,293,304	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(391,835)	99,880	(658,924)	(6,992)	(741,567)	343,392
OTHER FINANCING SOURCES (USES)						
Transfers in	435,507		635,466		672,928	1,700
Transfers (out)		(80,000)				
Payment to bond escrow agent						
Total Other Financing Sources (Uses)	435,507	(80,000)	635,466		672,928	1,700
NET CHANGE IN FUND BALANCES	43,672	19,880	(23,458)	(6,992)	(68,639)	345,092
Fund balances (deficits) at beginning of year	(66,219)	83,550	(14,509)	59,488	65,962	19,871
FUND BALANCES (DEFICITS) AT END OF YEAR	(\$22,547)	\$103,430	(\$37,967)	\$52,496	(\$2,677)	\$364,963

SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
Adjudicated Asset Seizures	Oak Park Maintenance District	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Merged Project Area 1993 Subordinate Tax Allocation Bonds	Merged Project Area 1999 Subordinate Tax Allocation Bonds
	\$3,692		\$256,835				
		\$153,455	391,974	\$15,597			
\$3,528 841	757	12,891	2,727	9,403	\$65,000	\$148,295	\$1,399
4,369	4,449	166,346	651,536	25,000	65,000	148,295	1,399
		87,654			200,000		
461	2,715	56,644	319,015				480,000
			115,038			92,619	415,583
461	2,715	144,298	434,053		200,000	92,619	895,583
3,908	1,734	22,048	217,483	25,000	(135,000)	55,676	(894,184)
				(25,000)		12,395,979 (4,891,969) (12,592,131)	895,147
				(25,000)		(5,088,121)	895,147
3,908	1,734	22,048	217,483		(135,000)	(5,032,445)	963
65,120	13,710	220,856	269,604	40,243	215,003	5,032,445	47
\$69,028	\$15,444	\$242,904	\$487,087	\$40,243	\$80,003		\$1,010

(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	DEBT SERVICE FUNDS			
	2001 Tax Allocation Bonds Tenth Township Project Area	2004 Tax Allocation Bonds Legacy Project Area	2006 Subordinate Tax Allocation Bonds Tenth Township Project Area	Total Nonmajor Governmental Funds
REVENUES				
Property taxes				\$1,197,357
Sales tax				99,880
Fines and forfeits				256,835
Intergovernmental				1,439,124
Charges for services				686,765
Use of money and property	\$124,800	\$29,491	\$329,764	727,172
Miscellaneous				6,341
Total Revenues	124,800	29,491	329,764	4,413,474
EXPENDITURES				
Current:				
Community:				
Development				1,348,906
Housing				200,000
Public Works & Engineering				2,667,096
Police				319,476
Capital outlay				465,120
Debt Service:				
Principal	425,000	5,000		910,000
Interest and fiscal charges	358,252	265,975	1,105,007	2,237,436
Total Expenditures	783,252	270,975	1,105,007	8,148,034
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(658,452)	(241,484)	(775,243)	(3,734,560)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,561,675	256,211	16,084,672	36,939,285
Transfers (out)	(73,815)	(35,842)	(11,802,855)	(16,909,481)
Payment to bond escrow agent				(12,592,131)
Total Other Financing Sources (Uses)	5,487,860	220,369	4,281,817	7,437,673
NET CHANGE IN FUND BALANCES	4,829,408	(21,115)	3,506,574	3,703,113
Fund balances (deficits) at beginning of year	33,091	589,263		6,627,525
FUND BALANCES (DEFICITS) AT END OF YEAR	\$4,862,499	\$568,148	\$3,506,574	\$10,330,638

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS

	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	REVENUES					
Property taxes						
Sales tax				\$95,000	\$99,880	\$4,880
Fines and forfeits						
Intergovernmental	\$591,000	\$577,364	(\$13,636)			
Charges for services	36,000	121,593	85,593			
Use of money and property	1,500		(1,500)			
Miscellaneous		1,000	1,000			
Total Revenues	628,500	699,957	71,457	95,000	99,880	4,880
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Housing						
Public Works & Engineering	1,243,958	970,050	273,908			
Police						
Capital outlay	108,000	121,742	(13,742)			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,351,958	1,091,792	260,166			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(723,458)	(391,835)	331,623	95,000	99,880	4,880
OTHER FINANCING SOURCES (USES)						
Transfers in	688,568	435,507	(253,061)			
Transfers (out)				(80,000)	(80,000)	
Payment to bond escrow agent						
Total Other Financing Sources (Uses)	688,568	435,507	(253,061)	(80,000)	(80,000)	
NET CHANGE IN FUND BALANCES	(\$34,890)	43,672	\$78,562	\$15,000	19,880	\$4,880
Fund balances at beginning of year		(66,219)			83,550	
FUND BALANCES AT END OF YEAR		(\$22,547)			\$103,430	

SPECIAL REVENUE FUNDS

STREET LIGHTING AND LANDSCAPING			N.P.D.E.S.			DEVELOPMENT SERVICES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$850,000	\$845,020	(\$4,980)	\$15,000	\$9,388	(\$5,612)			
	500	500	310,000	300,234	(9,766)			
				8,850	8,850	\$709,000	\$556,322	(\$152,678)
			3,000	(433)	(3,433)		(4,585)	(4,585)
				4,500	4,500			
<u>850,000</u>	<u>845,520</u>	<u>(4,480)</u>	<u>328,000</u>	<u>322,539</u>	<u>(5,461)</u>	<u>709,000</u>	<u>551,737</u>	<u>(157,263)</u>
						1,563,305	1,261,252	302,053
1,375,769	1,364,800	10,969	340,007	329,531	10,476			
135,500	139,644	(4,144)				34,553	32,052	2,501
<u>1,511,269</u>	<u>1,504,444</u>	<u>6,825</u>	<u>340,007</u>	<u>329,531</u>	<u>10,476</u>	<u>1,597,858</u>	<u>1,293,304</u>	<u>304,554</u>
<u>(661,269)</u>	<u>(658,924)</u>	<u>2,345</u>	<u>(12,007)</u>	<u>(6,992)</u>	<u>5,015</u>	<u>(888,858)</u>	<u>(741,567)</u>	<u>147,291</u>
651,186	635,466	(15,720)				890,713	672,928	(217,785)
<u>651,186</u>	<u>635,466</u>	<u>(15,720)</u>				<u>890,713</u>	<u>672,928</u>	<u>(217,785)</u>
<u>(\$10,083)</u>	<u>(23,458)</u>	<u>(\$13,375)</u>	<u>(\$12,007)</u>	<u>(6,992)</u>	<u>\$5,015</u>	<u>\$1,855</u>	<u>(68,639)</u>	<u>(\$70,494)</u>
	<u>(14,509)</u>			<u>59,488</u>			<u>65,962</u>	
	<u>(\$37,967)</u>			<u>\$52,496</u>			<u>(\$2,677)</u>	

(Continued)

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS

	MEASURE C			OAK PARK MAINTENANCE DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	REVENUES					
Property taxes	\$304,000	\$339,257	35,257	\$3,700	\$3,692	(\$8)
Sales tax						
Fines and forfeits						
Intergovernmental						
Charges for services						
Use of money and property	7,000	4,135	(2,865)	200	757	557
Miscellaneous						
Total Revenues	311,000	343,392	32,392	3,900	4,449	549
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Housing						
Public Works & Engineering				4,767	2,715	2,052
Police						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures				4,767	2,715	2,052
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	311,000	343,392	32,392	(867)	1,734	2,601
OTHER FINANCING SOURCES (USES)						
Transfers in		1,700	1,700			
Transfers (out)	(307,438)		307,438			
Payment to bond escrow agent						
Total Other Financing Sources (Uses)	(307,438)	1,700	309,138			
NET CHANGE IN FUND BALANCES	<u>\$3,562</u>	<u>345,092</u>	<u>\$341,530</u>	<u>(\$867)</u>	<u>1,734</u>	<u>\$2,601</u>
Fund balances at beginning of year		<u>19,871</u>			<u>13,710</u>	
FUND BALANCES AT END OF YEAR		<u><u>\$364,963</u></u>			<u><u>\$15,444</u></u>	

SPECIAL REVENUE FUNDS

PARATRANSIT			LAW ENFORCEMENT SERVICES			TRAFFIC CONGESTION RELIEF		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$147,866	\$153,455	\$5,589	\$230,000	\$256,835	\$26,835	\$228,500	\$15,597	(\$212,903)
2,500	12,891	10,391	236,000	391,974	155,974		9,403	9,403
150,366	166,346	15,980	466,000	651,536	185,536	228,500	25,000	(203,500)
140,981	87,654	53,327						
	56,644	(56,644)	302,906	319,015	(16,109)			
				115,038	(115,038)			
140,981	144,298	(3,317)	302,906	434,053	(131,147)			
9,385	22,048	12,663	163,094	217,483	54,389	228,500	25,000	(203,500)
						(13,500)	(25,000)	(11,500)
						(13,500)	(25,000)	(11,500)
<u>\$9,385</u>	<u>22,048</u>	<u>\$12,663</u>	<u>\$163,094</u>	<u>217,483</u>	<u>\$54,389</u>	<u>\$215,000</u>		<u>(\$215,000)</u>
	<u>220,856</u>			<u>269,604</u>			<u>40,243</u>	
	<u>\$242,904</u>			<u>\$487,087</u>			<u>\$40,243</u>	

(Continued)

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
	HCD GRANT			MERGED PROJECT AREA 1993 SUBORDINATE TAX ALLOCATION BONDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Fines and forfeits						
Intergovernmental	\$500,000		(\$500,000)			
Charges for services						
Use of money and property		\$65,000	65,000		\$148,295	\$148,295
Miscellaneous						
Total Revenues	<u>500,000</u>	<u>65,000</u>	<u>(435,000)</u>		<u>148,295</u>	<u>148,295</u>
EXPENDITURES						
Current:						
General Government						
Community:						
Development						
Housing	500,000	200,000	300,000			
Public Works & Engineering						
Police						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges				\$947,375	92,619	854,756
Total Expenditures	<u>500,000</u>	<u>200,000</u>	<u>300,000</u>	<u>947,375</u>	<u>92,619</u>	<u>854,756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(135,000)	(135,000)	(947,375)	55,676	1,003,051
OTHER FINANCING SOURCES (USES)						
Transfers in				947,375	12,395,979	11,448,604
Transfers (out)					(4,891,969)	(4,891,969)
Payment to bond escrow agent					(12,592,131)	(12,592,131)
Total Other Financing Sources (Uses)				<u>947,375</u>	<u>(5,088,121)</u>	<u>(6,035,496)</u>
NET CHANGE IN FUND BALANCES		<u>(135,000)</u>	<u>(\$135,000)</u>		<u>(5,032,445)</u>	<u>(\$5,032,445)</u>
Fund balances at beginning of year		<u>215,003</u>			<u>5,032,445</u>	
FUND BALANCES AT END OF YEAR		<u>\$80,003</u>				

DEBT SERVICE FUNDS

MERGED PROJECT AREA 1999 SUBORDINATE TAX ALLOCATION BONDS			2001 TAX ALLOCATION BONDS TENTH TOWNSHIP PROJECT AREA		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$1,399	\$1,399		\$124,800	\$124,800
	1,399	1,399		124,800	124,800
\$480,000	480,000		\$425,000	425,000	
415,583	415,583		358,252	358,252	
895,583	895,583		783,252	783,252	
(895,583)	(894,184)	1,399	(783,252)	(658,452)	124,800
895,583	895,147	(436)	783,252	5,561,675 (73,815)	4,778,423 (73,815)
895,583	895,147	(436)	783,252	5,487,860	4,704,608
	963	\$963		4,829,408	\$4,829,408
	47			33,091	
	\$1,010			\$4,862,499	

AGENCY FUNDS

GASB Statement 34 requires that Agency Funds be presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

TOWN CENTER SPECIAL ASSESSMENT DISTRICT

This fund accounts for Town Center Special Assessment District special assessment collections and debt service payments.

OAK PARK SPECIAL ASSESSMENT DISTRICT

This fund accounts for Oak Park Special Assessment District special assessment collections and debt service payments.

COMMUNITY ORGANIZATIONS AND ACTIVITIES

This fund accounts for deposits held as an agent for community organizations and activities.

PAYROLL DEPOSIT

This fund is a clearing account for certain employee payroll withholdings.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

This fund accounts for assets belonging to the West Contra Costa Transportation Advisory Committee held as an agent by the City, which maintains the Committee's books and accounts.

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<hr/> <u>Town Center Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$696,338	\$446,736	\$372,686	\$770,388
Interest receivable	7,718	3	7,718	3
Total Assets	<u>\$704,056</u>	<u>\$446,739</u>	<u>\$380,404</u>	<u>\$770,391</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$704,056</u>	<u>\$446,739</u>	<u>\$380,404</u>	<u>\$770,391</u>
<hr/> <u>Oak Park Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$923,795	\$492,512	\$445,598	\$970,709
Interest receivable	12,084	4	12,084	4
Total Assets	<u>\$935,879</u>	<u>\$492,516</u>	<u>\$457,682</u>	<u>\$970,713</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$935,879</u>	<u>\$492,516</u>	<u>\$457,682</u>	<u>\$970,713</u>
<hr/> <u>Community Organizations and Activities</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$383,443	\$115,411	\$182,969	\$315,885
Interest receivable	3,719	4,822	3,719	4,822
Total Assets	<u>\$387,162</u>	<u>\$120,233</u>	<u>\$186,688</u>	<u>\$320,707</u>
<u>Liabilities</u>				
Accounts payable	\$5,943	\$3,891	\$5,943	\$3,891
Deposits held as agent for others	381,219	116,342	180,745	316,816
Total Liabilities	<u>\$387,162</u>	<u>\$120,233</u>	<u>\$186,688</u>	<u>\$320,707</u>
<hr/> <u>Payroll Deposit</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$3,402		\$3,402	
	<u>\$3,402</u>		<u>\$3,402</u>	
<u>Liabilities</u>				
Accounts payable	<u>\$3,402</u>		<u>\$3,402</u>	

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<hr style="border-top: 1px solid black;"/>				
West Contra Costa Transportation Advisory Committee				
<hr style="border-top: 1px solid black;"/>				
<u>Assets</u>				
Restricted cash and investments	\$365		\$365	
Accounts receivable		\$64,281		\$64,281
Due from other governments	287,709	789,529	287,709	789,529
Interest receivable	634	4,291	634	4,291
Prepays and deposits	1,763	1,832	1,763	1,832
Total Assets	\$290,471	\$859,933	\$290,471	\$859,933
<u>Liabilities</u>				
Accounts payable	\$59,398	\$57,205	\$59,398	\$57,205
Due to City	241,650	18,937	65,164	195,423
Deposits held as agent for others	(10,577)	783,791	165,909	607,305
Total Liabilities	\$290,471	\$859,933	\$290,471	\$859,933
<hr style="border-top: 1px solid black;"/>				
Totals - All Agency Funds				
<hr style="border-top: 1px solid black;"/>				
<u>Assets</u>				
Restricted cash and investments	\$2,007,343	\$1,054,659	\$1,005,020	\$2,056,982
Interest receivable	24,155	9,120	24,155	9,120
Accounts receivable		64,281		64,281
Due from other governments	287,709	789,529	287,709	789,529
Prepays and deposits	1,763	1,832	1,763	1,832
Total Assets	\$2,320,970	\$1,919,421	\$1,318,647	\$2,921,744
<u>Liabilities</u>				
Accounts payable	\$68,743	\$61,096	\$68,743	\$61,096
Due to City	241,650	18,937	65,164	195,423
Deposits held as agent for others	370,642	900,133	346,654	924,121
Due to bondholders	1,639,935	939,255	838,086	1,741,104
Total Liabilities	\$2,320,970	\$1,919,421	\$1,318,647	\$2,921,744

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
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. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds
5. Continuing Disclosure Requirements:
 - a. Town Center 1997 Reassessment Revenue Bonds
 - b. Oak Park 1998 Reassessment Revenue Bonds
 - c. Debt Service Coverage Schedule

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

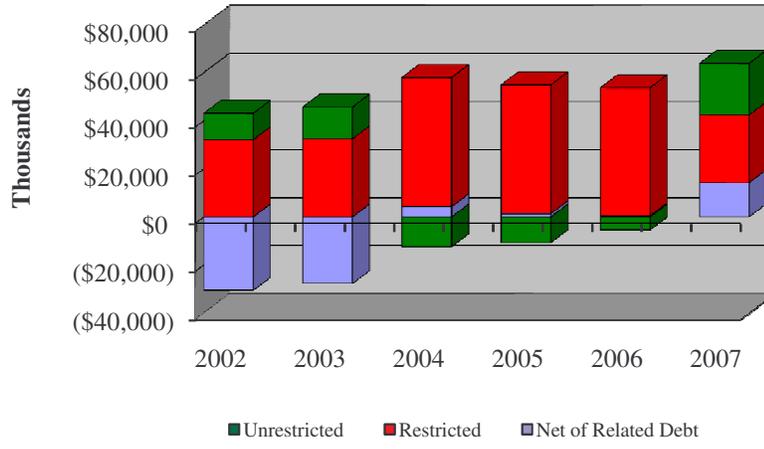
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF SAN PABLO
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

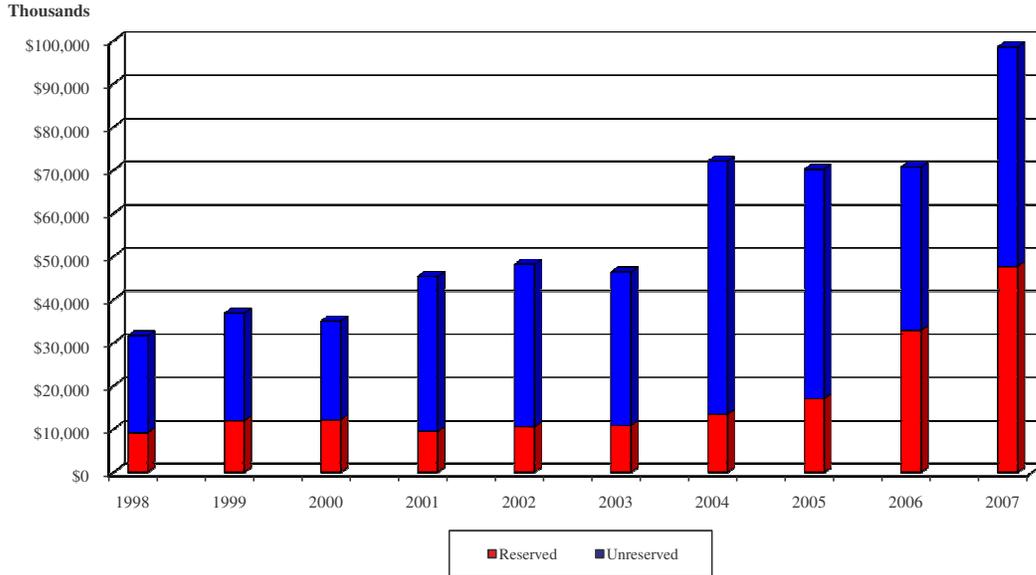


	Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
<i>Governmental activities</i>						
Invested in capital assets, net of related debt	(\$30,582,670)	(\$27,769,715)	\$4,217,407	\$1,338,446	\$391,982	\$14,162,898
Restricted	32,172,751	32,555,089	53,814,033	53,602,869	53,323,336	28,234,327
Unrestricted	10,904,480	13,105,682	(12,424,571)	(10,731,809)	(5,491,591)	21,442,740
Total governmental activities net assets	\$12,494,561	\$17,891,056	\$45,606,869	\$44,209,506	\$48,223,727	\$63,839,965

CITY OF SAN PABLO
Changes in Net Assets
Last Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental Activities:						
General Government	\$4,014,394	\$4,616,174	\$4,295,995	\$6,247,087	\$5,061,400	\$2,632,986
Community						
Recreation	613,517	641,292	568,220	682,636	703,787	989,126
Development	4,245,494	3,216,316	3,498,886	8,047,233	6,190,032	4,140,354
Housing	440,240	502,613	1,334,075	316,338	2,456,860	228,296
Public Works & Engineering						5,674,920
Police	7,139,573	7,633,771	8,316,795	9,899,191	15,399,999	10,772,050
Interest and fiscal charges	2,713,525	2,610,389	4,188,138	3,336,076	3,281,931	4,498,283
Total Governmental Activities Expenses	<u>19,166,743</u>	<u>19,220,555</u>	<u>22,202,109</u>	<u>28,528,561</u>	<u>33,094,009</u>	<u>28,936,015</u>
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	460,392	747,791	780,540	767,938	1,089,391	22,805
Community:						
Recreation	72,790	72,355	69,140	70,360	52,525	117,752
Development						556,322
Public Works & Engineering						130,443
Police	329,211	295,697	310,684	597,466	418,449	724,871
Operating Grants and Contributions	1,853,029	1,411,263	2,094,200	1,696,841	1,986,780	1,927,514
Capital Grants and Contributions	707,289	1,512,916	550,399	749,567	1,015,449	1,793,276
Total Government Activities Program Revenues	<u>3,422,711</u>	<u>4,040,022</u>	<u>3,804,963</u>	<u>3,882,172</u>	<u>4,562,594</u>	<u>5,272,983</u>
Net (Expense)/Revenue						
Governmental Activities	<u>(15,744,032)</u>	<u>(15,180,533)</u>	<u>(18,397,146)</u>	<u>(24,646,389)</u>	<u>(28,531,415)</u>	<u>(23,663,032)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Property Taxes	1,437,245	1,493,059	1,447,370	1,384,587	1,387,577	1,389,901
Incremental Property Taxes	7,022,549	7,923,532	8,981,315	11,577,262	12,251,525	14,959,091
ERAF		(239,583)	(414,174)	(780,327)	(801,770)	
Sales Taxes	1,711,707	1,872,533	1,805,822	1,442,957	1,414,077	1,304,189
In-Lieu Sales Tax				402,175	367,240	396,968
Utility Users Tax	1,817,716	1,959,355	1,989,816	2,053,248	2,158,865	1,594,338
Other Taxes	3,614,460	3,654,479	3,591,499	3,820,413	9,866,947	12,649,876
Intergovernmental unrestricted:						
Motor Vehicle In-Lieu Fees	1,709,875	1,812,031	1,379,768	2,516,011	2,276,752	2,476,028
Business Licenses (nonregulatory)	252,289	274,508	299,715	280,518	290,935	326,195
Use of Money and Property	1,757,907	1,431,375	1,411,561	1,777,188	2,733,017	3,306,358
Gain on Sale of Property		289,010	275,668	56,981	315,000	497,534
Miscellaneous	128,278	176,729	152,099	143,876	285,471	378,792
Special item - transfer of loans and cash to County				(1,425,863)		
Total Governmental Activities	<u>19,452,026</u>	<u>20,647,028</u>	<u>20,920,459</u>	<u>23,249,026</u>	<u>32,545,636</u>	<u>39,279,270</u>
Change in Net Assets						
Governmental Activities	<u>\$3,707,994</u>	<u>\$5,466,495</u>	<u>\$2,523,313</u>	<u>(\$1,397,363)</u>	<u>\$4,014,221</u>	<u>\$15,616,238</u>

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



	Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$19,641	\$19,705	\$67,707	\$11,575	\$37,793	\$416,350	\$388,271	\$383,225	\$387,568	\$45,330
Unreserved	7,366,360	7,918,540	9,307,424	11,614,792	12,783,284	13,854,183	14,203,812	13,634,482	12,989,007	18,012,835
Total General Fund	<u>\$7,386,001</u>	<u>\$7,938,245</u>	<u>\$9,375,131</u>	<u>\$11,626,367</u>	<u>\$12,821,077</u>	<u>\$14,270,533</u>	<u>\$14,592,083</u>	<u>\$14,017,707</u>	<u>\$13,376,575</u>	<u>\$18,058,165</u> (a)
All Other Governmental Funds										
Reserved	\$9,132,603	\$11,879,787	\$12,057,895	\$9,399,206	\$10,468,551	\$10,409,941	\$13,012,019	\$16,603,584	\$32,450,547	\$47,633,407
Unreserved, reported in:										
Special revenue funds	1,331,242	1,687,811	1,704,238	1,505,813	1,439,376	1,389,448	1,963,053	549,853	915,850	1,366,884
Capital project funds	13,712,887	15,264,320	11,825,482	22,758,300	23,407,840	20,296,802	42,417,362	38,954,525	23,939,025	31,423,052
Total all other governmental funds	<u>\$24,176,732</u>	<u>\$28,831,918</u>	<u>\$25,587,615</u>	<u>\$33,663,319</u>	<u>\$35,315,767</u>	<u>\$32,096,191</u>	<u>\$57,392,434</u>	<u>\$56,107,962</u>	<u>\$57,305,422</u>	<u>\$80,423,343</u> (a)

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

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

	Fiscal Year Ended June 30,				
	1998	1999	2000	2001	2002
Revenues					
Property taxes	\$1,338,675	\$1,403,506	\$1,435,850	\$1,501,580	\$1,437,245
Incremental property taxes	5,074,927	5,430,296	5,676,772	6,367,782	7,022,549
Less ERAF					
Sales tax	1,296,223	1,345,934	1,557,076	1,703,083	1,711,707
In-lieu sales tax					
Utility users tax	1,429,018	1,445,050	1,501,318	1,895,903	1,817,716
Other taxes	3,497,996	2,828,982	2,850,536	3,164,556	3,614,460
Licenses and permits	188,286	194,671	210,641	263,703	252,289
Fines and forfeits	27,579	23,469	31,726	7,285	2,672
Intergovernmental	4,484,069	3,064,836	3,272,875	4,092,902	3,530,825
Charges for services	480,772	628,117	701,749	855,296	862,393
Use of money and property	2,126,408	1,738,706	1,969,846	2,446,081	3,382,073
Miscellaneous	118,605	80,711	327,948	70,181	125,606
Total Revenues	20,062,558	18,184,278	19,536,337	22,368,352	23,759,535
Expenditures					
Current:					
General government	3,037,679	3,449,823	3,223,218	3,478,200	3,739,321
Community					
Recreation	650,811	524,757	644,814	587,505	605,648
Development	2,133,254	2,218,693	3,133,954	3,191,515	3,983,957
Housing	115,324	133,749	371,433	365,677	843,745
Public Works & Engineering					
Police	5,437,833	5,607,964	5,772,864	6,155,750	6,973,316
Pass Through to County	87,413	96,949	107,246	130,207	
Estimated reduction in value of land held for redevelopment	615,000	85,000			
Capital outlay	4,047,289	3,733,208	4,915,338	2,325,193	1,525,081
Debt service:					
Principal repayment	675,000	705,000	740,000	1,005,000	705,000
Interest and fiscal charges	2,277,043	2,515,947	2,434,887	2,894,391	2,536,309
Total Expenditures	19,076,646	19,071,090	21,343,754	20,133,438	20,912,377
Excess (deficiency) of revenues over (under) expenditures	985,912	(886,812)	(1,807,417)	2,234,914	2,847,158
Other Financing Sources (Uses)					
Transfers in	8,006,050	13,000,975	10,594,769	17,882,893	9,360,973
Transfers (out)	(8,006,050)	(13,000,975)	(10,594,769)	(17,882,893)	(9,360,973)
Proceeds from sale of property					
Loss from sale of property					
Proceeds from debt issuance		9,850,000		12,997,670	
Premium on bonds					
Payments to refunded bond escrow		(4,141,796)		(4,905,644)	
Revenue bonds issued					
Special assessment bonds issued					
Premium on bonds					
Sale of capital assets					
Total Other Financing Sources (Uses)	0	5,708,204	0	8,092,026	0
Special Items					
Transfer of loans receivable and cash to the county					
Reversal of deferred revenues to offset the loans					
Change in Fund Balance	\$985,912	\$4,821,392	(\$1,807,417)	\$10,326,940	\$2,847,158
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	20.1%

NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for

Fiscal Year Ended June 30,

2003	2004	2005	2006	2007
\$1,493,059	\$1,447,370	\$1,384,587	\$1,387,577	\$1,738,546
7,923,532	8,981,315	11,577,262	12,251,525	14,959,091
(239,583)	(414,174)	(780,327)	(801,770)	
1,872,533	1,805,822	1,442,957	1,414,077	1,304,189
		402,175	367,240	396,968
1,959,355	1,989,816	2,053,248	2,158,865	1,594,338
3,654,479	3,591,499	3,820,413	9,866,947	12,649,876
274,508	299,715	280,518	290,935	326,195
11,288	13,315	38,248	15,768	400,117
4,041,873	4,214,004	4,357,809	4,838,178	5,276,263
1,115,843	1,160,364	1,435,764	1,560,365	1,098,195
2,302,048	4,224,175	2,544,289	3,373,908	4,165,686
165,441	414,818	302,606	269,703	276,206
<u>24,574,376</u>	<u>27,728,039</u>	<u>28,859,549</u>	<u>36,993,318</u>	<u>44,185,670</u>
4,318,395	4,111,331	6,075,454	5,153,650	2,462,270
616,658	554,021	653,744	716,929	956,875
5,003,018	2,696,836	6,083,560	3,871,099	4,215,123
1,330,272	2,984,044	849,562	1,320,060	518,764
				2,947,864
7,123,169	7,870,063	9,600,575	15,512,360	10,589,624
4,533,164	2,747,037	2,302,320	3,147,146	14,634,535
1,275,000	1,325,000	1,645,000	1,530,000	1,740,000
<u>2,433,830</u>	<u>3,709,542</u>	<u>3,145,231</u>	<u>3,079,872</u>	<u>4,097,085</u>
<u>26,633,506</u>	<u>25,997,874</u>	<u>30,355,446</u>	<u>34,331,116</u>	<u>42,162,140</u>
<u>(2,059,130)</u>	<u>1,730,165</u>	<u>(1,495,897)</u>	<u>2,662,202</u>	<u>2,023,530</u>
9,176,190	27,214,941	13,157,679	12,628,478	42,988,080
(9,176,190)	(27,214,941)	(13,157,679)	(12,628,478)	(42,988,080)
289,010	275,668	56,981	315,000	2,368,112
	37,755,000		(2,420,874)	36,000,000
	690,216			
	(14,833,256)			(12,592,131)
<u>289,010</u>	<u>23,887,628</u>	<u>56,981</u>	<u>(2,105,874)</u>	<u>25,775,981</u>
		(1,425,863)		
		1,005,931		
		419,932		
<u>(\$1,770,120)</u>	<u>\$25,617,793</u>	<u>(\$1,858,848)</u>	<u>\$556,328</u>	<u>\$27,799,511</u>

20.2%

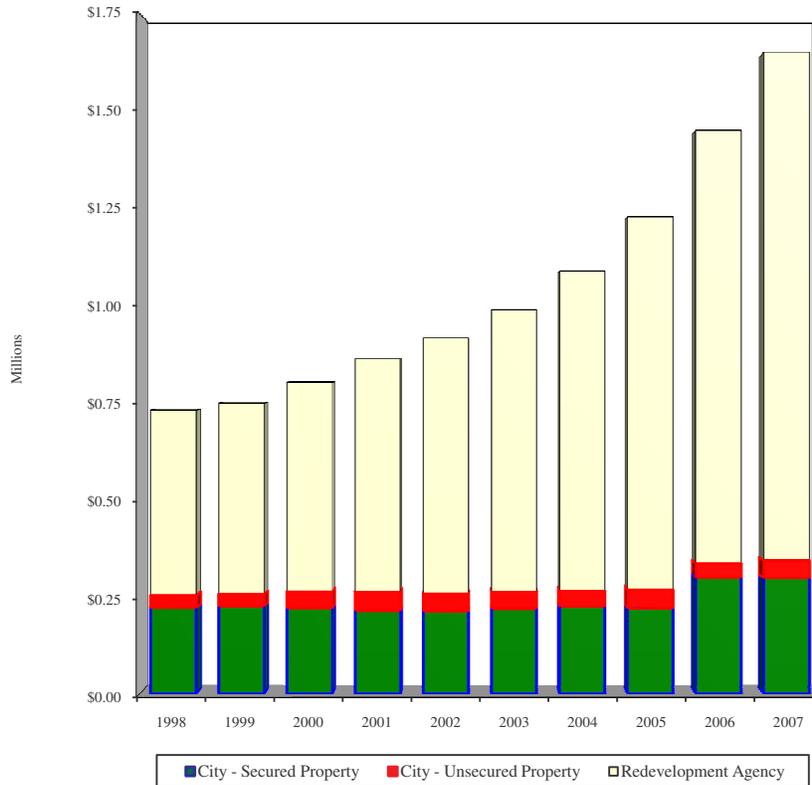
27.6%

20.6%

17.3%

26.9%

**CITY OF SAN PABLO
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



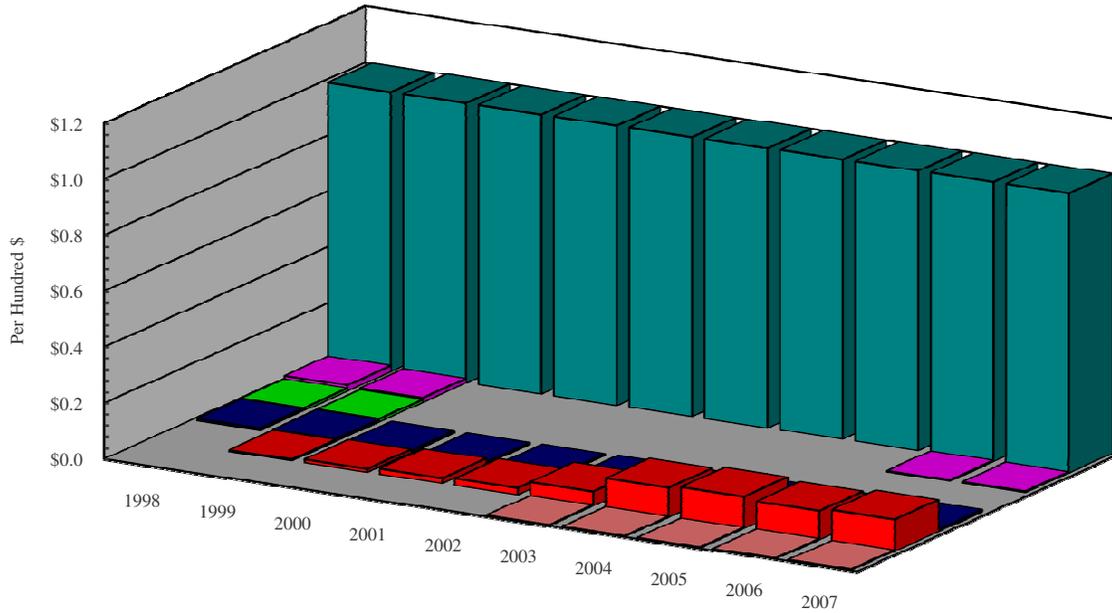
Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
1998	\$221,467,678	\$32,239,314	\$253,706,992	\$477,402,664	n/a	\$477,402,664	\$731,109,656	\$731,109,656	0.722%
1999	225,351,425	30,948,545	256,299,970	492,083,506	n/a	492,083,506	748,383,476	748,383,476	0.757%
2000	220,748,619	43,222,456	263,971,075	538,967,022	n/a	538,967,022	802,938,097	802,938,097	0.746%
2001	214,890,109	47,920,296	262,810,405	584,287,005	\$16,027,274	600,314,279	863,124,684	863,124,684	0.778%
2002	213,107,991	44,361,453	257,469,444	628,142,568	30,841,919	658,984,487	916,453,931	916,453,931	0.796%
2003	219,539,698	43,489,446	263,029,144	679,474,402	46,682,654	726,157,056	989,186,200	989,186,200	0.830%
2004	225,119,067	40,916,120	266,035,187	758,471,631	64,590,559	823,062,190	1,089,097,377	1,089,097,377	0.851%
2005	220,397,081	48,109,315	268,506,396	870,655,885	89,092,924	959,748,809	1,228,255,205	1,228,255,205	0.958%
2006	300,086,126	36,435,336	336,521,462	997,667,744	117,581,726	1,115,249,470	1,451,770,932	1,451,770,932	0.858%
2007	298,211,215	45,156,382	343,367,597	1,154,590,211	154,299,250	1,308,889,461	1,652,257,058	1,652,257,058	0.938%

Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) 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.

**CITY OF SAN PABLO
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	West County Sanitary/Wastewater	Bay Area Rapid Transit	East Bay Regional Park District	West Contra Costa Unified School District	Community College	Total
1998	\$1.0000	\$0.0107	\$0.0220	\$0.0081			\$1.0408
1999	1.0000	0.0113	0.0167	0.0092	\$0.0061		1.0433
2000	1.0000			0.0088	0.0125		1.0213
2001	1.0000			0.0065	0.0204		1.0269
2002	1.0000			0.0072	0.0249		1.0321
2003	1.0000			0.0065	0.0526	\$0.0040	1.0631
2004	1.0000			0.0057	0.1064	0.0038	1.1159
2005	1.0000			0.0057	0.1153	0.0042	1.1252
2006	1.0000		0.0048	0.0057	0.1041	0.0047	1.1193
2007	1.0000		0.0050	0.0085	0.1143	0.0043	1.1321

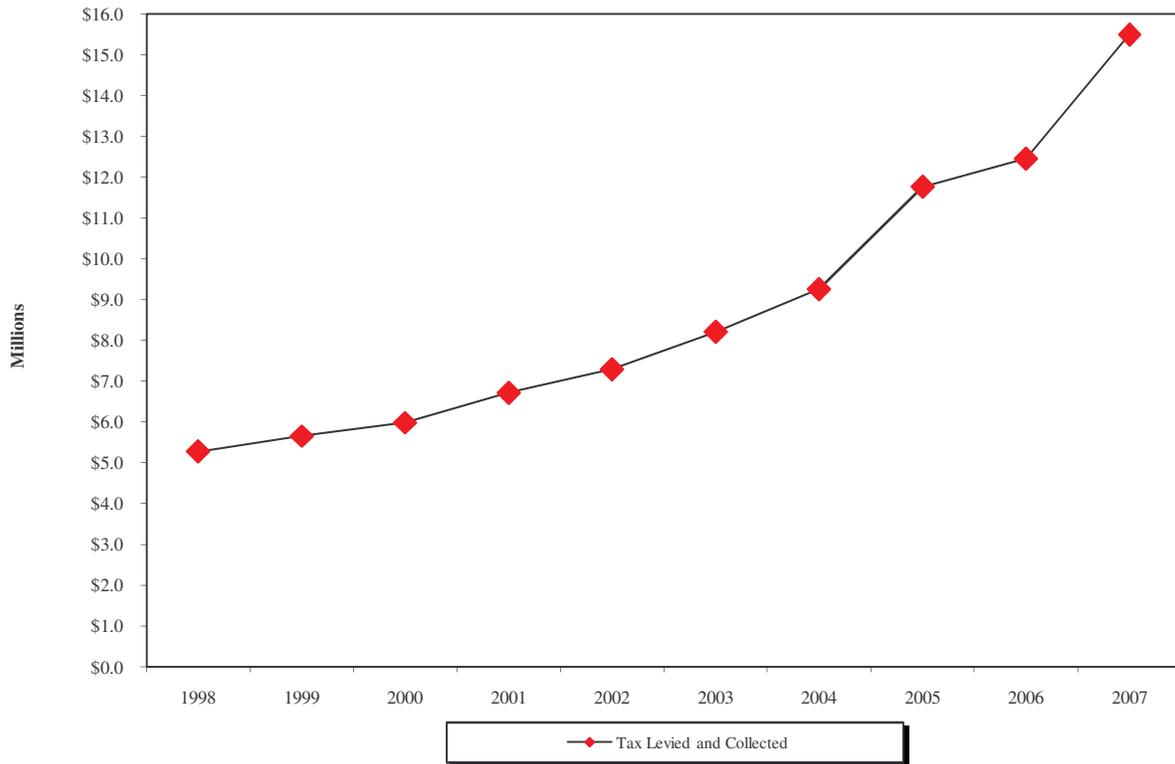
Source: Hinderliter, de Llamas & Associates, Contra Costa County Assessor

CITY OF SAN PABLO
Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2006-07</u>			<u>1997-98</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>
San Pablo Retail Partners LLC	\$16,947,064	1	1.0%			
Signature At Abella LLC	15,690,237	2	0.9%			
Princeton Plaza LLC	13,645,418	3	0.8%	\$12,582,710	2	1.7%
Save Mart Supermarkets	11,769,753	4	0.7%			
Public Storage Inc.	9,350,632	5	0.6%			
Munir & Baliba G. Ahmed	9,038,245	6	0.5%			
Murray & Janet Gordon Trust	8,469,582	7	0.5%	7,106,483	4	1.0%
Lucky Norcal Investor LLC	8,292,181	8	0.5%			
WEC 97k 31 Investment Trust	6,185,814	9	0.4%			
Dennis R. & Sandra D. Hill	6,092,022	10	0.4%			
Ladbroke San Pablo Limited Partnership				23,716,839	1	3.2%
Lennar Northeast Partners				11,150,640	3	1.5%
Lucky Stores, Inc.				6,020,558	5	0.8%
Mary Murphy Trust				4,810,069	6	0.7%
Fox & Lambrecht				4,779,809	7	0.7%
Circle S Group				4,727,093	8	0.6%
Robie Limited Partnership				4,290,641	9	0.6%
Lenox Healthcare Realty				4,027,938	10	0.6%
Subtotal	<u>\$105,480,948</u>		<u>6.4%</u>	<u>\$83,212,780</u>		<u>11.4%</u>
Total Net Assessed Valuation:						
Fiscal Year 2006-2007	\$1,652,257,058					
Fiscal Year 1997-1998	\$731,109,656					

Source: Hinderliter, de Llamas & Associates, Contra Costa County Assessor

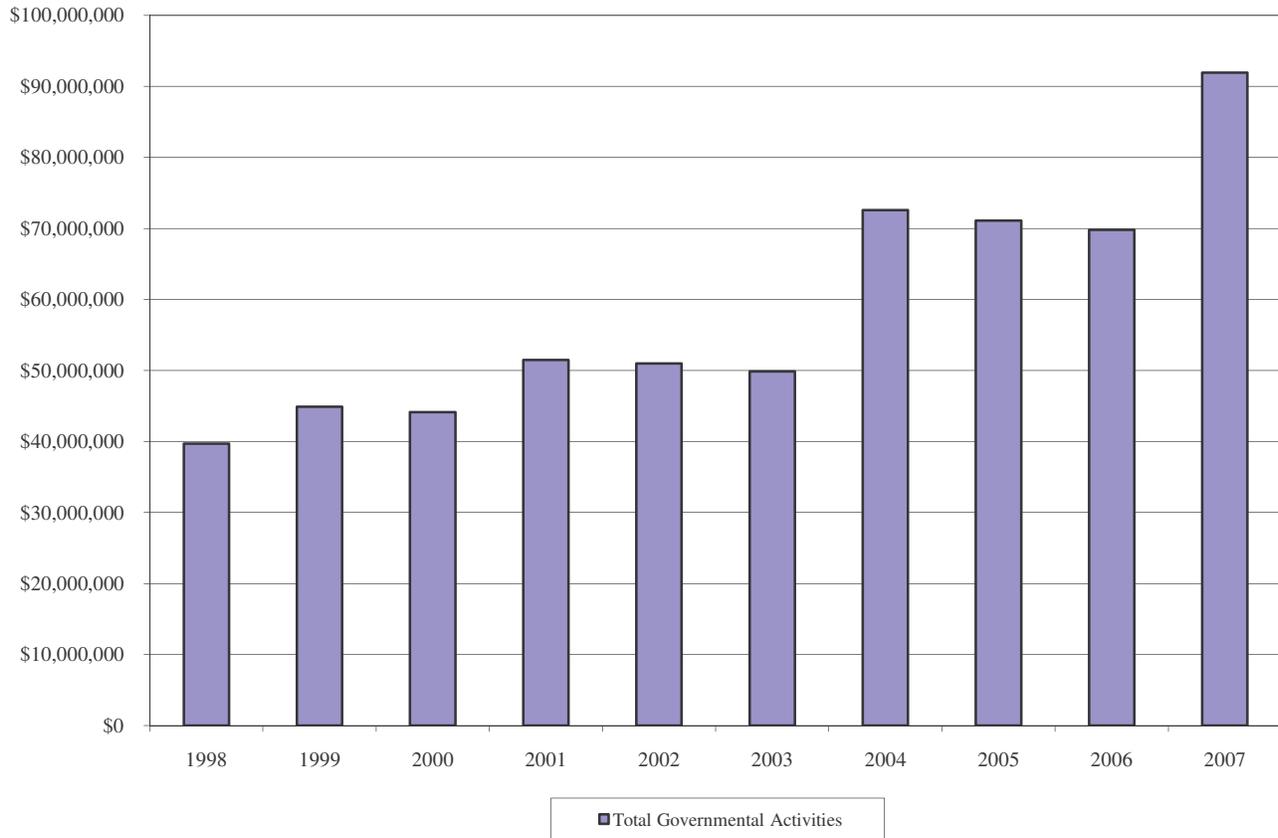
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Fiscal Year	City Property Tax Levied and Collected (1)	Redevelopment Agency Property Tax Levied and Collected (2)	Total Property Tax Levied and Collected (3)	Percent of Total Tax Collections to Tax Levy
1998	\$202,247	\$5,074,927	\$5,277,174	100%
1999	234,056	5,430,296	5,664,352	100%
2000	313,432	5,676,772	5,990,204	100%
2001	351,498	6,367,782	6,719,280	100%
2002	272,412	7,022,549	7,294,961	100%
2003	286,574	7,923,532	8,210,106	100%
2004	282,893	8,981,315	9,264,208	100%
2005	188,707	11,577,262	11,765,969	100%
2006	207,171	12,251,525	12,458,696	100%
2007	541,189	14,959,091	15,500,280	100%

- NOTES:
- (1) Excludes Street Lighting and Landscaping, N.P.D.E.S. and Oak Park Maintenance District Property Tax.
 - (2) Only the Redevelopment Agency's Tenth Township Project Area received property tax increment through fiscal 1999. Beginning in fiscal 2000 the Legacy Project Area also receives property tax increment.
 - (3) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

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



Fiscal Year	Governmental Activities Tax Allocation Bonds	Percentage of Personal Income (a)	Per Capita (a)
1998	\$39,695,000	4.00%	\$1,502
1999	44,890,000	4.24%	1,680
2000	44,150,000	3.70%	1,646
2001	51,477,670	3.73%	1,662
2002	50,963,628	3.76%	1,649
2003	49,864,131	3.67%	1,622
2004	72,569,721	5.06%	2,337
2005	71,120,978	14.19%	2,269
2006	69,798,514	15.63%	2,236
2007	91,927,978	20.82%	2,969

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

Sources: City of San Pablo
California Employment Development Department

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

**CITY OF SAN PABLO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2007**

2006-07 Assessed Valuation	\$1,652,257,058
Redevelopment Incremental Valuation	<u>1,308,889,461</u>
Adjusted Assessed Valuation	<u><u>\$343,367,597</u></u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Net Debt Outstanding	Percentage Applicable To City of San Pablo	Amount Applicable To City of San Pablo
Bay Area Rapid Transit District	\$29,335,434	1.114%	\$326,908
Contra Costa Community College District	112,900,000	1.117%	1,260,780
West Contra Costa Unified School District	536,503,517	6.597%	35,391,076
East Bay Regional Park District	75,343,874	0.040%	30,252
City of San Pablo	0	100.000%	0
City of San Pablo Special Assessment District 1915 Act Bonds	<u>5,085,000</u>	100.000%	<u>5,085,000</u>
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	 <u><u>\$759,167,825</u></u>		 <u><u>\$42,094,016</u></u> (1)

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

RATIOS TO 2006-07 ASSESSED VALUATION:

Direct Debt	0.00%
Total Direct and Overlapping Tax Assessment Debt	2.55%

RATIOS TO ADJUSTED ASSESSED VALUATION:

Direct Debt	0.00%
Total Direct and Overlapping Tax Assessment Debt	12.26%

Source: Hinderliter, deLlamas & Associates

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2007**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$1,652,257,058
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$61,959,640
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$91,927,978
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	91,927,978
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Amount of debt subject to limit	0
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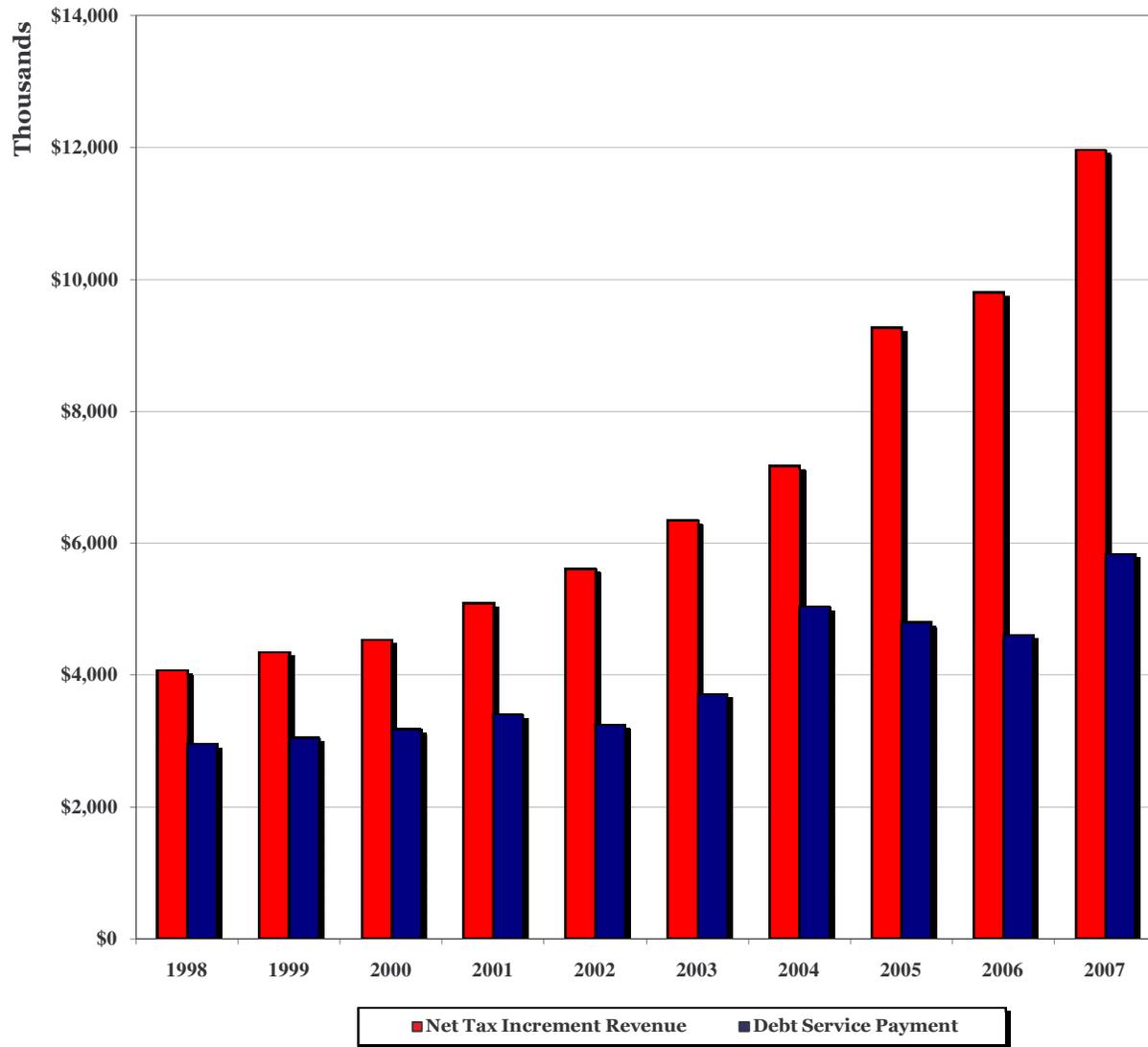
LEGAL BONDED DEBT MARGIN	\$61,959,640
--------------------------	--------------

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
1998	\$27,416,612	\$0	\$27,416,612	0.00%
1999	28,064,380	0	28,064,380	0.00%
2000	30,110,179	0	30,110,179	0.00%
2001	32,367,176	0	32,367,176	0.00%
2002	34,367,022	0	34,367,022	0.00%
2003	37,094,483	0	37,094,483	0.00%
2004	40,841,152	0	40,841,152	0.00%
2005	46,059,570	0	46,059,570	0.00%
2006	54,441,410	0	54,441,410	0.00%
2007	61,959,640	0	61,959,640	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 SAN PABLO
 BONDED DEBT PLEDGED REVENUE COVERAGE
 REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
 LAST TEN FISCAL YEARS**



Fiscal Year	Redevelopment Agency Property Tax Increments	Less Low and Moderate Income Housing Set-Aside	Net Tax Increment Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$5,074,927	\$1,014,985	\$4,059,942	\$675,000	\$2,277,043	\$2,952,043	1.38
1999	5,430,296	1,086,059	4,344,237	705,000	2,345,733	3,050,733	1.42
2000	5,676,772	1,149,698	4,527,074	740,000	2,434,887	3,174,887	1.43
2001	6,367,782	1,288,395	5,079,387	1,005,000	2,389,409	3,394,409	1.50
2002	7,022,549	1,419,361	5,603,188	705,000	2,536,309	3,241,309	1.73
2003	7,923,532	1,584,706	6,338,826	1,275,000	2,433,830	3,708,830	1.71
2004	8,981,315	1,813,446	7,167,869	1,325,000	3,709,542	5,034,542	1.42
2005	11,577,262	2,315,452	9,261,810	1,645,000	3,145,231	4,790,231	1.93
2006	12,251,525	2,450,280	9,801,245	1,530,000	3,079,872	4,609,872	2.13
2007	14,959,091	3,009,430	11,949,661	1,740,000	4,097,085	5,837,085	2.05

CITY OF SAN PABLO
TOWN CENTER
1997 REASSESSMENT REVENUE BONDS
CONTINUING DISCLOSURE REQUIRED BY SEC RULE 15c(2)-12(b)(5)
JUNE 30, 2007

Town Center 1997 Reassessment Revenue Bonds

Reserve Fund: Balance	\$264,418
Requirement	\$249,000
City of San Pablo Limited Obligation Refunding Bonds, Town Center Assessment District, Principal Outstanding	\$2,030,000
Assessed value of parcels within Reassessment District	\$33,946,000
Delinquent parcels within Reassessment District	0
Foreclosure sales	\$0
Property owners responsible for more than 20% of Reassessment levy:	Lucky Stores Inc. San Pablo Retail Partners

Source: Trustee Statement and County Assessor

CITY OF SAN PABLO
OAK PARK
1998 REASSESSMENT REVENUE BONDS
CONTINUING DISCLOSURE REQUIRED BY SEC RULE 15c(2)-12(b)(5)
JUNE 30, 2007

Oak Park 1998 Reassessment Revenue Bonds		
Reserve Fund: Balance		\$413,984
Requirement		\$380,500
City of San Pablo Limited Obligation Refunding Bonds, Oak Park Assessment District, Principal Outstanding		\$3,055,000
Assessed value of parcels within Reassessment District		\$15,400,803
Delinquent parcels within Reassessment District		0
Foreclosure sales		\$0
Property owners responsible for more than 20% of Reassessment levy:		Princeton Plaza LLC

Source: Trustee Statement & County Assessor

**CITY OF SAN PABLO
DEBT SERVICE COVERAGE SCHEDULE
LAST SEVEN FISCAL YEARS**

TENTH TOWNSHIP PROJECT AREA

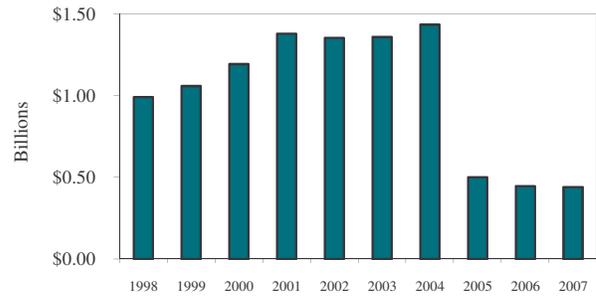
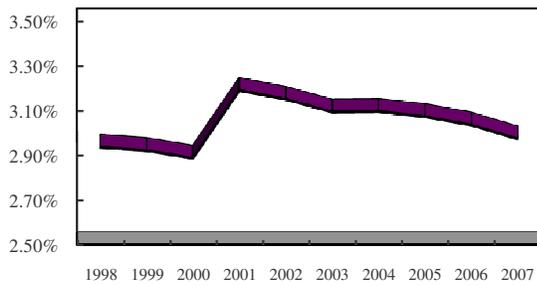
Debt Service On									
Fiscal Year	Gross Tax Revenues	Housing Set-Aside	Pledged Tax Revenues	1993 Bonds	1999 Bonds	Tenth Township Bonds	2006 Bonds	Total Debt Service	Debt Service Coverage
2001	\$6,251,040	(\$1,250,208)	\$5,000,832	\$2,010,813	\$729,991	\$0		\$2,740,804	1.82
2002	6,758,359	(1,351,672)	5,406,687	2,005,228	730,778	423,779		3,159,785	1.71
2003	7,338,823	(1,467,765)	5,871,058	2,008,267	725,506	929,621		3,663,394	1.60
2004	8,186,993	(1,653,251)	6,533,742	1,627,736	729,487	960,136		3,317,359	1.97
2005	10,445,161	(2,089,032)	8,356,129	1,255,510	903,738	2,630,983		4,790,231	1.74
2006	10,890,439	(2,178,088)	8,712,351	1,253,465	902,914	2,453,493		4,609,872	1.89
2007	13,186,910	(2,637,382)	10,549,528	0	895,583	2,860,073	\$837,054	4,592,710	2.30

LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on Legacy Bonds	Debt Service Coverage
2001	\$190,933	(\$38,187)	\$152,746	\$0	1.00
2002	338,448	(67,690)	270,758	73,089	3.70
2003	584,709	(116,942)	467,767	31,625	14.79
2004	794,322	(160,195)	634,127	0	1.00
2005	1,132,101	(226,420)	905,681	0	1.00
2006	1,360,967	(272,193)	1,088,774	0	1.00
2007	1,860,196	(372,048)	1,488,148	334,225	4.45

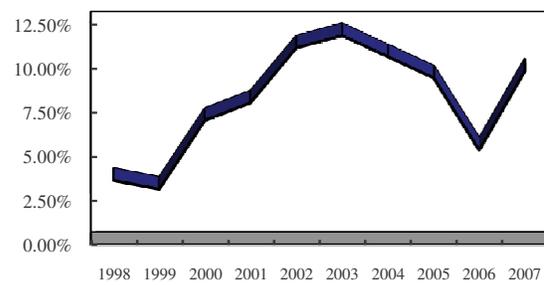
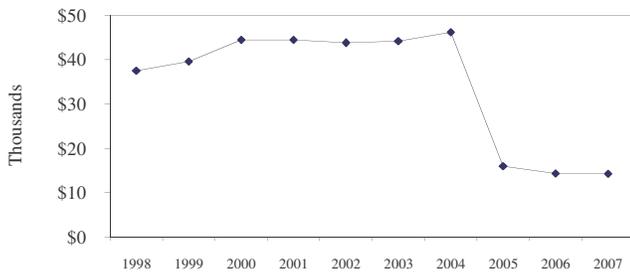
Sources: City of San Pablo Financial Statements

**CITY OF SAN PABLO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



■ City Population as a % of County Population

■ Total Personal Income



◆ Per Capita Personal Income

■ Unemployment Rate (%)

<u>Fiscal Year</u>	<u>City Population</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (%)</u>	<u>Contra Costa County Population</u>	<u>City Population % of County</u>
1998	26,424	\$991,560,600 (a)	\$37,525 (b)	3.6% (c)	900,688	2.93%
1999	26,728	1,059,043,544 (a)	39,623 (b)	3.1% (c)	915,793	2.92%
2000	26,827	1,193,238,133 (a)	44,479 (b)	7.0%	930,025	2.88%
2001	30,981	1,378,933,329 (a)	44,509 (b)	8.0%	972,103	3.19%
2002	30,900	1,353,821,700 (a)	43,813 (b)	11.1%	981,600	3.15%
2003	30,750	1,358,904,000 (a)	44,192 (b)	11.8%	994,900	3.09%
2004	31,050	1,434,851,550 (a)	46,211 (b)	10.6%	1,003,900	3.09%
2005	31,344	501,315,936 (a)	15,994	9.4%	1,020,898	3.07%
2006	31,216	446,482,448 (a)	14,303	5.3%	1,029,377	3.03%
2007	30,965	441,498,970 (a)	14,258	9.8%	1,042,341	2.97%

NOTES: (a) Data not available. Calculated by multiplying City Population by Per Capita Personal Income
 (b) Data not available for the City for 1998 to 2004, therefore data presented is for Contra Costa County
 (c) Data not available for the City for 1998 to 1999, therefore data presented is for Contra Costa County

Sources: California State Department of Finance
 California Employment Development Department

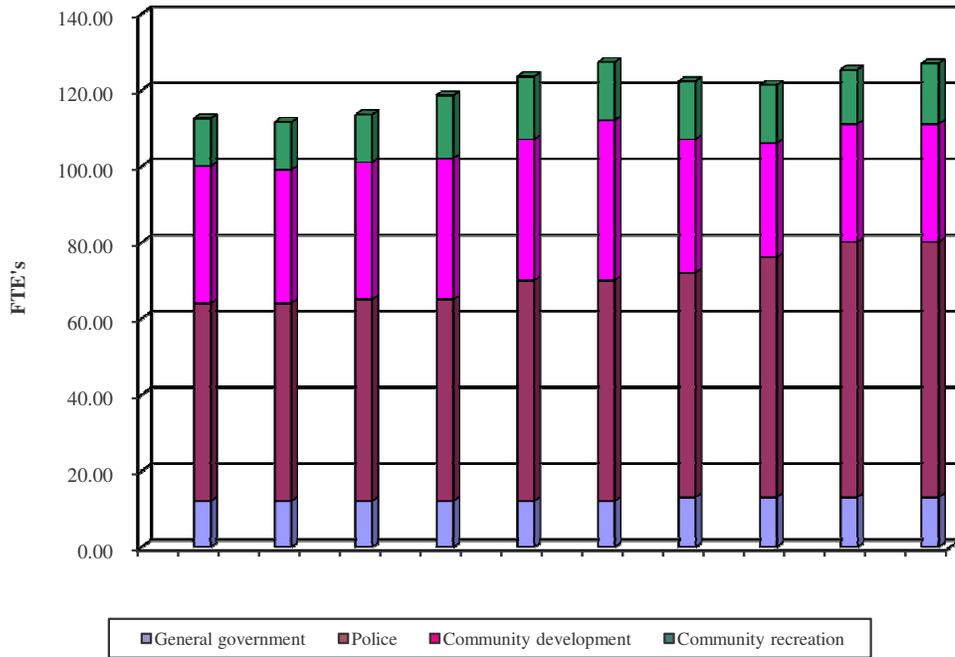
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2006-07</u>			<u>1997-98</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Doctor's Medical Center (formerly Brookside)*	935	1	7.0%	831	1	N/A
Casino San Pablo	520	3	3.9%	473	2	N/A
Contra Costa College*	521	2	3.9%	270	3	N/A
City of San Pablo*	152	4	1.1%	150	4	N/A
Vale Care Center	125	5	0.9%	142	5	N/A
Brookvue Care Center	116	7	0.9%			
Albertson's	119	6	0.9%	72	8	N/A
Creekside Health Care Center	73	9	0.5%			
Food Maxx	74	8	0.6%	106	6	N/A
Raley's	66	10	0.5%	95	7	N/A
Thrifty/Payless				40	9	N/A
Yardbirds (Home Depot)*				39	10	N/A
Subtotal	<u>2,701</u>		<u>20.3%</u>	<u>2,218</u>		<u>N/A</u>
Total City Day Population	<u>13,300</u>			<u>N/A</u>		

Sources: City of San Pablo Finance Department
California Employment Development Department

*includes part time employees

CITY OF SAN PABLO
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	Adopted for Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function										
General government	12.00	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00
Community development	36.00	35.00	36.00	37.00	37.00	42.00	35.00	30.00	31.00	31.00
Community recreation	12.50	12.50	12.50	16.50	16.50	15.25	15.25	15.25	14.25	15.90
Police	52.00	52.00	53.00	53.00	58.00	58.00	59.00	63.00	67.00	67.00
Total	112.50	111.50	113.50	118.50	123.50	127.25	122.25	121.25	125.25	126.90

CITY OF SAN PABLO
Operating Indicators by Function/Program

Function/Program	Fiscal Years	
	2006	2007
Police: (calendar year)		
Police calls for Service	22,090	36,080
Crime Reports	8,142	8,948
Law violations:		
Major crimes: homicides/rape	7	18
Other major crimes: robbery/larceny	2,295	1,621
Arrests	1,803	1,989
Traffic collisions	512	420
Traffic citations	7,753	11,979
Public Works:		
Street resurfacing (miles)	N/A	N/A
Potholes repaired (square miles)	N/A	N/A
Street Sweeping (miles)	N/A	2,865
Volume of material removed (cubic yards)	N/A	912
Storm Drains:		
Catch basins cleaned	N/A	326
Volume of material removed (cubic yards)	N/A	470
Community Development:		
Community Services:		
Recreation class participants	740	1,229
Senior meals served	23,135	20,274
Rentals of Maple Hall	42	75
Education:		
Enrollment:		
Elementary schools (7)	3,604	3,547
Middle Schools (1)	936	767
High Schools (1)	387	394

Source: Various City Departments

Notes:

N/A denotes information not available.

The City has elected to show only two years of data for this schedule.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

Function/Program	Fiscal Years	
	2006	2007
Police:		
Police stations	1	1
Police patrol units	23	16
Community Development:		
Miles of streets	48	48
Street lights	150	167
Traffic Signals	25	25
Roadway Landscaping:		
Landscaped median acreage		1
Street trees		800
Community Recreation:		
Community services:		
City parks	5	5
City parks acreage	28	28
Playgrounds	2	2
Event center	1	0
Historic house	1	3
City trails	1	1
City trails miles	1	1
Community centers	2	1
Senior centers	2	2
Baseball/softball diamonds	1	2
Soccer/football fields	4	4
Wastewater (1)		
Miles of storm drains	17	17

Source: Various City Departments

Notes:

The City has elected to show only two years of data for this schedule.

(1) Wastewater services are provided by Contra Costa County