

CITY OF SAN PABLO, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF SAN PABLO
City of New Directions



CITY^{OF} SAN PABLO

City of New Directions



CITY OF SAN PABLO, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

PREPARED BY THE
FINANCE DEPARTMENT

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CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO, CALIFORNIA

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CITY^{OF} SAN PABLO

City of New Directions



Letter of Transmittal

December 4, 2013

Dear Mayor, Members of the City Council and Citizens of the City of San Pablo:

State law requires all general-purpose local governments to publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) within six months of the close of each fiscal year. Therefore, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of San Pablo, California for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the data and the completeness and fairness of the information—including all disclosures—rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of San Pablo. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Generally accepted accounting principles require that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of a Management 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 MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Finance Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data. The Finance Department, in conjunction with the City's management team, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met, while recognizing that this assurance is not absolute. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. City administration believes the existing internal control systems are adequate to provide reasonable assurance that the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's "unmodified" auditor's report issued in 2013.

Letter of Transmittal

INDEPENDENT AUDIT

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements; and 2) engaging certified public accountants with whom the City Council reviews the scope of the audits and the accounting principles to be applied in financial reporting.

The Government Code of the State of California requires general law cities, which includes the City of San Pablo, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of *Maze & Associates*. The firm was engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, *Maze & Associates Corporation* has full and complete access to meet with the City Council and to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting. The auditor's report on the basic financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act as amended and related requirements identified in the Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements.

PROFILE OF SAN PABLO

The City of San Pablo was incorporated in 1948 as a general law city under the laws of the State of California. Located in West Contra Costa County off Interstate 80, San Pablo is just minutes away from the Bay Area cultural centers of Berkeley, Oakland and San Francisco. The City is governed by a five member City Council, under the Council-Manager form of government. As of January 1, 2013, the City had a population of approximately 29,266 and encompassed 2.6 square miles. The City maintains a 2013/14 Total Operating Funds Budget of \$27.2 million with 156.85 full-time equivalents (FTE's).

Over the years, the City has become a thriving residential and business community. San Pablo is home to Contra Costa Community College and is fortunate to have a wealth of community resources, including a library, computer education center, a childcare facility, and a career center. Many multilingual nonprofits, like First 5 and Lao Family Community Development, round out the diverse support services offered to residents. The City also offers youth programs and senior services to meet a variety of needs and interests, in addition to being recognized nationally and regionally for innovative and cutting-edge programs. Historically one of the oldest Spanish settlements in the region, San Pablo's city hall with fountains and plazas reflects that heritage.





Letter of Transmittal

The City provides a full range of services including: Police, Public Works, Economic Development, Planning, Building, Engineering and Inspection, Parks and Recreation and General Administrative services. Each of these services is funded through the City’s annual budget process and can be found in this document.

BUDGET POLICIES / PROCESS

The City’s biennial budget serves as the foundation for planning and controlling the City’s finances. As such, the City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the biennial appropriated budget approved by the City Council. Budgetary control is established at the fund level. Budgets are prepared and expenditures recorded at the object of expenditure level. The accounting records are maintained using either the accrual basis or modified accrual basis of accounting, as appropriate. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control.

The biennial budget process begins every other January with a strategic planning meeting. The individual departments then prioritize and recommend the budgetary funding requirements necessary to perform both their objectives and the City Council’s strategic goals and initiatives. These funding requests are then balanced and prioritized to fit within the constraints of projected revenue assumptions. The City Manager’s Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations, before preparing the document that is proposed to the City Council. The City Council reviews the proposed budget during a scheduled public Budget Workshop in May and the final adoption of the budget is scheduled for a City Council meeting in June pursuant to the City’s Municipal Code requirements.

Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds are included in the biennial appropriated budget. Budget-to-actual comparisons are included in the Summary Schedules Section for the General Fund, certain Special Revenue Funds and certain Debt Service Funds.

Certain funds are not legally required to adopt biennial operating budgets as their appropriations are either: 1) established by the related bond documentation, 2) other legal agreements or 3) are multi-year projects covered through the Capital Improvement Program Budget whose budget cycle exceeds one fiscal year. The Fund which meets this requirement is the Public Works Construction Capital Projects Fund.

ECONOMIC OUTLOOK

The City can be characterized as an older community that is almost completely built out. During the last ten years, the City population has remained relatively constant. Since that time, the City has seen very little residential development activity and property valuations have fallen substantially from their peak in 2007/2008. In general, the recession has had far greater impacts in communities, such as San Pablo’s, which experienced high property appreciation during the previous decade. Because of increased property values, property taxes, one of the General Fund’s top revenue sources, grew in fiscal year (FY) 2012/13, but still falls far short of previous high-values recorded in FY 2007/08.

Letter of Transmittal

Consistently high unemployment, stock market losses and declining home values have caused consumers to pull back on spending. These factors have caused sales tax revenues to decline on a local and State-wide basis. While most State-wide agencies have suffered double digit percentage declines, the City has continually experienced minor increases, in large part due to the fact that the City has never had a sales tax base that depended on large ticket items, such as vehicle sales. Despite the difficult economic environment, the City's sales tax revenues are expected to continue to show very modest gains as businesses continue to view San Pablo as an attractive market.



Another revenue source which has been impacted by the recession is investment income. Record low interest rates will reduce the City's expected investment income in the coming years. Low interest rates have a more significant negative impact on cities such as San Pablo, which have larger cash reserves due to large reserve policy requirements. A few years ago, the City was able to earn nearly 5% on its cash reserves; over the next two years, rates of return will be reduced to an expected 0.2 – 1.0%.

In December 2012, the City received its first sales tax receipts from Measure Q, a voter-approved sales tax measure passed in June 2012. Measure Q generated \$476,000 in FY 2012/13 and is projected to generate approximately \$1,045,000 in FY 2013/14. As a general—not special—tax, these revenues flow into the general fund and are not limited to specific uses. They are, however, designed to augment City economic development efforts, programming for youth services, and enhancing police activities.

After several years of austere budgeting and a deliberate effort to lower expenditures—including reduced employee benefits and labor givebacks—the strategy is beginning to pay off: the City is proposing a balanced budget without the need to dip further into reserve accounts. However, the City still faces significant challenges on the expenditure side of the budget. With the dissolution of the Redevelopment Agency on January 31, 2012, the City lost approximately \$3,000,000 in annual revenue that was used to fund capital projects. In the FY 2013/14 budget cycle, the City will set aside \$2,000,000 annually as replacement revenue. These budgetary challenges will be made more difficult in the coming years, as capital projects costs and significant increases in the City's pension contribution requirements are phased in.

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FINANCIAL OUTLOOK

Long-Range Financial Planning: The key to planning for the City was the development of a fiscal model which helps ensure the City continues to budget conservatively, with revenues exceeding expenditures, and with adequate reserves to cover future liabilities and unexpected emergencies. The City's 2012/13 - 2017/18 General Fund Fiscal Model, adopted by the City Council in November 2012, combines a 5-year financial forecast of expenditures, revenues and fund balance, with recommendations on how to



manage any possible gaps between revenues and expenditures. The fiscal model will be updated annually and will continue to be a valuable tool during the next decade as the City positions itself for a successful emergence from the current economic downturn.

This long-range financial planning helped highlight that the existing cost structure associated with employee benefits, especially pensions, health care, retiree medical expenses and capital projects is

unsustainable. The predictions of an extremely challenging financial environment in the City's 5-year financial forecast will prepare City management to negotiate with the City's bargaining units in 2014 when labor contracts expire.

The City also opened a Budget Stabilization Fund during the 2008/09 fiscal year. The fund, which is reported in the General Fund financial statements, is used to accumulate savings during budget surplus years in order to provide a source of funding for economically challenging years. These funds will act as a safety net and are available to assist in balancing the General Fund over the next several years. This draw down period will provide the General Fund with the time necessary to implement contingency plans that would ultimately allow the General Fund to operate in balance without this subsidy. In Fiscal Year 2012/13, a total of \$5.5 million was transferred from the Budget Stabilization Fund to the various funds for this purpose. At all times, the General Fund is budgeted to maintain a 50% general reserve, as directed by City Council policy. Additionally, the City is in the process of adopting a robust Fiscal Resiliency Reserve Policy to meet all the potential contingency needs of the City as well as assist in long-term financial management and planning.

Letter of Transmittal

Other Post-Employment Benefits (OPEB): Governmental Accounting Standards Board (GASB) Statement No. 45 was established in 2004 and requires the City to report the costs of OPEB as the employee earns the benefit, rather than as the benefit is paid. While there is no requirement that the City pre-fund, or set aside the full Annual Required Contribution (A.R.C.) on an annual basis, the City Council established a funding strategy which includes pay-as-you-go financing plus an additional amount to pre-fund benefits. Pre-funding OPEB obligations is projected to provide the City with savings over the long-term, as pre-funding contributions will be invested on a long-term basis until they are needed to pay for OPEB obligations. Pre-funding will ultimately allow for investment income, rather than City contributions, to provide the majority of funds needed to cover OPEB obligations in the future. This funding strategy has resulted in the City having an OPEB asset of \$4,183,537 as of June 30, 2013.

Major Initiatives – Implementing Our Work Plan

SERVICES FOR FAMILIES AND YOUTH

In 2010, the City created the Youth Services Division to develop services for Families and Youth. Youth Services is committed to the healthy development of youth and is focused on developing positive opportunities, programs and partnerships that will provide children and youth with skills, knowledge, support and resources leading to healthy and productive lives. Youth Services programs, services and initiatives support a community where government, families, schools, law enforcement, and organizations work together to create an environment conducive to support young people, their learning and their success.

Full Service Community Schools: The City of San Pablo City Council adopted a Resolution to develop a San Pablo Full Service Community Schools (FSCS) Initiative with the goal of transforming all schools in San Pablo into Full Service Community Schools. In a Full Service Community School (Community School), the school district, city, county, community and faith-based organizations, businesses, families and philanthropists form a strong, deep and transparent partnership. They can jointly address the identified needs of students, families and the community in a comprehensive, integrated and accountable way. The group shares leadership, work towards a common vision and agenda, and share responsibility for results. A Community School focuses on the needs of the whole child – physical, emotional, social and academic – to create the conditions necessary for all children to learn and be successful. Unlike traditional schools, a Community School strengthens families and communities so that they are better able to support student success. A Community School also supports qualified and effective teachers who provide high quality instruction, promote high standards and expectations for all students, and deliver challenging curriculum to help students thrive. Walter T. Helms Middle School, the hub of the San Pablo FSCS Initiative, will develop stronger connections to the elementary schools in the Helms “feeder pattern” and to Richmond High School where Helms students attend high school. These connections will align both the academic and service elements of the initiative to promote student success, healthy and prosperous families and a healthy community.

Letter of Transmittal

Youth Futures Task Force: The Youth Futures Task Force is modeled on the successful history of San José’s Mayor’s Gang Prevention Task Force (MGPTF) and the recent efforts of Santa Rosa’s MGPTF. The Cities of San José and Santa Rosa are two municipalities that have successfully implemented youth violence prevention/gang intervention strategies in their communities and reinforce the concept that collaborative efforts spanning from a broad spectrum of community partners ensure that a large number of stakeholders accept responsibility and accountability for the safety, health and welfare of its youth, families, and communities. The City of San Pablo is committed to the healthy development of our youth within a context of community safety and security. The Youth Futures Task Force calls for various agencies and systems, including government agencies, law enforcement, social services agencies, educational, grass-root, and faith-based organizations to work together to achieve a more innovative, integrated, team-oriented approach in working with youth at great risk of committing intentional acts of violence and/or engaging in behaviors related to the gang lifestyle.

San Pablo Team for Youth: San Pablo Team for Youth (SPTFY) was created as the funding arm of the Youth Futures Task Force and provides grant opportunities to public and non-profit agencies to expand and/or enhance prevention and intervention programs/services to youth exhibiting high-risk behaviors, including those that are gang-related. SPTFY is the funding mechanism for developing and deploying youth services that support the mission of San Pablo's Youth Futures Task Force.

Childhood Obesity Prevention Task Force: The San Pablo City Council hosted its first Childhood Obesity Prevention Task Force meeting on March 7, 2012 to bring awareness to the growing childhood obesity epidemic in the community. Representatives from over 20 agencies/programs -including County, City, non-profit, community-based and faith-based agencies, schools, and medical organizations attended. The convening of the Task Force represented the first step towards strengthening partnerships in the fight against the growing childhood obesity epidemic in the community. Since then, the Task Force has been working collaboratively with stakeholders to develop a Community Action Plan focused on increasing community awareness of the obesity epidemic, increasing accessibility to healthy food and physical activity opportunities, and expanding healthy eating active living programs. The Community Action Plan will guide collaborative efforts towards a healthier San Pablo.

COMMUNITY ENGAGEMENT

The City of San Pablo understands the importance of keeping the community informed of important information. We have created new virtual and in-person sources for information pertaining to the City through the programs below:

Government Outreach: This web-based site is designed to provide our residents, businesses and visitors with a Virtual City Hall, giving them the opportunity to access City Hall, 24-hours a day, 7-days a week, from the comfort of their own home. Through this system residents can report graffiti, street lights that may be out of service, and can also post questions and/or concerns that will then be routed to the appropriate staff person for response.

Letter of Transmittal

Neighborhood Engagement Team (N.E.T.): The Neighborhood Engagement Team is comprised of City Staff from various departments. The intent of this team is to provide a “Mobile City Hall” that is accessible to all residents. The N.E.T. booth is set up at various City events to distribute information about City Hall services. Most recently the N.E.T. was present at the following events: an Easter egg hunt, Election Day, and a 4th of July celebration.

E-newsletter Subscription: Residents and interested parties can now sign up to receive a weekly electronic newsletter informing them of current events and news in San Pablo. Subscribing through the City’s website is easy and the user can select the e-mail topics that they are interested in receiving.

Community Outreach - New Methods:

In November 2012, the City Council executed a contract with a social media professional services provider to administer all City social media accounts to actively promote City activities, programs and services.



Community engagement vis-à-vis social media programming continues to rise exponentially.

ECONOMIC DEVELOPMENT

The City of San Pablo works cooperatively with the San Pablo Economic Development Corporation (EDC), a 501(c) (3), to develop programs aimed at eliminating barriers to employment, business attraction/ enhancement and site development. These efforts will be geared toward creating local jobs for San Pablo residents and reducing the unemployment rate that has hovered around 20%. This task has proven more difficult in the wake of the elimination of the Redevelopment Agency, but through partnerships and refocusing available resources, the City continues to see progress in this effort. Indeed, the City’s partnership with the EDC in its progressive tattoo-removal program, “Removing Barriers,” has garnered international attention.

FISCAL STABILITY

Compensation Strategy: This initiative attempts to implement a fiscally responsible cost reduction and containment strategy which will allow the City to remain competitive in recruiting and retaining valuable employees while allowing for long-term fiscal sustainability for the City. To this end, the City has reengineered the compensation system such that all employees contribute 10.3% - 12.3% of their retirement cost depending on employee classification. Moreover, executive management continues to investigate additional options to best meet the goals of this initiative. Ultimately, the City expects that through the collective bargaining process the organization will be able to incorporate compensation strategies which will reduce the City’s long-term costs while allowing the City to remain attractive to top employees in the region.

Letter of Transmittal

Fee Study for Planning, Building, and Public Works: In July of 2011 the City contracted with an outside consultant to review and analyze the City’s Planning, Building, and Public Works fee structure to determine: (1) an appropriate fee structure which will allow the City to recover the costs of providing specific services to the public; (2) that a proposed fee structure is reasonable when compared to other local agencies; and (3) whether or not the City has established a fee for all provided services. The new fees were adopted by the City Council in April of 2012 and the fees went into effect on July 2, 2012.



Labor Negotiations: The goal of this initiative is to develop a strategy for labor negotiations with the employee bargaining groups which will be fiscally responsible but will allow the City to remain competitive in recruiting and retaining valuable employees. The memorandums of understanding for both the public safety and non-public safety employees are set to expire on June 30, 2014. Management will prepare cost-saving options for the City Council’s consideration and negotiation direction.

INFRASTRUCTURE

Redevelopment Agency: The ability of the City to continue to utilize Redevelopment as a tool to revitalize blighted areas and provide funding for much needed infrastructure projects ceased on January 31, 2012 when the Redevelopment Agency was required by the State to be dissolved. With the dissolution of the Redevelopment Agency, the City now must secure alternative financing to continue with projects that were previously financed through Redevelopment funds. The dissolution of the Redevelopment Agency will delay these improvements.

One of the provisions of State legislation adopted under AB 1484, which was issued in June 2012 and “cleans-up” and revises various RDA unwind procedures, is that the Successor Agency will be able to obtain a Finding of Completion when certain payment obligations are met. The Successor Agency received this status in September 2013, which will provide the Successor Agency with the ability to spend the remainder of the bond proceeds as well as provide flexibility for the disposition / use of the real property transferred from the Redevelopment Agency to the Successor Agency.

CAPITAL PROJECTS

Community Center at Helms School (PW 535): The City of San Pablo and the EDC have been working with Noll & Tam Architects and Planners in the design and construction of the San Pablo Community Center at Helms Middle School. Construction is currently underway with an expected completion date in the spring of 2014.

Letter of Transmittal



Day-lighting Wildcat Creek at Davis Park (PW 579): The Wildcat Creek Day-lighting Project restores the underground section of Wildcat Creek to a natural above-ground state (for many years, the creek had flowed through a concrete box culvert located under the baseball field). The creek is now relocated to a natural, open (“day-lighted”) creek channel along the northern boundary of the Park with a paved walking trail installed next to the creek. When complete, the project will include new and improved ball field lighting and a reorientation of the baseball and soccer fields. As part of the creek restoration project, the City also installed

a new pedestrian bridge across Wildcat Creek, west of the Brookside Avenue entrance. These improvements are based on the City’s 2007 Davis Park Master Plan.

The fields will be restored in general accordance with the Davis Park Master Plan configuration, which indicated smaller dimensions in the fields compared to the current overall dimensions. Since detailed analysis and design has been performed, it has been determined that in order to maximize dimensions, the playing fields orientation will not match the Master Plan – the baseball field will be shifted south rather than be turned 90 degrees, and the soccer field has been shifted to the west. A major constraint has been requirements imposed by agencies having jurisdiction over work in the creeks: the Regional Water Quality Control Board, the California Department of Fish and Game, and the US Army Corps of Engineers. As a result, the restored creek, which will be in approximate alignment with its original (pre-culvert) location, may not have steep slopes or hard surfaces (e.g. concrete) that would allow a more compact channel. Furthermore, the new creek channel must not have less flood capacity than its previous condition (box culvert).

The benefits of this project include returning the creek to its natural state with the associated wildlife/habitat improvements. Furthermore, the project increases the flood capacity of the creek at this location. The existing culvert is a barrier to fish movement in Wildcat Creek and the restored creek will allow fish to once again swim upstream past Davis Park and provide a habitat for birds. The “day-lighting” of the creek will also eliminate an unattractive nuisance (the culvert) and enhance the creek habitat for wildlife, fish, and residents to enjoy. The primary funding source is the State Rivers Parkway Grant.

Rumrill Sports Park (Former BNSF Site): The former Burlington Northern & Santa Fe (BNSF) Railroad Corporation yard was sold to the former Redevelopment Agency, and subsequently conveyed to the City, and is being developed into a multi-use sports park (Rumrill Sports Park) for the residents of the City. The Rumrill Sports Park will have three youth soccer fields (240’x120’) and smaller practice field available for youth leagues, pick-up games, and practices. The park will also contain a picnic/BBQ area, play area; office/restrooms, on-site parking, and lighted fields. This park concept was developed through a series of community outreach meetings. The residents of San Pablo identified a need for more open

Letter of Transmittal

space structured for youth play. The benefits of this park for the residents of San Pablo include an increase in athletic fields for youth play and a new complex for our Soccer Leagues to play games and host District-wide events, including a multi-use facility that can be programmed later in the day or early in the morning due to the addition of field lighting.

Municipal Solar Project: The Municipal Solar Project is a 325.62 kW-DC solar installation at City Hall, the Police Department and the Church Lane Senior Center. The project was initially developed in collaboration with the four member cities of the Small Cities Climate Action Partnership with funding from the United States Environmental Protection Agency. The cities jointly requested qualified, design-build proposals for site bundles in each respective jurisdiction. Real Goods Solar Inc. (RGS) responded to the Request for Qualifications/Request for Proposals and their proposal was deemed the most-qualified. The City then worked with RGS to finalize an initial portfolio of sites that included the Davis Park Multipurpose Building and Senior Center; these sites were found to be too small to be economically feasible, so staff removed them from consideration. The final RGS proposal cost was \$1,474,522. The City received a 1% interest rate, 15-year loan from the California Energy Commission to cover \$1,150,000 of the project's costs. In addition, the City has reserved California Solar Initiative Rebates totaling \$250,000 to be disbursed over the first five years. The Project will offset 24% of the City's total electricity usage and reduce greenhouse gas emissions by 18%, thus helping the City reach its Climate Action Plan goals. This project is slated for completion by December 2013.

INFRASTRUCTURE / TRANSPORTATION

The City has been engaged in several major transportation projects, including the I-80 Integrated Corridor Mobility (ICM); major interchange improvements at I-80 and San Pablo Dam Rd, El Portal, and McBryde; wayfinding sign planning and installation; and a 'Complete Streets' study for San Pablo Avenue.

I-80 ICM: The City has participated in this project through its membership in the West Contra Costa Transportation Advisory Committee (WCCTAC). This project would implement advanced traffic management along I-80 from the Carquinez Bridge to the MacArthur Maze, San Pablo Avenue, and the major arterials that connect the two. This project includes adaptive ramp metering; lane-use signals on the freeway; variable advisory speeds; and special traffic signal timing to

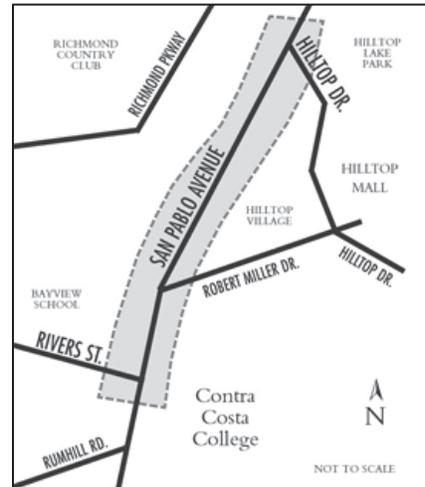


handle diversion to local streets due to freeway incidents as well as trailblazer signs to direct diverted traffic back onto the freeway downstream of incidents. The project also includes traffic signal priority for buses, traveler information, and traffic surveillance and monitoring. This is a multi-agency project involving the jurisdictions along the corridor, CalTrans, transit agencies, and regional agencies. Project development continued this year, including agreement on a memorandum of understanding among all of the involved agencies for system operations, maintenance, and management. The project is scheduled to

Letter of Transmittal

become operational in 2014. Major funding for this \$90 million-project came from local sales tax measures in Contra Costa and Alameda and from State Proposition 1B.

Major Interchange Improvements: The cities of San Pablo and Richmond are co-sponsors of this project, which is managed by the Contra Costa Transportation Authority (CCTA). The project involves replacement and widening of the San Pablo Dam Road overcrossing, relocation of the McBryde Avenue access from westbound I-80, relocation of the El Portal access to westbound I-80, realignment of Amador Street, and replacement of the I-80/Riverside Avenue pedestrian overcrossing serving Riverside Elementary School. Design on this \$113 million project is underway with construction being separated into phases. \$29 million in funding has been secured, which is sufficient to fund Phase One; this amount includes funds from Contra Costa’s Measure J transportation sales tax. The substantially completed designs and construction start scheduled for early 2015 are expected to facilitate securing the remaining funds needed to complete the project. Public outreach and design input was also recently completed.



Wayfinding Sign Planning and Installation: WCCTAC secured a grant from the Metropolitan Transportation Commission to develop wayfinding signs to transit centers in west Contra Costa and other major destinations. San Pablo participated in the development of the plan and later was able to secure the funds needed to install the signs through Contra Costa’s Measure J transportation sales tax. This project is now largely complete.

Complete Streets Plan: The San Pablo Avenue Complete Streets Study will focus on improving multimodal access, safety and connections along the San Pablo corridor by identifying needs and prioritizing improvements that will facilitate pedestrian, bicycle and transit trips. At the heart of this process is a public outreach effort that will bring together surrounding residents, business owners, partner agencies, and other key stakeholders to ensure that the final plan recommendations are both relevant to, and supported by, the local community. The study is funded by a CalTrans Environmental Justice Transportation Planning Grant.

PUBLIC SAFETY

Bicycle Patrol Unit: The Bicycle Patrol Unit consists of seven officers specially trained in bike patrol operations. The Bike Unit augments the Patrol Division; offering a “greener” more approachable alternative to vehicle patrol. The Unit provides additional patrols to parks, business districts and shopping centers.

Graffiti Abatement Team: Our Graffiti Abatement Team aggressively investigates incidents of graffiti by obtaining search and arrest warrants and by deploying plainclothes officers to apprehend offenders caught in the act.

Letter of Transmittal

Kids Summer Camp Academy: The Kids to Camp Summer Academy is a summer program staffed by school resource officers. The program accepts local youths and provides them with a classroom course of life skills instruction. The students are taken on a three-day/two-night camping trip with members of the police department who volunteer their time to provide a positive and structured camping experience.

Youth Education Services Unit: The Youth Education Services Unit (Y.E.S.) provides part-time services to our elementary schools and a full-time officer at our middle school. The Y.E.S. provides classes to children in San Pablo schools, grades 3 through 7. Topics include the proper use of 911, 'Good Touch, Bad Touch', bullying, drug and gang prevention, goal setting, life skills and leadership.

G.R.E.A.T. Program: Y.E.S. officers teach the Gang Resistance Education and Training (G.R.E.A.T.) program to San Pablo sixth graders. G.R.E.A.T. is a school-based, law enforcement, officer-instructed classroom program that teaches life skills and encourages student participation. In order to graduate, the students in the program must complete a community project.

Truancy Program: The Police Department found that truant juveniles have a significant presence in local gangs within the City of San Pablo and that many are involved in criminal activities. The police department believes that our current system of only imposing punitive sanctions against the truant juvenile is ineffective. We have developed a program to address the underlying social issues of truancy on a case-by-case basis to offer students and their families an alternative method to correcting truancy.

Community Awards Dinner: At the end of each school year, the top students from the G.R.E.A.T. program are recognized at our annual Community Awards Dinner. The purpose of the event is to bring our community closer, create stronger police/community understanding and recognize positive efforts of our youth.

Parent Project: The Parent Project is a nationally recognized 10-week parent training program designed specifically for parents of strong-willed or out-of-control adolescent children. Parents meet one night per week, two to three hours per night for 10 weeks. The curriculum teaches concrete prevention, identification, and intervention strategies for the most destructive of adolescent behaviors (poor school attendance and performance, alcohol and other drug use, gangs, runaways, and violent teens).

Community Emergency Response Team: The Community Emergency Response Team (CERT) is a training program that provides basic disaster response skills to assist neighborhood volunteers in offering vital support to family, associates and local community members while they await help from first responders due to large-scale emergencies. This 20-hour FEMA-approved course is offered in a classroom setting followed by hands-on exercises discussing the following topics:

- Disaster Preparedness
- Fire Safety
- Light Search & Rescue
- Team Organization
- Disaster Medical Operations: Triage, Assessment and Basic Treatment
- Disaster Psychology
- Terrorism and CERT

Letter of Transmittal

Homicide Clearance Rates: The San Pablo Police Department has historically enjoyed a high homicide clearance rate when compared to the national average. The Detective Division is comprised of highly trained and motivated individuals with a proven track record of conducting in-depth criminal investigations. Using a collaborative approach, investigators work closely with our Gang Unit and other local agencies to solve unsolved murder cases. Recent history confirms the Department's reputation. From January 1, 2010 through December 31, 2012, the City experienced eleven homicides, all of which were investigated and cleared.

Citizen's Academy: The Citizen's Academy provides San Pablo residents an opportunity to learn the inner workings of the Police Department. The class is held one night a week for 10 weeks. Students are exposed to Police Administration, Patrol, Investigations, Y.E.S. and Gang Unit operations. The classes are taught by sworn members of the police department and police administration. Students also participate in a ride-along with an on duty patrol officer. This free course of instruction has served to clarify the role of the police department in the community further building community trust.

Surveillance Program: The Surveillance Program deploys a combination of pan, tilt and zoom (PTZ), fixed high-definition and automatic license plate recognition (ALPR) cameras, some of which are integrated with gunshot and/or graffiti detection sensors to provide alerts for gunshots, wanted and/or stolen vehicles and graffiti, with both fixed and mobile solutions.

Shot Spotter: The Shot Spotter Gunshot Location System uses a system of acoustic sensors, designed to detect, locate and report gunshots at various locations within the City.

SPECIAL PROJECTS / TECHNOLOGY

The Information Technology Division has four major projects to accomplish. These projects are to relocate the Computer Room, activate Windows SharePoint, upgrade all computers to 64-bit Windows 8, and replace all PIX firewalls with Cisco ASA devices. The Computer Room relocation will be occurring once the Recreation Division vacates their offices. This will require the newly vacated area to be rewired for power, data communications, alarms, fire suppression, and air conditioning. All systems will then need to be relocated to the new space. Microsoft SharePoint is being rolled out for web access of networked systems. This will require acquisition and installation of the SharePoint server and the application's subsequent configuration and integration with specific existing applications. To keep current with the Microsoft Operating System, all City computers will be upgraded, once each computer has its computer applications integrated with the new Operating System. The City's PIX firewalls have reached the end of their useful life and will be replaced with new equipment configured to protect City information systems.



Letter of Transmittal

STRATEGIC PLANNING / SPECIAL PROJECTS

Circle S Infrastructure: As development is anticipated within the former Circle S site, the City has contracted with various consultants to prepare the site for future project implementation and economic development investment. \$250,000 from the FY 2012-13 Budget Stabilization Funds were earmarked to fund the pre-development costs associated with preparation of the former Circle S project site for economic development activities, development projects, and professional services.

San Pablo Avenue Specific Plan: San Pablo Avenue is a regional thoroughfare that extends through the City of San Pablo and much of the East Bay Area. The character of the Avenue, quality of its environment, and the role that it plays varies from one community to another. In the City of San Pablo, the Avenue is the City's primary arterial, and is home to the City's major public facilities and community destinations. Most importantly, the Avenue is the primary route for the majority of transit lines that pass through the City. Because of its prominence within San Pablo, the character and design of San Pablo Avenue play an important role in shaping the community's perception of the City. Hence, in 2011 the City adopted a Specific Plan for San Pablo Avenue. The Plan is aimed at improving the quality of development and establishing design standards to help redefine this corridor as a major local and regional destination for residents, workers, students, and visitors. The Plan also provides vision and policies for how the Avenue can become a vibrant, accessible, and sustainable mixed-use corridor.

Citywide Zoning: The City is currently updating its zoning ordinance. The City's existing ordinance was last comprehensively updated in August 2002 and does not reflect the City's recently adopted San Pablo General Plan 2030. The City's zoning ordinance regulates land uses within the jurisdictional boundaries of San Pablo. The ordinance identifies land uses that are permitted, conditionally permitted, and not permitted within each area (or zone) of the city. The ordinance also establishes standards such as minimum lot size, maximum building height, and building set back measurements from the street. Provisions for parking, landscaping, lighting, and other rules that guide the development of projects within the city are also included. The overall goal for the new zoning ordinance is to promote the growth of the City in an orderly manner and to promote and protect the public health, safety, peace, comfort, and general welfare in conformance with the General Plan 2030.

CERTIFICATE OF ACHIEVEMENT

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, 2012. 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. City staff believes that its current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements and will again submit its CAFR to the GFOA to determine eligibility for another certificate.



Letter of Transmittal

ACKNOWLEDGEMENTS

We wish to thank City Council for providing the clear policy direction and goals which have been used to prepare this Comprehensive Annual Financial Report. A great deal of effort and attention to detail, representing many hours of work by staff members throughout the organization, is required to produce a report of this quality. We would like to express our appreciation to all City of San Pablo staff members who have taken the time to participate in the development of this year's Comprehensive Annual Financial Report. Special recognition is given to Finance Supervisor, Pam Spero, and Finance Advisor, Bradley Ward, for their expert guidance and advice. We also express our appreciation to the Mayor and the City Council for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

Respectfully submitted,

A blue ink signature of Matt Rodriguez, consisting of several loops and a long horizontal stroke.

Matt Rodriguez
City Manager

A blue ink signature of Kelly Sessions, featuring a large circular loop on the left and several smaller loops on the right.

Kelly Sessions
Finance Manager



Letter of Transmittal

CITY OF SAN PABLO
ELECTED OFFICIALS AND
ADMINISTRATIVE PERSONNEL
JULY 1, 2013

ELECTED PERSONNEL

Mayor	Genoveva Garcia-Calloway
Vice Mayor	Paul V. Morris
Council Member	Kathy Chao-Rothberg
Council Member	Rich Kinney
Council Member	Cecilia Valdez
City Clerk	Ted J. Denney
City Treasurer	Viviana Toledo

ADMINISTRATIVE PERSONNEL

City Manager	Matt Rodriguez
City Attorney	Brian M. Libow
Assistant City Manager/Internal Services	Kelsey D. Worthy
Assistant City Manager/Chief of Police	Walter N. Schuld
Assistant to the City Manager/Personnel	Tina Gallegos
Community Services Manager	Greg Dwyer
Development Services Manager	Michele Rodriguez
Finance Manager	J. Kelly Sessions
Information Technology Manager	Larry Johnson
Public Works Director/City Engineer	Adele D. Ho

CITY OF SAN PABLO ORGANIZATIONAL CHART, FY 2013-2014

TOTAL FTE: 156.85

SAN PABLO CITY COUNCIL

CITY ATTORNEY 1.0
0.8 Secretary to the City Attorney
1.8 FTE

CITY MANAGER 1.0
6.5 FTE

ADMINISTRATIVE/CONFIDENTIAL
1.0 Executive Assistant to CM
1.0 Deputy City Clerk
0.2 Secretary to the City Attorney

ASSISTANT TO THE CITY MANAGER 1.0
HR FUNCTIONS/SPECIAL PROJECTS / MANAGEMENT SUPPORT

ASSISTANT CITY MANAGER 1.0
INTERNAL SERVICES (PERSONNEL ADMINISTRATOR)
0.8 Administrative Clerk
0.5 Administrative Intern (P/T)

DEVELOPMENT SERVICES MGR 1.0
DEVELOPMENT SERVICES
6.6 FTE

BUILDING SERVICES
(Contract Services)
1.0 Building Inspector

PLANNING SERVICES
0.8 Planning Aide (F/T)
0.5 Program Assistant
0.5 Administrative Intern (P/T)

PERMIT SERVICES
1.0 Senior Permit Technician
0.5 Admin. Secretary
0.8 Administrative Clerk
0.5 Administrative Intern (P/T)

FINANCE MANAGER 1.0
FINANCIAL SERVICES
6.0 FTE

BUDGET & FISCAL SERVICES
1.0 Finance Supervisor
1.0 Accountant
1.0 Fiscal Clerk II
1.0 Fiscal Clerk I
0.5 Financial Advisor (P/T)
0.5 Admin. Intern (P/T)

RISK MANAGEMENT
Municipal Pooling Authority (MPA)

INFORMATION TECHNOLOGY MGR 1.0
INFORMATION TECHNOLOGY SERVICES
3.5 FTE

INFO. TECHNOLOGY SERVICES
1.0 Info. Tech. Administrator
1.0 Info. Tech. Technician
0.5 Info. Tech. Intern (P/T)

COMMUNITY SERVICES MGR 1.0
COMMUNITY SERVICES
35.15 FTE

RECREATION SERVICES
1.0 Recreation Supervisor
1.8 Recreation Coordinator
1.0 Administrative Clerk I
0.5 Program Assistant (P/T)
3.75 Building Attendant (P/T)
14.0 Recreation Staff (P/T)
0.5 Art Gallery Curator (P/T)

SENIOR SERVICES
.25 Recreation Supervisor
1.0 Sr. Center Services Aide
1.0 Administrative Intern (P/T)
2.5 Building Attendant (P/T)

YOUTH SERVICES
1.0 Community Services Coord.
1.0 Program Coordinator
0.5 Program Assistant (P/T)
0.5 Administrative Intern (P/T)

PARATRANSIT
.25 Recreation Supervisor
1.0 Sr. Center Services Aide
2.6 Paratransit Driver (F/T, P/T)

PUBLIC WORKS DIRECTOR 1.0
PUBLIC SERVICES
20.8 FTE

ENGINEERING
1.0 PW Mgr/Engineering Svcs
1.0 Sr. Public Works Inspector
1.0 Assistant Engineer
0.5 Administrative Secretary

PW MAINTENANCE DIVISIONS
1.0 PW Mgr/Maint & Parks
2.0 Sr. Maintenance Worker
4.0 Maintenance Worker III
2.5 Maintenance Worker I
3.0 Maintenance Aide (P/T)

ENVIRONMENTAL PROGRAMS
1.0 PW Mgr/Environmentl Progs
1.0 Maintenance Worker III
0.5 Maintenance Worker I
0.8 Environmentl Prog Analyst
0.5 Environmentl Prog Analyst (P/T)

POLICE CAPTAIN 1.0
POLICE DEPARTMENT
76.5 FTE

PD MANAGEMENT
3.0 Police Lieutenant

SWORN STAFF
9.0 Sergeant
40.0 Police Officer

NON-SWORN STAFF
1.0 Administrative Analyst
1.0 Executive Assistant
6.0 Police Service Technicians
3.0 Police Service Assistants
7.0 Police Admin. Clerk II
1.0 Maintenance Worker II
0.5 Background Investigtr. (P/T)
0.5 Comm. Liaison Officer (P/T)
1.5 School Crossing Guard (P/T)

CODE ENFORCEMENT
1.0 Building Inspector



Government Finance Officers Association

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

Presented to

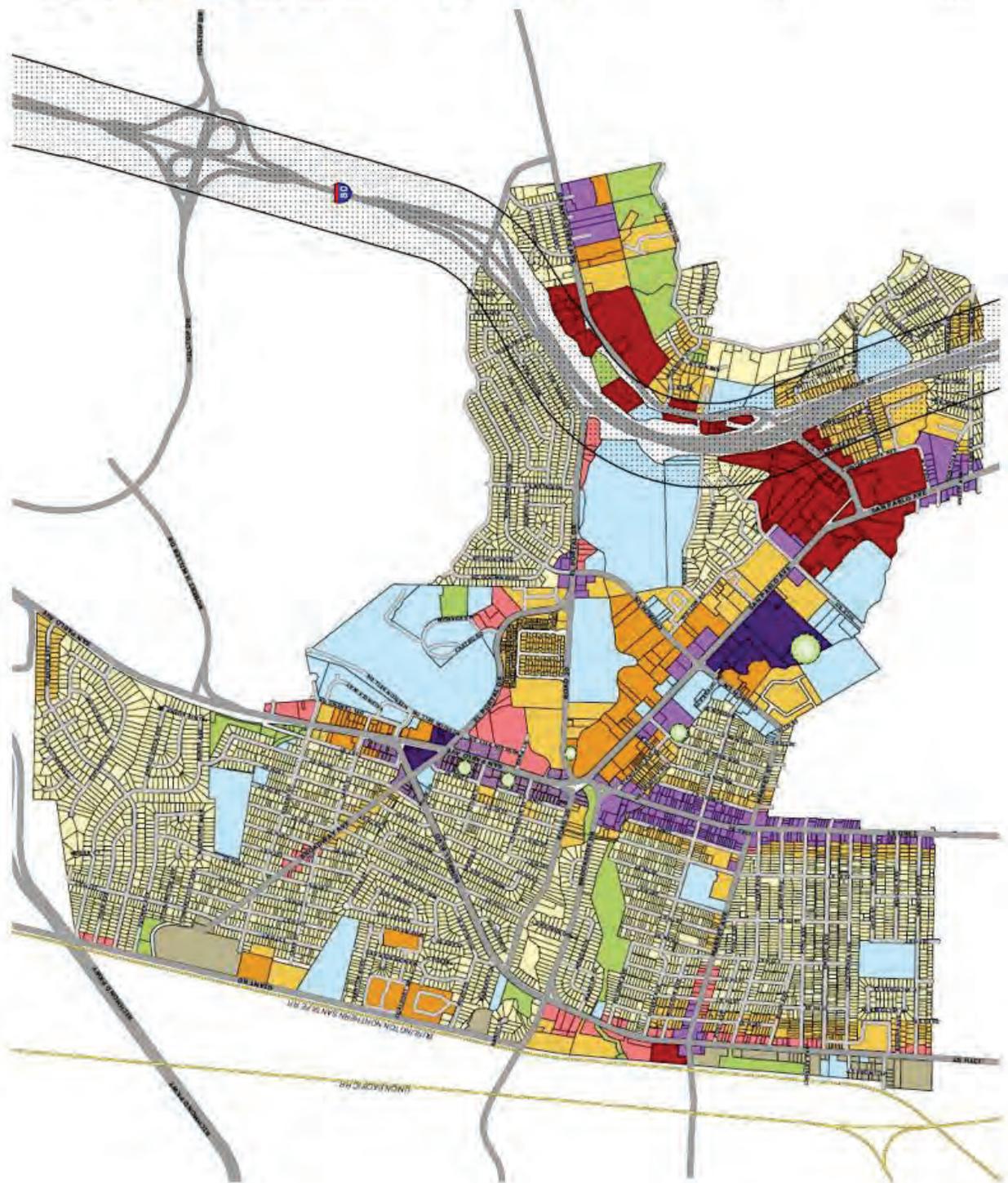
**City of San Pablo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Figure 3-2
**General Plan Land Use
 Diagram**



- Mixed Use Centers*
- Residential Mixed Use
- Commercial Mixed Use
- Regional Commercial
- Neighborhood Commercial
- High Density Residential
- Medium Density Residential
- Low Density Residential
- Industrial Mixed Use
- Public/Institutional
- Parks/Recreation
- Potential Park Location

- Air Quality Health Risk Overlay Zone
- Major Roads
- Minor Roads
- Railroads

*Please see the General Plan for designation description.



SOURCE: Contra Costa County, 2010; City of San Pablo, 2010; Dyer & Burns, 2010.

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information and discretely presented component unit of the City of San Pablo, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information and discretely presented component unit of the City as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the format and nomenclature of the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See Note 1 to the financial statements for relevant disclosures.

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2013 that also affected the format and nomenclature of the financial statements

Statement 65 – Items Previously Report as Assets and Liabilities. See Note 1E to the financial statements for relevant disclosures.

As discussed in Note 13, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Redevelopment Agency of the City of San Pablo was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Prior to the Redevelopment Agency dissolution, the Agency board approved two agreements which obligated it to repay certain advances to the Low and Moderate Income Housing Fund. The assets of the Low and Moderate Income Housing Fund were transferred to the City as Housing Successor to the Redevelopment Agency on February 1, 2012, which included these advances. These advances have been recorded as liabilities of the Successor Agency as management believes these amounts are valid obligations. Repayment of these agreements is subject to certain administrative procedures and review and approval by the California Department of Finance and as a result any amount disallowed is not determinable at this time.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain matters has been recorded in the accompanying financial statements.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
November 18, 2013



CITY^{OF} SAN PABLO

City of New Directions

Management's Discussion and Analysis

This discussion and analysis of the City of San Pablo's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$119.8 million. Of this amount, \$35.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$1.3 million as a result of project construction in progress.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36.0 million, a decrease of \$3.1 million from prior fiscal year. This is due to the outlay of \$6.5 million for the loan to construct the Helms Community Center Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of San Pablo ("the City") and its component units using the blended approach or discrete presentation approach as prescribed by government accounting standards. The City's basic financial statements are comprised of three components: 1) City-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements.

The Government-Wide Financial Statements present the financial pictures of the City and the Economic Development Corporation, a discretely presented component unit, from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the City, including infrastructure, as well as all liabilities. Additionally, certain eliminations have occurred in regards to inter-fund activity, payables and receivables.

The Statement of Net Position and the Statement of Activities report information about the City and Economic Development Corporation (EDC), a discretely presented component unit of the City. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the City's and EDC's net positions and changes in them. Over time, increases or decreases in the City's and EDC's net positions are one indicator of whether their financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads. Currently the City's roads are rated "good" by the Metropolitan Transportation Commission. In order to maintain this status, the City will need to increase its expenditure from the General Fund.

Management's Discussion and Analysis

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 the City's activities.

The City had two Major Funds in 2013 in addition to the General Fund: the Low and Moderate Income Housing Assets Fund and the Public Works Construction Fund.

The City's Fund Financial Statements are divided into three categories: Governmental Funds, Non-Major Governmental Funds, and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Fiduciary Funds are reported using the economic resources measurement focus and full accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental Funds. All of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. The Governmental Fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides which include: general government, community development, public safety, public works and engineering, and recreation. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The difference in results of the Governmental Fund Financial Statements to those in the City-Wide Financial Statements are explained in a reconciliation that is below each Governmental Fund Financial Statement.

Non-Major Governmental Funds. Non-Major Governmental Funds are comprised of Special Revenue Funds which are established by State law to account for specific revenues that are legally restricted to expenditures for particular purposes.

Fiduciary Funds. The City is the trustee, or fiduciary, for certain amounts held on behalf of property owners, other government entities, and others. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Basic Financial Statements. The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.



Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net position and changes in net position of the City, presented in the City-wide Statement of Net Position and Statement of Activities that follow (the City has no proprietary activities).

The City elected to serve as Housing Successor to the housing activities of the former Redevelopment Agency and assumed the housing assets. All other assets and liabilities of the former Redevelopment Agency were turned over to the Successor Agency.

The City’s net position increased from \$118.5 million in 2012 to \$119.8 million in 2013, an increase of \$1.3 million. This year over year upturn comes from the change in net position as recorded in the Statement of Activities and which flows through the Statement of Net Position. Net position increased as a result of the \$6.5 million loan to the EDC and a \$5.0 million increase in capital assets and construction in progress—including the Wildcat Creek Daylighting project, the slurry seal project, and the solar panel project—an offset in depreciation expense of \$4.3 million, and a decline in capital and operating grants. Gains in net position would have been greater except that during fiscal year 2013 the State Department of Finance denied prior year transfers of certain land parcels totaling \$1.2 million from the Redevelopment Agency to the City and required the transfer of those parcels to the Successor Agency; these have been reported as a transfer and as an Extraordinary Item in the Statement of Activities.

A portion of the City’s net position represents resources which are subject to external restrictions on use. This restricted amount is \$23.6 million as of June 30, 2013. The remaining balance of unrestricted net assets of \$35.9 million may be used to meet the City’s ongoing obligations to citizens and creditors.

Governmental Net Position at June 30

	Governmental Activities	
	2013	2012 (Restated)
Current Assets	\$ 64,080,379	\$ 61,226,910
Capital Assets	60,286,124	61,548,129
Total Assets	<u>\$ 124,366,503</u>	<u>\$ 122,775,039</u>
Current Liabilities	\$ 4,562,378	\$ 4,281,740
Total Liabilities	<u>\$ 4,562,378</u>	<u>\$ 4,281,740</u>
Net Position:		
Net Investment in Capital Assets	\$ 60,286,124	\$ 61,548,129
Restricted	23,589,889	23,065,986
Unrestricted	35,928,112	33,879,184
Total Net Position	<u>\$ 119,804,125</u>	<u>\$ 118,493,299</u>

Management's Discussion and Analysis

Changes in Governmental Net Position at June 30

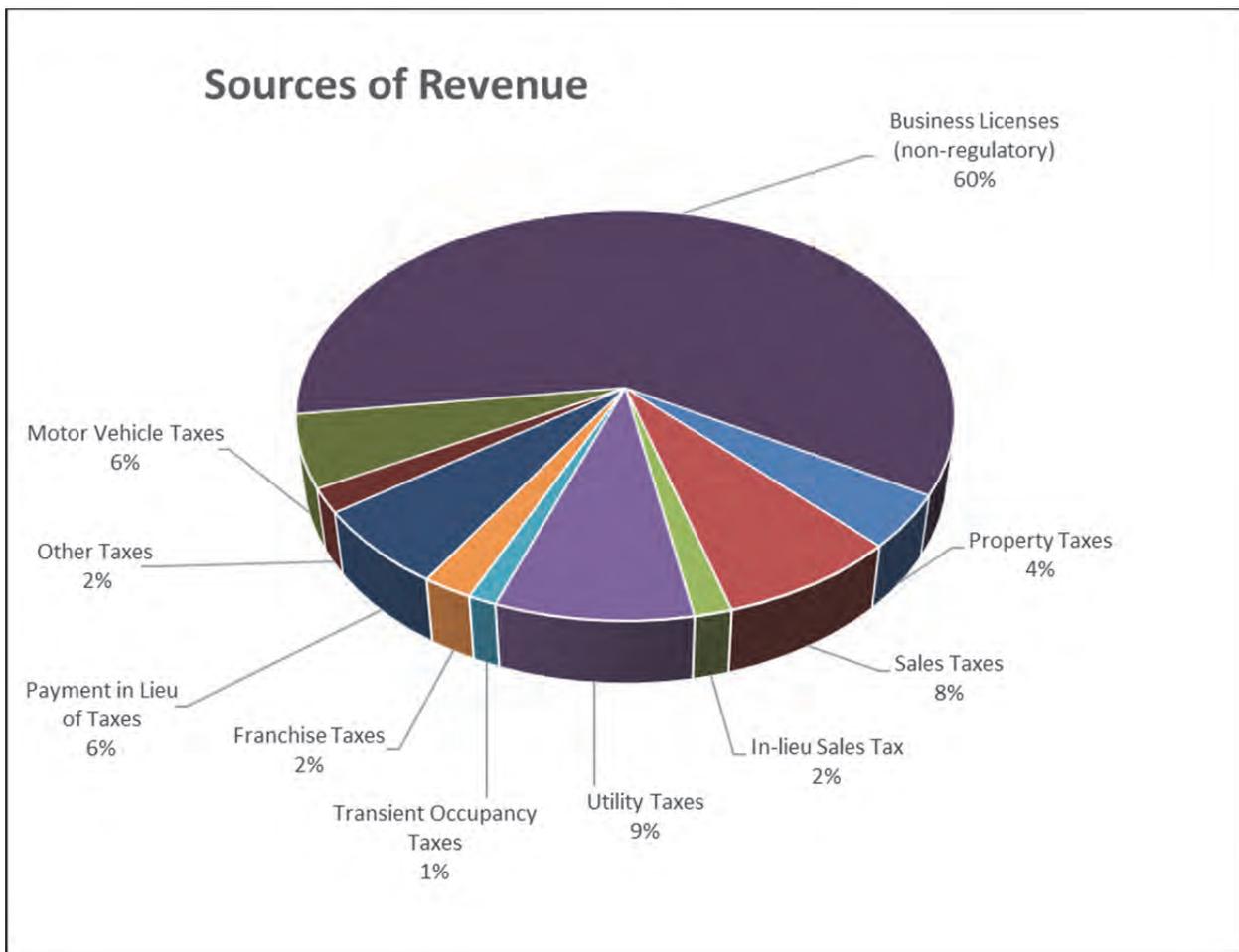
	2013	2012 (Restated)
Revenues:		
Program revenues:		
Charges for Services	\$ 1,621,377	\$ 995,939
Operating Contributions and Grants	1,930,939	2,158,891
Capital Grants	1,846,299	3,309,533
General Revenues:		
Taxes:		
Property Taxes	1,229,599	1,345,016
Incremental (RDA) Property Taxes		5,051,415
Sales Taxes	2,253,736	1,396,988
In-lieu Sales Tax	468,552	421,134
Utility Taxes	2,473,792	2,339,064
Transient Occupancy Taxes	356,177	309,167
Franchise Taxes	627,473	540,565
Payment in Lieu of Taxes	1,792,638	1,757,473
Other Taxes	109,928	85,790
Motor Vehicle Taxes	1,654,714	1,688,305
Business Licenses (non-regulatory)	17,388,179	15,800,631
Investment Earnings	238,115	393,251
Gain on Sale of Property		
Miscellaneous	167,902	339,351
Total Revenues	34,159,420	37,932,513
Expenses		
General government	5,680,263	4,041,867
Community:		
Recreation	1,342,621	1,141,266
Development	1,176,592	1,858,267
Housing	13,600	6,937
Public Works & Engineering	8,064,981	7,447,687
Police	15,393,927	13,676,212
Interest and fiscal charges		2,175,282
Total Expenses	31,671,984	30,347,518
Extraordinary Item: Assets Transferred to/Liabilities Assumed by Successor Agency	(1,176,610)	52,370,076
Change in Net Position	1,310,826	59,955,071
Net Position – 7/1 as restated ^(A)	118,493,299	58,538,228
Net Position – 6/30	\$ 119,804,125	\$ 118,493,299

^(A) The EDC was previously reported as a blended component unit. Accounting standards require that a change in the reporting entity be reported as a restatement of prior periods, as discussed in Note 1A to the financial statements

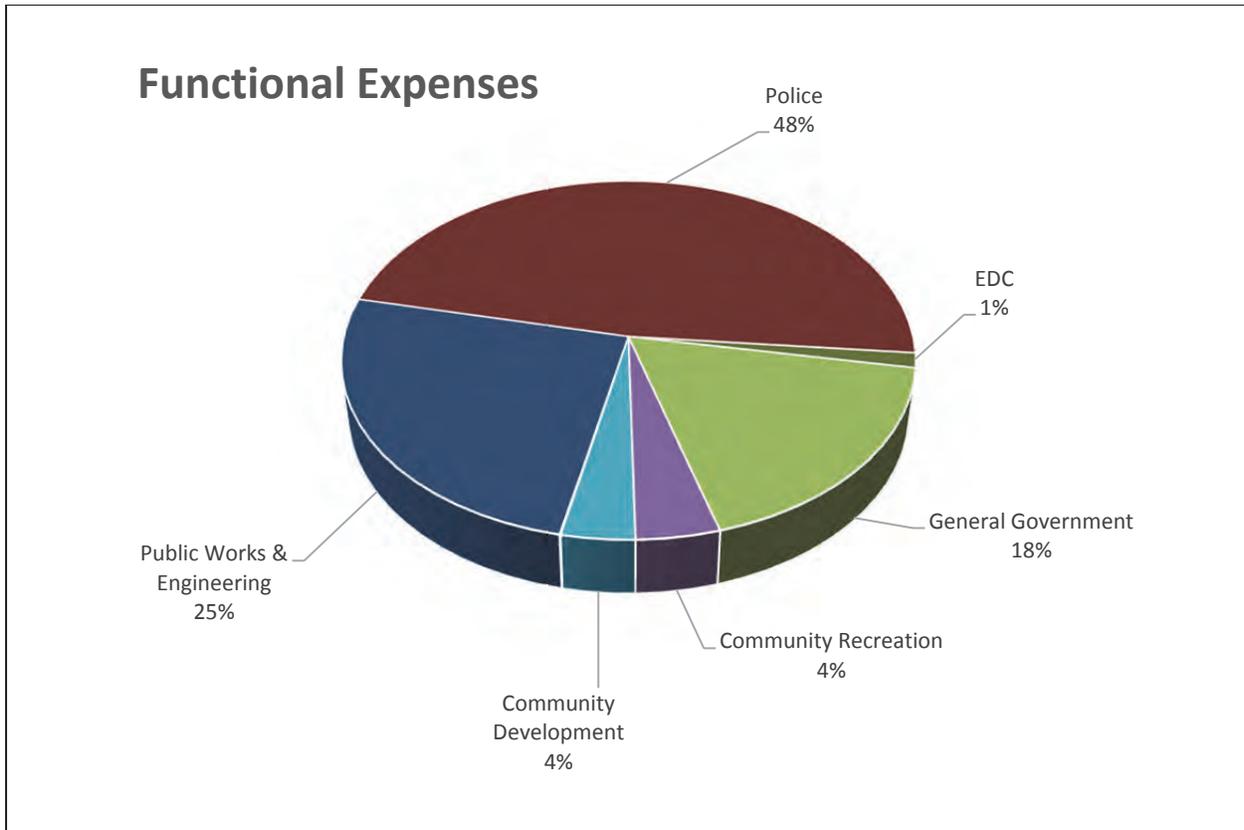
Management’s Discussion and Analysis

The cost of all Governmental activities this year was \$31.7 million. Net expenses, as shown in the Statement of Activities, were \$26.3 million. A portion of the cost for these activities was paid either by those directly benefitting from the programs (\$1.6 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$1.9 million), or capital grants and contributions (\$1.8 million). Overall, the City’s governmental program revenues were \$5.4 million.

Total resources available during the year to finance governmental operations were \$152.6 million, consisting of net assets at July 1, 2012 of \$118.5 million, program revenues of \$5.4 million and general revenues of \$28.8 million. Total Governmental activities during the year were \$31.7 million, thus net position was increased by \$1.3 million to \$119.8 million.



Management’s Discussion and Analysis



As shown in the Sources of Revenue chart on the opposite page, Business Licenses accounted for 60% of the City’s fiscal 2013 revenue, which came primarily from Casino San Pablo. Sales taxes accounted for 8%, which included the voter-approved Measure Q increase of one-half percent.

The Functional Expenses chart above shows the impacts of the dissolution of the Redevelopment Agency of the City of San Pablo. General Government expenditures increased by \$1.7 million to 18% of the whole, Police increased by \$1.7 million to 48%, and Public Works and Engineering increased by \$1.6 million to 25%.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

At year end, the City’s General Fund had a balance of \$23.5 million. This represents a decrease of \$1.6 million compared to 2012. The decrease can be attributed to the \$7.1 million in excess of revenues over expenditures, which were offset by a transfer of \$8.7 million to capital projects. Total General Fund revenues increased \$2.7 million, primarily due to increases of \$1.6 million of the Business License Tax received from the Casino San Pablo and \$0.9 million from sales taxes.

The Low and Moderate Income Housing Assets Fund had a fund balance of \$5.9 million as a result of the City assuming the assets of the Redevelopment Low and Moderate Income Housing Fund as Housing Successor.

Management's Discussion and Analysis

The Public Works Construction Fund decreased \$1.7 million as a result of the completion of \$11.1 million in projects offset by project grant funding of \$1.5 million and the transfers from the General Fund of \$7.7 million.

Other Governmental Funds increased \$0.4 million primarily due to the adoption of a new Master Fees Schedule which generated additional charges for services revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City adopts a biennial budget every other year. This fiscal year ending June 30, 2013 was the second year of the two-year budget process. Differences between the actual results and the original General Fund budget and the final General Fund budget are as follows:

Sales Taxes. In November, 2012 the voters passed Measure Q, which increased the sales tax base by 0.5%. The City amended the projection for the increase conservatively.

Utility Users' Tax. The City projected utility users' tax revenues two years ago. The combination of the rate increases and the additional consumption of energy contributed to the positive variance.

Other Taxes. The Hotel Occupancy Tax and Franchise Tax attributed to the increase. The City did not budget for the additional revenue generated by the restructuring of the Franchise Tax Agreement with Republic Services.

Business License. The City budgeted conservatively for Business License Tax, which primarily comes from Casino San Pablo, as there were serious economic threats from the potential development of two new Class III Casino Projects. These projects did not materialize and casino revenue was not impacted.

Use of Money and Property. The interest that was collected on the loan to the West Contra Costa County Healthcare District (District) was not budgeted pending the final results of the November 15, 2011 election. With the successful passage of the parcel tax the District was able to continue paying the amounts due on the loan.

Expenditures. Expenditures were 3.9% less than budgeted as all departments, especially the Police, were extremely careful to only spend what was needed. The Police Department also revised their overtime policy to reduce the need.

Transfers. While the original budget was increased significantly during the fiscal year, transfers to other funds exceeded the estimate due to the funding of the Helms Community Center and the Municipal Solar Project.



Management’s Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The capital assets of the City are those assets which are used in the performance of the City’s functions. At June 30, 2013, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled \$60.3 million. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note 6 of this report for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental:			
Land and land improvements	\$4,942,375		\$4,942,375
Construction in progress	14,326,892		14,326,892
Buildings and improvements	8,415,839	\$4,682,987	3,732,852
Machinery and equipment	2,344,061	1,126,782	1,217,279
Vehicles	2,631,479	2,004,373	627,106
Park and trail improvements	8,880,066	977,368	7,902,698
Sports fields	1,506,986	904,182	602,804
Roads & streets including sidewalks	59,747,457	35,970,861	23,776,596
Bridges	5,486,753	4,281,025	1,205,728
Street lights	361,078	318,250	42,828
Storm drains	1,884,059	1,675,376	208,683
Traffic signals	2,786,762	1,781,574	1,005,188
Trees	1,227,462	532,367	695,095
Total Capital Assets - Governmental	\$114,541,269	\$54,255,145	\$60,286,124

Debt Administration. As of February 1, 2012, the outstanding debt of the Agency was transferred to the Successor Agency, which is presented as a Private Purpose Trust Fund on the Statement of Fiduciary Net Assets.

As of June 30, 2013, a total of \$1.1 million remained outstanding for the Oak Park Assessment Bonds. The special assessment district debt is secured only by special assessments on the real property in the district issuing the debt. It is not the City’s responsibility although the City does act as the District’s agent in the collection and remittance of assessments.

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In following best management practices, the City has taken an overall conservative approach relative to the assumptions built into the budget. Key assumptions for Fiscal Year 2014 include an improving economy resulting in increased revenues which have been offset by increased expenses due to increasing pension costs and increasing medical care costs.

On the revenue side, all adopted budget figures are based on actual year end projections for Fiscal Year 2013, while taking into account previous year totals, local economic conditions and other real world considerations. Thus, the City's overall revenues are projected to increase by \$608,000 or 2.4% over the last fiscal year. The biggest chunk of this increase is attributable to Measure Q sales tax revenue discussed in the following paragraph. Again, in taking a conservative budgeting approach, all revenues are assumed to remain flat in Year 2 of the budget (FY 2015); revenue adjustments are anticipated at mid-cycle if they are warranted.

A brief review of the City's largest revenue sources again reveals a conservative budgeting approach. Casino revenues make up a full 63% of the General Fund (\$16.6 million) and have been increasing at a steady clip year over year. Since this is not a stable revenue source, staff conservatively budgeted revenues to remain essentially flat from FY 2013 to FY 2014. At \$3.0 million, sales tax comprises the City's second largest revenue source and is responsible for a significant increase in this year's revenue budget. With the improving economy, the addition of a successful Ross Department Store, and the City's increased take of sales taxes collected over the Internet, the regular sales tax revenues are projected to be up by \$134,000, a 7.3% increase over last year. The biggest change, however, is due to the City's collection of Measure Q sales tax revenue; 2014 will be the first full-year of collection, and Measure Q is expected to generate an additional \$1.0 million in annual sales tax revenue. Utility user's taxes make up 9.0% of General Fund revenues are expected to decrease by 4.0% from last fiscal year due to the declining use of telephones and the increasing use of wi-fi for communication services.

On the expenditure side, all positions are conservatively budgeted at top step, including vacancies. Per the City's current MOU's, a 2.0% cost of living adjustment (COLA) was included in Year 1 for miscellaneous employees and 3.0% for sworn with no increase for part-time. Additionally, there is no COLA increase budgeted in Year 2; this adjustment will be made when new MOU's are approved and will be funded by currently unbudgeted revenue increases projected for Year 2. All increasing employee benefits costs are included in the budget, including increases to the CalPERS retirement rate, increases to medical and dental insurance rates, and increased retiree health benefit costs.

Management's Discussion and Analysis

To address any fiscal uncertainties, the City adopted the Fiscal Resiliency Reserve Policy. In addition to the current Catastrophic Reserve budgeted at 50% of General Operating Fund revenues and the Budget Stabilization Reserve budgeted at 5.0% of General Operating Fund expenditures, the new reserve policy establishes the General Fund Designated Reserves which will allow the City to prefund some of the larger expenses, including such things as CalPERS retirement rate increases, unfunded liabilities such as compensated absences, and vehicle replacements, etc. Additionally, the policy establishes the Future Capital Projects Reserves for funding large capital projects in the absence of RDA as well as the City Manager's Contingency Account as a way to pay for unbudgeted and unforeseen expenses that arise during the normal course of business.

A major project that has and will continue to impact City operations and community livability for many years to come is the San Pablo Community Center at Helms Middle School. At a total cost of \$9.5 million including land value and hard and soft construction costs, this project is being funded through a City partnership with the EDC and private lenders accessing the New Market Tax Credits program. Situated on land leased from the West Contra Costa Unified School District, this new facility will greatly enhance recreational opportunities and community events held here in San Pablo. When construction is complete, the City's Recreation Department will move their offices to the new center to facilitate program operation. The new facility will also allow the department to increase recreational program offerings and will require additional staff to operate.

The dissolution of all redevelopment agencies (RDA's) statewide continues to play a role in San Pablo as the City is no longer be able to rely on bond proceeds to provide funding for capital improvement projects. As evidence of the changed environment, all assets of the former RDA have been transferred to the Local Successor Agency which continues to unwind and dissolve all RDA financial and contractual obligations. Staff has been meeting regularly with the State Department of Finance to ensure that all related transfers are done appropriately and in compliance with State law.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report should be directed to the Finance Department, located at 13831 San Pablo Avenue, San Pablo, California 94806.

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**

The Statement of Net Position 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, all its deferred inflows/outflows of resources 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 Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents information in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of all of 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 that present the financial position of the primary government. This column is followed by a column that displays the discretely presented component unit.

The Statement of Activities reports increases and decreases in the City's net position. 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 or discretely presented component unit and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the City of San Pablo Joint Powers Financing Authority. The Statements also include the financial activities of the San Pablo Economic Development Corporation through September 1, 2012. 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 Authority's activities, and also the Corporation's activities through September 1, 2012. Beginning September 1, 2012, the balances and the activities of the discretely present component unit of the San Pablo Economic Development Corporation are included in these statements as separate columns.

CITY OF SAN PABLO
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government	Component Unit
	Governmental Activities	Economic Development Corporation
ASSETS		
Cash and investments available for operations (Note 3)	\$29,575,123	\$684,242
Restricted cash (Note 3)		6,723,914
Accounts receivable, net	1,802,788	1,520
Due from other governments, net	552,329	
Prepays and deposits (Note 1H)	18,665	
Employee loans receivable (Note 5A)	9,838	
Loan receivable (Note 5B)	90,586	
Notes receivable under Redevelopment		
Agency programs, net (Note 5C)	21,337,433	
Helms Community Center Leveraged Loan (Note 5J)	6,510,080	
Net OPEB asset (Note 10C)	4,183,537	
Capital assets (Note 6):		
Land and construction in progress	19,269,267	2,935,756
Depreciable capital assets, net	41,016,857	10,619
Total assets	124,366,503	10,356,051
LIABILITIES		
Accounts payable and accrued liabilities	4,537,360	137,847
Claims payable (Note 12)	25,018	
Notes payable - due in more than one year (Note 7)		9,306,000
Total liabilities	4,562,378	9,443,847
NET POSITION (Note 9)		
Net investment in capital assets	60,286,124	364,289
Restricted for:		
Capital projects	2,072,887	
Low and moderate income housing	21,517,002	
Economic development projects		547,915
Total restricted net position	23,589,889	547,915
Unrestricted net position	35,928,112	
Total net position	\$119,804,125	\$912,204

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	Primary Government	Component Unit
					Governmental Activities	Economic Development Corporation
Primary Government:						
Governmental Activities:						
General Government	\$5,680,263	\$218,312			(\$5,461,951)	
Community:						
Recreation	1,342,621	245,934			(1,096,687)	
Development	1,176,592	527,404	\$204,246		(444,942)	
Housing	13,600		56,011		42,411	
Public Works & Engineering	8,064,981	143,158	1,072,455	\$1,846,299	(5,003,069)	
Police	15,393,927	486,569	598,227		(14,309,131)	
Total Governmental Activities	<u>\$31,671,984</u>	<u>\$1,621,377</u>	<u>\$1,930,939</u>	<u>\$1,846,299</u>	<u>(26,273,369)</u>	
Component Unit:						
Economic Development Corporation	<u>\$425,504</u>		<u>\$887,000</u>	<u>\$227,744</u>		<u>\$689,240</u>
General revenues:						
Taxes:						
Property taxes					1,229,599	
Sales taxes					2,253,736	
In-lieu sales tax					468,552	
Utility taxes					2,473,792	
Transient occupancy taxes					356,177	
Franchise taxes					627,473	
Payment in lieu of taxes					1,792,638	
Business licenses (nonregulatory)					17,388,179	
Other taxes					109,928	
Intergovernmental unrestricted:						
Motor vehicle in lieu fees					1,654,714	
Use of money and property					238,115	31,783
Miscellaneous					167,902	4,922
Extraordinary item:						
Assets transferred to the Successor Agency (Note 6A)					(1,176,610)	
Total general revenues					<u>27,584,195</u>	<u>36,705</u>
Change in Net Position					1,310,826	725,945
Net Position-Beginning as Restated (Note 1A)					<u>118,493,299</u>	<u>186,259</u>
Net Position-Ending					<u>\$119,804,125</u>	<u>\$912,204</u>

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

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 2013. 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.

LOW AND MODERATE INCOME HOUSING ASSETS

This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and all revenues from the collection of loan repayments must be used to provide housing for people with low and moderate incomes.

PUBLIC WORKS CONSTRUCTION

This fund accounts for major City capital improvement projects.

CITY OF SAN PABLO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General	Low and Moderate Income Housing Assets	Public Works Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments available for operations (Note 3)	\$22,645,582	\$87,318	\$4,446,806	\$2,395,417	\$29,575,123
Accounts receivable	1,818,371		32,550		1,850,921
Due from other governments	4,294,392		69,804	188,133	4,552,329
Due from other funds (Note 4B)	83,359				83,359
Prepays and deposits (Note 1H)	18,665				18,665
Employee loans receivable (Note 5A)	9,838				9,838
Loan receivable (Note 5B)	90,586				90,586
Notes receivable under Redevelopment Agency programs, net (Note 5C)		21,337,433			21,337,433
Helms Community Center Leveraged Loan (Note 5J)			6,510,080		6,510,080
Total Assets	\$28,960,793	\$21,424,751	\$11,059,240	\$2,583,550	\$64,028,334
LIABILITIES					
Accounts payable and accrued liabilities	\$1,306,913		\$156,690	\$335,053	\$1,798,656
Due to other funds (Note 4B)				83,359	83,359
Total Liabilities	1,306,913		156,690	418,412	1,882,015
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable	21,262		26,871		48,133
Unavailable revenue - due from other governments	4,000,000				4,000,000
Unavailable revenue - loans and notes receivable	90,586	\$15,472,433	6,510,080		22,073,099
Total Deferred Inflows of Resources	4,111,848	15,472,433	6,536,951		26,121,232
FUND BALANCES					
Fund balance (Note 9)					
Nonspendable	28,503				28,503
Restricted		5,952,318		2,165,138	8,117,456
Assigned	227,579		4,365,599		4,593,178
Unassigned	23,285,950				23,285,950
TOTAL FUND BALANCES	23,542,032	5,952,318	4,365,599	2,165,138	36,025,087
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$28,960,793	\$21,424,751	\$11,059,240	\$2,583,550	

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental 60,286,124

NON-CURRENT REVENUES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 22,073,099

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:

Accrued liabilities	(1,400,000)
Claims payable	(25,018)
Compensated absences	(1,338,704)
Net OPEB asset	4,183,537

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$119,804,125

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, 2013

	General	Low and Moderate Income Housing Assets	Public Works Construction	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$248,288			\$834,841	\$1,083,129
Incremental property taxes					
Sales taxes	2,155,036			406,531	2,561,567
In-lieu sales tax	468,552				468,552
Utility users tax	2,473,792				2,473,792
Business license tax	17,105,522				17,105,522
Other taxes	2,862,216				2,862,216
Licenses and permits				282,657	282,657
Fines and forfeits	199,033				199,033
Intergovernmental	2,063,284		\$1,538,468	1,740,152	5,341,904
Charges for services	674,404			650,551	1,324,955
Use of money and property	749,762	\$66,850	64,249	5,199	886,060
Miscellaneous	14,545		46,182	45,088	105,815
Total Revenues	29,014,434	66,850	1,648,899	3,965,019	34,695,202
EXPENDITURES					
Current:					
General Government	5,644,563				5,644,563
Community:					
Recreation	1,198,105				1,198,105
Development				1,116,502	1,116,502
Housing		1,850			1,850
Public Works & Engineering	293,681			2,815,223	3,108,904
Police	14,453,920			425,428	14,879,348
Capital outlay	357,066		11,091,031	208,148	11,656,245
Total Expenditures	21,947,335	1,850	11,091,031	4,565,301	37,605,517
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,067,099	65,000	(9,442,132)	(600,282)	(2,910,315)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4A)			7,695,080	976,045	8,671,125
Transfers (out) (Note 4A)	(8,671,125)				(8,671,125)
Total Other Financing Sources (Uses)	(8,671,125)		7,695,080	976,045	
NET CHANGE IN FUND BALANCES	(1,604,026)	65,000	(1,747,052)	375,763	(2,910,315)
Fund balances at beginning of period	25,146,058	5,887,318	6,112,651	1,789,375	38,935,402
FUND BALANCES AT END OF PERIOD	\$23,542,032	\$5,952,318	\$4,365,599	\$2,165,138	\$36,025,087

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, 2013

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$2,910,315)

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	5,074,720
Depreciation expense is deducted from fund balance	(4,310,127)
Capital asset retirements are deducted from fund balance	(849,988)
Capital assets transferred to the Successor Agency	(1,176,610)

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):

Accrued liabilities	(180,000)
Compensated absences	40,800
Claims payable	38,160
Unavailable revenue - loans and notes receivable	5,962,548
Net OPEB asset	(378,362)
	(378,362)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$1,310,826

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$250,500	\$220,500	\$248,288	\$27,788
Sales taxes	1,219,000	1,761,328	2,155,036	393,708
In-lieu sales tax	420,000	480,000	468,552	(11,448)
Utility users tax	1,920,000	2,190,000	2,473,792	283,792
Business license tax	12,500,000	13,500,000	17,105,522	3,605,522
Other taxes	2,535,000	2,535,000	2,862,216	327,216
Fines and forfeits	170,000	170,000	199,033	29,033
Intergovernmental:				
Motor vehicle in lieu	1,797,140	1,722,140	1,654,714	(67,426)
Other	227,200	213,696	408,570	194,874
Charges for services	330,000	283,000	674,404	391,404
Use of money and property	192,000	284,000	749,762	465,762
Miscellaneous	10,000	4,800	14,545	9,745
Total Revenues	21,570,840	23,364,464	29,014,434	5,649,970
EXPENDITURES				
Current:				
General government	3,785,543	5,890,366	5,644,563	245,803
Community:				
Recreation	1,195,771	1,335,204	1,198,105	137,099
Public Works & Engineering	407,456	527,703	293,681	234,022
Police	14,305,476	14,906,994	14,453,920	453,074
Capital outlay	169,644	169,644	357,066	(187,422)
Total Expenditures	19,863,890	22,829,911	21,947,335	882,576
EXCESS OF REVENUES OVER EXPENDITURES	1,706,950	534,553	7,067,099	6,532,546
OTHER FINANCING SOURCES (USES)				
Transfers in		3,099,624		(3,099,624)
Transfers (out)		(9,481,826)	(8,671,125)	810,701
Total Other Financing Sources (Uses)		(6,382,202)	(8,671,125)	(2,288,923)
NET CHANGE IN FUND BALANCE	\$1,706,950	(\$5,847,649)	(1,604,026)	\$4,243,623
Fund balance at beginning of year			25,146,058	
FUND BALANCE AT END OF YEAR			\$23,542,032	

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

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.

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

The Fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of San Pablo.

CITY OF SAN PABLO
FIDUCIARY FUNDS
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Agency Funds
ASSETS			
Investments - Mutual Fund (Note 3)	\$6,071,746		
Restricted cash and investments (Note 3)		\$20,532,624	\$3,289,139
Accounts receivable		1,533	
Interest receivable		292	
Loans receivable (Note 13B)		182,869	
Property held for resale (Note 13C)		10,277,462	
Due from other governments			255,449
Capital assets (Note 13D):			
Land and construction in progress		3,996,003	
Depreciable capital assets, net		1,518,352	
Total Assets	6,071,746	36,509,135	\$3,544,588
DEFERRED OUTFLOW OF RESOURCES			
Accumulated decrease in fair value of hedging derivative (Note 13E)		4,315,822	
LIABILITIES			
Accounts payable		239,063	\$151,631
Deposits held as agent for others			2,340,273
Due to bondholders			1,052,684
Derivative instrument (Note 13E)		4,315,822	
Long-term obligations (Note 13E):			
Due in one year		3,657,172	
Due in more than one year		80,371,674	
Total Liabilities		88,583,731	\$3,544,588
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS			
	\$6,071,746	(\$47,758,774)	

See accompanying notes to financial statements

CITY OF SAN PABLO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Retiree Health Savings Plan Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust
ADDITIONS		
Property taxes		\$8,773,589
Employer contributions	\$324,403	
Net investment income	794,937	179,214
Other		279,569
	1,119,340	9,232,372
DEDUCTIONS		
Premiums paid	324,403	
Community Development		285,428
Depreciation		87,177
Debt service:		
Interest and fiscal charges		3,718,205
	324,403	4,090,810
Total deductions		
Change in net position before extraordinary item	794,937	5,141,562
EXTRAORDINARY ITEM		
Assets transferred from the City (Note 6A)		1,176,610
Change in net position	794,937	6,318,172
NET POSITION (DEFICIT) HELD IN TRUST FOR OPEB BENEFITS AND OTHER GOVERNMENTS		
Beginning of year	5,276,809	(54,076,946)
End of year	\$6,071,746	(\$47,758,774)

See accompanying notes to financial statements



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 29,105 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. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City of San Pablo include the activities of the City as well as the City of San Pablo Joint Powers Financing Authority, which is controlled by and dependent on the City. While it is a separate legal entity, its financial activities are integral to those of the City. The financial activities have been aggregated and merged (termed "blended") with those of the primary government of the City in the accompanying financial statements.

Blended Component Unit

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 former 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 Authority does not issue separate financial statements.

The City of San Pablo Retiree Health Savings Plan is governed by the City's Resolution 2007-024 and is used to account for contributions and investment income restricted to pay medical and dental benefits. Benefit and contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Council established by the above Resolution. The financial activities of the Plan have been included in these financial statements in the Retiree Health Savings Plan Trust Fund. The Plan does not issue separate financial statements.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNIT

The San Pablo Economic Development Corporation is a California nonprofit public benefit Corporation formed in February 2011 by the City and the Redevelopment Agency under the laws of the State of California. The Corporation was organized for the purpose of providing physical, economic and educational development, redevelopment, and revitalization efforts within the City. The Corporation entered into a Service Agreement with the City under which the City will perform the necessary services on an independent contractor basis to eliminate blight, provide affordable housing, improve the public realm, facilitate public and private developments, stimulate economic development, and create jobs. The Corporation was controlled by the City and had the same governing body as the City, which also performs all accounting and administrative functions for the Corporation. The Corporation was governed by a board of directors consisting of the members of the City Council

In May 2012 the City Council, serving in its capacity as the governing board of the Corporation, adopted a resolution approving modifications to the governing board. Effective May 16, 2012, the governing board of the Corporation consists of two Councilmembers and three members of the community.

However, for the period May 16, 2012 through September 1, 2012 the Corporation's operations remained financially integrated with those of the City and City staff continued to provide accounting, administrative and managerial services for the Corporation. As a result of this financial integration, the Corporation continued to be reported as a component unit of the City through September 1, 2012, and the financial activities of the Corporation were previously reported in the Economic Development Special Revenue Fund through that date.

Effective September 1, 2012, the City transferred assets and liabilities of the Corporation to the Corporation's own administrative staff, and all accounting and managerial functions of the Corporation are now performed by its own staff. However, the City continues to provide the primary funding for the activities of the Corporation. Therefore, the financial activities of the Corporation are discretely presented in the Economic Development Corporation Component Unit column of the Statement of Net Position and the Statement of Activities. Accounting standards require that a change in the reporting entity be reported as a restatement of prior periods. Therefore, net assets of the primary government's governmental activities have been restated and reduced in the amount of \$186,259. Separate financial statements for the Corporation may be obtained by contacting the San Pablo Economic Development Corporation, 13830 San Pablo Avenue, Suite D, San Pablo, CA 94806.

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.

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its blended and discretely presented 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

Low and Moderate Income Housing Assets - This fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and all revenues from the collection of loan repayments must be used to provide housing for people with low and moderate incomes.

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

The City also reports the following fiduciary fund types:

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

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

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

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

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

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

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

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the accumulated decrease in the fair value of hedging derivatives reported in the fiduciary statement of net position. An accumulated decrease in the fair value of hedging derivatives is equal to the fair value of the associated derivative instrument liability so long as the instrument is deemed effective under the provisions of GASB Statement No. 53.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. 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.

G. 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 decrease in the liability was \$40,800 at June 30, 2013 and was allocated to the General Government, Community Development, Public Works and Engineering and Police on the Statement of Activities. Sick pay does not vest and therefore is not accrued. The change in compensated absences was as follows:

Beginning Balance	\$1,379,504
Additions	1,003,578
Payments	<u>(1,044,378)</u>
Ending Balance	<u>\$1,338,704</u>
Due in One Year	<u>\$1,338,704</u>

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Prepays and Deposits*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The General Fund had prepaid items of \$18,665 at June 30, 2013.

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

I. *Estimates and Assumptions*

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

NOTE 2 – 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 Manager 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) for all funds except the Low and Moderate Income Housing Assets, Measure C/J, Traffic Congestion Relief and HCD Grant Special Revenue Funds. In addition, the Public Works Construction Capital Projects Fund is budgeted on a project length basis and therefore is not comparable on an annual basis.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Excess of Expenditures over Appropriations

The funds below incurred expenditures in excess of budget as follows:

General Fund	
Capital Outlay	\$187,422
Paratransit Special Revenue Fund	
Capital Outlay	363
Law Enforcement Services Special Revenue Fund	
Police	96,724

These excesses were the result of unanticipated expenditures; however, sufficient resources were available within the funds to finance these excesses.

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.

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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 debt instruments or agency agreements.

Primary Government Cash and Investments	
Cash and investments available for operations	\$29,575,123
Component Unit Cash and Investments	
Cash and investments available for operations	684,242
Restricted cash and investments	6,723,914
Fiduciary Funds Cash and Investments	
Restricted cash and investments	
in Fiduciary Funds (separate statement):	
Retiree Health Savings Plan Trust	6,071,746
Successor Agency to the Redevelopment	
Agency Private Purpose Trust	20,532,624
Agency Funds	<u>3,289,139</u>
Total cash and investments	<u><u>\$66,876,788</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 Bills, Notes or Bonds	5 years	N/A	No Limit	No Limit
Federal Instrumentality (government sponsored enterprise)	5 years	N/A	No Limit	No Limit
Federal Agency Mortgage Backed Securities and Debentures	5 years	N/A	20%	No Limit
Medium Term Notes	5 years	A/A2	30%	5%
Negotiable Certificates of Deposit	5 years	FDIC Insured	30%	5%
Non-Negotiable Certificates of Deposit	5 years	FDIC Insured	30%	5%
Commercial Paper	270 Days	A/A-1	25%	5%
Banker's Acceptances	180 days	A-1/P-1	30%	5%
Repurchase Agreements	30 days	A/A-1	20%	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$50 million
Money Market Funds	N/A	AAAm	20%	10%

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The Successor Agency to the Redevelopment Agency 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 Successor Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. There is no limitation on the maximum percentage of the portfolio that may be invested in any one investment type or in any one issuer. The table also identifies certain provisions of these debt agreements:

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

E. Investments Authorized for Economic Development Corporation

Economic Development Corporation investments conform with the California Government Code.

F. 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Interest Rate Risk

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

Information about the sensitivity of the fair market values of the investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity or earliest call date:

	Cash and Investments Available for Operations	Restricted Cash and Investments	Total	Maturity Date or Earliest Call Date	Credit Rating
City Investments:					
Federal Instrumentalities:					
Federal National Mortgage Association		\$3,564,000	\$3,564,000	August 9, 2013	AA+
Federal National Mortgage Association		2,937,000	2,937,000	July 18, 2013	AA+
Federal National Mortgage Association	\$501,470		501,470	September 20, 2013	AA+
Federal National Mortgage Association	1,002,750		1,002,750	September 20, 2013	AA+
Federal National Mortgage Association	1,001,800		1,001,800	September 20, 2013	AA+
Federal National Mortgage Association	2,005,372		2,005,372	March 5, 2014	AA+
Federal National Mortgage Association	510,115		\$510,115	March 14, 2014	AA+
Federal National Mortgage Association	500,375		500,375	March 14, 2014	AA+
Federal National Mortgage Association	509,250		509,250	April 24, 2015	AA+
Federal National Mortgage Association	507,260		507,260	April 25, 2014	AA+
Federal Home Loan Mortgage Association		2,000,000	2,000,000	November 14, 2013	AA+
U.S. Treasury Note	502,148		502,148	August 31, 2016	AA+
Medium Term Notes:					
Berkshire Hathaway Finance Corporation	1,018,830		1,018,830	May 15, 2017	AA
Wal-Mart Stores, Inc.	500,215		500,215	April 11, 2018	AA
Apple Inc.	991,620		991,620	May 3, 2018	AA+
TIAA Global Markets, Inc	536,050		536,050	July 15, 2013	AA+
Local Agency Investment Fund	15,394,284	9,538,201	24,932,485	278 days average maturity	Not Rated
Wells Fargo Advantage Government Money Market Funds		5,782,562	5,782,562	27 days average maturity	AAAm
Wells Fargo Advantage Treasury Plus Money Market Funds	55,436		55,436	1 day average maturity	AAAm
Retiree Health Savings Plan Trust:					
Vantage Point MP Long Term Growth Mutual Fund (Equities)		6,071,746	6,071,746		
Cash with Banks and Petty Cash - City of San Pablo	4,038,148		4,038,148		
Cash with Banks - Economic Development Corporation	684,242	6,723,914	7,408,156		
Total Cash and Investments	<u>\$30,259,365</u>	<u>\$36,617,423</u>	<u>\$66,876,788</u>		

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the authority of the Treasurer of the State of California and is not registered with the Securities and Exchange Commission as an investment company. 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. At June 30, 2013 the average maturity was 278 days.

H. 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 for the City's investments as of June 30, 2013 are included in the above table.

I. Concentration of Credit Risk

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

Fund/Issuer	Investment Type	Reported Amount
Non Major Funds		
Federal National Mortgage Association	Federal Instrumentalities	\$6,501,000

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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:		
Public Works Construction Capital Projects Fund	General Fund	\$7,695,080 (A) (B)
Non-Major Funds:		
Gas Tax Special Revenue Fund	General Fund	660,500 (C)
Street Lighting and Landscaping Special Revenue Fund	General Fund	126,545 (C)
Development Services Special Revenue Fund	General Fund	163,500 (C)
Law Enforcement Services Special Revenue Fund	General Fund	25,500 (C)
		<u>\$8,671,125</u>

The reasons for these transfers are set forth below:

- (A) Transfer amounts required to fund capital projects
- (B) Transfer to eliminate the General Fund advance to the Public Works Construction Capital Projects Fund
- (C) Transfer amounts to reduce or eliminate fund deficits

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2013, the Law Enforcement Services Special Revenue Fund owed the General Fund \$83,359.

C. General Fund Advance to Public Works Construction Capital Projects Fund

During fiscal year 2012, the City approved an interfund advance of \$4,000,000 from the General Fund to the Public Works Construction Capital Projects Fund for the construction of the Helms Community Center. The loan did not bear interest and was repayable from future Measure WW and Proposition 84 grant funds that have been dedicated to the project. With the funding of the community center project transferred to the Economic Development Corporation, as discussed in Note 5J, the advance was converted to a transfer from the General Fund in the current year and a receivable from Measure WW and Proposition 84 was recorded in the General Fund.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 5 - LOANS AND NOTES RECEIVABLE

The City and former 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 or Agency'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 \$3,000 to purchase a computer. All requests for loans are subject to review and approval by the Finance Manager. Repayment of these loans is handled through payroll deductions, which are spread out equally for up to two years. Employees must pay off any outstanding balance of their loans upon ending employment with the City. As of June 30, 2013, 15 employees had \$9,838 in such loans.

B. *West Contra Costa Healthcare District*

Under the terms of a Loan and Repayment Agreement dated August 2, 2010, the City made an unsecured loan of \$1,500,000 to the West Contra Costa Healthcare District (District) for the purpose of establishing an urgent care, rehabilitation and outpatient center. The loan accrues compound interest at a rate of 6% per year. The loan matures on August 1, 2013, at which time all unpaid interest and principal is due and payable in full. Principal and interest payments in the amount of \$45,633 commencing September 2010 are due the first of every month. At June 30, 2013, the total amount of principal outstanding was \$90,586.

C. *Notes Receivable under Redevelopment Agency Programs*

The Agency engaged 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. With the dissolution of the Redevelopment Agency as discussed in Note 13, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund as of February 1, 2012. The balances of the notes receivable in the Low and Moderate Income Housing Asset Fund at June 30, 2013 are set forth below:

Supplemental Education Revenue Augmentation Fund	\$5,865,000
Casa Adobe-Senior Citizen Units	1,178,118
Housing Initiative Program	10,996,142
San Pablo Housing Investors	1,598,660
East Bay Asian Local Development Corporation	1,699,513
Lao Family Community Development	498,107
Subtotal	<u>21,835,540</u>
Less: Allowance for conditional grant	<u>(498,107)</u>
Total	<u><u>\$21,337,433</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

D. Supplemental Education Revenue Augmentation Fund Loans

During the fiscal year ending June 30, 2010 the Agency approved an interfund advance of \$3,000,000 from the Agency Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of paying the Agency's share of the countywide Supplemental Education Revenue Augmentation Fund (SERAF). This loan does not bear interest and was to be repaid in five years. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund subject to revised repayment terms as discussed in Note 13 below. The balance of the loan at June 30, 2013 was \$3,000,000.

In August 2011 the Agency approved a second interfund advance for the year ended June 30, 2011 of \$2,865,000 from the Agency's Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of funding the full amount of the Agency's 2010 SERAF payment. This loan does not bear interest and was to be repaid in five years. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advance and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund as discussed in Note 13 below. The balance of the loan at June 30, 2013 was \$2,865,000.

These loans were previously reported as interfund advances. However, the liability has been assumed by the Successor Agency following the dissolution of the former Agency. The State of California Department of Finance has stated that repayment of the loans cannot begin prior to fiscal year 2014-2015 and the maximum annual repayment amount is limited by Health and Safety Code Section 34176(e)(6), as discussed in Note 13. The loans are offset with unavailable revenue.

E. 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.

During fiscal year 2009, the Agency restructured the original agency loan and provided a new loan in the principal amount of \$1,232,951 to assist the Developer with financing the acquisition and rehabilitation of the Development. The Agency loan consists of the principal and accrued interest on the original Agency loan as of November 1, 2008. The restructured loan has a fifty-five year term with a zero percent interest rate. Commencing on May 1, 2010 and on each May 1st thereafter, payments are to be made from "residual receipts" as defined in the agreement.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

F. *Housing Initiative Program*

The Redevelopment Agency administered 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, 2013 loans outstanding under this Program totaled \$10,996,142.

In October 2007, the Agency revised its first-time home-buyers loan program, which included increasing the maximum amount of assistance from \$75,000 to \$200,000 and requiring the homebuyer to enter a shared appreciation agreement as part of the promissory note. Under the shared appreciation, the homebuyer is required to pay the Agency a share of the net appreciated value of the home in connection with a transfer of the home before the end of the program loan term (30 years). The percentage of the shared net appreciation is equal to the Agency's share of the original purchase price of the home, less a 5% discount. The balance of these loans is included in the Housing Initiative Program Loans.

The Agency also administered 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.

G. *San Pablo Housing Investors*

Under the terms of an Owner Participation Agreement dated January 6, 2003, the Agency made two loans to San Pablo Housing Investors in fiscal 2004 for the construction of eighty-two low-income rental units for seniors. The first loan of \$99,690 was used for City development fees, and the second loan of \$1,100,000 for construction. The loans carry simple interest rates per annum of 6% and 5.7%, respectively, with loan payments due within twenty years of the Completion Date. The project was completed on June 30, 2003. Payments begin on January 31st following the Completion Date, and then each January 31st thereafter; payments are to be made from fifty percent of "residual receipts" as defined in the agreement. As of June 30, 2013, San Pablo Housing Investors owed principal of \$1,098,651 and interest of \$500,009.

H. *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 two 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, 2013, EBALDC has drawn down \$1,199,513 of the supplemental project loan.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 5 - LOANS AND NOTES RECEIVABLE (Continued)

I. Lao Family Community Development

Under the terms of an Affordable Housing Subsidy Agreement dated December 20, 1993, the Agency made a loan of \$82,500 to Lao Family Community Development, Inc. (Lao) for the development of a 32-unit apartment building with three of the units being affordable to moderate income persons. The loan bears interest at the rate of 6.06%, compounded annually. The agreement was amended on January 22, 1996 to provide an additional subsidy of \$75,000 which bears interest at the rate of 6.83%, compounded annually and increased the affordable units to 15. Both loans are repayable from "residual receipts" as defined in the agreement, and loans are due immediately upon the sale, assignment or transfer of the property without the consent of the Agency, or the expiration of the 30-year affordability covenant. However, unless the Agency directs otherwise, repayment of the loans is to be made to Contra Costa County under the terms of an Intercreditor Agreement; therefore, the City has accounted for this loan as a conditional grant and provided a reserve against the outstanding balance of the loans. As of June 30, 2013, the balance of the loans, including accrued interest, was \$498,107.

J. Helms Community Center Leveraged Loan

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments in operating businesses and real estate projects located in low-income communities. The City, in partnership with JP Morgan Chase Bank, has entered into various agreements which provide for the construction of the Helms Community Center by the Economic Development Corporation (EDC). Pursuant to NMTC Program requirements, several financial intermediaries controlled by the Bank have been established to finance this project which is estimated to cost \$9.5 million. As required under the agreements with these entities, the City has loaned the EDC \$6,510,080 and contributed \$227,744 to the project, and the bank has loaned EDC funds to pay for the remaining project costs. In addition, the City and EDC have signed a lease agreement under which the City will lease the Community Center from the EDC.

The City's loan bears simple interest of 1% and is payable in semi-annual interest-only payments from December 30, 2012 through December 20, 2022; thereafter principal and interest payments are due until June 1, 2049. As of June 30, 2013, the balance of the loan was \$6,510,080.

Related transactions with the EDC

Of the loan proceeds provided by the City and the Bank, EDC reimbursed the City \$1,031,606 during fiscal year 2013 for costs previously incurred for the above project.

Concurrent with the above agreements, the City and EDC signed a development agreement under which EDC has agreed to pay the City monthly development fees of \$38,429 with a final payment of \$115,288 due in February 2014. As of June 30, 2013, the City had received \$192,145 in development fees.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding 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

The Economic Development Corporation has assigned the following useful lives to its capital assets: Vehicles, 5 years.

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
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

A. Governmental Capital Asset Additions and Retirements

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2012	Additions	Retirements	Transfers	Transfers to Successor Agency	Balance at June 30, 2013
<i>Governmental activities</i>						
Capital assets not being depreciated:						
Land and land improvements	\$6,118,985				(\$1,176,610)	\$4,942,375
Construction in progress	11,199,284	\$4,358,435	(\$808,202)	(\$422,625)		14,326,892
Total capital assets not being depreciated	<u>17,318,269</u>	<u>4,358,435</u>	<u>(808,202)</u>	<u>(422,625)</u>	<u>(1,176,610)</u>	<u>19,269,267</u>
Capital assets being depreciated:						
Buildings and improvements	8,427,082	1,864	(13,107)			8,415,839
Machinery and equipment	1,709,849	460,476	(248,889)	422,625		2,344,061
Vehicles	2,523,064	162,662	(54,247)			2,631,479
Park and trail improvements	8,853,940	26,126				8,880,066
Sports fields	1,506,986					1,506,986
Roads & streets including sidewalks	59,682,300	65,157				59,747,457
Bridges	5,486,753					5,486,753
Street lights	361,078					361,078
Storm drains	1,884,059					1,884,059
Traffic signals	2,786,762					2,786,762
Trees	1,227,462					1,227,462
Total capital assets being depreciated	<u>94,449,335</u>	<u>716,285</u>	<u>(316,243)</u>	<u>422,625</u>		<u>95,272,002</u>
Less accumulated depreciation for:						
Buildings and improvements	4,488,340	199,392	(4,745)			4,682,987
Machinery and equipment	974,130	368,117	(215,465)			1,126,782
Vehicles	1,781,476	277,144	(54,247)			2,004,373
Park and trail improvements	387,638	589,730				977,368
Sports fields	823,963	80,219				904,182
Roads & streets including sidewalks	33,407,614	2,563,247				35,970,861
Bridges	4,181,057	99,968				4,281,025
Street lights	315,159	3,091				318,250
Storm drains	1,663,280	12,096				1,675,376
Traffic signals	1,689,001	92,573				1,781,574
Trees	507,817	24,550				532,367
Total accumulated depreciation	<u>50,219,475</u>	<u>4,310,127</u>	<u>(274,457)</u>			<u>54,255,145</u>
Net capital assets being depreciated	<u>44,229,860</u>	<u>(3,593,842)</u>	<u>(41,786)</u>	<u>422,625</u>		<u>41,016,857</u>
Governmental activity capital assets, net	<u>\$61,548,129</u>	<u>\$764,593</u>	<u>(\$849,988)</u>		<u>(\$1,176,610)</u>	<u>\$60,286,124</u>

During fiscal year 2013, the State Department of Finance denied the prior year transfer of certain land parcels from the former Redevelopment Agency to the City and required the transfer of those parcels totaling \$1,176,610 to the Successor Agency, which has been reported as a transfer above and as an Extraordinary Item in the Statement of Activities.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

Construction in progress comprised the following at June 30, 2013:

Project	Amount
Rumrill Boulevard Bridge	\$4,777,204
I-80/San Pablo Dam Road Interchange	3,363,295
Day Lighting Creek at Davis Park	2,347,646
Slurry Seal Project	915,677
23rd Street Traffic Calming	619,086
Wildcat Creek Trail	476,252
Municipal Solar Projects	352,499
Surveillance Cameras	483,479
Entry Monument and Signage	357,188
BNSF on Rumrill Boulevard	355,399
Other	279,167
Total construction in progress	<u><u>\$14,326,892</u></u>

B. Economic Development Corporation's Capital Assets

The following is a summary of the Economic Development Corporation's changes in capital assets for the fiscal year ended June 30, 2013:

	Balance at June 30, 2012	Additions	Balance at June 30, 2013
Capital assets not being depreciated:			
Land		\$235,000	\$235,000
Construction in progress		2,700,756	2,700,756
Total capital assets not being depreciated		<u>2,935,756</u>	<u>2,935,756</u>
Capital assets being depreciated:			
Vehicles		13,274	13,274
Total capital assets being depreciated		<u>13,274</u>	<u>13,274</u>
Less accumulated depreciation for:			
Vehicles		2,655	2,655
Total accumulated depreciation		<u>2,655</u>	<u>2,655</u>
Net capital assets being depreciated		<u>10,619</u>	<u>10,619</u>
Capital assets, net		<u><u>\$2,946,375</u></u>	<u><u>\$2,946,375</u></u>

C. 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

D. 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:

Governmental Activities:	
General Government	\$70,057
Community Recreation	140,115
Community Development	16,786
Public Works	3,833,810
Police	<u>249,359</u>
Total depreciation expense	<u><u>\$4,310,127</u></u>
Discretely Presented Component Unit:	
Economic Development Corporation	<u><u>\$2,655</u></u>

NOTE 7 – NOTES PAYABLE

On December 12, 2012, the EDC entered into two loan agreements with New Markets Community Capital XI, LLC (NMCC). The first and second loans are for \$6,510,080 and \$2,795,920, respectively. Under the terms of the agreements, the loans bear interest of 1.360% and are payable in semi-annual interest-only payments due June 20 and December 20 until fiscal year 2022. Beginning on June 20, 2023, the EDC will begin making principal payments along with interest semi-annually, with a final payment due on December 1, 2052. At June 30, 2013, the outstanding balances on the loans were \$6,510,080 and \$2,795,920, respectively.

Debt service requirements are shown below for the notes payable:

<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2014		\$126,562
2015		126,562
2016		126,562
2017		126,562
2018		126,562
2019-2023	\$149,568	693,386
2024-2028	1,331,167	579,213
2029-2033	1,131,830	396,474
2034-2038	1,503,869	406,511
2039-2043	1,609,318	301,062
2044-2048	1,722,163	188,217
2049-2053	<u>1,858,085</u>	<u>67,460</u>
Total	<u><u>\$9,306,000</u></u>	<u><u>\$3,265,133</u></u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 - 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, 2013, the balance of the district's outstanding debt was as follows:

1998 Oak Park Reassessment Bonds	\$1,115,000
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NOTE 9 – NET POSITION 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.

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

A. *Net Position*

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. 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.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Special Revenue Low and Moderate Income Housing Assets	Capital Projects Public Works Construction	Other Governmental Funds	Total
Nonspendable:					
Items not in spendable form:					
Prepays and deposits	\$18,665				\$18,665
Employee loans receivable	9,838				9,838
Total Nonspendable Fund Balances	28,503				28,503
Restricted for:					
Redevelopment Low and Moderate Income Housing		\$5,952,318			5,952,318
Economic Development Projects Programs					
Street Lighting and Landscaping				\$103,123	103,123
Local Street and Road Improvements and Maintenance				696,850	696,850
Law Enforcement				455,586	455,586
National Pollution Discharge Elimination System				326,608	326,608
Paratransit				490,720	490,720
Housing Grants				92,251	92,251
Total Restricted Fund Balances		5,952,318		2,165,138	8,117,456
Assigned to:					
Capital Projects:					
Street and Road Projects			\$1,296,772		1,296,772
Wildcat Creek Trail			916,448		916,448
Bridge Replacement			362,260		362,260
Monument Signage			7,576		7,576
Surveillance cameras			100,205		100,205
Solar Projects			1,351,496		1,351,496
Other	227,579		330,842		558,421
Total Assigned Fund Balances	227,579		4,365,599		4,593,178
Unassigned:					
General fund	23,285,950				23,285,950
Total Unassigned Fund Balances	23,285,950				23,285,950
Total Fund Balances	\$23,542,032	\$5,952,318	\$4,365,599	\$2,165,138	\$36,025,087

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

C. Stabilization and Contingency Arrangements

The City's annual budget requires the City to implement and maintain a Budget Stabilization Fund or "rainy day" fund to handle any unforeseen contingencies in the future, rather than continued reliance on the City's operating General Fund reserves. The Budget Stabilization Fund will acquire funds from any budget savings from preceding years, which gets transferred by City Council into the Budget Stabilization Fund, and will not be reprogrammed for City spending. As of June 30, 2013, the Budget Stabilization Fund balance, which is reported within the unassigned fund balance of the General Fund, had a balance of \$524,331.

The City established a Contingency Reserve with Resolution 2009-033, equal to six months of projected expenditures of the City's general operating funds. As of June 30, 2013, the Contingency Reserve, which is reported within the unassigned fund balance of the General Fund, had a balance of \$13,128,893.

NOTE 10 - 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 sworn safety employees hired on or before January 1, 2013 to pay 12.3% of the contributions, consisting of the 9.0% statutorily-required employee share plus 3.3% of the employer share, and all other employees hired on or before January 1, 2013 to pay 10.3% of the contributions, consisting of the 8.0% statutorily-required employee share plus 2.3% of the employer share. Sworn safety and all other employees hired on or after January 1, 2013 are statutorily required to pay the employee share of 11.5% and 6.25%, respectively. The Plans' provisions and benefits in effect at June 30, 2013 are summarized as follows:

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLANS (Continued)

Safety:

Hire date	Before January 1, 2013	On or after January 1, 2013
Benefit Formula	3% @ 50	2.7% @ 57
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	3.0%	1.426%-2.7%
Required employee contribution rates	12.3%	11.5%
Required employer contribution rates	21.406%	11.5%

Miscellaneous:

Hire date	Before January 1, 2013	On or after January 1, 2013
Benefit Formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of annual salary	2.0% -2.5%	1.0% -2.5%
Required employee contribution rates	10.3%	6.25%
Required employer contribution rates	11.614%	6.25%

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 last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Safety Plan</i>			
June 30, 2011	\$1,058,437	100%	0
June 30, 2012	1,316,888	100%	0
June 30, 2013	1,374,694	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2011	\$478,242	100%	0
June 30, 2012	610,980	100%	0
June 30, 2013	623,493	100%	0

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLANS (Continued)

CALPERS uses the market related value method of valuing the Plan's assets. For the most recent actuarial report, as of June 30, 2011, an investment rate of return of 7.5% is assumed, including inflation at 2.75%. 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 21 years for the Safety Plan and 21 years for the Miscellaneous Plan. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty-year period.

As required by 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 at July 1, 2005 by making a lump sum contribution of \$3,694,076 on June 28, 2005. It satisfied its Safety Plan's liability at July 1, 2005 by making a lump sum contribution of \$5,097,831 on February 28, 2006.

Effective June 16, 2008, the City changed the monthly benefits under the Miscellaneous and Safety Plans to 2.5% at age 55 and 3% age 50, respectively. This change resulted in new side fund liabilities for each Plan. The City satisfied the Miscellaneous Plan's unfunded liability of \$529,859 and the Safety Plan's unfunded liability of \$2,287,945 by making lump sum payments on April 15, 2008.

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CALPERS' latest actuarial value (which differs from market value) and funding progress for the State-wide pools are shown below:

3% @ 50 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
2009	\$9,721,675,347	\$8,027,158,724	\$1,694,516,623	82.6%	\$973,814,168	174.0%
2010	10,165,475,166	8,470,235,152	1,695,240,014	83.3%	955,980,815	177.3%
2011	10,951,745,049	9,135,654,246	1,816,090,803	83.4%	949,833,090	191.2%

The City's Safety Plan represents approximately 0.71%, 0.68% and 0.69%, of the 3% @ 50 State-wide pool for the years ended June 30, 2011, 2010 and 2009, respectively, based on covered payroll of \$6,701,514, \$6,517,083 and \$6,696,586 for those years.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLANS (Continued)

2.5% @ 55 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
2009	\$1,834,424,640	\$1,493,430,831	\$340,993,809	81.4%	\$355,150,151	96.0%
2010	1,972,910,641	1,603,482,152	369,428,489	81.3%	352,637,380	104.8%
2011	2,135,350,204	1,724,200,585	411,149,619	80.7%	350,121,750	117.4%

The City's Miscellaneous Plan represents approximately 1.72%, 1.67% and 1.69%, of the 2.5% @ 55 State-wide pool for the years ended June 30, 2011, 2010 and 2009, respectively, based on covered payroll of \$6,005,798, \$5,878,208 and \$5,986,713 for those years.

Actuarial data is not yet available for the 2.7% @ 57 Safety and 2.0% @ 62 Miscellaneous State-wide pools.

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

B. Public Agency Retirement System

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 the Public Agency Retirement System (PARS), a defined contribution plan, which requires these employees to contribute 6% and the City to contribute 1.5% of the employees pay plus administration costs. The City's required contributions of \$7,184 and the employee's required contributions of \$34,263 were made during the fiscal year ending June 30, 2013.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLANS (Continued)

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. The Plan does not issue separate financial statements. Coverage is also provided for spouses of employees having a minimum of 20 years of service at retirement. As of June 30, 2013 there were 64 participants receiving these health care benefits.

The Plan provisions and benefits in effect at June 30, 2013 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 (B)	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)	\$108 for single \$220 for two party \$285 for family	\$108 for single \$220 for two party \$285 for family	\$108 for single \$220 for two party \$285 for family	\$108 for single \$220 for two party \$285 for family
City Contribution Cap per Month (Supp)	Kaiser (C)	N/A	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.

(B) Supplemental coverage only to age 65.

(C) Those hired before May 1, 1986 entitled to single coverage beyond age 65.

The City elected to establish an irrevocable trust to provide a funding mechanism for the postemployment benefits (OPEB). 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
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLANS (Continued)

Funding Policy and Actuarial Assumptions

The City's policy is to prefund these benefits by accumulating assets in the Trust Fund discussed above pursuant to City Council Resolution 2007-024 (Resolution). The annual required contribution (ARC) was determined as part of a July 1, 2011 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) 7% investment rate of return, (b) 3% projected annual salary increase, and (c) 4% health inflation increases. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members to that point. 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 actuarial value of assets was determined using a 15-year smoothing formula and a 20% market value corridor. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis 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 began on April 20, 2006, thus these assets were excluded from the July 1, 2005 actuarial study. During the fiscal year ended June 30, 2013, the City contributed \$324,403 to the Plan, representing pay-as-you-go premiums. As a result, the City has calculated and recorded the Net OPEB Asset, representing the difference between the ARC, amortization and contributions, as presented below:

Annual required contribution	\$316,987
Interest on net OPEB obligation (asset)	(319,333)
Adjustment to annual required contribution	705,111
Annual OPEB cost	702,765
Contributions made	(324,403)
(Decrease) increase in net OPEB obligation	378,362
Net OPEB obligation (asset) June 30, 2012	(4,561,899)
Net OPEB obligation (asset) June 30, 2013	(\$4,183,537)

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 10 - PENSION PLANS (Continued)

The Plan's annual required contributions and actual contributions for the years ended June 30, 2011, 2012, and 2013 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$105,090	\$297,401	283%	(\$4,420,026)
6/30/2012	184,210	326,083	177%	(4,561,899)
6/30/2013	702,765	324,403	46%	(4,183,537)

The Schedule of Funding Progress presents multi-year 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 actuarial studies 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%)
7/1/2008	5,051,901	4,386,044	665,857	115.18%	13,455,712	4.9%
7/1/2011	6,129,795	6,067,235	62,560	101.03%	12,707,312	0.5%

NOTE 11 - 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 – RISK MANAGEMENT

A. *Municipal Pooling Authority (MPA)*

The City is a member of the Municipal Pooling Authority. The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$10,000)	\$29,000,000
Cyber Liability (\$50,000)	2,000,000
Public Entity Pollution Liability (\$100,000)	1,000,000
Vehicle - Physical Damage (\$3,000 for police vehicles, \$2,000 for all others)	250,000
Worker's Compensation (no deductible)	Statutory Limit
Property	
All Risk (\$25,000)	1,000,000,000
Flood*	25,000,000
Boiler & Machinery (\$5,000)	100,000,000

* \$100,000 minimum deductible, per occurrence, except Zone A and V, which are subject to a \$250,000 deductible, per occurrence

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.

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, 2013, 2012 and 2011 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 12 – RISK MANAGEMENT (Continued)

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	
	2013	2012
Beginning balance	\$63,178	\$62,767
Provision for current fiscal year claims	25,094	45,587
Change in provision for prior fiscal year claims	(32,125)	5,653
Claims paid	(31,129)	(50,829)
Ending balance	\$25,018	\$63,178

NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

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

In addition, ABx1 26 and AB1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller’s Office completed its asset transfer review during fiscal year 2013 and required the City to make a payment of \$213,606 to the Successor Agency to return funds spent on a project the State determined were incurred subsequent to January 1, 2011. The City made the payment to the Successor Agency during fiscal year 2013.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor, and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City initially declined to become the Housing Successor, however after other agencies refused to assume the responsibility, the City elected to become the temporary Housing Successor and on February 1, 2012, certain housing assets were transferred to the City’s Low and Moderate Income Housing Asset Special Revenue Fund.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

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

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

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

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews are to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR and the Successor Agency remitted the unencumbered balance of \$137,054 to the County on July 2013, which has been recorded as a liability as of June 30, 2013. The Department of Finance did not initially approve the Non-housing DDR, which indicated that the Successor Agency did not have any unencumbered balances, and the State made adjustments to the Non-housing DDR and instead made a demand for the return of funds totaling \$4,614,196. The Successor Agency disputed the demand and requested a meet and confer with the State and the State adjusted the demand to zero. The Successor Agency received its Finding of Completion on September 16, 2013.

Cash and investments of the Successor Agency as of June 30, 2013 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2013.

B. LOANS RECEIVABLE

The Successor Agency assumed the non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agreed to expend these funds in accordance with the Agency’s terms. The balances of the notes receivable arising from these programs at June 30, 2013 are set forth below:

Plaza Sobrante	\$69,736
Micro Loan Program	113,133

Total	\$182,869

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

C. PROPERTY HELD FOR RESALE

The Successor Agency assumed the property held for resale of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had 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.

D. CAPITAL ASSETS

The Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency’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 Successor Agency 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

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
For the Year Ended June 30, 2013

NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2012	Additions	Retirements	Transfers from City	Balance at June 30, 2013
Capital assets not being depreciated:					
Land and land improvements	\$2,819,393			\$1,176,610	\$3,996,003
Total capital assets not being depreciated	<u>2,819,393</u>			<u>1,176,610</u>	<u>3,996,003</u>
Capital assets being depreciated:					
Buildings and improvements	2,658,825		(\$28,743)		2,630,082
Machinery and equipment	261,245		(169,043)		92,202
Vehicles	145,213				145,213
Total capital assets being depreciated	<u>3,065,283</u>		<u>(197,786)</u>		<u>2,867,497</u>
Less accumulated depreciation for:					
Buildings and improvements	1,103,546	\$66,367	(23,237)		1,146,676
Machinery and equipment	261,245	66	(169,109)		92,202
Vehicles	145,212	20,744	(55,689)		110,267
Total accumulated depreciation	<u>1,510,003</u>	<u>87,177</u>	<u>(248,035)</u>		<u>1,349,145</u>
Net capital assets being depreciated	<u>1,555,280</u>	<u>(87,177)</u>	<u>50,249</u>		<u>1,518,352</u>
Capital assets, net	<u>\$4,374,673</u>	<u>(\$87,177)</u>	<u>\$50,249</u>	<u>\$1,176,610</u>	<u>\$5,514,355</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

E. LONG-TERM OBLIGATIONS

The Successor Agency assumed the long-term debt, loans and interest rate swap agreement of the Redevelopment Agency as of February 1, 2012.

I. Tax Allocation Bonds and Loans

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds and loans issued by the Redevelopment Agency. The Bonds and Loans are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond and loan transactions were as follows:

	Original Issue Amount	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Tenth Township Redevelopment Projects:						
Subordinate Tax Allocation Bonds Series 1999A 3.75-5.65%, due 12/01/2023	\$9,850,000	\$4,710,000		\$645,000	\$4,065,000	\$685,000
Tax Allocation Revenue Bonds Series 2001						
Current Interest Serial Bonds 3.25-4.85%, due 12/01/2018	7,855,000	3,160,000		535,000	2,625,000	560,000
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	5,339,640	\$306,889		5,646,529	
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2032	31,960,000	27,155,000		1,365,000	25,790,000	1,420,000
Subordinate Tax Allocation Bonds Series 2006 Variable rate, due 12/01/2032	36,000,000	31,745,000		875,000	30,870,000	910,000
SERAF Loan 2%, due 5/10/2021	1,083,520	1,083,039			1,083,039	82,172
Total Tenth Township Redevelopment Projects Debt		<u>75,472,679</u>	<u>306,889</u>	<u>3,420,000</u>	<u>72,359,568</u>	<u>3,657,172</u>
Legacy Redevelopment Projects:						
Tax Allocation Revenue Bonds Series 2004 2.00-5.00%, due 12/01/2032	5,795,000	5,675,000		10,000	5,665,000	
SERAF Loan 2%, due 5/10/2021	139,340	139,278			139,278	
Total Legacy Redevelopment Projects Debt		<u>5,814,278</u>		<u>10,000</u>	<u>5,804,278</u>	
Housing Successor Loans:						
2010 Loan	3,000,000	3,000,000			3,000,000	
2011 Loan	2,865,000	2,865,000			2,865,000	
Total Housing Successor Loans		<u>5,865,000</u>			<u>5,865,000</u>	
Total Successor Agency Debt		<u>\$87,151,957</u>	<u>\$306,889</u>	<u>\$3,430,000</u>	<u>\$84,028,846</u>	<u>\$3,657,172</u>

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

2. Debt Service Requirements

Debt service requirements are shown below for all long-term debt except the Housing Successor loans, because the ultimate repayment terms cannot be determined at this time as discussed in 8. below:

For the Year Ending June 30	Principal (1)	Interest
2014	\$3,657,172	\$3,288,149
2015	3,803,815	3,125,331
2016	3,960,491	2,950,103
2017	4,132,201	2,774,893
2018	4,293,945	2,587,881
2019-2023	24,729,693	9,653,065
2024-2028	23,155,000	4,810,814
2029-2033	16,840,000	1,955,441
Total	\$84,572,317	\$31,145,677

(1) Includes unaccreted discount totaling \$6,408,471

3. 1999 Tax Allocation Bonds

On June 10, 1999, the Agency issued \$9,850,000 of Subordinate Tax Allocation Bonds, Series 1999A to defease \$3,950,000 of the 1990 Subordinate Tax Allocation Bonds, and to fund capital projects in the Tenth Township Project Area. The 1990 Bonds were called on May 1, 2001. The 1999 Bonds are special obligations of the Agency and are secured by the Agency’s tax increment revenues. Annual principal payments on the 1999 Bonds are due December 1, and semi-annual interest payments are due June 1 and December 1, through 2023. 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.

4. 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.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

The 2001 Bonds Capital Appreciation Bonds unaccrued discount totaled \$6,408,471 and the outstanding balance increased \$306,889 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.

5. *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 defeased 1993 Bonds were called on December 1, 2004. The 2004 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.

6. *2006 Subordinate Tax Allocation Bonds*

On October 5, 2006 the Agency issued \$36,000,000 of Tenth Township Redevelopment Project Area Subordinate Tax Allocation Bonds, Series 2006 to refund the remaining \$12,350,000 principal amount of the 1993 Tax Allocation Bonds and to fund certain public improvements in the Tenth Township Project Area. In October 2006 the City defeased the outstanding 1993 Bonds by placing a portion of the proceeds from the 2006 Bonds in an irrevocable trust to provide amounts sufficient to pay on December 1, 2006 the prepayment price of 102% of the principal amount and accrued interest. The defeased 1993 Bonds were called on December 1, 2006. Principal payments on the 2006 Bonds are due annually on December 1 commencing December 1, 2009 and interest payments are due monthly, through December 1, 2032.

The 2006 Subordinate Tax Allocation Bonds were originally issued as daily variable-rate demand obligations with municipal bond insurance from Ambac Assurance and a liquidity facility from Dexia Credit Local. The interest rate on the Bonds resets daily according to market conditions and is capped by California State law at 12%. During fiscal year 2008, the Agency substituted an irrevocable, direct-pay letter of credit issued by Union Bank of California for the Dexia liquidity facility in order to remarket the bonds at lower interest rates. The Union Bank letter of credit was valid through June 5, 2012 and it was amended during fiscal year 2012 and extended to June 5, 2013. The letter of credit was amended during fiscal year 2013 and 2014 and extended to September 5, 2014. The Agency is required to pay Union Bank an annual Letter of Credit Fee equal to 1.10% of the outstanding principal amount of the Bonds. In addition, the remarketing agent receives an annual Remarketing Fee equal to 0.0875% of the outstanding principal amount of the Bonds. Union Bank of California's long-term credit rating from Standard and Poor's was A+ at June 30, 2013, and its short-term credit rating from Standard and Poor's was A-1 at June 30, 2013.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

In October 2006 the Agency entered into a 26-year interest rate swap agreement for the entire \$36,000,000 par amount of its 2006 Subordinate Tax Allocation Bonds as discussed below. The combination of variable rate bonds and a floating-to-fixed interest rate swap agreement effectively creates a synthetic fixed-rate obligation for the Agency. The synthetic fixed rate on June 30, 2013 of 4.5389% is comprised of the variable rate paid to the bondholders (0.07%), plus the fixed rate paid to the swap counterparty (3.555%), less the variable rate received from the swap counterparty (0.2736%), plus the letter of credit fee paid by the Agency to the letter of credit provider (1.10%), plus the remarketing fee paid to the remarketing agent (0.0875%).

Interest Rate Swap Agreement Derivative Instrument

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

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2013, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the Bonds.

Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (Moody's / S&P)	Fixed Rate Paid	Variable Rate Received 64% of 30-day LIBOR plus 15 basis points	Termination Date
\$30,870,000	10/5/2006	Piper Jaffray Financial Products, Inc. (Morgan Stanley)	Baa1/A1	3.555%		12/1/2032

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

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

As of June 30, 2013, the fair value of the cash flow hedging derivative swap was in favor of the counterparty in the amount of \$4,315,822, an increase of \$2,009,184 from the prior fiscal year. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Agency has accounted for the change in fair value of the swap as a deferred outflow.

Credit risk. As of June 30, 2013, the Agency was not exposed to credit risk on the outstanding swap because the swap had a negative fair value. This amount may increase if interest rates increase in the future. However, if interest rates decline and the fair value of the swap were to become negative, the Agency would no longer be exposed to credit risk. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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

Swap payments and associated debt. Using rates as of June 30, 2013, debt service requirements of the Agency's outstanding variable-rate Bonds and net swap payments, assuming current interest rates remain the same for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below are included in the Debt Service Requirements at 2. above:

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

For the Year Ending June	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest (1)	Swap, Net (2)	
2014	\$910,000	\$22,337	\$1,426,011	\$2,358,348
2015	1,820,000	21,382	1,365,011	3,206,393
2016	1,830,000	20,104	1,283,454	3,133,558
2017	990,000	19,117	1,220,443	2,229,560
2018	1,980,000	18,078	1,154,081	3,152,159
2019-2023	12,440,000	64,277	4,103,523	16,607,800
2024-2028	5,780,000	30,310	1,935,012	7,745,322
2029-2033	5,120,000	15,019	958,792	6,093,811
Totals	<u>\$30,870,000</u>	<u>\$210,624</u>	<u>\$13,446,327</u>	<u>\$44,526,951</u>

- (1) Variable rate was 0.07% on June 30, 2013
- (2) Interest rate swap fixed rate, net of the variable rate received from the counterparty and associated fees was 4.4689% on June 30, 2013 (3.555% fixed swap rate paid to counterparty, less 0.2736% variable rate received from counterparty, plus 1.10% credit fee and 0.0875% remarketing fee)

7. *SERAF Loan from State of California*

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by the redevelopment agencies, be paid instead to the County Supplemental Educational Revenue Augmentation Fund (SERAF) in fiscal years 2010 and 2011. The Agency did not have the resources to make the 2011 payment and instead was able to enter into a structured payment plan agreement with the State Department of Finance that allows the payment to the County to be made over a ten-year period. The Tenth Township and Legacy Project Areas will pay 88.6% and 11.4% of the loan, respectively. The loan bears interest at a rate of 2%. Annual payments commence on May 10, 2011 with one principal and interest payment, followed by two interest-only payments, then payments of principal and interest May 10, 2014 through May 10, 2020, followed by one final principal payment on May 10, 2021.

8. *Supplemental Education Revenue Augmentation Fund Loans from Housing Successor*

During the fiscal year ending June 30, 2010 the Agency approved an interfund advance of \$3,000,000 from the Agency Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of paying the Agency's share of the countywide Supplemental Education Revenue Augmentation Fund.

In August 2011 the Agency approved a second interfund advance for the year ended June 30, 2011 of \$2,865,000 from the Agency Low and Moderate Income Housing Fund to the Redevelopment Agency Projects Fund for the purpose of funding the full amount of the Agency's 2010 SERAF payment.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

**NOTE 13 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

The above loans had previously been reported as interfund advances within the Redevelopment Agency, but with the transfer of the Redevelopment Agency's liabilities to the Successor Agency, the advances are now reported as long-term debt of the Successor Agency, payable to the Low and Moderate Income Housing Asset Fund of the City of San Pablo, serving as the Housing Successor to the former Agency, pursuant to Health and Safety Code Section 34176(d). These loans were originally required to be repaid by June 30, 2015, however, repayment is now governed by Health and Safety Code Section 34176(e)(6). The State of California Department of Finance has stated that repayment cannot begin prior to fiscal year 2014-2015, and the maximum annual repayment amount is limited based on calculations in Health and Safety Code Section 34176(e)(6).

9. *Pledged Revenues*

As discussed above, the Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low and Moderate Income Housing Fund, for the repayment of the Tax Allocation Bonds. The 1999A, 2001 and 2004 Bonds are considered senior parity obligations, while the 2006 Bonds are subordinated to those Bonds. The pledge of all future tax increment revenues ends upon repayment of \$114,360,238 remaining debt service on the Bonds above, which is scheduled to occur in 2033. With the issuance of the 2006 Bonds, projected tax increment revenues are expected to provide coverage over debt service of 158% over the life of the four Bonds. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues.

Beginning in fiscal year 2012, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total tax increment available for distribution to the Successor Agency and other taxing entities for fiscal year 2013 calculated by the County Auditor-Controller was \$8,478,312, and the total received by the Successor Agency for fiscal year 2013 debt service was \$8,070,796, which represented coverage of 110% of the \$7,083,816 of debt service.

F. *COMMITMENTS AND CONTINGENCIES*

State Approval of Enforceable Obligations

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

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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. The City was not required to make any contributions to WCCIWMA during fiscal year 2013. 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 9.1% of the expenditures. For fiscal year 2012-2013, the dues paid to WCCTAC were \$36,675.

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. *Litigation*

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.

B. *Pollution Remediation*

The City has one known pollution remediation project that the former Redevelopment Agency had undertaken. Under a Voluntary Cleanup Agreement with the California Department of Toxic Substances Control, the Redevelopment Agency had planned to clean up the former Burlington Northern Santa Fe Property on Rumrill Boulevard to provide for future unrestricted land use. The property was conveyed by the Redevelopment Agency to the City in fiscal year 2011 and, due to the dissolution of the Agency, the City assumed the remediation project. The City had started a Removal Action Work Plan (RAW), and although the initial cost of the preferred alternative remediation was estimated to be \$712,000, an updated RAW was obtained in August 2012 and the current estimated cost of the preferred alternative remediation is estimated to be \$1,220,000. The final RAW was obtained in May 2013, and the preferred alternative remediation is \$1,220,000. In addition, the City expects to incur costs associated with the project of approximately \$180,000. The City has recorded an accrued liability of \$1,400,000 in the Statement of Net Position, however this obligation is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Federal and State Grant Programs

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.

D. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2013 were as follows:

	Amount
General Fund	\$227,579
Public Works Construction Capital Projects Fund	1,755,749
Gas Tax Special Revenue Fund	17,317
Street Lighting and Landscaping Special Revenue Fund	8,305
Development Services Special Revenue Fund	18,060

E. EDC Construction Commitment

The EDC has executed a construction contract totaling \$4,373,400 with Sausal Corporation. During the year ended June 30, 2013, \$186,935 of construction costs were incurred under the contract and are included in construction in progress.

CITY OF SAN PABLO
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

F. Helms Community Center Lease

The City entered into an agreement with the Economic Development Corporation in December 2012 to lease the Helms Community Center. Construction of the Community Center, as discussed in Note 5J, is expected to be completed in fiscal year 2014 and until construction is complete, the City is accounting for the transaction as an operating lease.

Future minimum lease payments under the agreement as of June 30, 2013 are as follows:

Fiscal Year Ended	Amount
2014	\$61,250
2015	85,000
2016	85,000
2017	85,000
2018	85,000
2019-2023	1,290,607
2024-2028	1,879,748
2029-2033	2,179,146
2034-2038	2,526,225
2039-2043	2,928,586
2044-2048	3,395,035
2049-2053	3,935,783
2054	423,347
	\$18,959,727

Lease payments amounted to \$31,750 for the fiscal year ended June 30, 2013.

NOTE 16 – SUBSEQUENT EVENTS

The City executed a loan agreement with California Energy Commission on March 3, 2013 to fund the installation of solar panels at five San Pablo facilities, in the amount of \$1,141,738. The loan will bear interest of 1.00% and is due in 29 semi-annual installments of \$42,828. The associated projects did not begin until July 2013 and the City expects to draw down loan proceeds in fiscal year 2014.

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 / J

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

ASSET SEIZURES

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

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.



CITY^{OF} SAN PABLO

City of New Directions

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2013

SPECIAL REVENUE FUNDS

	<u>Gas Tax</u>	<u>Public Safety</u>	<u>Street Lighting and Landscaping</u>	<u>N.P.D.E.S.</u>	<u>Development Services</u>	<u>Measure C / J</u>
ASSETS						
Cash and investments available for operations	\$238	\$240,771	\$158,604	\$328,742	\$25,593	\$692,261
Due from other governments	65,806	7,625				
Total Assets	<u>\$66,044</u>	<u>\$248,396</u>	<u>\$158,604</u>	<u>\$328,742</u>	<u>\$25,593</u>	<u>\$692,261</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$62,263		\$55,481	\$2,134	\$25,298	
Due to other funds						
Total Liabilities	<u>62,263</u>		<u>55,481</u>	<u>2,134</u>	<u>25,298</u>	
FUND BALANCES						
Restricted	3,781	\$248,396	103,123	326,608	295	\$692,261
Total Fund Balance	<u>3,781</u>	<u>248,396</u>	<u>103,123</u>	<u>326,608</u>	<u>295</u>	<u>692,261</u>
Total Liabilities and Fund Balances	<u>\$66,044</u>	<u>\$248,396</u>	<u>\$158,604</u>	<u>\$328,742</u>	<u>\$25,593</u>	<u>\$692,261</u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Total Nonmajor Governmental Funds
\$113,870	\$496,286	\$102,719 114,702	\$144,082	\$92,251	\$2,395,417 188,133
<u>\$113,870</u>	<u>\$496,286</u>	<u>\$217,421</u>	<u>\$144,082</u>	<u>\$92,251</u>	<u>\$2,583,550</u>
\$40,742	\$5,566	\$83,359	\$143,569		\$335,053 83,359
<u>40,742</u>	<u>5,566</u>	<u>83,359</u>	<u>143,569</u>		<u>418,412</u>
73,128	490,720	134,062	513	\$92,251	2,165,138
<u>73,128</u>	<u>490,720</u>	<u>134,062</u>	<u>513</u>	<u>92,251</u>	<u>2,165,138</u>
<u>\$113,870</u>	<u>\$496,286</u>	<u>\$217,421</u>	<u>\$144,082</u>	<u>\$92,251</u>	<u>\$2,583,550</u>

CITY OF SAN PABLO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE FUNDS

	Gas Tax	Public Safety	Street Lighting and Landscaping	N.P.D.E.S.	Development Services	Measure C / J
REVENUES						
Property taxes			\$834,841			
Sales tax		\$98,700				\$307,831
Licenses and permits					\$282,657	
Intergovernmental	\$734,410			\$338,045		
Charges for services	96,726			250	553,575	
Use of money and property						2,152
Miscellaneous					76	
Total Revenues	<u>831,136</u>	<u>98,700</u>	<u>834,841</u>	<u>338,295</u>	<u>836,308</u>	<u>309,983</u>
EXPENDITURES						
Current:						
Community:						
Development					999,513	
Public Works & Engineering	1,580,803		963,992	270,428		
Police						
Capital outlay						
Total Expenditures	<u>1,580,803</u>		<u>963,992</u>	<u>270,428</u>	<u>999,513</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(749,667)</u>	<u>98,700</u>	<u>(129,151)</u>	<u>67,867</u>	<u>(163,205)</u>	<u>309,983</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	660,500		126,545		163,500	
Total Other Financing Sources (Uses)	<u>660,500</u>		<u>126,545</u>		<u>163,500</u>	
NET CHANGE IN FUND BALANCES	(89,167)	98,700	(2,606)	67,867	295	309,983
Fund balances (deficits) at beginning of year	<u>92,948</u>	<u>149,696</u>	<u>105,729</u>	<u>258,741</u>		<u>382,278</u>
FUND BALANCES AT END OF YEAR	<u><u>\$3,781</u></u>	<u><u>\$248,396</u></u>	<u><u>\$103,123</u></u>	<u><u>\$326,608</u></u>	<u><u>\$295</u></u>	<u><u>\$692,261</u></u>

SPECIAL REVENUE FUNDS

Asset Seizures	Paratransit	Law Enforcement Services	Traffic Congestion Relief	HCD Grant	Total Nonmajor Governmental Funds
					\$834,841
					406,531
					282,657
	\$220,510	\$447,187			1,740,152
\$457	1,749		\$513	\$328	650,551
45,012					5,199
					45,088
45,469	222,259	447,187	513	328	3,965,019
	116,989				1,116,502
					2,815,223
		425,428			425,428
96,152	90,238	21,758			208,148
96,152	207,227	447,186			4,565,301
(50,683)	15,032	1	513	328	(600,282)
		25,500			976,045
		25,500			976,045
(50,683)	15,032	25,501	513	328	375,763
123,811	475,688	108,561		91,923	1,789,375
\$73,128	\$490,720	\$134,062	\$513	\$92,251	\$2,165,138

CITY OF SAN PABLO
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS					
	GAS TAX			PUBLIC SAFETY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax				\$85,000	\$98,700	\$13,700
Licenses and permits						
Intergovernmental	\$871,443	\$734,410	(\$137,033)			
Charges for services	45,000	96,726	51,726			
Use of money and property						
Miscellaneous	66,899		(66,899)			
Total Revenues	<u>983,342</u>	<u>831,136</u>	<u>(152,206)</u>	<u>85,000</u>	<u>98,700</u>	<u>13,700</u>
EXPENDITURES						
Current:						
Community:						
Development						
Housing						
Public Works & Engineering	1,656,362	1,580,803	75,559			
Police						
Capital outlay	820		820			
Total Expenditures	<u>1,657,182</u>	<u>1,580,803</u>	<u>76,379</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(673,840)</u>	<u>(749,667)</u>	<u>(75,827)</u>	<u>85,000</u>	<u>98,700</u>	<u>13,700</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	773,996	660,500	(113,496)			
Total Other Financing Sources (Uses)	<u>773,996</u>	<u>660,500</u>	<u>(113,496)</u>			
NET CHANGE IN FUND BALANCES	<u>\$100,156</u>	<u>(89,167)</u>	<u>(\$189,323)</u>	<u>\$85,000</u>	<u>98,700</u>	<u>\$13,700</u>
Fund balances (deficit) at beginning of year		<u>92,948</u>			<u>149,696</u>	
FUND BALANCES AT END OF YEAR		<u>\$3,781</u>			<u>\$248,396</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)
\$838,000	\$834,841	(\$3,159)				\$320,000	\$282,657	(\$37,343)
			\$332,130	\$338,045	\$5,915	578,608	553,575	(25,033)
				250	250			
							76	76
<u>838,000</u>	<u>834,841</u>	<u>(3,159)</u>	<u>332,130</u>	<u>338,295</u>	<u>6,165</u>	<u>898,608</u>	<u>836,308</u>	<u>(62,300)</u>
						1,087,018	999,513	87,505
1,106,046	963,992	142,054	363,127	270,428	92,699			
<u>16,000</u>		<u>16,000</u>						
<u>1,122,046</u>	<u>963,992</u>	<u>158,054</u>	<u>363,127</u>	<u>270,428</u>	<u>92,699</u>	<u>1,087,018</u>	<u>999,513</u>	<u>87,505</u>
<u>(284,046)</u>	<u>(129,151)</u>	<u>154,895</u>	<u>(30,997)</u>	<u>67,867</u>	<u>98,864</u>	<u>(188,410)</u>	<u>(163,205)</u>	<u>25,205</u>
<u>258,795</u>	<u>126,545</u>	<u>(132,250)</u>				<u>289,205</u>	<u>163,500</u>	<u>(125,705)</u>
<u>258,795</u>	<u>126,545</u>	<u>(132,250)</u>				<u>289,205</u>	<u>163,500</u>	<u>(125,705)</u>
<u>(\$25,251)</u>	<u>(2,606)</u>	<u>\$22,645</u>	<u>(\$30,997)</u>	<u>67,867</u>	<u>\$98,864</u>	<u>\$100,795</u>	<u>295</u>	<u>(\$100,500)</u>
	<u>105,729</u>			<u>258,741</u>				
	<u>\$103,123</u>			<u>\$326,608</u>			<u>\$295</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 YEAR ENDED JUNE 30, 2013

SPECIAL REVENUE FUNDS

	ASSET SEIZURES			PARATRANSIT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Licenses and permits						
Intergovernmental					\$220,510	\$220,510
Charges for services						
Use of money and property		\$457	\$457		1,749	1,749
Miscellaneous		45,012	45,012			
Total Revenues		45,469	45,469		222,259	222,259
EXPENDITURES						
Current:						
Community:						
Development				\$257,549	116,989	140,560
Housing						
Public Works & Engineering						
Police						
Capital outlay	\$96,152	96,152		89,875	90,238	(363)
Total Expenditures	96,152	96,152		347,424	207,227	140,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(96,152)	(50,683)	45,469	(347,424)	15,032	362,456
OTHER FINANCING SOURCES (USES)						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(\$96,152)	(50,683)	\$45,469	(\$347,424)	15,032	\$362,456
Fund balances (deficit) at beginning of year		123,811			475,688	
FUND BALANCES AT END OF YEAR		\$73,128			\$490,720	

SPECIAL REVENUE FUND

LAW ENFORCEMENT SERVICES

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$346,758	\$447,187	\$100,429
<u>346,758</u>	<u>447,187</u>	<u>100,429</u>
328,704	425,428	(96,724)
<u>21,758</u>	<u>21,758</u>	<u> </u>
<u>350,462</u>	<u>447,186</u>	<u>(96,724)</u>
<u>(3,704)</u>	<u>1</u>	<u>3,705</u>
<u> </u>	<u>25,500</u>	<u>25,500</u>
<u> </u>	<u>25,500</u>	<u>25,500</u>
<u>(\$3,704)</u>	25,501	<u>\$29,205</u>
<u> </u>	<u>108,561</u>	<u> </u>
<u> </u>	<u>\$134,062</u>	<u> </u>



CITY^{OF} SAN PABLO

City of New Directions

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.

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.

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 YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<hr/> <u>Oak Park Special Assessment District</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$1,047,802	\$455,906	\$451,024	\$1,052,684
<u>Liabilities</u>				
Due to bondholders	\$1,047,802	\$455,906	\$451,024	\$1,052,684
<hr/> <u>Community Organizations and Activities</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$652,009	\$215,279	\$143,419	\$723,869
Accounts receivable	29,924		29,924	
Total Assets	\$681,933	\$215,279	\$173,343	\$723,869
<u>Liabilities</u>				
Accounts payable	\$15,675	\$95,907	\$15,675	\$95,907
Deposits held as agent for others	666,258	119,372	157,668	627,962
Total Liabilities	\$681,933	\$215,279	\$173,343	\$723,869
<hr/> <u>West Contra Costa Transportation Advisory Committee</u> <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$1,820,785	\$974,643	\$1,282,842	\$1,512,586
Due from other governments	324,100	255,449	324,100	255,449
Interest receivable	305		305	
Total Assets	\$2,145,190	\$1,230,092	\$1,607,247	\$1,768,035
<u>Liabilities</u>				
Accounts payable	\$515,773	\$55,724	\$515,773	\$55,724
Due to City	77,376		77,376	
Deposits held as agent for others	1,552,041	1,174,368	1,014,098	1,712,311
Total Liabilities	\$2,145,190	\$1,230,092	\$1,607,247	\$1,768,035

CITY OF SAN PABLO
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<hr/> Totals - All Agency Funds <hr/>				
<u>Assets</u>				
Restricted cash and investments	\$3,520,596	\$1,645,828	\$1,877,285	\$3,289,139
Interest receivable	30,229		30,229	
Due from other governments	324,100	255,449	324,100	255,449
Total Assets	<u>\$3,874,925</u>	<u>\$1,901,277</u>	<u>\$2,231,614</u>	<u>\$3,544,588</u>
<u>Liabilities</u>				
Accounts payable	\$531,448	\$151,631	\$531,448	\$151,631
Due to City	77,376		77,376	
Deposits held as agent for others	2,218,299	1,293,740	1,171,766	2,340,273
Due to bondholders	1,047,802	455,906	451,024	1,052,684
Total Liabilities	<u>\$3,874,925</u>	<u>\$1,901,277</u>	<u>\$2,231,614</u>	<u>\$3,544,588</u>



CITY^{OF} SAN PABLO

City of New Directions

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 wellbeing have changed over time:

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

Revenue Capacity

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

1. Assessed 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. Oak Park 1998 Reassessment Revenue Bonds
 - b. 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

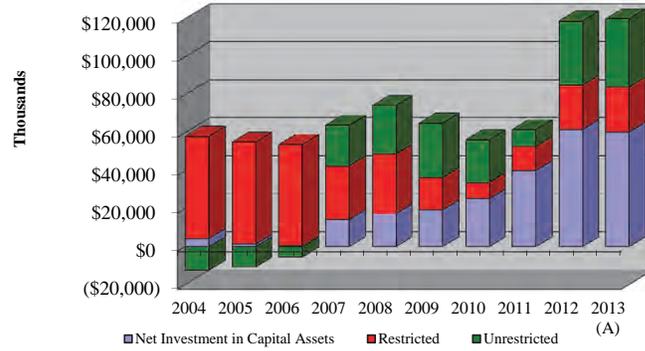
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



CITY^{OF} SAN PABLO

City of New Directions

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



	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (A)
<i>Governmental activities</i>										
Net investment in capital assets	\$4,217,407	\$1,338,446	\$391,982	\$14,162,898	\$17,233,098	\$19,236,798	\$25,129,231	\$39,968,889	\$61,548,129	\$60,286,124
Restricted	53,814,033	53,602,869	53,323,336	28,234,327	31,346,751	17,023,526	8,544,531	12,660,690	23,252,245	23,589,889
Unrestricted	(12,424,571)	(10,731,809)	(5,491,591)	21,442,740	25,591,054	28,686,988	22,456,421	8,948,361	33,879,184	35,928,112
Total governmental activities net position	<u>\$45,606,869</u>	<u>\$44,209,506</u>	<u>\$48,223,727</u>	<u>\$63,839,965</u>	<u>\$74,170,903</u>	<u>\$64,947,312</u>	<u>\$56,130,183</u>	<u>\$61,577,940</u>	<u>\$118,679,558</u>	<u>\$119,804,125</u>

(A) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

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

	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Expenses					
Governmental Activities:					
General Government	\$4,295,995	\$6,247,087	\$5,061,400	\$2,632,986	\$2,993,404
Community					
Recreation	568,220	682,636	703,787	989,126	1,217,942
Development	3,498,886	8,047,233	6,190,032	4,140,354	6,428,706
Housing	1,334,075	316,338	2,456,860	228,296	194,708
Public Works & Engineering				5,674,920	5,892,638
Police	8,316,795	9,899,191	15,399,999	10,772,050	14,078,285
Interest and fiscal charges	4,188,138	3,336,076	3,281,931	4,498,283	4,220,723
Total Governmental Activities Expenses	22,202,109	28,528,561	33,094,009	28,936,015	35,026,406
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	780,540	767,938	1,089,391	22,805	16,171
Community:					
Recreation	69,140	70,360	52,525	117,752	127,847
Development				556,322	444,499
Public Works & Engineering				130,443	157,591
Police	310,684	597,466	418,449	724,871	516,367
Operating Grants and Contributions	2,094,200	1,696,841	1,986,780	1,927,514	1,835,557
Capital Grants and Contributions	550,399	749,567	1,015,449	1,793,276	1,649,247
Total Government Activities Program Revenues	3,804,963	3,882,172	4,562,594	5,272,983	4,747,279
Net (Expense)/Revenue					
Governmental Activities	(18,397,146)	(24,646,389)	(28,531,415)	(23,663,032)	(30,279,127)
General Revenues and Other					
Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	1,447,370	1,384,587	1,387,577	1,389,901	1,235,060
Incremental Property Taxes	8,981,315	11,577,262	12,251,525	14,959,091	15,434,058
ERAF	(414,174)	(780,327)	(801,770)		
Sales Taxes	1,805,822	1,442,957	1,414,077	1,304,189	1,400,911
In-Lieu Sales Tax		402,175	367,240	396,968	411,506
Utility Users Tax	1,989,816	2,053,248	2,158,865	1,594,338	1,632,823
Transient Occupancy Taxes (a)					
Franchise Taxes (a)					
Payment in Lieu of taxes (a)					
Business Licenses (nonregulatory)	299,715	280,518	290,935	326,195	296,836
Other Taxes	3,591,499	3,820,413	9,866,947	12,649,876	13,531,030
Intergovernmental unrestricted:					
Motor Vehicle In-Lieu Fees	1,379,768	2,516,011	2,276,752	2,476,028	2,634,391
Use of Money and Property	1,411,561	1,777,188	2,733,017	3,306,358	3,815,626
Gain on Sale of Property	275,668	56,981	315,000	497,534	13,275
Miscellaneous	152,099	143,876	285,471	378,792	204,549
Special item - transfer of loans and cash to County		(1,425,863)			
Extraordinary item - assets transferred to/liabilities assumed by Successor Agency					
Total Governmental Activities	20,920,459	23,249,026	32,545,636	39,279,270	40,610,065
Change in Net Position					
Governmental Activities	\$2,523,313	(\$1,397,363)	\$4,014,221	\$15,616,238	\$10,330,938

(a) Included in Other Taxes prior to fiscal year 2012.

(b) Includes business licenses previously included in Other Taxes.

(c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

Fiscal Year Ended June 30,

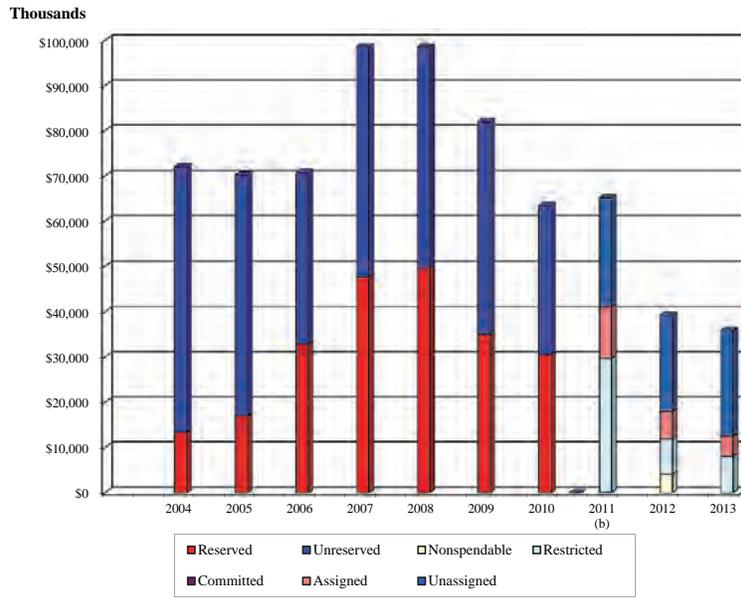
2009	2010	2011	2012	2013(c)
\$3,200,437	\$3,746,905	\$3,873,454	\$4,041,867	\$5,680,263
1,132,500	1,260,952	1,296,966	1,141,266	1,342,621
23,541,394	17,744,655	4,482,336	2,062,972	1,176,592
554,770	244,168	86,761	6,937	13,600
6,424,687	6,390,441	7,379,061	7,447,687	8,064,981
13,573,473	14,471,506	14,397,742	13,676,212	15,393,927
4,035,250	3,894,561	3,813,714	2,175,282	
<u>52,462,511</u>	<u>47,753,188</u>	<u>35,330,034</u>	<u>30,552,223</u>	<u>31,671,984</u>
31,223	26,562	66,541	113,227	218,312
144,942	166,294	251,779	204,475	245,934
438,378	588,719	332,055	289,569	527,404
57,724	118,661	106,798	85,258	143,158
403,428	338,838	325,909	303,410	486,569
1,424,555	1,620,850	2,497,146	2,158,891	1,930,939
1,521,513	3,383,502	2,304,659	3,095,927	1,846,299
<u>4,021,763</u>	<u>6,243,426</u>	<u>5,884,887</u>	<u>6,250,757</u>	<u>5,398,615</u>
<u>(48,440,748)</u>	<u>(41,509,762)</u>	<u>(29,445,147)</u>	<u>(24,301,466)</u>	<u>(26,273,369)</u>
1,302,668	1,099,009	1,129,241	1,345,016	1,229,599
14,675,932	9,751,633	9,415,129	5,051,415	0
1,342,904	1,250,870	1,313,493	1,396,988	2,253,736
472,411	456,357	316,486	421,134	468,552
1,366,676	1,512,840	2,083,913	2,339,064	2,473,792
			309,167	356,177
			540,565	627,473
			1,757,473	1,792,638
327,507	321,824	313,623	15,800,631	17,388,179 (b)
14,891,478	15,332,960	16,217,232	85,790	109,928
2,532,312	1,937,853	1,881,451	1,688,305	1,654,714
2,032,690	777,955	666,850	394,790	238,115
6,091		1,327,416		167,902
266,488	251,332	228,070	344,653	
			49,928,093	(1,176,610)
<u>39,217,157</u>	<u>32,692,633</u>	<u>34,892,904</u>	<u>81,403,084</u>	<u>27,584,195</u>
<u>(\$9,223,591)</u>	<u>(\$8,817,129)</u>	<u>\$5,447,757</u>	<u>\$57,101,618</u>	<u>\$1,310,826</u>



CITY^{OF} SAN PABLO

City of New Directions

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



	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011 (b)	2012	2013
General Fund										
Reserved	\$388,271	\$383,225	\$387,568	\$45,330	\$55,576	\$71,191	\$32,630			
Unreserved	14,203,812	13,634,482	12,989,007	18,012,835	17,378,837	20,125,976	21,359,353			
Nonspendable								\$94,156	\$4,024,921	\$28,503
Restricted								206,626		
Assigned									20,215	227,579
Unassigned								24,008,243	21,100,922	23,285,950
Total General Fund	\$14,592,083	\$14,017,707	\$13,376,575	\$18,058,165	\$17,434,413	\$20,197,167	\$21,391,983	\$0	\$25,146,058	\$23,542,032 (a)
All Other Governmental Funds										
Reserved	\$13,012,019	\$16,603,584	\$32,450,547	\$47,633,407	\$49,546,081	\$34,879,869	\$30,555,643			
Unreserved, reported in:										
Special revenue funds	1,963,053	549,853	915,850	1,366,884	1,385,761	1,570,804	1,829,801			
Capital project funds	42,417,362	38,954,525	23,939,025	31,423,052	30,104,970	25,252,717	9,611,508			
Restricted								\$29,624,123	\$7,862,952	\$8,117,456
Assigned								11,451,201	6,112,651	4,365,599
Unassigned								(10,350)		
Total all other governmental funds	\$57,392,434	\$56,107,962	\$57,305,422	\$80,423,343	\$81,036,812	\$61,703,390	\$41,996,952	\$41,064,974	\$13,975,603	\$12,483,055 (a)

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011.

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,				
	2004	2005	2006	2007	2008
Revenues					
Property taxes	\$1,447,370	\$1,384,587	\$1,387,577	\$1,738,546	\$1,584,784
Incremental property taxes	8,981,315	11,577,262	12,251,525	14,959,091	15,434,058
Less ERAF	(414,174)	(780,327)	(801,770)		
Sales taxes	1,805,822	1,442,957	1,414,077	1,304,189	1,400,911
In-lieu sales tax		402,175	367,240	396,968	411,506
Utility users tax	1,989,816	2,053,248	2,158,865	1,594,338	1,632,823
Business license tax (a)					
Other taxes	3,591,499	3,820,413	9,866,947	12,649,876	13,531,030
Licenses and permits	299,715	280,518	290,935	326,195	296,836
Fines and forfeits	13,315	38,248	15,768	400,117	333,832
Intergovernmental	4,214,004	4,357,809	4,838,178	5,276,263	5,454,369
Charges for services	1,160,364	1,435,764	1,560,365	1,098,195	884,505
Use of money and property	4,224,175	2,544,289	3,373,908	4,165,686	4,339,988
Miscellaneous	414,818	302,606	269,703	276,206	178,633
Total Revenues	27,728,039	28,859,549	36,993,318	44,185,670	45,483,275
Expenditures					
Current:					
General government	4,111,331	6,075,454	5,153,650	2,462,270	3,502,819
Community					
Recreation	554,021	653,744	716,929	956,875	1,188,497
Development	2,696,836	6,083,560	3,871,099	4,215,123	6,723,506
Housing	2,984,044	849,562	1,320,060	518,764	4,192,021
Public Works & Engineering				2,947,864	3,569,382
Police	7,870,063	9,600,575	15,512,360	10,589,624	15,246,567
Pass Through to County					
Supplemental Educational Revenue Augmentation Fund Payment					
Estimated reduction in value of land held for redevelopment					
Capital outlay	2,747,037	2,302,320	3,147,146	14,634,535	5,317,834
Debt service:					
Principal repayment	1,325,000	1,645,000	1,530,000	1,740,000	1,795,000
Interest and fiscal charges	3,709,542	3,145,231	3,079,872	4,097,085	3,993,540
Total Expenditures	25,997,874	30,355,446	34,331,116	42,162,140	45,529,166
Excess (deficiency) of revenues over (under) expenditures	1,730,165	(1,495,897)	2,662,202	2,023,530	(45,891)
Other Financing Sources (Uses)					
Transfers in	27,214,941	13,157,679	12,628,478	42,988,080	13,741,142
Transfers (out)	(27,214,941)	(13,157,679)	(12,628,478)	(42,988,080)	(13,741,142)
Proceeds or gain from sale of property	275,668	56,981	315,000	2,368,112	35,608
Loss from sale of property			(2,420,874)		
Issuance of debt	37,755,000			36,000,000	
Premium on bonds	690,216				
Payments to refunded bond escrow	(14,833,256)			(12,592,131)	
Property held for resale transferred to capital assets					
Total Other Financing Sources (Uses)	23,887,628	56,981	(2,105,874)	25,775,981	35,608
Special Items					
Transfer of loans receivable and cash to the county		(1,425,863)			
Reversal of deferred revenues to offset the loans		1,005,931			
Extraordinary Items					
Assets transferred to Housing Successor					
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor					
Total Special and Extraordinary Items	0	(419,932)	0	0	0
Change in Fund Balance	\$25,617,793	(\$1,858,848)	\$556,328	\$27,799,511	(\$10,283)
Debt service as a percentage of noncapital expenditures					
	21.7%	17.1%	14.8%	21.2%	14.4%

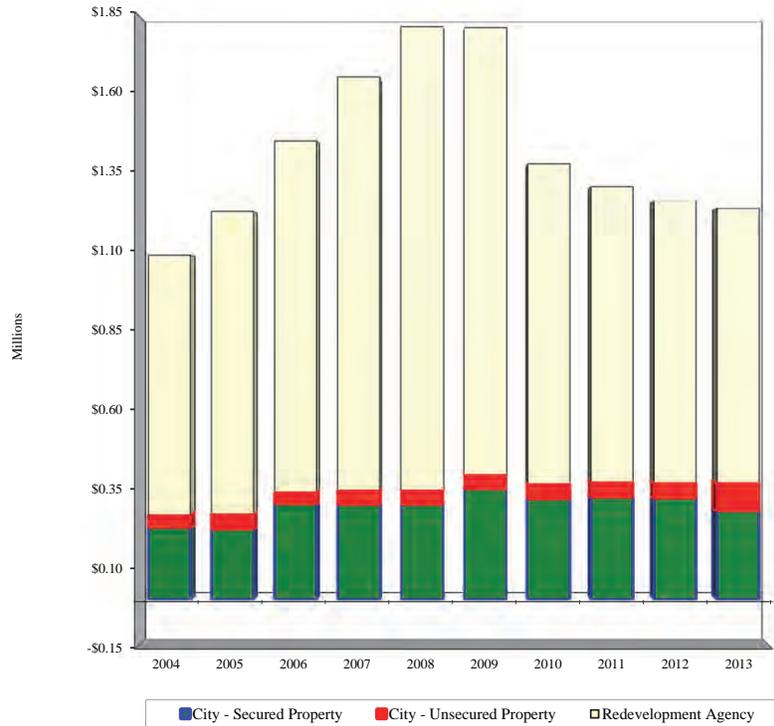
(a) Included in Other Taxes prior to fiscal year 2012.

(b) The Redevelopment Agency was dissolved on January 31, 2012.

Fiscal Year Ended June 30,

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$1,310,791	\$1,104,259	\$1,129,241	\$1,345,016	\$1,083,129
14,675,932	9,751,633	9,415,129	5,051,415 (b)	
1,342,904	1,893,530	1,336,319	1,774,609	2,561,567
472,411	456,357	316,486	421,134	468,552
1,366,676	1,512,840	2,083,913	2,339,064	2,473,792
			15,501,584	17,105,522
14,891,478	15,332,960	16,217,232	2,692,995	2,862,216
327,507	321,824	313,623	299,047	282,657
248,344	253,830	175,236	160,779	199,033
5,368,548	5,792,474	6,927,565	6,732,431	5,341,904
784,975	980,009	786,693	733,972	1,324,955
2,217,675	904,473	1,275,476	1,070,834	886,060
237,809	135,070	143,404	125,916	105,815
<u>43,245,050</u>	<u>38,439,259</u>	<u>40,120,317</u>	<u>38,248,796</u>	<u>34,695,202</u>
3,092,038	3,608,932	5,077,971	4,051,309	5,644,563
1,107,073	1,232,619	1,281,164	1,045,283	1,198,105
10,911,000	8,120,814	3,231,110	1,776,767	1,116,502
5,778,117	680,286	214,996	6,937	1,850
3,266,892	3,173,331	2,912,684	3,039,965	3,108,904
13,504,115	14,281,329	14,109,881	13,601,625	14,879,348
	5,939,603	1,222,860		
12,520,417	3,486,168			
3,983,178	9,741,894	4,993,318	8,925,221	11,656,245
1,865,000	3,050,000	3,165,543	3,290,000	
3,794,982	3,640,060	3,541,450	2,182,278	
<u>59,822,812</u>	<u>56,955,036</u>	<u>39,750,977</u>	<u>37,919,385</u>	<u>37,605,517</u>
<u>(16,577,762)</u>	<u>(18,515,777)</u>	<u>369,340</u>	<u>329,411</u>	<u>(2,910,315)</u>
16,958,273	15,160,490	21,666,427	15,145,921	8,671,125
(16,958,273)	(15,160,490)	(21,666,427)	(15,145,921)	(8,671,125)
7,094	4,155	1,327,416		
		1,222,860		
		(911,727)		
<u>7,094</u>	<u>4,155</u>	<u>1,638,549</u>	<u>0</u>	<u>0</u>
			5,865,000	
			(32,469,574)	
<u>0</u>	<u>0</u>	<u>0</u>	<u>(26,604,574)</u>	<u>0</u>
<u>(\$16,570,668)</u>	<u>(\$18,511,622)</u>	<u>\$2,007,889</u>	<u>(\$26,275,163)</u>	<u>(\$2,910,315)</u>
10.1%	14.2%	19.1%	18.6%	0.0%

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

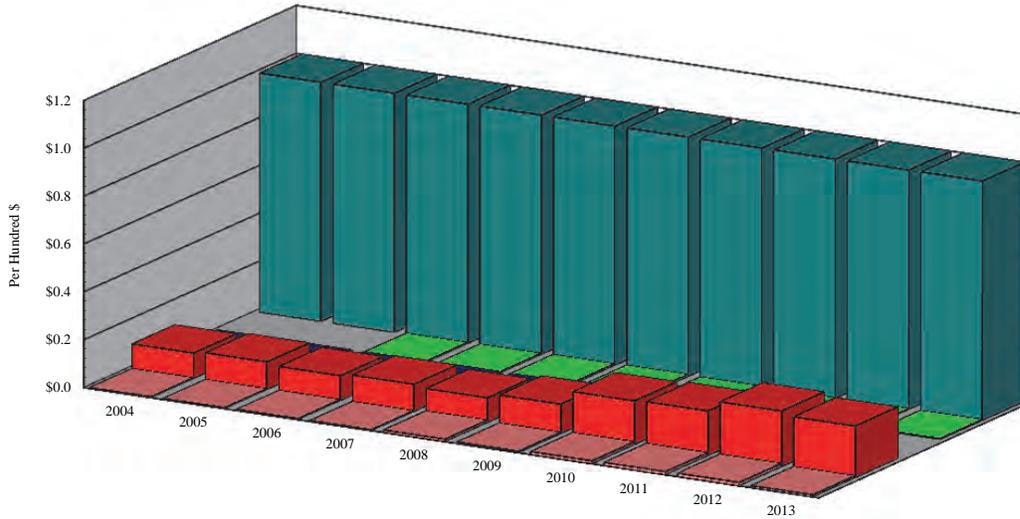


Fiscal Year	Value of City Property Subject to Local Tax Rate			Value of Redevelopment Agency Property Subject to Local Tax Rate			Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Secured Property	Unsecured Property	Total	Tenth Township	Legacy	Total			
2004	\$225,119,067	\$40,916,120	\$266,035,187	\$758,471,631	\$64,590,559	\$823,062,190	\$1,089,097,377	\$1,089,097,377	0.851%
2005	220,397,081	48,109,315	268,506,396	870,655,885	89,092,924	959,748,809	1,228,255,205	1,228,255,205	0.958%
2006	300,086,126	36,435,336	336,521,462	997,667,744	117,581,726	1,115,249,470	1,451,770,932	1,451,770,932	0.858%
2007	298,211,215	45,156,382	343,367,597	1,154,590,211	154,299,250	1,308,889,461	1,652,257,058	1,652,257,058	0.938%
2008	298,159,072	44,998,015	343,157,087	1,259,837,281	208,574,923	1,468,412,204	1,811,569,291	1,811,569,291	0.871%
2009	346,890,514	45,660,517	392,551,031	1,222,217,550	194,668,521	1,416,886,071	1,809,437,102	1,809,437,102	0.837%
2010	315,643,724	47,360,647	363,004,371	926,984,713	88,794,964	1,015,779,677	1,378,784,048	1,378,784,048	0.726%
2011	322,164,784	46,296,587	368,461,371	854,184,022	82,697,584	936,881,606	1,305,342,977	1,305,342,977	0.744%
2012	317,570,213	49,107,847	366,678,060	819,841,729	74,886,120	894,727,849	1,261,405,909	1,261,405,909	0.716%
2013	277,310,622	89,243,515	366,554,137	811,535,168	60,048,453	871,583,621	1,238,137,758	1,238,137,758	0.680%

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**



Direct and Overlapping Rates



Fiscal Year	Basic County Wide Levy (a)	Bay Area Rapid Transit	East Bay Regional Park District	West Contra Costa Unified School District	Community College	Total Direct and Overlapping Rates (b)	City's Share of 1% Levy per Prop 13 (c)	Redevelopment Agency Rate (d)	Total Direct Rate (e)
2004	\$1.00000		\$0.00570	\$0.10640	\$0.00380	\$1.11590	\$0.09828	\$1.00570	\$0.77007
2005	1.00000		0.00570	0.11530	0.00420	1.12520	0.09828	1.00570	0.79362
2006	1.00000	\$0.00480	0.00570	0.10410	0.00470	1.11930	0.09828	1.00570	0.81544
2007	1.00000	0.00500	0.00850	0.11430	0.00430	1.13210	0.09828	1.00850	0.83751
2008	1.00000	0.00760	0.00800	0.10350	0.01080	1.12990	0.09828	1.00800	0.85082
2009	1.00000	0.00900	0.01000	0.12300	0.00660	1.14860	0.09828	1.01000	0.84696
2010	1.00000	0.00570	0.01080	0.18280	0.01260	1.21190	0.09828	1.01080	0.80472
2011	1.00000	0.00310	0.00840	0.18690	0.01330	1.21170	0.09828	1.00840	0.78904
2012	1.00000	0.00410	0.00710	0.23220	0.01440	1.25780	0.09828	1.00710	0.78177
2013	1.00000	0.00430	0.00510	0.21570	0.00870	1.23380	0.09828	0.00000	0.77265

Source: HdL Coren & Cone, Contra Costa County Assessor

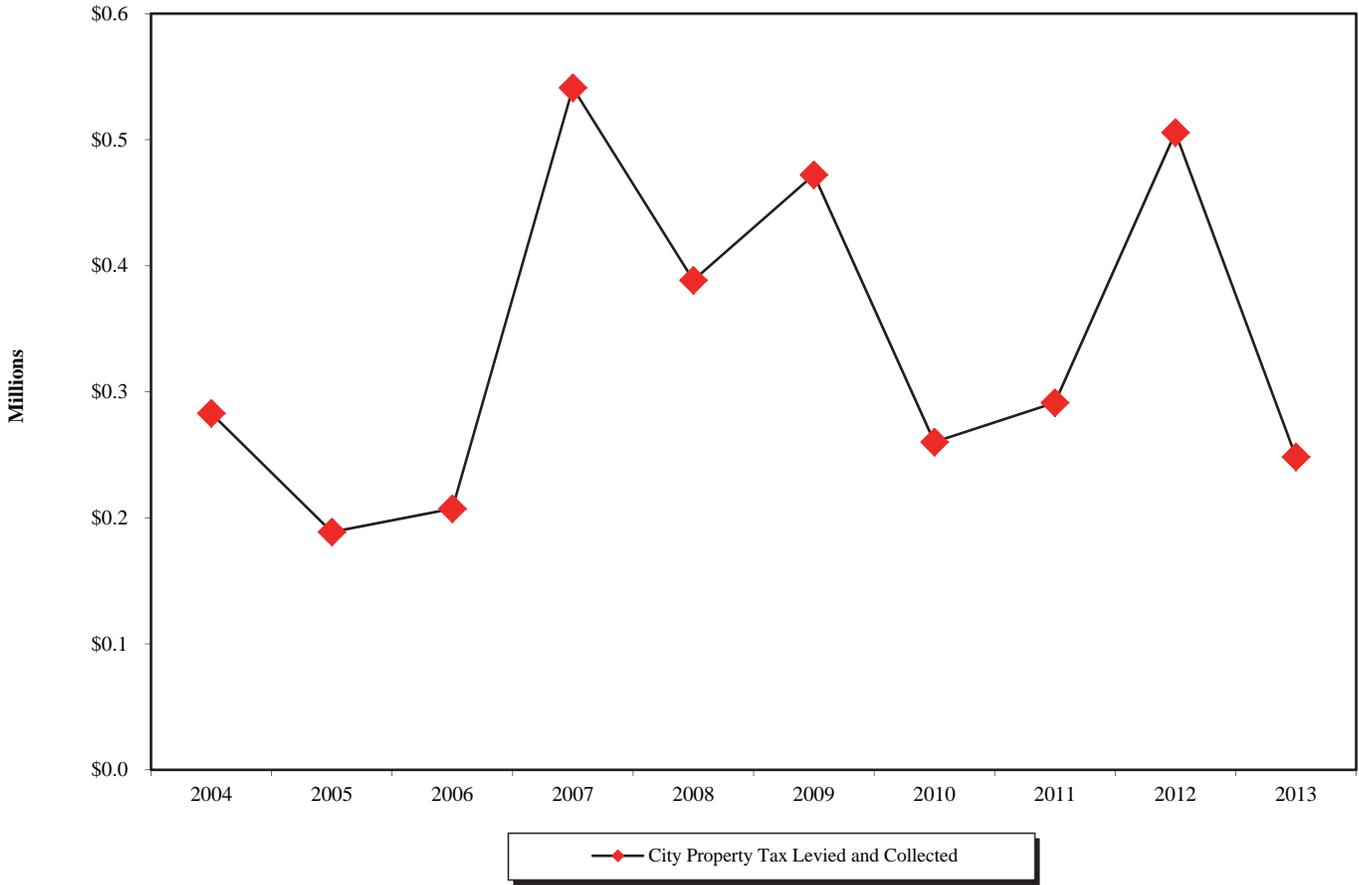
- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the, 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (b) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (c) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (d) Redevelopment Agency (RDA) rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for fiscal year 2013 and years thereafter.
- (e) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

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

<u>Taxpayer</u>	<u>2012-2013</u>			<u>2003-2004</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
West CCC Hospital Group	\$46,004,842	1	3.7%	\$13,486,046	5	1.2%
Donahue Schriber Realty Group	17,593,985	2	1.4%			
San Pablo Retail Partners	16,979,244	3	1.4%			
College Center Retail LLC	15,689,814	4	1.3%			
3002 Giant Road LLC	13,803,891	5	1.1%			
Save Mart Supermarkets	13,310,954	6	1.1%	11,261,131	7	1.0%
Public Storage, Inc.	10,442,015	7	0.8%			
Lucky NoCal Investor LLC	9,486,897	8	0.8%			
Murray and Janet Gordon Trust	9,214,872	9	0.7%	7,991,503	9	0.7%
WEC 97K-31 Investment Trust	6,730,148	10	0.5%			
Signature at Abella				22,214,007	1	2.0%
Sonoma Entertainment Investors				17,522,052	2	1.6%
11737 Courtleigh Drive LLC				14,796,039	3	1.4%
Princeton Plaza LLC				14,212,605	4	1.3%
Tenet Healthsystem Hospital Inc				12,823,411	6	1.2%
San Pablo Housing Investors				10,777,643	8	1.0%
Lucky Stores Inc.				7,977,274	10	0.7%
Subtotal	<u>\$159,256,662</u>		<u>12.9%</u>	<u>\$133,061,711</u>		<u>12.2%</u>
Total Net Assessed Valuation:						
Fiscal Year 2012-2013	\$1,238,137,758					
Fiscal Year 2003-2004	\$1,089,097,377					

Source: HdL Coren & Cone, Contra Costa County Assessor

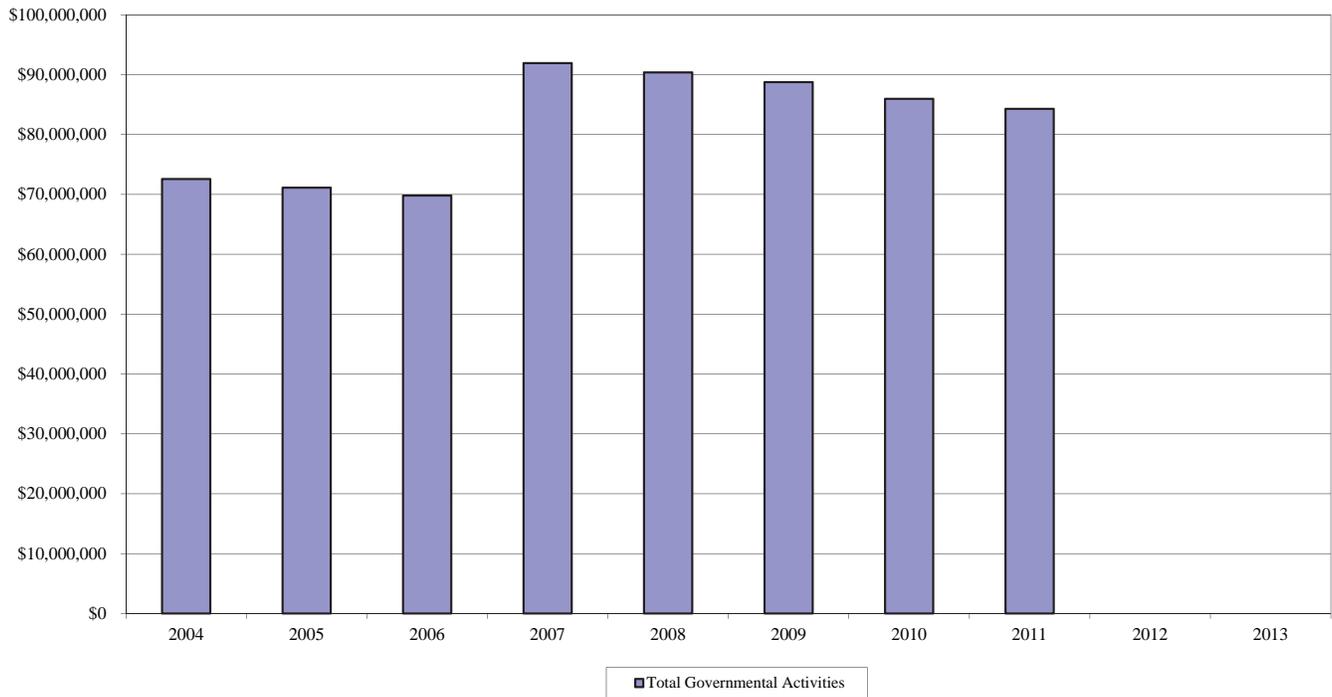
**CITY OF SAN PABLO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Fiscal Year	City Property Tax Levied and Collected (1)	Redevelopment Agency Property Tax Levied and Collected	Total Property Tax Levied and Collected (2)	Percent of Total Tax Collections to Tax Levy
2004	\$282,893	\$8,981,315	\$9,264,208	100%
2005	188,707	11,577,262	11,765,969	100%
2006	207,171	12,251,525	12,458,696	100%
2007	541,189	14,959,091	15,500,280	100%
2008	388,457	15,434,058	15,772,515	100%
2009	472,141	14,675,932	15,148,073	100%
2010	260,080	9,751,633	10,011,713	100%
2011	291,311	9,415,129	9,706,440	100%
2012	505,693	5,051,415	(3) 5,557,108	100%
2013	248,288	0	(3) 248,288	100%

- NOTES:
- (1) Excludes Street Lighting and Landscaping, N.P.D.E.S., Oak Park Maintenance District Property Tax and Redevelopment Agency.
 - (2) 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.
 - (3) The Redevelopment Agency was dissolved on January 31, 2012.

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



Fiscal Year	Governmental Activities		Total Governmental Activities	Percentage of Personal Income (a)	Per Capita (a)
	Tax Allocation Bonds	SERAF Loan			
2004	\$72,569,721		\$72,569,721	5.06%	\$2,337
2005	71,120,978		71,120,978	14.19%	2,269
2006	69,798,514		69,798,514	15.63%	2,236
2007	91,927,978		91,927,978	20.82%	2,969
2008	90,365,056		90,365,056	17.58%	2,897
2009	88,745,472		88,745,472	16.34%	2,790
2010	85,954,993		85,954,993	16.20%	2,675
2011	83,064,430	\$1,222,317	84,286,747	16.85%	2,913
2012	0 (b)	0 (b)	0	0.00%	0
2013	0 (b)	0 (b)	0	0.00%	0

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.

(b) The Redevelopment Agency was dissolved as of January 31, 2012 and its debt assumed by a Successor Agency as of February 1, 2012.

**CITY OF SAN PABLO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2013**

2012-13 Assessed Valuation	\$1,238,137,758
Less: Redevelopment Incremental Valuation	<u>871,583,621</u>
Adjusted Assessed Valuation	<u><u>\$366,554,137</u></u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Net Debt Outstanding	Percentage Applicable To City of San Pablo	Amount Applicable To City of San Pablo
Direct Debt:			
City of San Pablo Special Assessment District 1915 Act Bonds	<u>\$1,115,000</u>	100.000%	<u>\$1,115,000</u>
Overlapping Debt:			
Bay Area Rapid Transit District	138,186,264	0.821%	1,134,554
Contra Costa County Pension Debt	310,110,000	0.821%	2,546,103
Contra Costa County Lease Revenue Bonds	322,459,311	0.821%	2,647,495
Contra Costa County Fire Pension Obligation	106,185,000	1.818%	1,929,947
Contra Costa Community College District	362,770,000	0.824%	2,989,941
East Bay Regional Park District	60,034,243	0.821%	492,901
West Contra Costa Unified School District	1,034,455,137	4.930%	51,001,171
City of San Pablo	<u>0</u>	100.000%	<u>0</u>
Total Overlapping Debt	<u>2,334,199,955</u>		<u>62,742,112</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u><u>\$2,335,314,955</u></u>		<u><u>\$63,857,112</u></u> (1)

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

<u>RATIOS TO 2012-13 ADJUSTED ASSESSED VALUATION:</u>	
Direct Debt	0.30%
Total Direct and Overlapping Tax Assessment Debt	17.42%

Source: HdL Coren & Cone

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF SAN PABLO
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2013**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$1,238,137,758
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$46,430,166
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
Less Tax Allocation Bonds and SERAF Loan not subject to limit	0
Amount of debt subject to limit	0

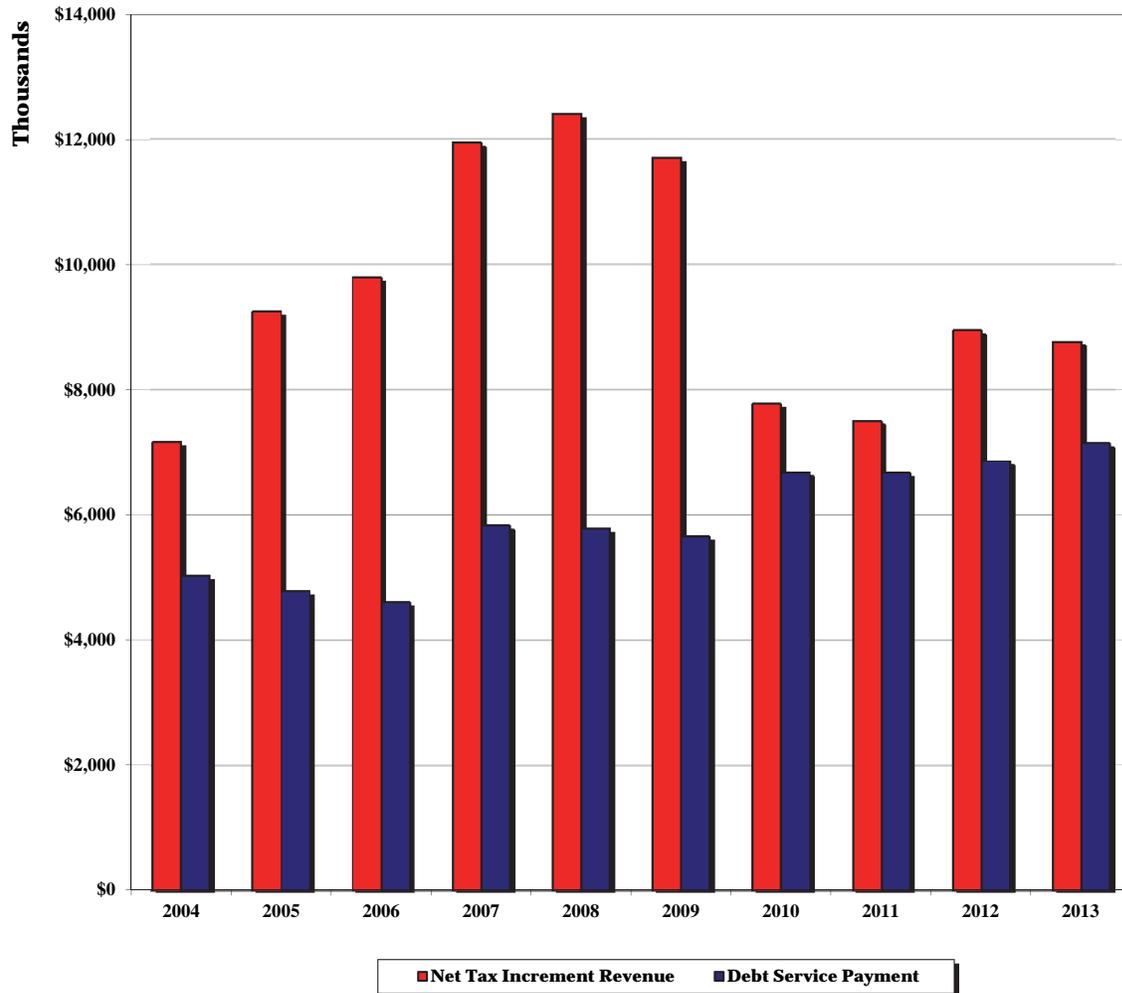
LEGAL BONDED DEBT MARGIN	\$46,430,166
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2004	\$40,841,152	\$0	\$40,841,152	0.00%
2005	46,059,570	0	46,059,570	0.00%
2006	54,441,410	0	54,441,410	0.00%
2007	61,921,066	0	61,921,066	0.00%
2008	67,933,848	0	67,933,848	0.00%
2009	67,853,891	0	67,853,891	0.00%
2010	51,704,402	0	51,704,402	0.00%
2011	48,950,362	0	48,950,365	0.00%
2012	47,302,722	0	47,302,722	0.00%
2013	46,430,166	0	46,430,166	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	
2004	\$8,981,315	\$1,813,446	\$7,167,869	\$1,325,000	\$3,709,542	\$5,034,542	1.42
2005	11,577,262	2,315,452	9,261,810	1,645,000	3,145,231	4,790,231	1.93
2006	12,251,525	2,450,280	9,801,245	1,530,000	3,079,872	4,609,872	2.13
2007	14,959,091	3,009,430	11,949,661	1,740,000	4,097,085	5,837,085	2.05
2008	15,434,058	3,021,571	12,412,487	1,795,000	3,993,540	5,788,540	2.14
2009	14,675,932	2,965,190	11,710,742	1,865,000	3,794,982	5,659,982	2.07
2010	9,751,633	1,972,660	7,778,973	3,050,000	3,640,060	6,690,060	1.16
2011	9,415,129	1,903,187	7,511,942	3,165,000	3,516,993	6,681,993	1.12
2012	8,952,532 (c)	0 (b)	8,952,532	3,290,000	3,577,017	6,867,017 (c)	1.30
2013	8,773,589 (d)	0 (b)	8,773,589	3,430,000	3,718,205	7,148,205 (e)	1.23 (d)

- (a) The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by a Successor Agency effective February 1, 2012. Includes tax increment collected by the former Redevelopment Agency and property taxes collected by the Successor Agency.
- (b) As part of the dissolution, the Redevelopment Agency is no longer required to make the low and moderate income housing set-aside.
- (c) Includes tax increment collected and debt service paid by both the former Redevelopment Agency and the Successor Agency.
- (d) Beginning in fiscal year 2013, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.
- (e) Includes debt service paid by the Successor Agency.

CITY OF SAN PABLO
OAK PARK
1998 REASSESSMENT REVENUE BONDS
CONTINUING DISCLOSURE REQUIRED BY SEC RULE 15c(2)-12(b)(5)
JUNE 30, 2013

Oak Park 1998 Reassessment Revenue Bonds

Reserve Fund: Balance	\$457,586
Requirement	\$387,827
City of San Pablo Limited Obligation Refunding Bonds, Oak Park Assessment District, Principal Outstanding	\$1,115,000
Assessed value of parcels within Reassessment District	\$18,006,498
Delinquent parcels within Reassessment District	\$0
Foreclosure sales	\$0
Property owners responsible for more than 20% of Reassessment levy:	Donahue Schriber Realty Group

Sources: Trustee Statement & County Assessor
Real Quest

**CITY OF SAN PABLO
DEBT SERVICE COVERAGE SCHEDULE
LAST TEN 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	2004 Tenth Township Bonds	2006 Bonds		
2004	\$8,186,993	(\$1,653,251)	\$6,533,742	\$1,627,736	\$729,487	\$960,136		\$3,317,359	1.97
2005	10,445,161	(2,089,032)	8,356,129	1,255,510	903,738	2,630,983		4,790,231	1.74
2006	10,890,439	(2,178,088)	8,712,351	1,253,465	902,914	2,453,493		4,609,872	1.89
2007	13,186,910	(2,637,382)	10,549,528	0	895,583	2,860,073	\$837,054	4,592,710	2.30
2008	13,230,168	(2,646,034)	10,584,134	0	896,438	2,990,278	1,700,661	5,587,377	1.89
2009	12,802,280	(2,560,456)	10,241,824	0	900,438	2,991,021	1,562,362	5,453,821	1.88
2010	9,051,332	(1,810,386)	7,240,946	0	897,782	2,553,326	2,963,452	6,414,560	1.13
2011	8,594,963	(1,737,391)	6,857,572	0	893,292	2,559,633	2,953,843	6,406,768	1.07
2012	8,529,190 (a)	0 (b)	8,529,190	0	887,070	2,942,173	2,762,899	6,592,142 (c)	1.29
2013	8,173,104 (d)	0 (b)	8,173,104	0	888,965	2,813,572	2,327,187	6,029,724 (e)	1.36

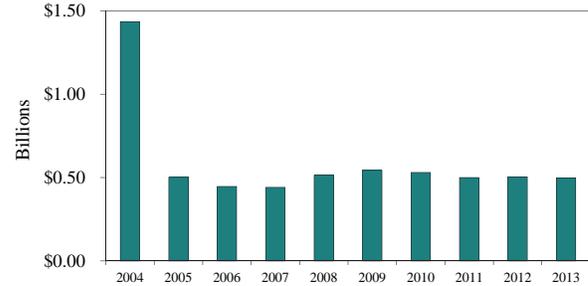
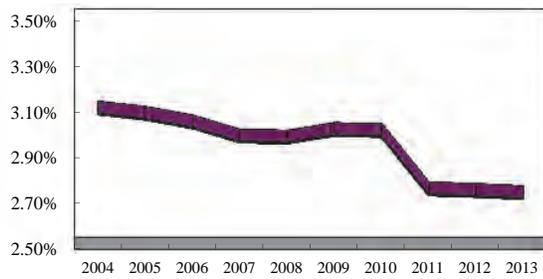
LEGACY PROJECT AREA

Fiscal Year	Gross Tax Revenues	Housing Set Aside	Available Revenue	Debt Service on 2004 Legacy Bonds	Debt Service Coverage
2004	\$794,322	(\$160,195)	\$634,127	\$0	1.00
2005	1,132,101	(226,420)	905,681	0	1.00
2006	1,360,967	(272,193)	1,088,774	0	1.00
2007	1,860,196	(372,048)	1,488,148	334,225	4.45
2008	1,877,687	(375,537)	1,502,150	201,163	7.47
2009	2,023,668	(404,734)	1,618,934	206,161	7.85
2010	811,369	(162,274)	649,095	275,500	2.36
2011	820,166	(165,796)	654,370	275,225	2.38
2012	423,342 (a)	0 (b)	423,342	274,875 (c)	1.54
2013	600,485 (d)	0 (b)	600,485	274,175 (e)	2.19

- (a) The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by a Successor Agency effective February 1, 2012. Includes tax increment collected by the former Redevelopment Agency and property taxes collected by the Successor Agency. After January 31, 2012, the distinction between the property taxes collected by the Tenth Township and Legacy Project Areas was not provided, therefore property taxes of \$3,901,117 collected by the Successor Agency have been reported in the Tenth Township Project Area total.
- (b) As part of the dissolution, the Redevelopment Agency is no longer required to make the low and moderate income housing set-aside.
- (c) Includes debt service paid by both the former Redevelopment Agency and the Successor Agency.
- (d) Beginning in fiscal year 2013, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.
- (e) Includes debt service paid by the Successor Agency.

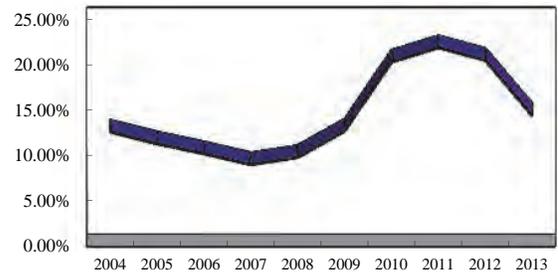
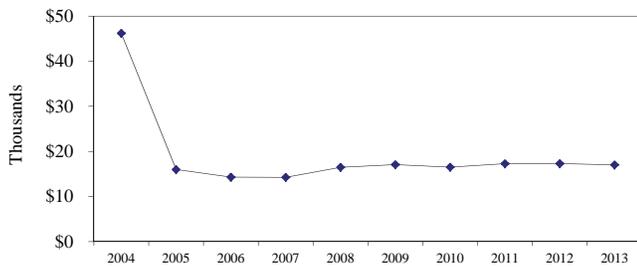
Sources: City of San Pablo Financial Statements

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



■ City Population as a % of County Population

■ Total Personal Income



◆ Per Capita Personal Income

■ Unemployment Rate (%)

<u>Fiscal Year</u>	<u>City Population</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (%)</u>	<u>Contra Costa County Population</u>	<u>City Population % of County</u>
2004	31,050	\$1,434,851,550 (a)	\$46,211 (b)	12.6%	1,003,900	3.09%
2005	31,344	501,315,936 (a)	15,994	11.3%	1,020,898	3.07%
2006	31,216	446,482,448 (a)	14,303	10.2%	1,029,377	3.03%
2007	30,965	441,498,970 (a)	14,258	9.0%	1,042,341	2.97%
2008	31,190	514,011,200 (a)	16,480	9.8%	1,051,674	2.97%
2009	31,808	543,217,024 (a)	17,078	12.7%	1,060,435	3.00%
2010	32,131	530,514,941 (a)	16,511	20.3%	1,072,953	2.99%
2011	28,931	500,216,990 (a)	17,290	21.9%	1,056,064	2.74%
2012	29,105	503,632,920	17,304 (c)	20.5% (c)	1,065,117	2.73%
2013	29,266	498,078,000	17,019	14.4%	1,074,702	2.72%

NOTES: (a) Data not available. Calculated by multiplying City Population by Per Capita Personal Income
 (b) Data not available for the City for 2003 to 2004, therefore data presented is for Contra Costa County
 (c) Data not available for fiscal year, therefore data presented is for prior calendar year

Sources: California State Department of Finance
 California Employment Development Department

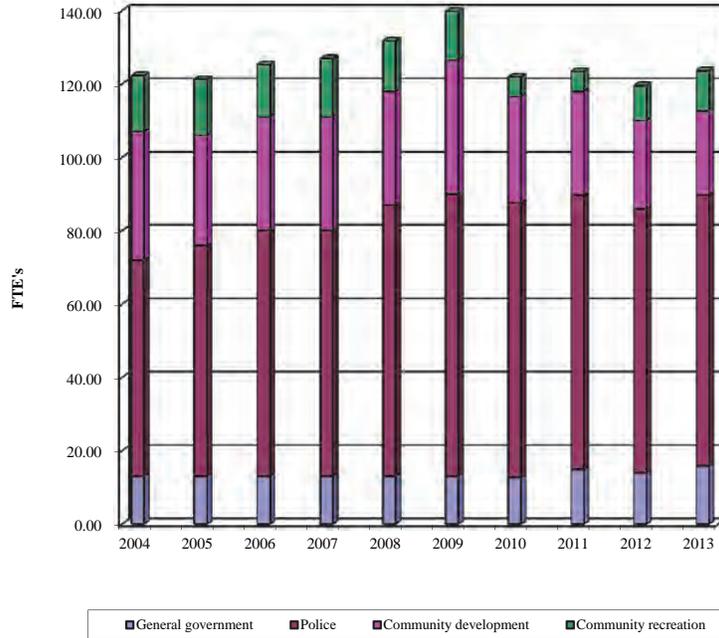
CITY OF SAN PABLO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2012-2013</u>			<u>2003-2004</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*	994	1	7.0%	491	1	N/A
Contra Costa College*	768	2	5.4%	258	3	N/A
Casino San Pablo*	489	3	3.5%	340	2	N/A
City of San Pablo*	216	4	1.5%	167	4	N/A
Vale Care Center*	169	5	1.2%	142	5	N/A
San Pablo Health Care Center*	153	6	1.1%			
Creekside Health Care Center*	127	7	0.9%	73	8	N/A
West County Health Center *	120	8	0.9%			
Food Maxx	99	9	0.7%	65	9	N/A
Las Mantanas	91	10	0.6%			
Raley's				63	10	N/A
Brookvue Care Center*				120	6	N/A
Albertson's (Lucky's)				88	7	N/A
Subtotal	<u>3,226</u>		<u>22.9%</u>	<u>1,807</u>		<u>N/A</u>
Total City Day Population	<u>14,100</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 June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function										
General government	13.00	13.00	13.00	13.00	13.00	13.00	12.70	14.88	14.00	15.80
Community development	35.00	30.00	31.00	31.00	31.00	36.50	28.86	28.22	24.00	22.90
Community recreation	15.25	15.25	14.25	15.90	13.75	13.30	5.35	5.39	9.50	10.90
Police	59.00	63.00	67.00	67.00	74.00	77.00	75.00	74.91	72.00	74.00
Total	<u>122.25</u>	<u>121.25</u>	<u>125.25</u>	<u>126.90</u>	<u>131.75</u>	<u>139.80</u>	<u>121.91</u>	<u>123.40</u>	<u>119.50</u>	<u>123.60</u>

CITY OF SAN PABLO
Operating Indicators by Function/Program

Function/Program	Fiscal Years							
	2006	2007	2008	2009	2010	2011	2012	2013
Police: (calendar year)								
Police calls for Service	22,090	36,080	25,336	26,106	25,769	32,140	26,009	27,507
Crime Reports	8,142	8,948	7,502	6,352	6,178	5,925	5,887	5,890
Law violations:								
Major crimes: homicides/rape	7	18	16	22	13	9	12	12
Other major crimes: robbery/larceny/burglary	2,295	1,621	1,530	1,983	1,760	1,455	1,601	1,465
Arrests	1,803	1,989	2,083	1,539	1,729	1,688	1,496	1,789
Traffic collisions	512	420	455	323	391	396	440	428
Traffic citations	7,753	11,979	25,336	4,459	4,229	2,844	2,980	2,851
Public Works:								
Street resurfacing (miles)	N/A	N/A	5	8	14	14	0	7
Potholes repaired (square miles)	N/A	N/A	N/A	0.75	0.60	1	13	0.62
Street Sweeping (miles)	N/A	2,865	2,834	2,834	2,234	2,175	2,700	3,144
Volume of material removed (cubic yards)	N/A	912	898	878	880	880	965	1,050
Storm Drains:								
Catch basins cleaned	N/A	326	326	326	326	326	236	307
Volume of material removed (cubic yards)	N/A	470	25	23	29	71	9	29,165
Community Development:								
Community Services:								
Recreation class participants	740	1,229	1,444	1,211	1,331	2,479	2,594	3,057
Senior meals served	23,135	20,274	18,717	17,072	18,165	17,726	16,975	18,144
Rentals of Maple Hall	42	75	130	76	72	82	71	135
Education:								
Enrollment:								
Elementary schools (6)	3,604	3,547	3,598	3,536	3,114	3,002	3,110	2,960
Middle Schools (1)	936	767	640	727	930	911	1,660	973
High Schools (1)	387	394	472	467	300	286	400	400

Source: Various City Departments

Notes:

Data is not available prior to 2006
N/A denotes information not available.

CITY OF SAN PABLO
Capital Asset Statistics by Function/Program

Function/Program	Fiscal Years							
	2006	2007	2008	2009	2010	2011	2012	2013
Police:								
Police stations	1	1	1	1	1	1	1	1
Police patrol units	23	16	28	23	23	21	23	19
Community Development:								
Miles of streets	98	48	48	48	48	48	48	48
Street lights	150	167	182	182	182	182	182	182
Traffic Signals	25	25	25	25	25	25	25	25
Roadway Landscaping:								
Landscaped median acreage	N/A	1	1	1	1	1	1	1
Street trees	N/A	800	800	800	800	800	800	800
Community Recreation:								
Community services:								
City parks	5	5	6	6	6	6	6	6
City parks acreage	28	28	28	28	28	28	31.5	22
Playgrounds	2	2	4	4	4	4	5	5
Event center	1	0	0	0	0	0	0	0
Historic house	1	3	2	3	3	3	3	3
City trails	1	1	1	1	1	1	1	1
City trails miles	1	1	1	1	1	1	1	1
Community centers	2	1	1	1	1	1	1	1
Senior centers	2	2	2	2	2	2	2	2
Baseball/softball diamonds	1	2	3	3	3	3	3	3
Soccer/football fields	4	4	6	6	6	6	6	6
Wastewater (1)								
Miles of storm drains	17	17	17	17	17	17	17	17

Source: Various City Departments

Notes:

Data is not available prior to 2006

(1) Wastewater services are provided by Contra Costa County