



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended June 30, 2006



CITY OF SAN PABLO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

PREPARED BY THE
FINANCE DEPARTMENT

COVER PHOTO: Los Charros de San Pablo

City of San Pablo



CITY OF SAN PABLO, CALIFORNIA
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2006

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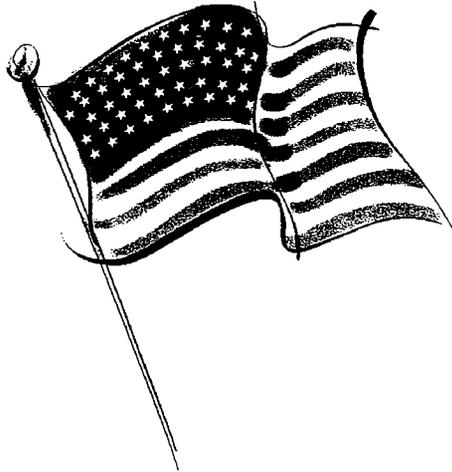
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City of San Pablo





CITY OF SAN PABLO

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FINANCE DEPARTMENT

August 17, 2006

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, 2006.

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, 2006 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, 2006, 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 31,216 and an assessed valuation of \$ 1,410,786,153. 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/Pinole 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 232-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, orthopedics and obstetrics.

San Pablo Lytton Casino is a Native American Casino in San Pablo, California and is open daily 24 hours. 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 53% of general fund revenues for FY 2005-06. With the addition of electronic bingo machines in August 2005, revenue is expected to grow.

Utility user's tax, sales tax and motor vehicle fees represent the other major general fund revenue producers and no variation is expected.

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 27 percent. Older commercial areas are getting facelifts with façade improvements. All of this activity has resulted in current secured property taxes increasing 13 percent for the year. When supplemental property taxes and incremental property taxes of the redevelopment agency are included, property taxes equal 34% 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 2005-06, the City began or continued work on several capital projects, including the following:

- Brookside / Broadway Central Roadway Reconstruction
- Road 20 Reconstruction
- Bayview Roadway Reconstruction
- San Pablo Dam Road Overlay
- El Portal Drive Gateway
- 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 has assisted developers on the following projects:

- East Bay Asian Local Development Corporation for 84 affordable housing 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 and mutual funds composed of U. S. Government Securities.

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 statues 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 shall be prepared by the Finance Director, and after review and approval by the City Manager, shall be 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 \$15 million and for Workers' Compensation coverage to a maximum of \$145 million.

The City retains the risk for general liability in the amount of \$5,000 per claim and for all risk fire and property insurance up to \$5,000 per claim. The City provides fully-insured health plans through PERS 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 (PERS). PERS 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. PERS 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 \$1,000,000, or approximately 20% of the unfunded liability was deposited into this fund. It is the intention of the City to make annual contributions until the 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, 2005. This was the tenth 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.

The City has also been awarded the Certificate of Award for Outstanding Financial Reporting by the California Society of Municipal Finance Officers (CSMFO) for its CAFR for the last eleven consecutive years. The City will submit the fiscal year 2005/06 report to the CSMFO, as well.

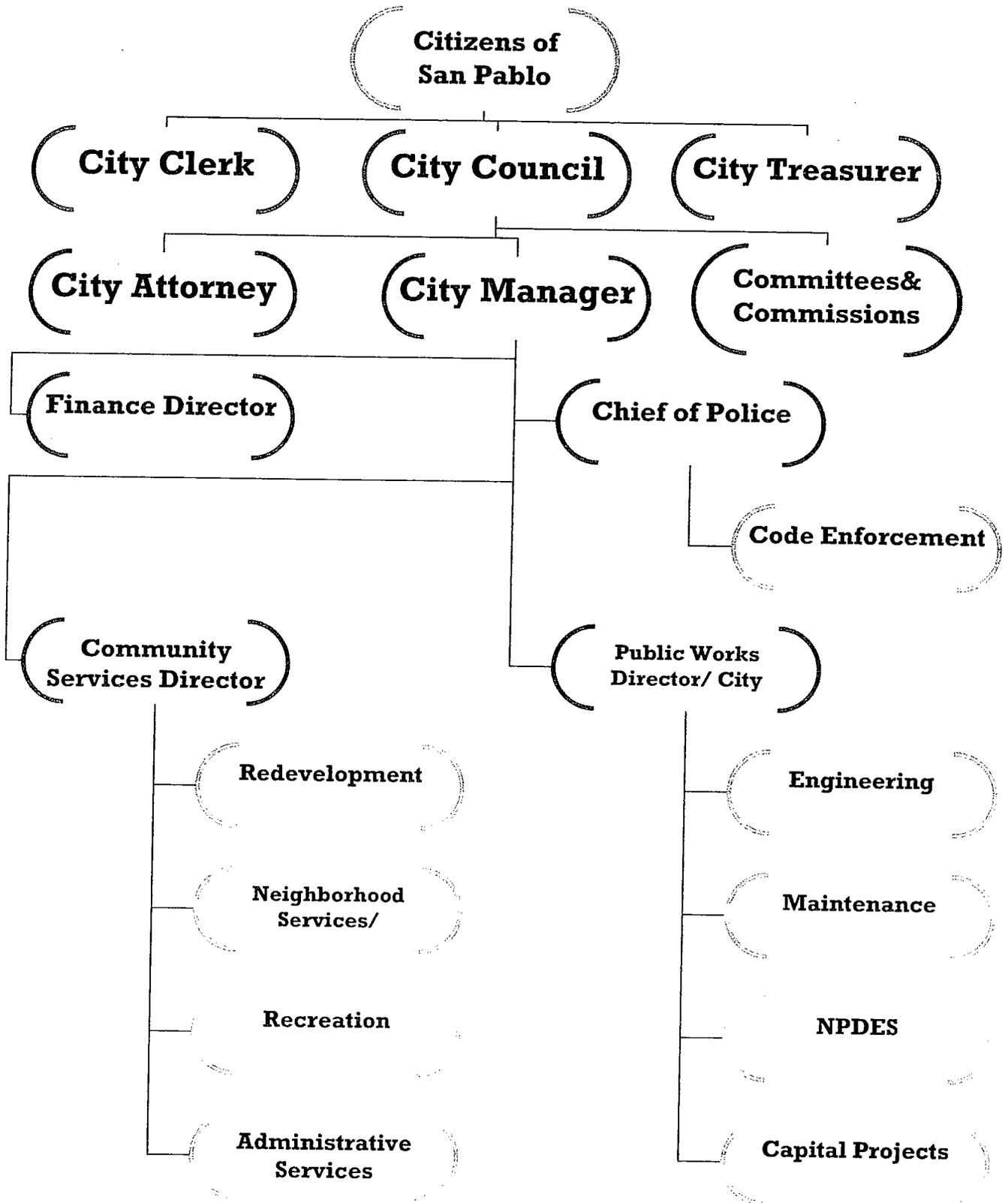
I wish to acknowledge the excellent participation and professional contribution of the financial staff in the preparation of this document, in particular Mindy Charlup, Lynette Jackson and Jo Anna Rodriguez, who are to be commended for their continued high level of performance. I would also like to express 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,
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, 2006

ELECTED OFFICIALS

Mayor	Genoveva Garcia-Calloway
Vice Mayor	Paul V. Morris
Council Member	Sharon J. Brown
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

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2004-05

Presented to the

City of San Pablo

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2006

William A. Stumpf

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



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, 2005

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.

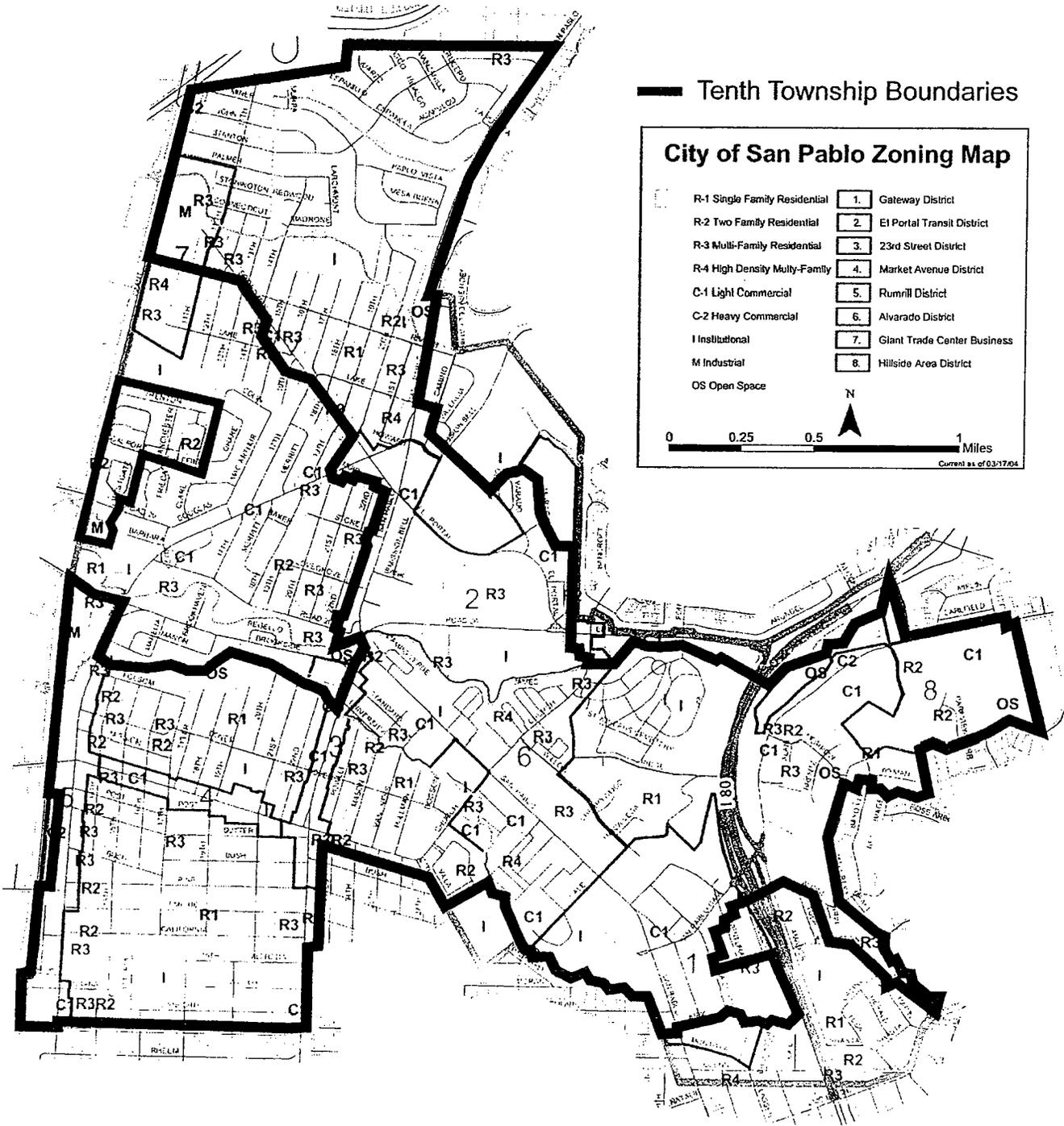


Carla E. Perry

President

Jeffrey R. Egan

Executive Director



— Tenth Township Boundaries

City of San Pablo Zoning Map

R-1 Single Family Residential	1. Gateway District
R-2 Two Family Residential	2. El Portal Transit District
R-3 Multi-Family Residential	3. 23rd Street District
R-4 High Density Multi-Family	4. Market Avenue District
C-1 Light Commercial	5. Rumrill District
C-2 Heavy Commercial	6. Alvarado District
I Institutional	7. Giant Trade Center Business
M Industrial	8. Hillside Area District
OS Open Space	

N

0 0.25 0.5 1 Miles

Current as of 03/17/04

City of San Pablo



MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION

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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, 2006, 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. 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, 2006 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.

As described in Note 11 effective in fiscal 2005-06, the City implemented the provisions of GASB Statement No. 43 Financial Reporting for Post Employment Benefit Plans Other than Pension Plans and GASB Statement No. 45 Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions.

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.

Maze and Associates

August 11, 2006

City of San Pablo



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 2006 FINANCIAL HIGHLIGHTS

Several major events occurred in Fiscal Year 2006 which affected the City's financial statements: a lump sum payment to CalPERS for safety employees' unfunded liability, a large payment to fund OPEB (Other Post Employment Benefits), two deposits to the State of California for the condemnation of real property, and the settlement of a \$2.8 million condemnation deposit from fiscal year 2005.

(1) Last year the City of San Pablo was required to become part of a risk pool created by the CalPERS Board. When joining the risk pool a side fund was created to account for the differences between the funded status of the pool and the funded status of the City's plan. The City's side fund (unfunded liability) for safety employees was \$5.1 million. CalPERS was willing to let the City amortize this balance over 15 years at 7.75% interest, however it was found that using City and Agency funds to pay off the side fund produced the greatest savings. The San Pablo City Council adopted a resolution in Fiscal Year 2006 authorizing the lump sum payment to CalPERS of \$5.1 million which was paid in February 2006.

(2) The City of San Pablo early-implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions*. As part of the implementation, the City established an irrevocable trust to provide a funding mechanism for the OPEB and contributed \$1 million to this fund in fiscal year 2006.

(3) The Board of Directors of the Redevelopment Agency of San Pablo adopted two resolutions finding that public necessity required the acquisition of certain real property for redevelopment. Deposits of \$1.75 million and \$12.1 million were sent to the State of California Condemnation Fund for condemnation of the Salvation Army site and Circle S Mobile Home Park.

(4) A final settlement was reached regarding the \$2.8 million deposit made in fiscal year 2005 for condemnation of the Alvarado Mobile Home Park. The owner of the property withdrew the \$2.8 million, an additional \$.9 million was paid and the final order of condemnation was signed by the Court and recorded with the County.

These events account for most of the Fiscal Year 2006 financial highlights which include the following:

City-wide:

- The City's total net assets increased \$4 million in fiscal 2006. At June 30, 2006, net assets totaled \$48.2 million.
- City-wide revenues include program revenues of \$4.6 million and general revenues of \$32.5 million, totaling \$37.1 million, a \$10 million increase from the prior year.
- Total City-wide expenses were \$33.1 million, \$4.6 million over the prior year.

Fund Level:

- Governmental Fund balances increased \$.6 million to \$70.7 million. Prepaids and deposits increased \$11.1 million, cash and investments increased \$5.7 million, restricted cash and investments decreased \$19.8 million, and land held for resale increased \$3.2 million in fiscal 2006.
- Governmental Fund revenues increased \$8.2 million to \$37 million in fiscal 2006.
- Governmental Fund expenditures increased \$4 million to \$34.4 million in fiscal 2006, from fiscal 2005's level of \$30.4 million.
- General Fund revenues of \$17.7 million represent an increase of \$5.8 million over the fiscal 2005's revenues of \$11.9 million.
- General Fund balance of \$13.4 million at the fiscal 2006 year end decreased \$.6 million from fiscal 2005's fund balance of \$14 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 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, 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 has three Major Funds in 2006 in addition to the General Fund. These are 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 include 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. In Fiscal Year 2006 a new fiduciary trust fund "Retiree Health Savings Plan Trust Fund" was set up. 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

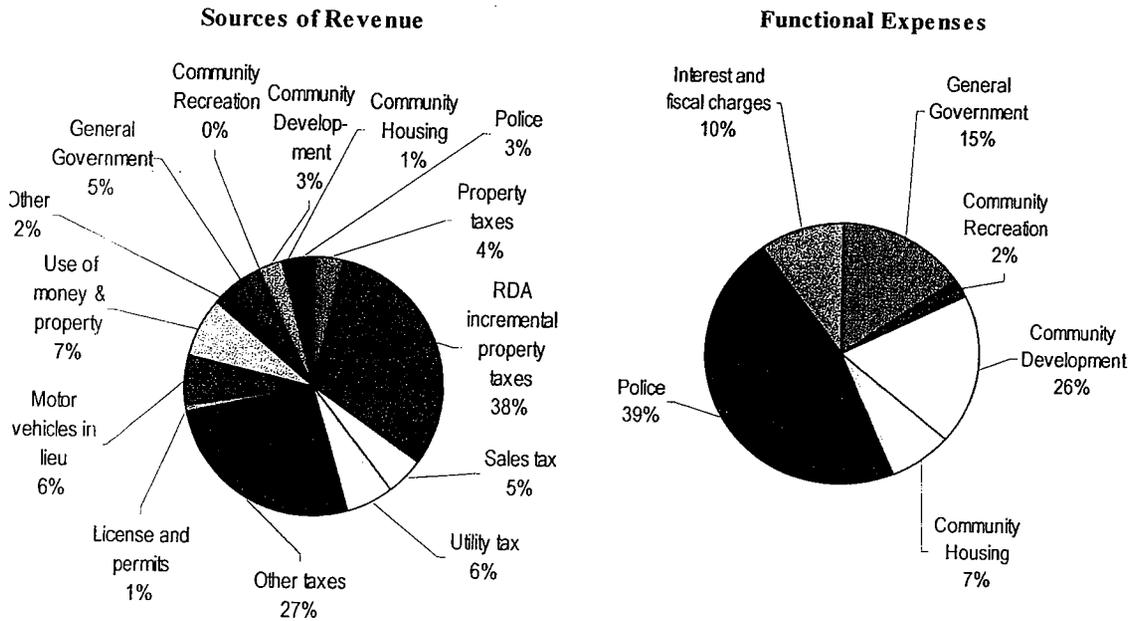
Table 1
Governmental Net Assets at June 30, 2006
(in Millions)

	Governmental Activities	
	2006	2005
Cash and investments	\$46.50	\$60.50
Other assets	31.30	14.90
Capital assets	42.40	42.00
Total assets	120.20	117.40
Long-term debt outstanding	69.80	71.10
Other liabilities	2.20	2.10
Total liabilities	72.00	73.20
Net assets:		
Invested in capital assets, net of debt	0.40	1.30
Restricted	53.30	53.60
Unrestricted	(5.50)	(10.70)
Total net assets	\$48.20	\$44.20

The City's net assets increased \$4 million to \$48.2 million in 2006 from \$44.2 million in 2005. 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 decreased \$14 million, primarily due to the \$13.8 million deposit made with the State of California Condemnation Fund to acquire property deemed necessary for redevelopment through eminent domain, as well as the \$5.1 million payment to CalPERS lump sum payment for safety employees' unfunded liability, as discussed in Note 11.
- * Other assets increased \$16.4 million as a result of: the deposits totaling \$13.8 million in 2006 with the State of California Condemnation Fund as mentioned on the prior page, the final settlement of the \$2.8 million deposit from fiscal year 2005 in the State of California Condemnation Fund and a \$3.2 million increase in property held for resale which resulted from this final settlement.
- * Capital assets increased \$.4 million in the current fiscal year. This increase is attributable to addition of capital assets and completion of construction in progress projects.
- * Long-term debt decreased \$1.3 million due to debt payments (Note 8).
- * Net assets invested in capital assets, net of related debt, decreased \$.9 million. This is the result of the City retiring assets and an increase in the debt outstanding to finance the assets.
- * Unrestricted net assets of \$(5.5) million represents liquid assets available to finance day-to-day operations and other expenditures approved by City Council. This increased \$5.2 million in fiscal 2006 as a result of an increase in General Fund revenue of \$5.8 million.

Fiscal Year 2006 Government Activities
(see Table 2)



The Sources of Revenue Chart above shows, \$11.4 million, or 38% of the City's Fiscal 2006 revenue came from RDA incremental property taxes, which is the result of continued success in redevelopment efforts and the continued increase in home values in the City. Other taxes account for 27% of the City's revenues; these taxes come principally from Casino San Pablo.

The Functional Expenses Chart above includes only current year expenses, which are discussed in detail on the following pages. It does not include capital outlays, which are added to the City's capital assets.

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>	
	2006	2005
Expenses		
General government	\$5.10	\$6.30
Community		
Recreation	0.70	0.70
Development	6.20	8.00
Housing	2.50	0.30
Police	15.40	9.90
Interest and fiscal charges	3.30	3.30
Total expenses	<u>33.20</u>	<u>28.50</u>
Revenues		
Program revenues:		
Charges for services	1.60	1.40
Operating contributions and grants	2.00	1.70
Capital Grants	1.00	0.70
Total program revenues	<u>4.60</u>	<u>3.80</u>
General revenues:		
Taxes:		
Property taxes	1.40	1.40
Incremental (RDA) property taxes	11.40	10.80
Sales taxes	1.80	1.80
Utility tax	2.20	2.10
Other taxes	9.90	3.80
Business licenses (non-regulatory)	0.30	0.30
Motor vehicle in lieu	2.30	2.50
Use of money and property	2.70	1.80
Miscellaneous	0.60	0.20
Total general revenues	<u>32.60</u>	<u>24.70</u>
Special item:		<u>(1.40)</u>
Total revenues and special item	<u>37.20</u>	<u>27.10</u>
Change in net assets	4.00	(1.40)
Net Assets – Beginning	<u>44.20</u>	<u>45.60</u>
Net Assets – Ending	<u>\$48.20</u>	<u>\$44.20</u>

Table 2 shows that total government revenues totaled \$37.2 million in fiscal 2006, an increase of \$10.1 million from 2005. A \$6.1 million increase in Other Taxes and a \$.9 million increase in Use of money and property, along with smaller increases in the other revenue sources comprise this increase. Other taxes come primarily from Casino San Pablo. The \$.9 million increase in Use of money and property over the previous year is due to increased LAIF interest rates. The \$.3 million increase in operating contributions and grants was the result of increases in law enforcement grants received, primarily from OTS (Office of Traffic Safety).

The special item shown for 2005 represented the transfer of remaining CDBG loans and cash to Contra Costa County. In fiscal year 2004 the City contracted with Contra Costa County to administer the San Pablo Rehabilitation Loan Program. During fiscal year 2005, outstanding loans in the amount of \$1 million were reconveyed to the County along with the residual cash from the program of \$.4 million.

Governmental Activities

Table 3 presents the net cost of each of the City's largest programs—general government, community recreation, development and housing, police and interest on long-term debt. Net cost is defined as total program cost less the revenues generated by those specific activities.

Table 3
Governmental Activities
(in Millions)

	Net (Expense) Revenue From Services	
	2006	2005
General government	(\$3.20)	(\$4.70)
Community:		
Recreation	(0.60)	(0.60)
Development	(5.10)	(7.20)
Housing	(2.10)	0.30
Police	(14.20)	(9.10)
Interest and fiscal charges	(3.30)	(3.30)
Totals	(\$28.50)	(\$24.60)

- * General government net expenses decreased \$1.5 million due to the one time \$2 million CalPERS payment made in 2005, a payment of \$.3 million towards OPEB funding in 2006, \$.1 million for a new financial system, and \$.1 million in salary increases.
- * Community Development net expenses decreased \$2.1 million. This decrease is due to mostly because of the CalPERS payment that occurred in fiscal year 2005.
- * Housing net expenses increased \$2.4 million as a result of the sale of property at a loss of \$2.4 million. The property at 1150 Brookside Drive was sold to El Paseo Housing Investors LLP for \$1 in accordance with a DDA for construction of an affordable apartment complex with very low and low income housing.
- * Police costs increased \$5.1 million as a result of the \$5.1 million lump sum payment to CalPERS for public safety employees' unfunded liability.
- * Interest and fiscal charges did not change between 2006 and 2005.

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)

	2006	2005
Total assets	\$77.00	\$75.40
Total liabilities	6.40	5.30
Total fund balances	70.70	70.10
Total revenues	37.00	28.80
Total expenditures	34.30	30.40
Total other financing sources (uses)	(2.10)	0.10
Total special items		(0.40)

At June 30, 2006, the City's governmental funds reported combined fund balances of \$70.7 million, which is an increase of \$.6 million compared with last year. This increase is comprised of the following: the Public Works Construction Fund increased by \$3.1 million, Other Governmental Funds increased by \$.6 million, the Redevelopment Agency Projects Fund decreased \$1.6 million, Redevelopment Low and Moderate decreased \$.9 million and the General Fund decreased \$.6 million.

- * In the Public Works Construction Fund cash and investments available for operations increased \$3.5 million, due from other governments decreased \$.2 million, and reserve for encumbrances decreased \$.2 million, accounting for the \$3.1 million increase in this fund.
- * The increase of \$.6 million in non-major governmental funds is a combination of a \$.2 million increase in Development Services revenue, \$.1 million increase in Traffic Congestion Relief revenue and \$.5 million increase in Law Enforcement Services revenue offset with various increases in the non-major governmental funds expenditures due to the payment to the OPEB trust fund in 2006 which increased expenditures to Special Revenue Funds (Gas Tax, Street Lighting and Landscaping, NPDES and Development Services).
- * The \$1.6 million decrease in Redevelopment Agency Projects Fund was the result of the one time CalPERS payment made in fiscal year 2005.
- * The Redevelopment Low and Moderate fund balance decrease of \$.9 million is attributable to the \$2.4 million loss on the sale of property to El Paseo Housing Investors LLP (as addressed on the previous page under Governmental Activities), offset with an increase in Cash and Investments of \$1.5 million.
- * The decrease of \$.6 million in the General Fund is a result of the following: An increase in revenue of \$5.8 million (mostly from other taxes) offset with an increase in expenditures of \$5.9 million (\$5 million lump sum payment to CalPERS for public safety employees unfunded liability and \$.8 million (the General Fund's portion) contributed to the OPEB trust fund in 2006), plus offsetting increases and decreases in receivables and payables for fiscal year 2006.

Revenues at the fund level increased \$8.2 million this year to a new level of \$37 million. This increase is due to the following: \$6.1 million increase in other taxes (primarily Casino taxes), \$.7 million increase in incremental property taxes, \$.5 million increase in intergovernmental revenue, \$.8 million increase in use of money and property due to increasing interest rates and sale of property and \$.1 million increase in charges for services.

Expenditures increased \$3.9 million this year due to the public safety employees CalPERS payment and the contribution to OPEB Trust fund affecting both the General Fund and the Redevelopment Agency Projects Fund.

Other financing sources decreased \$2.1 million due to the loss on sale of property to El Paseo Housing Investors LLP.

Analyses of Major Governmental Funds

General Fund

General Fund revenues increased \$5.8 million this fiscal year. The lion's share of this increase is from Casino San Pablo 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 increased \$5.9 million in fiscal year 2006. \$5.6 million of this increase is attributable to Police expenditures, \$.4 million to Capital Outlay, offset with General Government expenditures decreases of \$.2 million and Recreation decreases of \$.1 million. Police expenditures increased \$5.6 million as the result of the CalPERS unfunded liability expense for sworn employees (\$5 million), \$.5 million payment of OPEB expenditures and \$.2 million increases in salaries and related benefits. Capital Outlay increased due to the purchase of a new financial system and new police vehicles. General government and Recreation expenditures decreased because fiscal year 2005 included the payment to CalPERS unfunded liability expense which was more than the 2006 payment to fund OPEB.

At June 30, 2006, the General Fund Balance was \$13.4 million, \$10 million of which was undesignated.

Budget Variations

The original budgeted amounts for General Fund revenues varied from final budgeted amounts by \$5,000. Actual revenue received was \$3.1 million higher than budgeted as the City budgets revenue conservatively due to the uncertainties in the State economy and the effect this would have on the City. The positive variance is comprised of \$2.4 million in other taxes, \$.2 million in use of money and property, \$.1 million each in property taxes and miscellaneous revenue, and \$.3 million in Motor Vehicle in lieu.

Additional revenue received from Casino San Pablo represented the \$3.9 million positive variance in other taxes. Rising interest rates caused the \$.2 million positive variance in the use of money and property. Increases in property values resulted in the \$.1 million variance in property tax revenue. The \$.1 million variance in miscellaneous revenue consisted of numerous small transactions, i.e. unexpected lawsuit proceeds and the sale of vehicles and small office equipment. The positive variance in Motor Vehicle in lieu resulted from the change in the basis from population to assessed valuation.

General Fund final budgeted expenditures were \$6.2 million higher than original budgeted figures. This variance is due to additional appropriations made for the payment of the CalPERS unfunded liability for safety employees of \$5 million, \$1 million for the payment to fund OPEB, \$.1 million for additional police vehicles and \$.1 for a new financial system. Of the \$5.1 million payment to CalPERS, \$5 million was attributable to the General Fund. The actual General Fund expenditures were less than budget by \$1 million as police overtime did not occur to the extent anticipated, radio dispatch expenditures were less than expected, and computer network applications and expenses did not occur as anticipated. Net transfers out of the General Fund were budgeted at \$.6 million however actual net transfers out were only \$.9 million, as the General Fund did not need to cover revenue shortfalls in other funds to the extent anticipated. Proceeds from the sale of property was budgeted at \$5,000, however City property was unexpectedly sold for \$315,000 – thus the positive variance of \$310,000.

Redevelopment Agency Projects

Redevelopment Agency Projects Fund revenues increased \$1.4 million this fiscal year. Incremental property tax revenues increased to \$12 million in fiscal 2006, up \$.7 million from fiscal 2005, as assessed valuations continued to rise. Revenues from use of money and property increased \$.7 million in 2006. This increase is comprised of an increase in interest of \$.6 million due to rising interest rates in 2006 and slight increases in loan repayments and rental income totaling \$.1 million.

Expenditures of the Redevelopment Agency Projects Fund increased \$5.2 million in fiscal year 2006. This increase is due to the Agency purchasing six properties, the two largest being Alvarado Mobile Home Park (money withdrawn from State of California Condemnation Fund by seller) for \$3.7 million and 1800 23rd Street for \$1 million.

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 2006, the outstanding balances of such loans were \$5.2 million, up \$1.2 million from fiscal 2005. This balance includes loans of \$1.1 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 \$3.9 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 2006 represented funding for projects from the State of California, Contra Costa County, and ABAG in the amount of \$.5 million, up approximately 23% from the prior year. Expenditures for fiscal year 2006 were \$2.7 million, up \$.5 million from fiscal year 2005. In fiscal year 2006, work was done on several capital projects, including road reconstruction, overlay and resurfacing \$.7 million, El Portal Gateway streetscaping \$.5 million, 23rd Street revitalization \$.4 million, Municipal Parking Lot \$.3 million and Wanlass Park \$.2 million. Other projects were pedestrian ramps, City Hall building 3 upgrades, traffic calming and street tree replacements. Net transfers into the Public Works Construction Fund were \$5.3 million in fiscal year 2006, up \$2.4 million from fiscal year 2005.

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 2006 the cost of infrastructure and other capital assets recorded on the City's financial statements was as 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)

	2006	2005
Land and land improvements	\$2.70	\$2.70
Construction in progress	5.30	5.30
Buildings and improvements	10.70	10.80
Machinery and equipment	2.30	2.20
Vehicles	1.80	1.70
Park and trail improvements	0.30	0.30
Sports fields	0.60	0.60
Roads & streets including sidewalks	41.20	38.50
Bridges	5.50	5.50
Street lights	0.30	0.30
Storm drains	1.80	1.80
Traffic signals	1.70	1.70
Trees	1.20	1.20
Less accumulated depreciation	(33.00)	(30.60)
Totals	\$42.40	\$42.00

The principal additions in fiscal 2006 were \$2.7 million to Roads and Streets which includes street overlay, resurfacing and roadway rehabilitation projects. These additions were Construction in Progress projects in prior years that were completed in 2006 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 2006, the City's debt comprised:

**Table 6
Outstanding Debt
(in Millions)**

	Balance June 30, 2006	Balance June 30, 2005
Governmental Activity Debt:		
Merged Project Area, Subordinate Series 1993, 2.6-6.25%, due 12/01/2023	\$12.30	\$12.90
Tenth Township Redevelopment Project		
Subordinate Tax Allocation Bonds Series 1999A 3.75-5.65%, due 12/01/2023	8.00	8.40
Tax Allocation Revenue Bonds Series 2001		
Current Interest Serial Bonds 3.25-4.85%, due 12/01/2018	6.00	6.40
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	3.80	3.60
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2032	37.40	37.50
Total Governmental Activity Debt	\$69.80	\$71.10

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, 2006, a total of \$5.6 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.

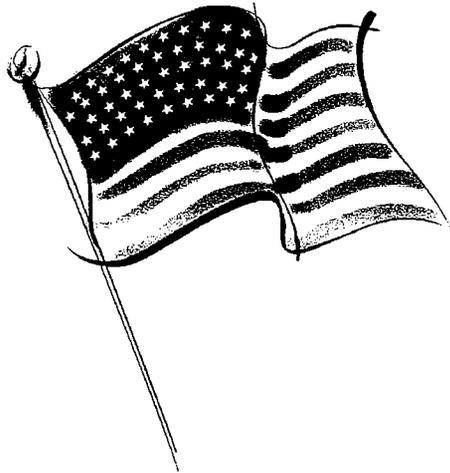
ECONOMIC OUTLOOK AND MAJOR INITIATIVES

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.

City of San Pablo



**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

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, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and investments available for operations (Note 3)	\$40,814,829
Restricted cash and investments (Note 3)	5,680,270
Interest receivable	604,881
Accounts receivable	1,216,397
Due from other governments	480,473
Prepays and deposits (Note 1G)	13,868,594
Employee loans receivable (Note 5A)	366,459
Notes receivable under	
Redevelopment Agency programs (Note 5B)	5,769,529
Net OPEB asset (Note 11C)	706,727
Property held for resale (Note 6)	8,240,596
Capital assets (Note 7)	
Land and construction in progress	7,973,468
Depreciable capital assets, net	<u>34,446,162</u>
 Total assets	 <u>120,168,385</u>
LIABILITIES	
Accounts payable and accrued liabilities	1,837,181
Claims payable (Note 13)	18,868
Grant funds received in advance	36,177
Interest payable	253,918
Noncurrent liabilities (Note 8)	
Due within one year	2,025,000
Due in more than one year	<u>67,773,514</u>
 Total liabilities	 <u>71,944,658</u>
NET ASSETS (Note 10)	
Invested in capital assets, net of related debt	<u>391,982</u>
Restricted for:	
Capital projects	976,331
Debt service	5,400,928
Redevelopment	<u>46,946,077</u>
 Total restricted net assets	 <u>53,323,336</u>
 Unrestricted net assets (deficit)	 <u>(5,491,591)</u>
 Total net assets	 <u><u>\$48,223,727</u></u>

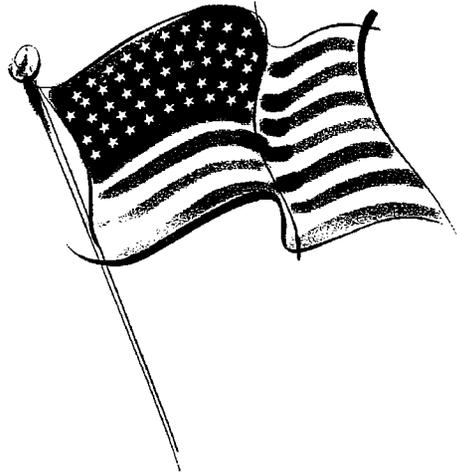
See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants	
Governmental Activities:					
General Government	\$5,061,400	\$1,089,391	\$785,713		(\$3,186,296)
Community:					
Recreation	703,787	52,525			(651,262)
Development	6,190,032		57,986	\$1,015,449	(5,116,597)
Housing	2,456,860		382,817		(2,074,043)
Police	15,399,999	418,449	760,264		(14,221,286)
Interest and fiscal charges	3,281,931				(3,281,931)
Total Governmental Activities	<u>\$33,094,009</u>	<u>\$1,560,365</u>	<u>\$1,986,780</u>	<u>\$1,015,449</u>	<u>(28,531,415)</u>
General revenues:					
Taxes:					
Property taxes					1,387,577
Incremental property taxes					11,449,755
Sales taxes					1,414,077
In-lieu sales tax					367,240
Utility taxes					2,158,865
Other taxes					9,866,947
Intergovernmental unrestricted:					
Motor vehicle in lieu fees					2,276,752
Business licenses (nonregulatory)					290,935
Use of money and property					2,733,017
Gain on sale of property					315,000
Miscellaneous					285,471
Total general revenues					<u>32,545,636</u>
Change in Net Assets					4,014,221
Net Assets-Beginning					<u>44,209,506</u>
Net Assets-Ending					<u>\$48,223,727</u>

See accompanying notes to financial statements

City of San Pablo



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 2006. 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, 2006**

	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)	\$11,665,929	\$3,835,826	\$14,798,626	\$9,528,755	\$985,693	\$40,814,829
Restricted cash and investments (Note 3)			69,662		5,610,608	5,680,270
Interest receivable	110,580	39,842	405,272		49,187	604,881
Accounts receivable	1,169,170				47,227	1,216,397
Due from other governments	375,835				104,638	480,473
Prepays and deposits (Note 1G)	13,297		13,855,297			13,868,594
Employee loans receivable (Note 5A)	366,459					366,459
Notes receivable under						
Redevelopment Agency programs (Note 5B)		5,197,043	572,486			5,769,529
Property held for resale (Note 6)			8,240,596			8,240,596
Total Assets	\$13,701,270	\$9,072,711	\$37,941,939	\$9,528,755	\$6,797,353	\$77,042,028
LIABILITIES						
Accounts payable and accrued liabilities	\$305,827	\$2,450	\$66,123	\$292,485	\$133,651	\$800,536
Claims payable (Note 13)	18,868					18,868
Grant funds received in advance					36,177	36,177
Deferred revenue		5,197,043	307,407			5,504,450
Total Liabilities	324,695	5,199,493	373,530	292,485	169,828	6,360,031
FUND BALANCES						
Fund balance (Note 10)						
Reserved for debt service					5,654,846	5,654,846
Reserved for employee loans receivable and notes						
Receivable under Redevelopment Agency programs	366,459		265,079			631,538
Reserved for property held for resale			8,240,596			8,240,596
Reserved for encumbrances	7,812		28,180	476,502	56,829	569,323
Reserved for low and moderate income housing		3,873,218				3,873,218
Reserved for prepays and deposits	13,297		13,855,297			13,868,594
Unreserved, designated for contingencies	3,000,000					3,000,000
Unreserved, undesignated						
Reported in:						
General fund	9,989,007					9,989,007
Special revenue funds					915,850	915,850
Capital projects funds			15,179,257	8,759,768		23,939,025
TOTAL FUND BALANCES	13,376,575	3,873,218	37,568,409	9,236,270	6,627,525	70,681,997
Total Liabilities and Fund Balances	\$13,701,270	\$9,072,711	\$37,941,939	\$9,528,755	\$6,797,353	

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. 42,419,630

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. 5,504,450

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	(69,798,514)
Interest payable	(253,918)
Non-current portion of compensated absences	(1,036,645)
Net OPEB asset	706,727

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$48,223,727

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, 2006

	General	Redevelopment Agency Low Moderate Income Housing	Redevelopment Agency Projects	Public Works Construction	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$207,171				\$1,180,406	\$1,387,577
Incremental property taxes			\$12,251,525			12,251,525
Less education revenue augmentation fund payment (Note 15)			(801,770)			(801,770)
Sales taxes	1,313,161				100,916	1,414,077
In-lieu sales tax	367,240					367,240
Utility users tax	2,158,865					2,158,865
Other taxes	9,866,947					9,866,947
Licenses and permits	290,935					290,935
Fines and forfeits					15,768	15,768
Intergovernmental	2,314,483			\$549,405	1,974,290	4,838,178
Charges for services	521,939				1,038,426	1,560,365
Use of money and property	563,163	\$382,817	2,049,553		378,375	3,373,908
Miscellaneous	127,108	16	130,252		12,327	269,703
Total Revenues	17,731,012	382,833	13,629,560	549,405	4,700,508	36,993,318
EXPENDITURES						
Current:						
General Government	1,655,550				3,498,100	5,153,650
Community:						
Recreation	716,929					716,929
Development			3,871,099			3,871,099
Housing		1,320,060				1,320,060
Police	15,041,158				471,202	15,512,360
Capital outlay	356,169		3,986	2,746,150	40,841	3,147,146
Debt service:						
Principal retirement			90,000		1,440,000	1,530,000
Interest and fiscal charges			1,585,296		1,494,576	3,079,872
Total Expenditures	17,769,806	1,320,060	5,550,381	2,746,150	6,944,719	34,331,116
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(38,794)	(937,227)	8,079,179	(2,196,745)	(2,244,211)	2,662,202
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property	315,000					315,000
Loss from sale of property		(2,405,464)	(15,410)			(2,420,874)
Transfers in (Note 4A)	137,000	2,450,280	524,436	5,952,493	3,564,269	12,628,478
Transfers (out) (Note 4A)	(1,054,338)		(10,195,146)	(606,730)	(772,264)	(12,628,478)
Total Other Financing Sources (Uses)	(602,338)	44,816	(9,686,120)	5,345,763	2,792,005	(2,105,874)
NET CHANGE IN FUND BALANCES	(641,132)	(892,411)	(1,606,941)	3,149,018	547,794	556,328
Fund balances at beginning of period	14,017,707	4,765,629	39,175,350	6,087,252	6,079,731	70,125,669
FUND BALANCES AT END OF PERIOD	\$13,376,575	\$3,873,218	\$37,568,409	\$9,236,270	\$6,627,525	\$70,681,997

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, 2006

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 \$556,328

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 \$14,273	3,132,873
Depreciation expense is deducted from fund balance	(2,695,083)

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	1,530,000
Capital appreciation bonds accretion	(207,536)

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	(98,551)
Interest payable	5,477
Deferred revenue	1,083,986
Net OPEB asset	706,727
	706,727

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$4,014,221</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$66,000	\$66,000	\$207,171	\$141,171
Sales taxes	1,300,000	1,300,000	1,313,161	13,161
In-lieu sales tax	385,000	385,000	367,240	(17,760)
Utility users tax	2,375,000	2,375,000	2,158,865	(216,135)
Other taxes	7,470,000	7,470,000	9,866,947	2,396,947
Licenses and permits	284,000	284,000	290,935	6,935
Intergovernmental:				
Motor vehicle in lieu	2,006,000	2,006,000	2,276,752	270,752
Other	7,200	7,200	37,731	30,531
Charges for services	448,500	448,500	521,939	73,439
Use of money and property	330,500	325,498	563,163	237,665
Miscellaneous	2,000	2,000	127,108	125,108
Total Revenues	<u>14,674,200</u>	<u>14,669,198</u>	<u>17,731,012</u>	<u>3,061,814</u>
EXPENDITURES				
Current:				
General government	1,701,549	2,008,640	1,655,550	353,090
Community:				
Recreation	566,163	756,805	716,929	39,876
Police	10,217,223	15,668,620	15,041,158	627,462
Capital outlay	143,400	362,386	356,169	6,217
Total Expenditures	<u>12,628,335</u>	<u>18,796,451</u>	<u>17,769,806</u>	<u>1,026,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,045,865</u>	<u>(4,127,253)</u>	<u>(38,794)</u>	<u>4,088,459</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	5,000	5,000	315,000	310,000
Transfers in	80,000	80,000	137,000	57,000
Transfers (out)	(733,035)	(733,035)	(1,054,338)	(321,303)
Total Other Financing Sources (Uses)	<u>(648,035)</u>	<u>(648,035)</u>	<u>(602,338)</u>	<u>45,697</u>
NET CHANGE IN FUND BALANCE	<u>\$1,397,830</u>	<u>(\$4,775,288)</u>	<u>(641,132)</u>	<u>\$4,134,156</u>
Fund balance at beginning of year			<u>14,017,707</u>	
FUND BALANCE AT END OF YEAR			<u>\$13,376,575</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			\$382,817	\$382,817
Miscellaneous			16	16
Total Revenues			<u>382,833</u>	<u>382,833</u>
EXPENDITURES				
Current:				
Community:				
Housing	\$2,399,957	\$2,399,957	1,320,060	1,079,897
Total Expenditures	<u>2,399,957</u>	<u>2,399,957</u>	<u>1,320,060</u>	<u>1,079,897</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,399,957)</u>	<u>(2,399,957)</u>	<u>(937,227)</u>	<u>1,462,730</u>
OTHER FINANCING SOURCES (USES)				
Loss on sale of property			(2,405,464)	(2,405,464)
Transfers in	2,203,000	2,203,000	2,450,280	247,280
Total Other Financing Sources (Uses)	<u>2,203,000</u>	<u>2,203,000</u>	<u>44,816</u>	<u>(2,158,184)</u>
NET CHANGE IN FUND BALANCE	<u>(\$196,957)</u>	<u>(\$196,957)</u>	<u>(892,411)</u>	<u>(\$695,454)</u>
Fund balance at beginning of year			<u>4,765,629</u>	
FUND BALANCE AT END OF YEAR			<u>\$3,873,218</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, 2006

	<u>Retiree Health Savings Plan Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Investments - Mutual Fund (Note 3)	\$962,795	
Restricted cash and investments (Note 3)		\$2,007,343
Interest receivable		24,155
Due from other governments		287,709
Prepays and deposits		1,763
Total Assets	<u>\$962,795</u>	<u>\$2,320,970</u>
 LIABILITIES		
Accounts payable		\$68,743
Deposits held as agent for others		370,642
Due to bondholders		1,639,935
Due to the City of San Pablo		241,650
Total Liabilities		<u>\$2,320,970</u>
NET ASSETS		
Held in trust for OPEB benefits	<u>\$962,795</u>	

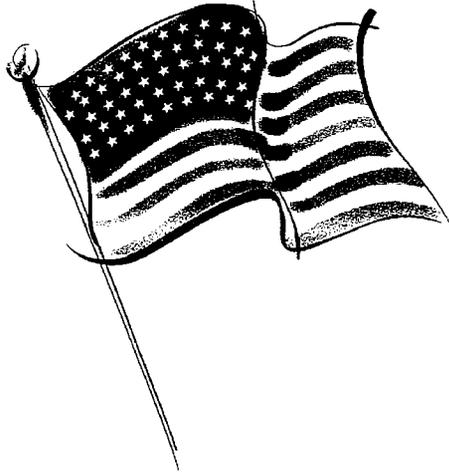
See accompanying notes to financial statements

CITY OF SAN PABLO
 RETIREE HEALTH SAVINGS PLAN TRUST FUND
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Retiree Health Savings Plan Trust Fund</u>
ADDITIONS	
Employer Contributions	\$1,189,011
Net investment income	<u>(37,205)</u>
Total additions	<u>1,151,806</u>
DEDUCTIONS	
Premiums paid	<u>189,011</u>
Total deductions	<u>189,011</u>
Net change in net assets	<u>962,795</u>
NET ASSETS HELD IN TRUST FOR OPEB BENEFITS	
Beginning of year	<u> </u>
End of year	<u><u>\$962,795</u></u>

See accompanying notes to financial statements

City of San Pablo



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 31,216 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 2006-024 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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$98,551 at June 30, 2006 and was allocated to the General Government, Community Recreation, Development, and Housing Programs, 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	\$938,094
Additions	1,039,578
Payments	<u>(941,027)</u>
Ending Balance	<u>\$1,036,645</u>
Due in One Year	<u>\$800,000</u>
Due in More than One Year	<u>\$236,645</u>

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

G. Prepaids 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 Agency had \$13,855,297 on deposit with the State of California as of June 30, 2006 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.

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	
General Government	\$7,562
Capital Outlay	757
Law Enforcement Services	
Capital Outlay	31,484
Redevelopment Agency Projects	
Interest and Fiscal Charges	4,949

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	\$40,814,829
Restricted cash and investments	<u>5,680,270</u>
Total City cash and investments	46,495,099
Restricted Cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	962,795
Agency Funds	<u>2,007,343</u>
Total cash and investments	<u><u>\$49,465,237</u></u>

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
Time Certificates of Deposit	5 years	N/A	30%	No Limit
Banker's Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A-1,P-1,F-1, or D-1	25%	10%
State and Local Obligations	5 years	N/A	No Limit	No Limit

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 Local Agency Investment Fund	N/A	N/A

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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

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:

	<u>Cash and Investments</u>	<u>Restricted Cash and Investments</u>	<u>Total</u>	<u>Maturity Date</u>
<i>Investments:</i>				
Federal Agency Issues:				
Federal National Mortgage Association Discount Note		\$1,229,236	\$1,229,236	September 1, 2006
Federal Home Loan Bank		4,800,000	4,800,000	July 20, 2006
Federal Home Loan Bank		776,218	776,218	December 13, 2006
Local Agency Investment Fund	\$36,251,894		36,251,894	152 days average maturity
Money Market Funds (U.S. Treasury Securities)	4,458,648	882,159	5,340,807	26 days average maturity
Mutual Funds (Equities)		962,795	962,795	
<i>Cash with Banks and Petty Cash</i>	<u>104,287</u>		<u>104,287</u>	
Total Cash and Investments	<u>\$40,814,829</u>	<u>\$8,650,408</u>	<u>\$49,465,237</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.

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, 2006 for all Federal Agency Issues 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, 2006.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

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
Merged Project Area 1993 Subordinate Tax Allocation Bonds Debt Service Fund Federal Home Loan Bank	Federal Agency Security	\$4,800,000
2004 Tax Allocation Bonds Legacy Project Area Debt Service Fund Federal Home Loan Bank	Federal Agency Security	547,333
Town Center Special Assessment District Agency Fund Federal National Mortgage Association	Federal Agency Security	520,802
Oak Park Special Assessment District Agency Fund Federal National Mortgage Association	Federal Agency Security	708,433

CITY OF SAN PABLO
Notes to Basic Financial Statements

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.

Fund Receiving Transfers	Fund Making Transfers	Transfer Amount	
Major Funds:			
General Fund	Gas Tax Special Revenue Fund	\$57,000	(A)
General Fund	Public Safety Special Revenue Fund	80,000	(B)
Redevelopment Agency Low and Moderate Income Housing	Redevelopment Agency Projects Capital Projects Fund	2,450,280	(C)
Redevelopment Agency Projects	Public Works Construction Capital Projects Fund	521,398	(A)
Redevelopment Agency Projects	2004 Tax Allocation Bonds Legacy Project Area Debt Service Fund	3,038	(A)
Public Works Construction	General Fund	462,750	(D)
Public Works Construction	Redevelopment Agency Projects Capital Projects Fund	4,857,517	(D)
Public Works Construction	Measure C Special Revenue Fund	507,726	(D)
Public Works Construction	Traffic Congestion Relief Special Revenue Fund	124,500	(D)
Non Major Funds:			
Gas Tax	General Fund	289,796	(E)
Gas Tax	Public Works Construction Capital Projects Fund	60,332	(A)
Street Lighting and Landscaping	General Fund	301,792	(E)
Traffic Congestion Relief	Public Works Construction Capital Projects Fund	25,000	(A)
Merged Project Area 1993 Subordinate Tax Allocation Bonds	Redevelopment Agency Projects Capital Projects Fund	1,184,318	(F)
Merged Project Area 1999 Subordinate Tax Allocation Bonds	Redevelopment Agency Projects Capital Projects Fund	902,782	(F)
2001 Tax Allocation Bonds Tenth Township Project Area	Redevelopment Agency Projects Capital Projects Fund	780,781	(F)
2004 Tax Allocation Bonds Legacy Project Area	Redevelopment Agency Projects Capital Projects Fund	19,468	(F)
		<u>\$12,628,478</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 purchase police vehicles.
- (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 to eliminate fund deficits.
- (F) Transfer of amounts required to fund debt service payments.

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, 2006, 17 employees had \$12,139 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. Payments are due semi-monthly commencing on September 30, 2001 and continue until August 31, 2006, at which time the remaining principal and accrued interest become due. The balance on June 30, 2006 was \$354,320.

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, 2006 are set forth below:

Casa Adobe-Senior Citizen Units	\$1,235,884
Plaza Sobrante	224,092
Lotus Hotels, Inc.	265,079
Majid Kolahdooz	27,834
Housing Initiative Program	1,136,286
Micro Loan Program	55,481
San Pablo Housing Investors	1,270,037
East Bay Asian Local Development Corporation	<u>1,554,836</u>
Total	<u>\$5,769,529</u>

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2006, EAH-San Pablo owed deferred principal of \$824,720 and interest of \$411,164 to the Agency.

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, 2006 was \$224,092.

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, 2006, Lotus Hotels, Inc. owed principal of \$185,391 and interest of \$79,688 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. Principal owed at June 30, 2006 was \$27,834.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

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, 2006, the City had made loans to 4 new participants and had loans outstanding under this Program of \$1,136,286.

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.

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, 2006, 1 loan was outstanding with a balance of \$55,481.

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. Payments begin on January 31st following the Completion Date, and then each January 31st thereafter. As of June 30, 2006, principal of \$1,140,019 and interest of \$130,018 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, 2006, EBALDC has drawn down \$1,054,836 of the supplemental project loan.

CITY OF SAN PABLO
Notes to Basic Financial Statements

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.

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, 2005	Additions	Retirements	Transfers	Balance at June 30, 2006
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land and land improvements	\$2,633,966		(\$1,843)		\$2,632,123
Construction in progress	5,329,941	\$2,745,622		(\$2,734,218)	5,341,345
Total capital assets not being depreciated	<u>7,963,907</u>	<u>2,745,622</u>	<u>(1,843)</u>	<u>(2,734,218)</u>	<u>7,973,468</u>
Capital assets being depreciated:					
Buildings and improvements	10,823,004		(119,782)	27,771	10,730,993
Machinery and equipment	2,236,285	170,725	(100,200)		2,306,810
Vehicles	1,650,322	230,799	(80,243)		1,800,878
Park and trail improvements	370,220				370,220
Sports fields	551,906				551,906
Roads & streets including sidewalks	38,520,420			2,645,951	41,166,371
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				1,705,067
Trees	1,166,966			60,496	1,227,462
Total capital assets being depreciated	<u>64,626,703</u>	<u>401,524</u>	<u>(300,225)</u>	<u>2,734,218</u>	<u>67,462,220</u>
Less accumulated depreciation for:					
Buildings and improvements	4,154,679	275,280	(119,927)		4,310,032
Machinery and equipment	1,577,185	207,143	(98,782)		1,685,546
Vehicles	1,200,626	126,539	(69,086)		1,258,079
Park and trail improvements	116,274	24,345			140,619
Sports fields	162,325	32,465			194,790
Roads & streets including sidewalks	16,530,165	1,825,241			18,355,406
Bridges	3,393,447	110,246			3,503,693
Street lights	289,052	11,675			300,727
Storm drains	1,533,353	20,311			1,553,664
Traffic signals	1,325,171	38,398			1,363,569
Trees	326,493	23,440			349,933
Total accumulated depreciation	<u>30,608,770</u>	<u>2,695,083</u>	<u>(287,795)</u>		<u>33,016,058</u>
Net capital assets being depreciated	<u>34,017,933</u>	<u>(2,293,559)</u>	<u>(12,430)</u>	<u>2,734,218</u>	<u>34,446,162</u>
Governmental activity capital assets, net	<u>\$41,981,840</u>	<u>\$452,063</u>	<u>(\$14,273)</u>		<u>\$42,419,630</u>

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2006:

<u>Project</u>	<u>Amount</u>
Contra Costa College Soccer Field	\$955,084
El Portal Gateway Streetscape	580,712
Maple Hall	543,285
Rumrill Bridge	477,422
Wanlass Park	372,641
2004 Slurry Seal Project	319,921
Municipal Parking Lot	314,111
Building 5 Renovations	280,534
Gas Tank Replacement	220,802
Bayview Phase 2 Roadway	197,118
Roadway Rehabilitation	189,135
Building 3 Upgrades	179,897
23rd Street Revitalization	128,235
Amador Street Landscaping	115,403
City Hall Renovation	98,972
Wildcat Creek @ Maple Hall	56,137
10th/Lake Paving/Sidewalk	53,539
Other	258,397
Total construction in progress	<u>\$5,341,345</u>

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	\$143,599
Community Recreation	13,805
Community Development	2,362,173
Police	<u>175,506</u>
Total depreciation expense	<u>\$2,695,083</u>

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, 2005	Additions	Retirements	Balance June 30, 2006	Current Portion
Merged Project Area, Tax Allocation Bonds						
Subordinate Series 1993						
2.6-6.25%, due 12/01/2023	\$31,685,000	\$12,920,000		\$570,000	\$12,350,000	\$285,000
Tenth Township Redevelopment Project						
Subordinate Tax Allocation Bonds Series 1999A						
3.75-5.65%, due 12/01/2023	9,850,000	8,450,000		465,000	7,985,000	480,000
Tax Allocation Revenue Bonds Series 2001						
Current Interest Serial Bonds						
3.25-4.85%, due 12/01/2018	7,855,000	6,370,000		405,000	5,965,000	425,000
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	3,610,978	\$207,536		3,818,514	
Tax Allocation Revenue Bonds Series 2004						
2.00-5.00%, due 12/01/2032	37,755,000	37,490,000		90,000	37,400,000	835,000
Total Governmental Activity Debt		<u>\$71,120,978</u>	<u>\$207,536</u>	<u>\$1,530,000</u>	<u>\$69,798,514</u>	<u>\$2,025,000</u>

B. Debt Service Requirements

Debt service requirements are shown below.

For the Year Ending June 30	Principal (1)	Interest
2007	\$2,025,000	\$3,012,255
2008	2,090,000	2,940,755
2009	2,175,000	2,865,371
2010	2,245,000	2,779,361
2011	2,345,000	2,680,529
2012-2016	13,365,000	11,708,218
2017-2021	16,825,000	8,116,367
2022-2026	18,315,000	3,836,279
2027-2031	16,025,000	1,818,345
2032-2033	2,625,000	122,679
Total principal due	<u>\$78,035,000</u>	<u>\$39,880,159</u>

(1) Includes unaccrued discount totaling \$8,236,486

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM DEBT (Continued)

C. 1993 and 1999 Tax Allocation Bonds

1993 Bonds maturing on or after December 1, 2004 are subject to call on any interest payment date at par plus a premium of up to two percent. 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 1993 and 1999 subordinate issues 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 E below. The defeased 1993 Bonds were called on December 1, 2004.

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 unaccreted discount totaled \$8,236,486 and the outstanding balance increased \$207,536 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.

F. 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, 2006 the remaining balance of this defeased debt was \$485,000 for the 1978 issue and \$18,040,000 for the 1979 issue.

CITY OF SAN PABLO
Notes to Basic Financial Statements

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, 2006, the balance of these districts' outstanding debt was as follows:

1998 Oak Park Reassessment Bonds	\$3,315,000
1997 Town Center Reassessment Bonds	2,265,000

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.

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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

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, 2006, 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.

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, 2006, 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 and the Street Lighting and Landscaping Special Revenue Funds had deficits of \$66,219 and \$14,509, respectively, as of June 30, 2006. These deficits will be eliminated by future revenues.

CITY OF SAN PABLO
Notes to Basic Financial Statements

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, 2006 are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2.400% - 3.0%	1.426% -2.418%
Required employee contribution rates	9.0%	7.0%
Required employer contribution rates	25.754%	16.476%
Actuarially required contributions	\$1,011,539	\$762,577

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, 2006, 2005, and 2004 amounted to \$1,744,116, \$1,254,915 and \$278,466 respectively.

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 twenty years. 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.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (Continued)

CALPERS' latest available actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30, 2004. Actuarial values for 2002 are not available as the State-wide pool is based on a fresh-start valuation as of June 30, 2003:

Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2002	N/A	N/A	N/A	N/A	N/A	N/A
2003	\$1,248,172,736	\$1,045,895,860	\$202,276,876	83.8%	\$154,384,703	131.0%
2004	1,252,474,736	1,026,500,742	225,973,994	82.0%	154,903,754	145.9%

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2002	N/A	N/A	N/A	N/A	N/A	N/A
2003	\$2,596,966,545	\$2,372,879,034	\$224,087,511	91.4%	\$725,020,458	30.9%
2004	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.3%

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, 2006 amounted to \$21,120, 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, 2006 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, 2006 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				
Supplemental	10 years	N/A	5 years	15 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 2006-024 (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, 2006, the City contributed \$1,189,011 to the Plan, including \$189,011 for pay-as-you-go premiums plus an additional \$1 million to prefund benefits. As a result, the City has calculated and recorded the Net OPEB Asset, representing the difference between the ARC and contributions, as presented below:

Annual required contribution	\$482,284
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	482,284
Contributions made	<u>(1,189,011)</u>
(Decrease) increase in net OPEB obligations	(706,727)
Net OPEB obligation June 30, 2005	<u>-</u>
Net OPEB obligation (asset) June 30, 2006	<u>(\$706,727)</u>

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

Fiscal Year	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation (Asset)
6/30/2006	<u>\$482,284</u>	<u>\$1,189,011</u>	<u>247%</u>	<u>(\$706,727)</u>

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 (\$5,000)	\$15,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Worker's Compensation (no deductible)	145,000,000
All Risk Fire, Property, Earthquake & Flood (\$5,000)	1,000,000,000
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, 2006, 2005, and 2004 the amount of settlements did not exceed insurance coverage.

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	
	2006	2005
Beginning balance	\$21,287	\$51,299
Provision for current fiscal year claims	8,643	28,485
(Change) in provision for prior fiscal year claims	2,984	(20,728)
Claims paid	(14,046)	(37,769)
Ending balance	\$18,868	\$21,287

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.

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 10% of the expenditures, not to exceed \$22,670 per year through fiscal year 2005-06.

CITY OF SAN PABLO
Notes to Basic Financial Statements

NOTE 14 - JOINT POWERS AGREEMENTS (Continued)

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 - TAX INCREMENT SHIFT TO EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)

The State of California directed that a portion of the incremental property taxes which had been received in prior years by redevelopment agencies be paid instead to local educational agencies. During the fiscal year ended June 30, 2006, the Agency paid \$801,770 as a result of the State directive.

NOTE 16 - 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.

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 \$402,115 were passed through to the County in fiscal 2006 and increments of \$1,490,859 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.

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

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 (NON-GAAP LEGAL BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Property taxes	\$11,015,500	\$12,251,525	\$1,236,025
Less educational revenue			
augmentation fund payment	(781,000)	(801,770)	(20,770)
Use of money and property	768,500	2,049,553	1,281,053
Miscellaneous	50,000	130,252	80,252
	<u>11,053,000</u>	<u>13,629,560</u>	<u>2,576,560</u>
Total Revenues			
EXPENDITURES			
Current:			
Community:			
Development	8,616,632	3,871,099	4,745,533
Capital outlay	17,700,000	5,937,268	11,762,732
Debt service:			
Principal	90,000	90,000	
Interest and fiscal charges	1,580,347	1,585,296	(4,949)
	<u>27,986,979</u>	<u>11,483,663</u>	<u>16,503,316</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,933,979)</u>	<u>2,145,897</u>	<u>19,079,876</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property		(15,410)	(15,410)
Transfers in	1,706,851	524,436	(1,182,415)
Transfers (out)	(11,661,927)	(10,195,146)	1,466,781
	<u>(9,955,076)</u>	<u>(9,686,120)</u>	<u>268,956</u>
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCE	<u>(\$26,889,055)</u>	<u>(7,540,223)</u>	<u>\$19,348,832</u>
Adjustment to budgetary basis:			
Capital outlay		5,933,282	
Fund balance at beginning of year		<u>39,175,350</u>	
Fund balance at end of year		<u>\$37,568,409</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.

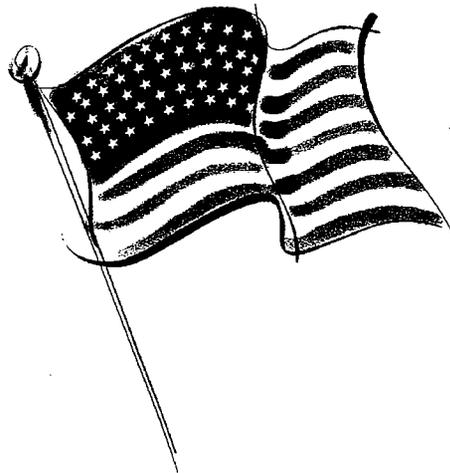
2001 TAX ALLOCATION REVENUE BONDS TENTH TOWNSHIP PROJECT AREA

This fund makes principal and interest payments on the Tenth Township Redevelopment Projects 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.

City of San Pablo



CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2006

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	\$97	\$75,570	\$95	\$68,351	\$107,381	\$19,678
Restricted cash and investments						
Accounts receivable		7,980				
Interest receivable				243	1,189	193
Due from other governments						
Total Assets	<u>\$97</u>	<u>\$83,550</u>	<u>\$95</u>	<u>\$68,594</u>	<u>\$108,570</u>	<u>\$19,871</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$66,316		\$14,604	\$9,106	\$42,608	
Due to other funds						
Grant funds received in advance						
Total Liabilities	<u>66,316</u>		<u>14,604</u>	<u>9,106</u>	<u>42,608</u>	
FUND BALANCES						
Reserved for:						
Encumbrances	36,525			3,000	17,304	
Debt service						
Unreserved:						
Undesignated	(102,744)	\$83,550	(14,509)	56,488	48,658	\$19,871
Total Fund Balance (Deficit)	<u>(66,219)</u>	<u>83,550</u>	<u>(14,509)</u>	<u>59,488</u>	<u>65,962</u>	<u>19,871</u>
Total Liabilities and Fund Balances	<u>\$97</u>	<u>\$83,550</u>	<u>\$95</u>	<u>\$68,594</u>	<u>\$108,570</u>	<u>\$19,871</u>

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
\$64,504	\$13,582	\$219,819	\$200,617	\$996	\$215,003	\$4,995,203	\$47
616	128	2,054	526	39,247		37,242	
			104,638				
<u>\$65,120</u>	<u>\$13,710</u>	<u>\$221,873</u>	<u>\$305,781</u>	<u>\$40,243</u>	<u>\$215,003</u>	<u>\$5,032,445</u>	<u>\$47</u>
		\$1,017					
			\$36,177				
		1,017	36,177				
						\$5,032,445	\$47
<u>\$65,120</u>	<u>\$13,710</u>	<u>220,856</u>	<u>269,604</u>	<u>\$40,243</u>	<u>\$215,003</u>		
<u>65,120</u>	<u>13,710</u>	<u>220,856</u>	<u>269,604</u>	<u>40,243</u>	<u>215,003</u>	<u>5,032,445</u>	<u>47</u>
<u>\$65,120</u>	<u>\$13,710</u>	<u>\$221,873</u>	<u>\$305,781</u>	<u>\$40,243</u>	<u>\$215,003</u>	<u>\$5,032,445</u>	<u>\$47</u>

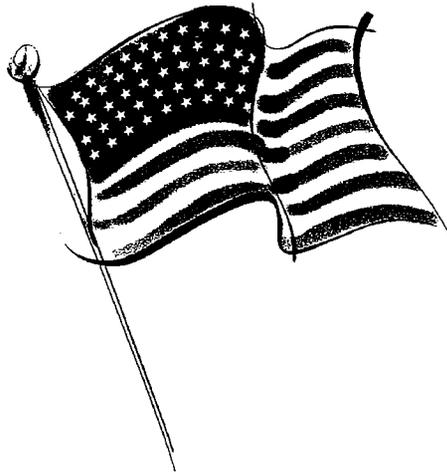
(Continued)

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2006

DEBT SERVICE FUNDS

	<u>2001 Tax Allocation Bonds Tenth Township Project Area</u>	<u>2004 Tax Allocation Bonds Legacy Project Area</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments available for operations			\$985,693
Restricted cash and investments	\$33,091	\$582,267	5,610,608
Accounts receivable			47,227
Interest receivable		6,996	49,187
Due from other governments			104,638
Total Assets	\$33,091	\$589,263	\$6,797,353
LIABILITIES			
Accounts payable and accrued liabilities			\$133,651
Due to other funds			
Grant funds received in advance			36,177
Total Liabilities			169,828
FUND BALANCES			
Reserved for:			
Encumbrances			56,829
Debt service	\$33,091	\$589,263	5,654,846
Unreserved:			
Undesignated			915,850
Total Fund Balance (Deficit)	33,091	589,263	6,627,525
Total Liabilities and Fund Balances	\$33,091	\$589,263	\$6,797,353

City of San Pablo



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, 2006

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C
REVENUES						
Property taxes			\$839,068	\$337,646		
Sales tax		\$100,916				
Fines and forfeits						
Intergovernmental	\$579,193			13,913	\$10,000	\$326,301
Charges for services	117,616				920,810	
Use of money and property	417			590	3,848	1,928
Miscellaneous	7,480			4,847		
Total Revenues	704,706	100,916	839,068	356,996	934,658	328,229
EXPENDITURES						
Current:						
General Government	1,010,915		1,115,864	357,666	932,752	
Police						
Capital outlay	9,357					
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,020,272		1,115,864	357,666	932,752	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(315,566)	100,916	(276,796)	(670)	1,906	328,229
OTHER FINANCING SOURCES (USES)						
Transfers in	350,128		301,792			
Transfers (out)	(57,000)	(80,000)				(507,726)
Total Other Financing Sources (Uses)	293,128	(80,000)	301,792			(507,726)
NET CHANGE IN FUND BALANCES	(22,438)	20,916	24,996	(670)	1,906	(179,497)
Fund balances (deficits) at beginning of year	(43,781)	62,634	(39,505)	60,158	64,056	199,368
Fund balances (deficits) at end of year	(\$66,219)	\$83,550	(\$14,509)	\$59,488	\$65,962	\$19,871

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						
\$15,768		\$144,876	\$760,264	\$139,743			
2,147	460	6,684	1,841		\$155,003	\$180,636	\$71
17,915	4,152	151,560	762,105	139,743	155,003	180,636	71
9,018	4,649	76,254	462,184 31,484			570,000 683,465	465,000 437,914
9,018	4,649	76,254	493,668			1,253,465	902,914
8,897	(497)	75,306	268,437	139,743	155,003	(1,072,829)	(902,843)
				25,000 (124,500)		1,184,318	902,782
				(99,500)		1,184,318	902,782
8,897	(497)	75,306	268,437	40,243	155,003	111,489	(61)
56,223	14,207	145,550	1,167		60,000	4,920,956	108
\$65,120	\$13,710	\$220,856	\$269,604	\$40,243	\$215,003	\$5,032,445	\$47

(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, 2006

	DEBT SERVICE FUNDS		
	2001 Tax Allocation Bonds Tenth Township Project Area	2004 Tax Allocation Bonds Legacy Project Area	Total Nonmajor Governmental Funds
REVENUES			
Property taxes			\$1,180,406
Sales tax			100,916
Fines and forfeits			15,768
Intergovernmental			1,974,290
Charges for services			1,038,426
Use of money and property	\$679	\$24,071	378,375
Miscellaneous			12,327
	679	24,071	4,700,508
EXPENDITURES			
Current:			
General Government			3,498,100
Police			471,202
Capital outlay			40,841
Debt Service:			
Principal	405,000		1,440,000
Interest and fiscal charges	373,197		1,494,576
	778,197		6,944,719
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(777,518)	24,071	(2,244,211)
OTHER FINANCING SOURCES (USES)			
Transfers in	780,781	19,468	3,564,269
Transfers (out)		(3,038)	(772,264)
	780,781	16,430	2,792,005
NET CHANGE IN FUND BALANCES	3,263	40,501	547,794
Fund balances (deficits) at beginning of year	29,828	548,762	6,079,731
Fund balances (deficits) at end of year	\$33,091	\$589,263	\$6,627,525

City of San Pablo



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, 2006

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$95,000	\$100,916	\$5,916
Fines and forfeits						
Intergovernmental	\$586,000	\$579,193	(\$6,807)			
Charges for services	30,000	117,616	87,616			
Use of money and property	6,000	417	(5,583)			
Miscellaneous		7,480	7,480			
Total Revenues	<u>622,000</u>	<u>704,706</u>	<u>82,706</u>	<u>95,000</u>	<u>100,916</u>	<u>5,916</u>
EXPENDITURES						
Current:						
General Government	1,003,353	1,010,915	(7,562)			
Community:						
Housing						
Police						
Capital outlay	8,600	9,357	(757)			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,011,953</u>	<u>1,020,272</u>	<u>(8,319)</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(389,953)</u>	<u>(315,566)</u>	<u>74,387</u>	<u>95,000</u>	<u>100,916</u>	<u>5,916</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	288,877	350,128	61,251			
Transfers (out)		(57,000)	(57,000)	(80,000)	(80,000)	
Total Other Financing Sources (Uses)	<u>288,877</u>	<u>293,128</u>	<u>4,251</u>	<u>(80,000)</u>	<u>(80,000)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$101,076)</u>	<u>(22,438)</u>	<u>\$78,638</u>	<u>\$15,000</u>	<u>20,916</u>	<u>\$5,916</u>
Fund balances at beginning of year		(43,781)			62,634	
Fund balances at end of year		<u>(\$66,219)</u>			<u>\$83,550</u>	

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	\$839,068	(\$10,932)	\$317,000	\$337,646	\$20,646			
			9,000	13,913	4,913		\$10,000	\$10,000
			3,000	590	(2,410)	\$905,000	920,810	15,810
				4,847	4,847		3,848	3,848
<u>850,000</u>	<u>839,068</u>	<u>(10,932)</u>	<u>329,000</u>	<u>356,996</u>	<u>27,996</u>	<u>905,000</u>	<u>934,658</u>	<u>29,658</u>
1,237,752	1,115,864	121,888	374,948	357,666	17,282	1,091,660	932,752	158,908
<u>1,237,752</u>	<u>1,115,864</u>	<u>121,888</u>	<u>374,948</u>	<u>357,666</u>	<u>17,282</u>	<u>1,091,660</u>	<u>932,752</u>	<u>158,908</u>
<u>(387,752)</u>	<u>(276,796)</u>	<u>110,956</u>	<u>(45,948)</u>	<u>(670)</u>	<u>45,278</u>	<u>(186,660)</u>	<u>1,906</u>	<u>188,566</u>
335,691	301,792	(33,899)				78,467		(78,467)
<u>335,691</u>	<u>301,792</u>	<u>(33,899)</u>				<u>78,467</u>		<u>(78,467)</u>
<u>(\$52,061)</u>	24,996	<u>\$77,057</u>	<u>(\$45,948)</u>	(670)	<u>\$45,278</u>	<u>(\$108,193)</u>	1,906	<u>\$110,099</u>
	<u>(39,505)</u>			<u>60,158</u>			<u>64,056</u>	
	<u>(\$14,509)</u>			<u>\$59,488</u>			<u>\$65,962</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, 2006

SPECIAL REVENUE FUNDS

	MEASURE C			OAK PARK MAINTENANCE DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$3,700	\$3,692	(\$8)
Sales tax						
Fines and forfeits						
Intergovernmental	\$304,000	\$326,301	\$22,301			
Charges for services						
Use of money and property	7,000	1,928	(5,072)	200	460	260
Miscellaneous						
Total Revenues	311,000	328,229	17,229	3,900	4,152	252
EXPENDITURES						
Current:						
General Government				5,790	4,649	1,141
Community:						
Housing						
Police						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures				5,790	4,649	1,141
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	311,000	328,229	17,229	(1,890)	(497)	1,393
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(507,726)	(507,726)				
Total Other Financing Sources (Uses)	(507,726)	(507,726)				
NET CHANGE IN FUND BALANCES	(\$196,726)	(179,497)	\$17,229	(\$1,890)	(497)	\$1,393
Fund balances at beginning of year		199,368			14,207	
Fund balances at end of year		<u>\$19,871</u>			<u>\$13,710</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)
\$136,643	\$144,876	\$8,233	\$479,000	\$760,264	\$281,264		\$139,743	\$139,743
2,500	6,684	4,184	1,000	1,841	841			
<u>139,143</u>	<u>151,560</u>	<u>12,417</u>	<u>480,000</u>	<u>762,105</u>	<u>282,105</u>		<u>139,743</u>	<u>139,743</u>
122,028	76,254	45,774						
			595,447	462,184 31,484	133,263 (31,484)			
<u>122,028</u>	<u>76,254</u>	<u>45,774</u>	<u>595,447</u>	<u>493,668</u>	<u>101,779</u>			
17,115	75,306	58,191	(115,447)	268,437	383,884		139,743	139,743
							25,000 (124,500)	25,000
							(124,500) (99,500)	25,000
<u>\$17,115</u>	<u>75,306</u>	<u>\$58,191</u>	<u>(\$115,447)</u>	<u>268,437</u>	<u>\$383,884</u>	<u>(\$124,500)</u>	<u>40,243</u>	<u>\$164,743</u>
	<u>145,550</u>			<u>1,167</u>				
	<u>\$220,856</u>			<u>\$269,604</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, 2006

	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	\$345,000		(\$345,000)			
Charges for services						
Use of money and property		\$155,003	155,003	\$80,000	\$180,636	\$100,636
Miscellaneous						
Total Revenues	<u>345,000</u>	<u>155,003</u>	<u>(189,997)</u>	<u>80,000</u>	<u>180,636</u>	<u>100,636</u>
EXPENDITURES						
Current:						
General Government						
Community:						
Housing	345,000		345,000			
Police						
Capital outlay						
Debt Service:						
Principal				570,000	570,000	
Interest and fiscal charges				683,465	683,465	
Total Expenditures	<u>345,000</u>		<u>345,000</u>	<u>1,253,465</u>	<u>1,253,465</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>155,003</u>	<u>155,003</u>	<u>(1,173,465)</u>	<u>(1,072,829)</u>	<u>100,636</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				1,253,465	1,184,318	(69,147)
Transfers (out)						
Total Other Financing Sources (Uses)				<u>1,253,465</u>	<u>1,184,318</u>	<u>(69,147)</u>
NET CHANGE IN FUND BALANCES		<u>155,003</u>	<u>\$155,003</u>	<u>\$80,000</u>	<u>111,489</u>	<u>\$31,489</u>
Fund balances at beginning of year		<u>60,000</u>			<u>4,920,956</u>	
Fund balances at end of year		<u>\$215,003</u>			<u>\$5,032,445</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)
	\$71	\$71		\$679	\$679
	71	71		679	679
\$465,000	465,000		\$405,000	405,000	
437,914	437,914		373,197	373,197	
902,914	902,914		778,197	778,197	
(902,914)	(902,843)	71	(778,197)	(777,518)	679
902,914	902,782	(132)	778,197	780,781	2,584
902,914	902,782	(132)	778,197	780,781	2,584
	(61)	(\$61)		3,263	\$3,263
	108			29,828	
	\$47			\$33,091	

City of San Pablo



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, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<hr/> <u>Town Center Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$664,517	\$410,690	\$378,869	\$696,338
Interest receivable	<u>3,265</u>	<u>7,718</u>	<u>3,265</u>	<u>7,718</u>
Total Assets	<u>\$667,782</u>	<u>\$418,408</u>	<u>\$382,134</u>	<u>\$704,056</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$667,782</u>	<u>\$418,408</u>	<u>\$382,134</u>	<u>\$704,056</u>
<hr/> <u>Oak Park Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$898,498	\$479,444	\$454,147	\$923,795
Interest receivable	<u>5,071</u>	<u>12,084</u>	<u>5,071</u>	<u>12,084</u>
Total Assets	<u>\$903,569</u>	<u>\$491,528</u>	<u>\$459,218</u>	<u>\$935,879</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$903,569</u>	<u>\$491,528</u>	<u>\$459,218</u>	<u>\$935,879</u>
<hr/> <u>Community Organizations and Activities</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$370,547	\$388,943	\$376,047	\$383,443
Interest receivable	<u>2,575</u>	<u>3,719</u>	<u>2,575</u>	<u>3,719</u>
Total Assets	<u>\$373,122</u>	<u>\$392,662</u>	<u>\$378,622</u>	<u>\$387,162</u>
<u>Liabilities</u>				
Accounts payable	\$11,444	\$5,943	\$11,444	\$5,943
Deposits held as agent for others	<u>361,678</u>	<u>386,719</u>	<u>367,178</u>	<u>381,219</u>
Total Liabilities	<u>\$373,122</u>	<u>\$392,662</u>	<u>\$378,622</u>	<u>\$387,162</u>
<hr/> <u>Payroll Deposit</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	<u>\$1,678</u>	<u>\$3,402</u>	<u>\$1,678</u>	<u>\$3,402</u>
<u>Liabilities</u>				
Accounts payable	<u>\$1,678</u>	<u>\$3,402</u>	<u>\$1,678</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, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<hr/> <u>West Contra Costa Transportation Advisory Committee</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$203,846	\$365	\$203,846	\$365
Due from other governments	65,924	287,709	65,924	287,709
Interest receivable	1,856	634	1,856	634
Prepays and deposits	8,147	1,763	8,147	1,763
Total Assets	<u>\$279,773</u>	<u>\$290,471</u>	<u>\$279,773</u>	<u>\$290,471</u>
<u>Liabilities</u>				
Accounts payable	\$12,362	\$59,398	\$12,362	\$59,398
Due to City	207,663	54,100	20,113	241,650
Deposits held as agent for others	59,748	176,973	247,298	(10,577)
Total Liabilities	<u>\$279,773</u>	<u>\$290,471</u>	<u>\$279,773</u>	<u>\$290,471</u>
<hr/> <u>Totals - All Agency Funds</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$2,139,086	\$1,282,844	\$1,414,587	\$2,007,343
Interest receivable	12,767	24,155	12,767	24,155
Due from other governments	65,924	287,709	65,924	287,709
Prepays and deposits	8,147	1,763	8,147	1,763
Total Assets	<u>\$2,225,924</u>	<u>\$1,596,471</u>	<u>\$1,501,425</u>	<u>\$2,320,970</u>
<u>Liabilities</u>				
Accounts payable	\$25,484	\$68,743	\$25,484	\$68,743
Due to City	207,663	54,100	20,113	241,650
Deposits held as agent for others	421,426	563,692	614,476	370,642
Due to bondholders	1,571,351	909,936	841,352	1,639,935
Total Liabilities	<u>\$2,225,924</u>	<u>\$1,596,471</u>	<u>\$1,501,425</u>	<u>\$2,320,970</u>

City of San Pablo



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

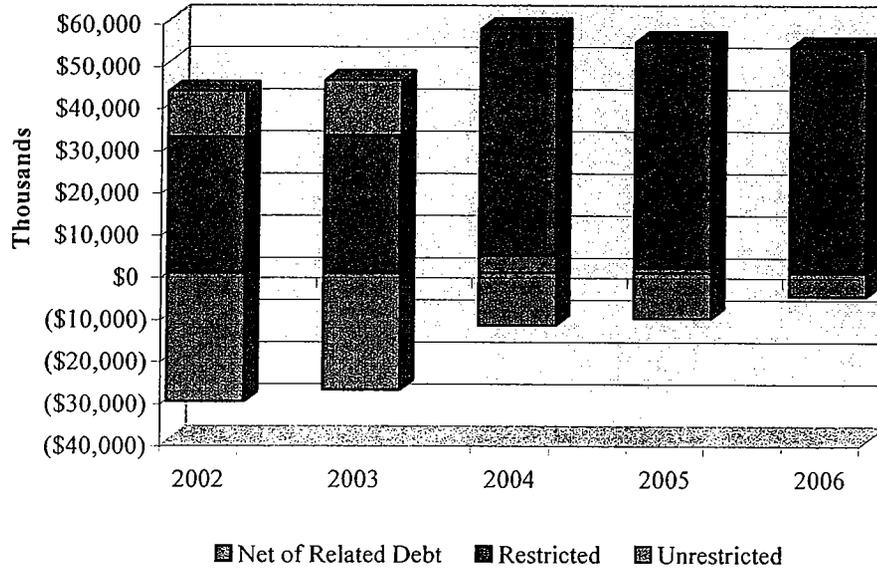
Sources

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



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

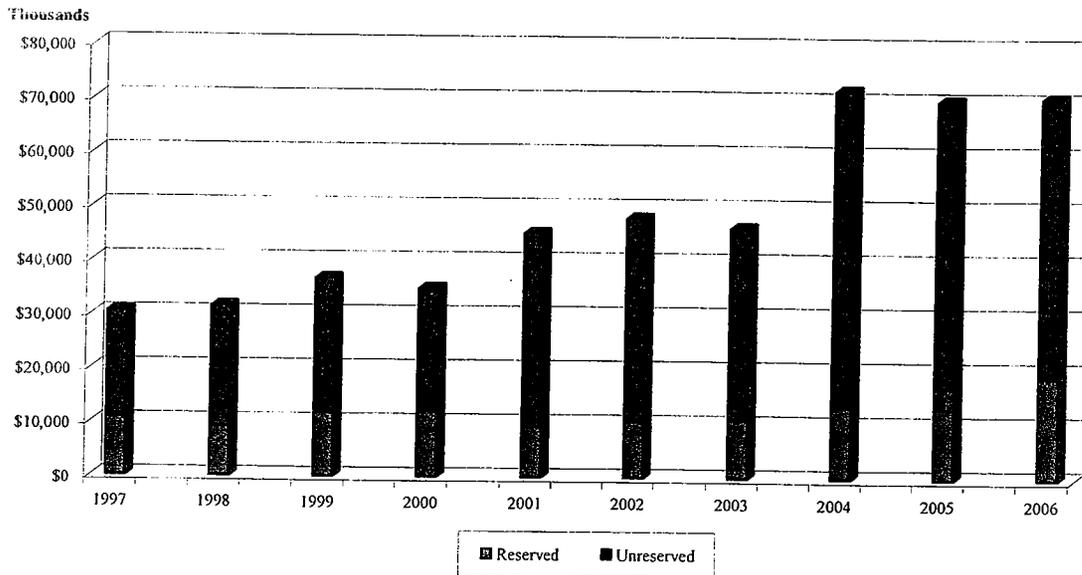


	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<i>Governmental activities</i>					
Invested in capital assets, net of related debt	(\$30,582,670)	(\$27,769,715)	\$4,217,407	\$1,338,446	\$391,982
Restricted	32,172,751	32,555,089	53,814,033	53,602,869	53,323,336
Unrestricted	10,904,480	13,105,682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

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

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	\$4,014,394	\$4,616,174	\$4,295,995	\$6,247,087	\$5,061,400
Community					
Recreation	613,517	641,292	568,220	682,636	703,787
Development	4,245,494	3,216,316	3,498,886	8,047,233	6,190,032
Housing	440,240	502,613	1,334,075	316,338	2,456,860
Police	7,139,573	7,633,771	8,316,795	9,899,191	15,399,999
Interest and fiscal charges	2,713,525	2,610,389	4,188,138	3,336,076	3,281,931
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>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	460,392	747,791	780,540	767,938	1,089,391
Community: Recreation	72,790	72,355	69,140	70,360	52,525
Police	329,211	295,697	310,684	597,466	418,449
Operating Grants and Contributions	1,853,029	1,411,263	2,094,200	1,696,841	1,986,780
Capital Grants and Contributions	707,289	1,512,916	550,399	749,567	1,015,449
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>
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>
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
Incremental Property Taxes	7,022,549	7,923,532	8,981,315	11,577,262	12,251,525
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
In-Lieu Sales Tax				402,175	367,240
Utility Users Tax	1,817,716	1,959,355	1,989,816	2,053,248	2,158,865
Other Taxes	3,614,460	3,654,479	3,591,499	3,820,413	9,866,947
Intergovernmental unrestricted:					
Motor Vehicle In-Lieu Fees	1,709,875	1,812,031	1,379,768	2,516,011	2,276,752
Business Licenses (nonregulatory)	252,289	274,508	299,715	280,518	290,935
Use of Money and Property	1,757,907	1,431,375	1,411,561	1,777,188	2,733,017
Gain on Sale of Property		289,010	275,668	56,981	315,000
Miscellaneous	128,278	176,729	152,099	143,876	285,471
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>
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>

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



	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$28,720	\$19,641	\$19,705	\$67,707	\$11,575	\$37,793	\$416,350	\$388,271	\$383,225	\$387,568
Unreserved	6,410,907	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
Total General Fund	<u>\$6,439,627</u>	<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> (a)
All Other Governmental Funds										
Reserved	\$10,827,742	\$9,132,603	\$11,879,787	\$12,057,895	\$9,399,206	\$10,468,551	\$10,409,941	\$13,012,019	\$16,603,584	\$18,581,953
Unreserved, reported in:										
Special revenue funds	1,155,082	1,331,242	1,687,811	1,704,238	1,505,813	1,439,376	1,389,448	1,963,053	549,853	14,784,444
Capital project funds	12,154,370	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
Total all other governmental funds	<u>\$24,137,194</u>	<u>\$24,176,732</u>	<u>\$28,831,918</u>	<u>\$25,587,615</u>	<u>\$33,663,319</u>	<u>\$33,315,767</u>	<u>\$32,096,191</u>	<u>\$57,392,434</u>	<u>\$56,107,962</u>	<u>\$57,305,422</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,				
	1997	1998	1999	2000	2001
Revenues					
Property taxes	\$1,332,607	\$1,338,675	\$1,403,506	\$1,435,850	\$1,501,580
Incremental property taxes	5,320,011	5,074,927	5,430,296	5,676,772	6,367,782
Less ERAF					
Sales tax	1,282,604	1,296,223	1,345,934	1,557,076	1,703,083
In-lieu sales tax					
Utility users tax	1,157,741	1,429,018	1,445,050	1,501,318	1,895,903
Other taxes	4,310,068	3,497,996	2,828,982	2,850,536	3,164,556
Licenses and permits	207,709	188,286	194,671	210,641	263,703
Fines and forfeits	41,829	27,579	23,469	31,726	7,285
Intergovernmental	2,636,811	4,484,069	3,064,836	3,272,875	4,092,902
Charges for services	481,470	480,772	628,117	701,749	855,296
Use of money and property	2,347,682	2,126,408	1,738,706	1,969,846	2,446,081
Miscellaneous	61,725	118,605	80,711	327,948	70,181
Total Revenues	19,180,257	20,062,558	18,184,278	19,536,337	22,368,352
Expenditures					
Current:					
General government	2,937,421	3,037,679	3,449,823	3,223,218	3,478,200
Community					
Recreation	499,492	650,811	524,757	644,814	587,505
Development	2,382,139	2,133,254	2,218,693	3,133,954	3,191,515
Housing	130,897	115,324	133,749	371,433	365,677
Police	5,029,898	5,437,833	5,607,964	5,772,864	6,155,750
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	4,153,063	4,047,289	3,733,208	4,915,338	2,325,193
Debt service:					
Principal repayment	1,225,000	675,000	705,000	740,000	1,005,000
Interest and fiscal charges	2,360,971	2,277,043	2,515,947	2,434,887	2,894,391
Total Expenditures	18,718,881	19,076,646	19,071,090	21,343,754	20,133,438
Excess (deficiency) of revenues over (under) expenditures	461,376	985,912	(886,812)	(1,807,417)	2,234,914
Other Financing Sources (Uses)					
Transfers in	8,535,439	8,006,050	13,000,975	10,594,769	17,882,893
Transfers (out)	(8,535,439)	(8,006,050)	(13,000,975)	(10,594,769)	(17,882,893)
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	0	5,708,204	0	8,092,026
Special Items					
Transfer of loans receivable and cash to the county					
Reversal of deferred revenues to offset the loans					
Change in Fund Balance	\$461,376	\$985,912	\$4,821,392	(\$1,807,417)	\$10,326,940
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	(a)

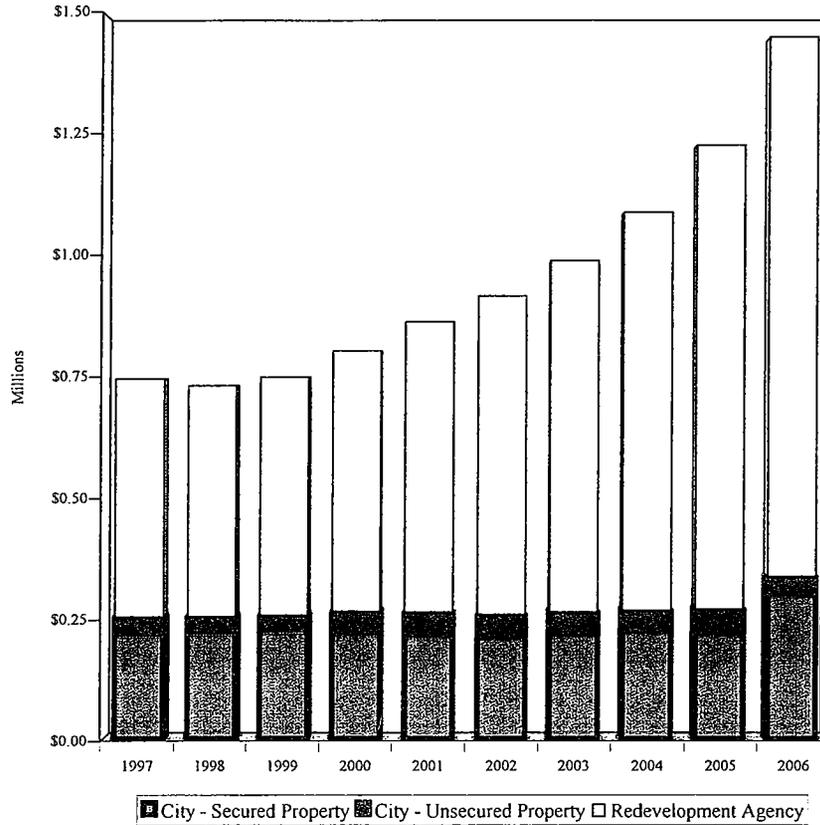
NOTE:

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

Fiscal Year Ended June 30,

2002	2003	2004	2005	2006
\$1,437,245	\$1,493,059	\$1,447,370	\$1,384,587	\$1,387,577
7,022,549	7,923,532	8,981,315	11,577,262	12,251,525
	(239,583)	(414,174)	(780,327)	(801,770)
1,711,707	1,872,533	1,805,822	1,442,957	1,414,077
			402,175	367,240
1,817,716	1,959,355	1,989,816	2,053,248	2,158,865
3,614,460	3,654,479	3,591,499	3,820,413	9,866,947
252,289	274,508	299,715	280,518	290,935
2,672	11,288	13,315	38,248	15,768
3,530,825	4,041,873	4,214,004	4,357,809	4,838,178
862,393	1,115,843	1,160,364	1,435,764	1,560,365
3,382,073	2,302,048	4,224,175	2,544,289	3,373,908
125,606	165,441	414,818	302,606	269,703
<u>23,759,535</u>	<u>24,574,376</u>	<u>27,728,039</u>	<u>28,859,549</u>	<u>36,993,318</u>
3,739,321	4,318,395	4,111,331	6,075,454	5,153,650
605,648	616,658	554,021	653,744	716,929
3,983,957	5,003,018	2,696,836	6,083,560	3,871,099
843,745	1,330,272	2,984,044	849,562	1,320,060
6,973,316	7,123,169	7,870,063	9,600,575	15,512,360
1,525,081	4,533,164	2,747,037	2,302,320	3,147,146
705,000	1,275,000	1,325,000	1,645,000	1,530,000
<u>2,536,309</u>	<u>2,433,830</u>	<u>3,709,542</u>	<u>3,145,231</u>	<u>3,079,872</u>
<u>20,912,377</u>	<u>26,633,506</u>	<u>25,997,874</u>	<u>30,355,446</u>	<u>34,331,116</u>
<u>2,847,158</u>	<u>(2,059,130)</u>	<u>1,730,165</u>	<u>(1,495,897)</u>	<u>2,662,202</u>
9,360,973	9,176,190	27,214,941	13,157,679	12,628,478
(9,360,973)	(9,176,190)	(27,214,941)	(13,157,679)	(12,628,478)
	289,010	275,668	56,981	315,000
		37,755,600		(2,420,874)
		690,216		
		(14,833,256)		
<u>0</u>	<u>289,010</u>	<u>23,887,628</u>	<u>56,981</u>	<u>(2,105,874)</u>
			(1,425,863)	
			1,005,931	
			(419,932)	
<u>\$2,847,158</u>	<u>(\$1,770,120)</u>	<u>\$25,617,793</u>	<u>(\$1,858,848)</u>	<u>\$556,328</u>
20.1%	20.2%	27.6%	20.6%	17.3%

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



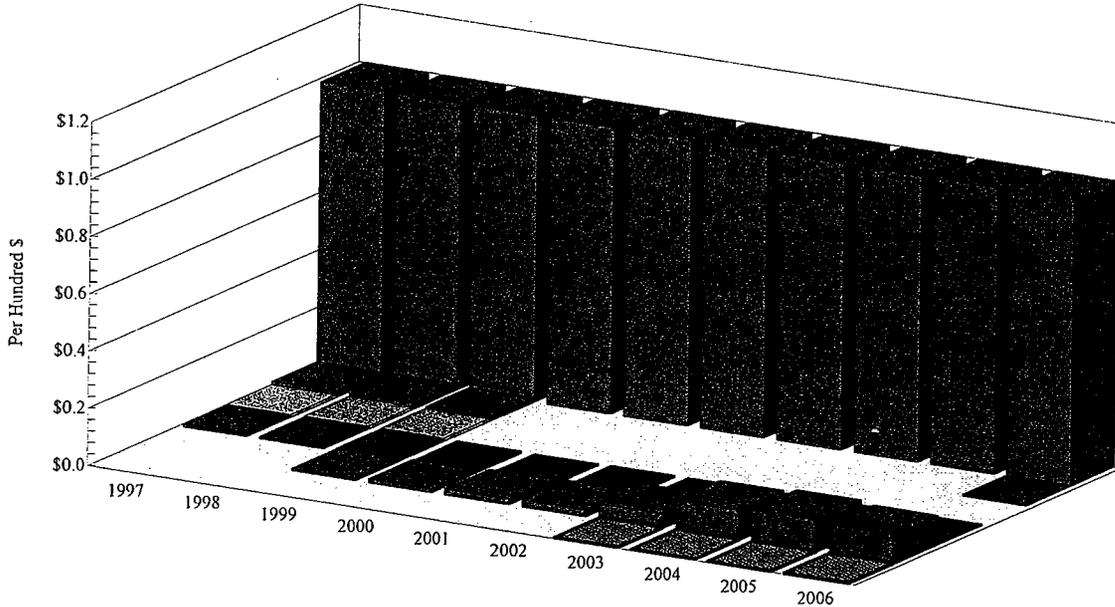
Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
1997	\$217,504,524	\$35,374,846	\$252,879,370	\$492,248,428	n/a	\$492,248,428	\$745,127,798	\$745,127,798	0.744%
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%

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**



Community College	West Contra Costa Unified School District
East Bay Regional Park District	Bay Area Rapid Transit
West County Sanitary/Wastewater	Basic County Wide Levy

<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>West County Sanitary/Wastewater</u>	<u>Bay Area Rapid Transit</u>	<u>East Bay Regional Park District</u>	<u>West Contra Costa Unified School District</u>	<u>Community College</u>	<u>Total</u>
1997	\$1.0000	\$0.0101	\$0.0225	\$0.0080			\$1.0406
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

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

CITY OF SAN PABLO
Principal Property Taxpayers
Current Year

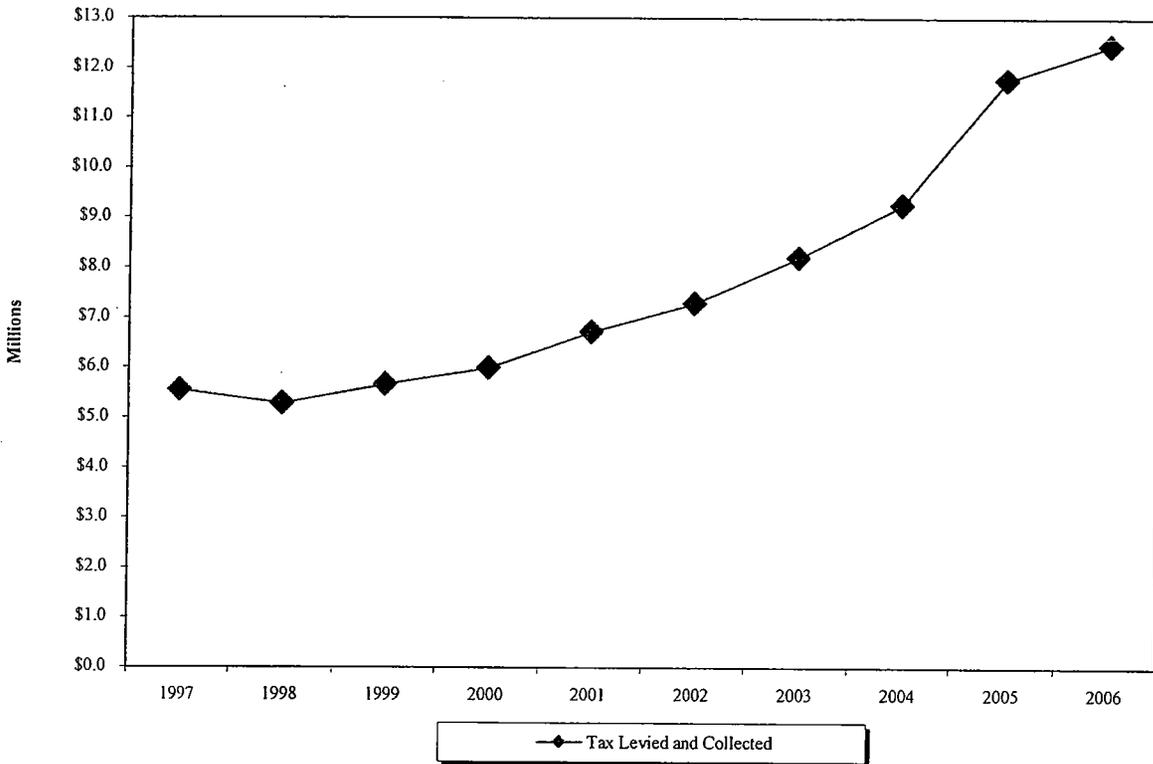
<u>Taxpayer</u>	<u>2005-06</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Signature at Abella LLC	\$19,622,649	1	1.4%
San Pablo Retail Partners LLC	16,614,776	2	1.1%
Princeton Plaza LLC	14,767,509	3	1.0%
Save Mart Supermarkets	11,532,125	4	0.8%
Public Storage Inc.	10,038,919	5	0.7%
Murray and Janet Gordon	8,303,514	6	0.6%
Lucky Stores Inc.	8,226,253	7	0.6%
WEC97k 31 Investment Trust	6,064,524	8	0.4%
Dennis and Sandra Hill	5,552,772	9	0.4%
Fox and Lambrecht	5,584,938	10	0.4%
Subtotal	<u>\$106,307,979</u>		<u>7.3%</u>

Total Net Assessed Valuation:
 Fiscal Year 2005-2006 \$1,451,770,932
 Fiscal Year 1996-1997 \$745,127,798

Note: Information about Principal Property Taxpayers was not available
 for the fiscal year 1996/1997.

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

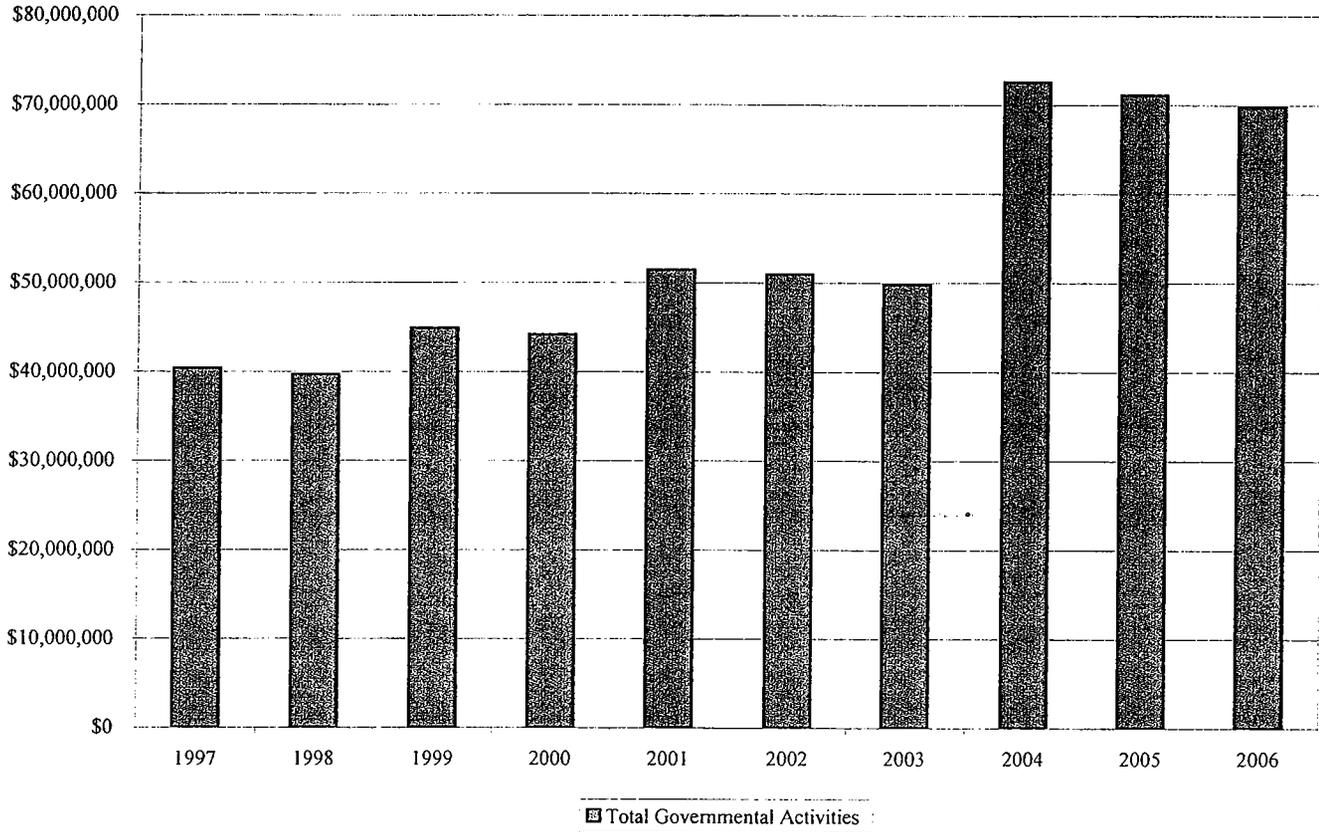
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>City Property Tax Levied and Collected (1)</u>	<u>Redevelopment Agency Property Tax Levied and Collected (2)</u>	<u>Total Property Tax Levied and Collected (3)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1997	\$225,871	\$5,320,011	\$5,545,882	100%
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%

- 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	Percentage of Personal Income (a)	Per Capita (a)
	Tax Allocation Bonds		
1997	\$40,370,000	4.40%	\$1,559
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

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, 2006**

2005-06 Assessed Valuation	\$1,410,786,153
Redevelopment Incremental Valuation	<u>1,115,249,470</u>
Adjusted Assessed Valuation	<u><u>\$295,536,683</u></u>

	Net Debt Outstanding	Percentage Applicable To City of San Pablo	Amount Applicable To City of San Pablo
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Bay Area Rapid Transit District	\$100,000,000	0.082%	\$82,000
Contra Costa Community College District	115,000,000	0.259%	297,850
West Contra Costa Unified School District	544,027,486	1.735%	9,438,877
West Contra Costa Healthcare District Parcel Tax Obligations	26,000,000	1.598%	415,480
East Bay Municipal Utility District	2,100,000	0.232%	4,872
East Bay Regional Park District	111,170,000	0.120%	133,404
City of San Pablo	0	100.000%	0
City of San Pablo Special Assessment District 1915 Act Bonds	<u>5,580,000</u>	100.000%	<u>5,580,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$903,877,486</u></u>		<u>15,952,483</u>
Less: East Bay Municipal Utility District (100% self-supporting)			<u>4,872</u>
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>\$15,947,611</u></u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Alameda-Contra Costa Transit District Certificates of Participation	\$19,855,000	0.245%	\$48,645
Contra Costa County General Fund Obligations	301,770,000	0.258%	778,567
Contra Costa County Pension Obligations	537,005,000	0.258%	1,385,473
Contra Costa County Board of Education Certificates of Participation	1,310,000	0.258%	3,380
Contra Costa County Mosquito Abatement District Certificates of Participation	1,215,000	0.259%	3,147
Contra Costa Community College District Certificates of Participation	26,335,000	1.735%	456,912
West Contra Costa Unified School District Certificates of Participation	<u>129,900,000</u>	0.557%	<u>723,543</u>
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	<u><u>\$1,017,390,000</u></u>		<u><u>\$3,399,667</u></u>
GROSS COMBINED TOTAL DEBT			<u><u>\$19,352,150 (1)</u></u>
NET COMBINED TOTAL DEBT			<u><u>\$19,347,278</u></u>

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

RATIOS TO 2005-06 ASSESSED VALUATION:	
Direct Debt	0.00%
Total Gross Direct and Overlapping Tax Assessment Debt	1.13%
Total Net Direct and Overlapping Tax Assessment Debt	1.13%

RATIOS TO ADJUSTED ASSESSED VALUATION:	
Gross Combined Total Debt	6.55%
Net Combined Total Debt	6.55%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06:	\$0
--	-----

Source: California Municipal Statistics, Inc.

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2006**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$1,451,770,932
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$54,441,410
---	--------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$69,798,514
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	69,798,514
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Amount of debt subject to limit	0
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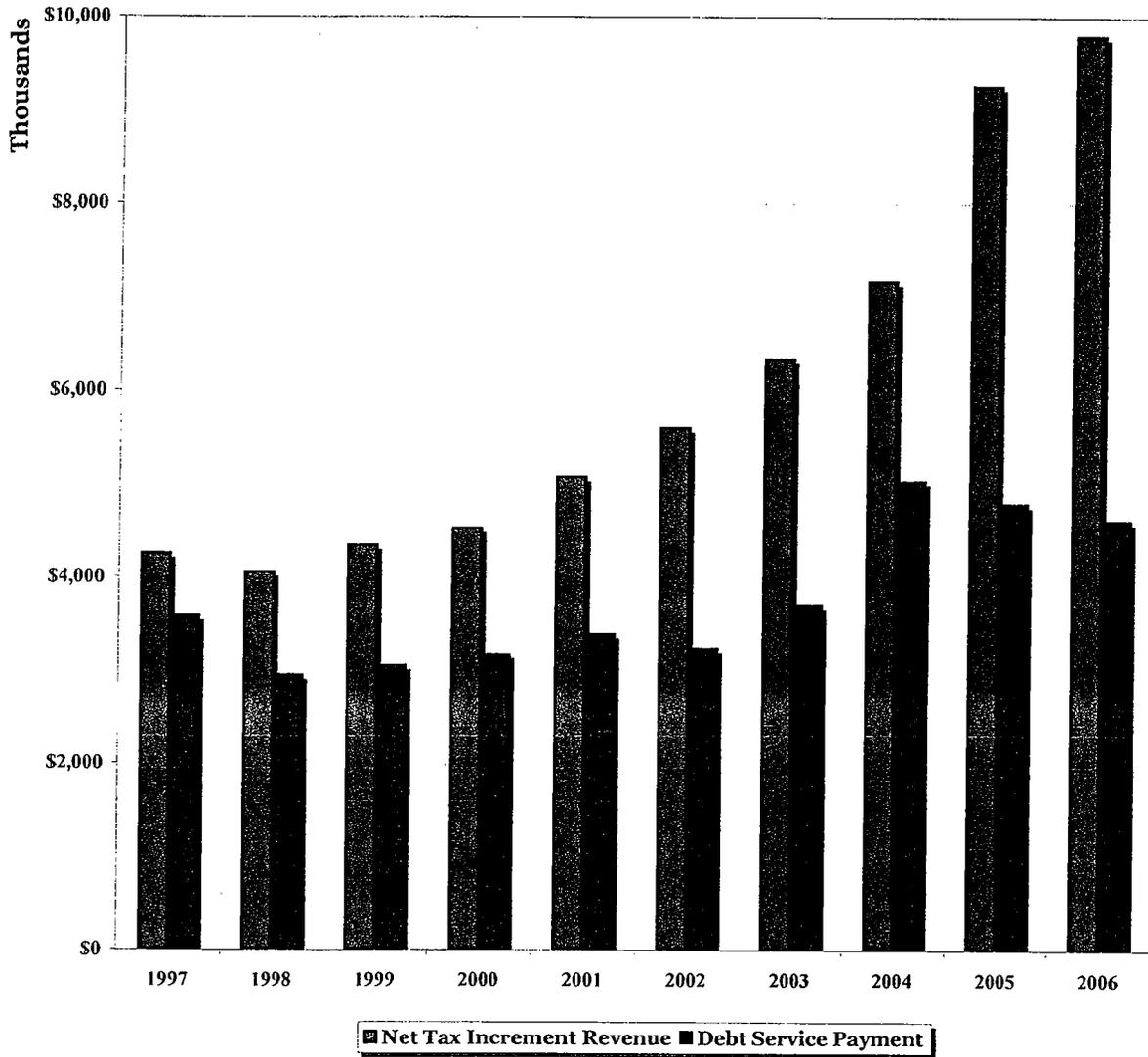
LEGAL BONDED DEBT MARGIN	\$54,441,410
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1997	\$27,942,292	\$0	\$27,942,292	0.00%
1998	27,416,612	0	27,416,612	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%

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	
1997	\$5,320,011	\$1,064,002	\$4,256,009	\$1,225,000	\$2,360,971	\$3,585,971	1.19
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

CITY OF SAN PABLO
TOWN CENTER
1997 REASSESSMENT REVENUE BONDS
CONTINUING DISCLOSURE REQUIRED BY SEC RULE 15c(2)-12(b)(5)
June 30, 2006

Town Center 1997 Reassessment Revenue Bonds

Reserve Fund: Balance	\$252,139
Requirement	\$249,000
City of San Pablo Limited Obligation Refunding Bonds, Town Center Assessment District, Principal Outstanding	\$2,265,000
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. WEC 97K-3 Inv Trust 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, 2006

Oak Park 1998 Reassessment Revenue Bonds

Reserve Fund:	Balance	\$382,820
	Requirement	\$380,500
City of San Pablo Limited Obligation Refunding Bonds, Oak Park Assessment District, Principal Outstanding		\$3,315,000
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 SIX FISCAL YEARS**

TENTH TOWNSHIP PROJECT AREA

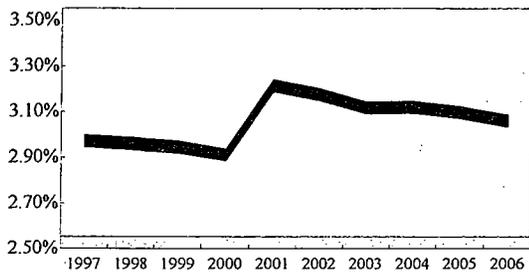
Fiscal Year	Gross Tax Revenues	Housing Set-Aside	Pledged Tax Revenues	Debt Service On			Total Debt Service	Debt Service Coverage
				1993 Bonds	1999 Bonds	Tenth Township Bonds		
2001	\$6,251,040	(\$1,250,208)	\$5,000,832	\$2,010,813	\$729,991	\$0	\$2,740,804	1.82
2002	6,758,359	(1,351,672)	5,406,687	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	2,543,493	4,699,872	1.85

LEGACY PROJECT AREA

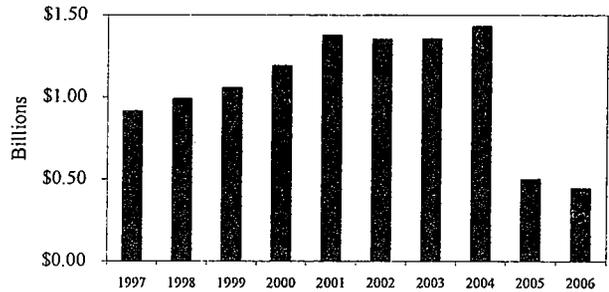
Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on Legacy Bonds	Debt Service Coverage
2001	\$190,933	(\$38,187)	\$152,746	\$0	1.00
2002	338,448	(67,690)	270,758	73,089	3.70
2003	584,709	(116,942)	467,767	31,625	14.79
2004	794,322	(160,195)	634,127	0	1.00
2005	1,132,101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

Sources: City of San Pablo Financial Statements

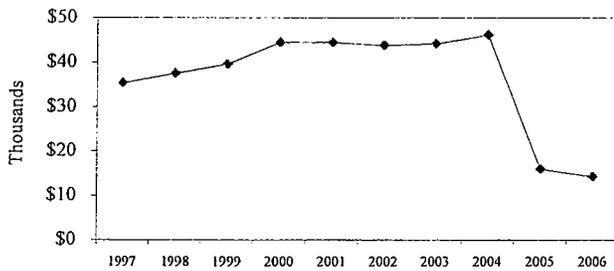
**CITY OF SAN PABLO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



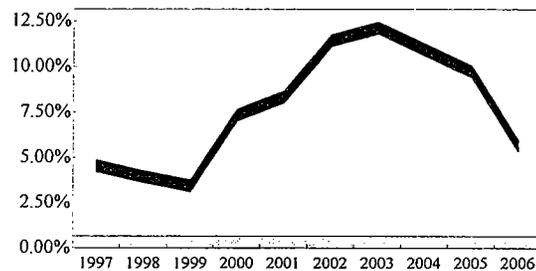
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
1997	25,900	\$916,626,900 (a)	\$35,391 (b)	4.2% (c)	879,200	2.95%
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 (a)	9.4%	1,020,898	3.07%
2006	31,216	446,482,448 (a)	14,303 (a)	5.3%	1,029,377	3.03%

NOTES: (a) Data not available. Calculated by multiplying City Population by Per Capita Personal Income
 (b) Data not available for the City for 1997 to 2004, therefore data presented is for Contra Costa County
 (c) Data not available for the City for 1997 to 1999, therefore data presented is for Contra Costa County

Sources: California State Department of Finance
 California Employment Development Department

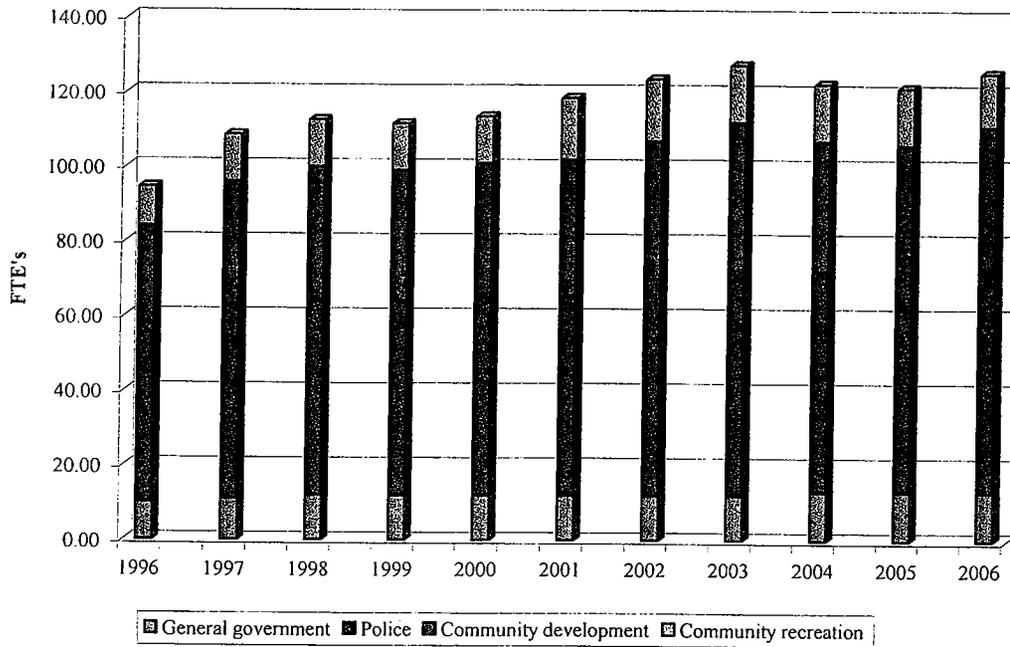
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2005-06</u>			<u>1996-97</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)*	1,098	1	8.5%	831	1	N/A
Casino San Pablo	534	2	4.1%	270	3	N/A
Contra Costa College*	486	3	3.8%	675	2	N/A
City of San Pablo*	172	4	1.3%	133	5	N/A
Vale Care Center	141	5	1.1%	106	6	N/A
Brookvue Care Center	114	6	0.9%			
Albertson's	76	7	0.6%	134	4	N/A
Creekside Health Care Center	73	8	0.6%			
Food Maxx	65	9	0.5%	95	7	N/A
Raley's	54	10	0.4%	95	8	N/A
Thrifty/Payless				40	9	N/A
Yardbirds				32	10	N/A
Subtotal	<u>2,813</u>		<u>21.8%</u>	<u>2,411</u>		<u>N/A</u>
Total City Day Population	<u>12,900</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,											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function											
General government	10.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00
Community development	26.00	33.00	36.00	35.00	36.00	37.00	37.00	42.00	35.00	30.00	31.00
Community recreation	10.50	12.50	12.50	12.50	12.50	16.50	16.50	15.25	15.25	15.25	14.25
Police	48.00	52.00	52.00	52.00	53.00	53.00	58.00	58.00	59.00	63.00	67.00
Total	<u>94.50</u>	<u>108.50</u>	<u>112.50</u>	<u>111.50</u>	<u>113.50</u>	<u>118.50</u>	<u>123.50</u>	<u>127.25</u>	<u>122.25</u>	<u>121.25</u>	<u>125.25</u>

CITY OF SAN PABLO
Operating Indicators by Function/Program

	Fiscal Year
	2006
Function/Program	
Police: (calendar year 2005)	
Police calls for Service	22,090
Crime Reports	8,142
Law violations:	
Major crimes: homicides/rape	7
Other major crimes: robbery/larceny	2,295
Arrests	1,803
Traffic collisions	512
Traffic citations	7,753
Community Development:	
Street resurfacing (miles)	N/A
Potholes repaired (square miles)	N/A
Community Recreation:	
Community Services:	
Recreation class participants	740
Senior meals served	23,135
Rentals of Maple Hall	42
Education:	
Enrollment:	
Elementary schools (7)	3,604
Middle Schools (1)	936
High Schools (1)	387

Source: Various City Departments

Notes:

N/A denotes information not available.

The City has elected to show only one year of data for this schedule.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

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

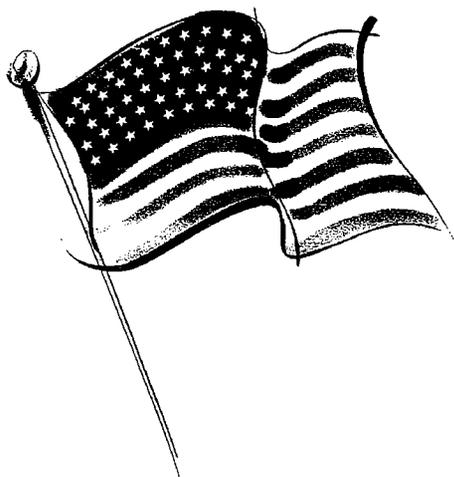
Source: Various City Departments

Notes:

The City has elected to show only one year of data for this schedule.

(1) Wastewater services are provided by Contra Costa County

City of San Pablo





www.ezdisclose.com

ezDisclose Notice Proof Summary Report

927823 11/28/2006

Client Name: Wells Fargo Bank, N.A. (CTS)
Notice Issuer: City of San Pablo California
Issue Title: San Pablo JPFA1997, 1998 Reassessment Revenue Bonds JPFA 2001, 2004 Tabs and San Pablo 1999 R/A Subordinate Tabs
Job Type: Annual Financial Report **Issue Date:** 11/28/2006 **Call Type:** Full **Call Date:** N/A
Notice Memo: Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2005 (City of San Pablo, California)

Reliance: 4

Total Amt Called: N/A

Customers:

Role	Bank Name	Bank #	DTC Agent	Address	City	State	Zip	Phone	Address Desc
Notification	Wells Fargo Bank, N.A. (CTS)	091000019	00000689	P.O. Box 1517, Corp. Trust Oper.	Minneapolis	MIN	55489-1517	612-667-9764	Mail-Delivery Address (0570)

Issues:

Cusip	Interest	AccrInt	Maturity	Int Types	Old Cusip	Called/Cus	Price(%)	Cert No	Type Prefix	Par Value	Called Value	Out Value	Trans
799132AK1	5.5000		09/02/2007	00 MU F		N/A	N/A				N/A	N/A	N/A
Total for CUSIP Amount Called													
799132AL9	5.5500		09/02/2008	00 MU F		N/A	N/A				N/A	N/A	N/A
Total for CUSIP Amount Called													
799132AM7	5.6000		09/02/2009	00 MU F		N/A	N/A				N/A	N/A	N/A
Total for CUSIP Amount Called													
799132AN5	5.6500		09/02/2010	00 MU F		N/A	N/A				N/A	N/A	N/A
Total for CUSIP Amount Called													
799132AP0	5.7000		09/02/2011	00 MU F		N/A	N/A				N/A	N/A	N/A
Total for CUSIP Amount Called													

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927823 11/28/2006

799132AQ8	5.7500	09/02/2012 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799132AR6	5.8000	09/02/2013 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799132AS4	5.8500	09/02/2014 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AA9	5.0000	12/01/2029 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AF8	3.6500	12/01/2006 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AG6	3.7500	12/01/2007 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AH4	3.8500	12/01/2008 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AJ0	3.9500	12/01/2009 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AK7	4.0500	12/01/2010 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AL5	4.1500	12/01/2011 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
799134AL5									N/A

ezDisclose Notice Proof Summary Report

927823 11/28/2006

799134AM3	4.2500	12/01/2012 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AM3 N/A
799134AN1	4.3500	12/01/2013 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AN1 N/A
799134AP6	4.4500	12/01/2014 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AP6 N/A
799134AQ4	4.5500	12/01/2015 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AQ4 N/A
799134AR2	4.6500	12/01/2016 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AR2 N/A
799134AS0	4.7500	12/01/2017 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AS0 N/A
799134AT8	4.8500	12/01/2018 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AT8 N/A
799134AW1	5.0000	12/01/2021 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134AW1 N/A
799134BF7	2.0000	12/01/2006 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BF7 N/A
799134BG5	2.0000	12/01/2007 00	MU F	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BG5 N/A

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799134BH3	2.0000	12/01/2008 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BH3 N/A
799134BJ9	2.5000	12/01/2009 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BJ9 N/A
799134BK6	3.0000	12/01/2010 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BK6 N/A
799134BL4	4.0000	12/01/2011 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BL4 N/A
799134BM2	4.0000	12/01/2012 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BM2 N/A
799134BN0	3.5000	12/01/2013 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BN0 N/A
799134BP5	3.4500	12/01/2014 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BP5 N/A
799134BQ3	3.6250	12/01/2015 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BQ3 N/A
799134BR1	3.8000	12/01/2016 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BR1 N/A
799134BS9	5.0000	12/01/2017 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	Total for CUSIP Amount Called 799134BS9 N/A

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927823 11/28/2006

799145LK1	5.1000	12/01/2009.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LK1										N/A
799145LL9	5.2000	12/01/2010.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LL9										N/A
799145LM7	5.2500	12/01/2011.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LM7										N/A
799145LN5	5.3000	12/01/2012.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LN5										N/A
799145LP0	5.4000	12/01/2013.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LP0										N/A
799145LQ8	5.5000	12/01/2014.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LQ8										N/A
799145LZ8	5.6500	12/01/2023.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799145LZ8										N/A
799127ED3	6.0000	09/02/2007.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799127ED3										N/A
799127EE1	6.1000	09/02/2008.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799127EE1										N/A
799127EF8	6.2000	09/02/2009.00	MU F	N/A	N/A	N/A	N/A	N/A	N/A	
Total for CUSIP Amount Called										
799127EF8										N/A

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927823 11/28/2006

799127EG6	6.3000	09/02/2010 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
								799127EG6	N/A
799127EH4	6.3500	09/02/2011 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
								799127EH4	N/A
799127EJ0	6.4000	09/02/2012 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
								799127EJ0	N/A
799127EK7	6.4500	09/02/2013 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
								799127EK7	N/A
799127EL5	6.4500	09/02/2014 00	MU F	N/A	N/A	N/A	N/A	N/A	N/A
Total for CUSIP Amount Called									
								799127EL5	N/A